

ANTI-CORRUPTION POLICY LABTEST



Labtest 

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Introduction

In order to strengthen the concepts of its Conduct Code and reaffirm the commitment to good business practices, LABTEST implemented an Anti-Corruption Policy, which is regulated by this Manual.

With its Anti-Corruption Policy, LABTEST wants to ensure that, when conducting its activities, its employees and any third parties acting on its behalf, will observe the highest standards of integrity.

Thus, this Anti-Corruption Policy sets out the procedures to deal with corruption issues and it demonstrates the commitment of all the Company to conduct business both in Brazil and abroad, with ethics and integrity. The procedures described herein are complementary to the guidelines of the company's Conduct Manual.

Objective

To further strengthen the concepts set out in LABTEST Conduct Code, this Anti-Corruption Policy was drawn up, which aims at setting out the procedures established to prevent any action that may be characterized as active or passive corruption in the relationship with public officials or private companies, either domestic or foreign.

This document is intended to anyone who is directly or indirectly connected to LABTEST, whether as a shareholder, employee, supplier, representative or partner. It is the responsibility of everyone, without exception, to know and apply the concepts and the law in force in any country where LABTEST has a subsidiary, office, representation or does business.

- 1 Contributor(s):** for purposes of this Anti-Corruption Policy, contributor is every employee (including Director), intern, apprentice, temporary employee and/or service provider acting on behalf of LABTEST in Brazil or abroad.
- 2 Supplier(s):** for purposes of this Anti-Corruption Policy, supplier is every individual or corporate entity providing input, material, product or service to LABTEST. The contractors whose employees/agents provide services within the LABTEST facilities are included in this definition.
- 3 Representative(s):** for purposes of this Anti-Corruption Policy, representative is any individual or corporate entity, without employment relationship, which acts in the interest or benefit of LABTEST to third parties.
- 4 Partner(s):** for purposes of this Anti-Corruption Policy, partner is every individual or corporate entity with which LABTEST is interested in keeping or it has relationship formalized through agreements, covenants, cooperation terms or similar instruments.

Guidelines

- (i)** LABTEST is committed to conduct all its business with ethics, integrity, transparency and in accordance with applicable laws. Therefore, according to its public commitment, it ensures the compliance with national and foreign anti-corruption and anti-bribery laws, and it expects the compliance with the guidelines and procedures set forth in this Policy from all its members and Third parties. LABTEST Anti-corruption Policy guidelines are: Ensure the existence of formal and effective process of preventing and combating corruption and bribery, aligned with the applicable laws and regulations.
- (ii)** Disseminate the corporate culture and awareness of preventing and combating corruption and bribery.
- (iii)** Ensure effective and confidential treatment to complaints of corruption or bribery, anonymous or not, carried out by any party.
- (iv)** Promote collaborative activities with public authorities in preventing and combating corruption and bribery.

Application

It is the responsibility of each LABTEST employee, as well as all shareholders or representatives acting on its behalf, and yet all suppliers or partners which do business or have relationship with LABTEST, to know and comply with LABTEST's Conduct Manual and Anti-corruption policy presented herein.

All employees are responsible for following the guidelines set out in this Policy.

It is the responsibility of all LABTEST Leaders to disclose the contents of this policy to their led employees and make them aware of the need for compliance, thus preventing violations to occur due to lack of information and encouraging them to submit questions or concerns regarding its application.

Adherence to this policy is mandatory for all LABTEST members and should be made by signing the Receipt and Commitment Term (Annex I).

It is up to LABTEST members to comply with all the provisions of the Anti-Corruption Policy and ensure that their relationship Third parties are informed of its contents.

All individuals and legal entities that may be contracted by Third parties to act on behalf of LABTEST (subcontractors) shall be informed about the Conduct Code and this Anti-Corruption Policy, and should also have the same commitment.

Labtest Conduct Manual

LABTEST is recognized by the honesty and integrity in its management practices and its business operations, and it wants to keep that reputation. Therefore, it is vital to LABTEST to combat and prevent all forms of corruption.

The measures to combat corruption are also provided in LABTEST Conduct Manual, regulation which also imposes an obligation on LABTEST and all its shareholders and employees to comply with the principles and values that have always guided the actions of LABTEST, as well the local, national and international laws and regulations applicable to its business, including anti-corruption legislation and international conventions.

It is the responsibility of each shareholder, director, officer and employee of LABTEST and of any third party acting on behalf of LABTEST to know the Conduct Manual and this Anti-Corruption Policy and to seek advice from HR if and when there is any question or doubt about the application of these rules to a given situation.

Both the provisions of the Conduct Manual and this Anti-Corruption Policy are broadly applicable to LABTEST management and employees. The general principles and prohibitions also apply to any representative acting on behalf of LABTEST as well as suppliers and partners.

Legal Context

On January 29, 2014, the Federal Law Number 12.846/13, known as the Brazilian Anti-Corruption Law, which establishes punishment for acts of corruption against national and foreign public administration, became effective.

This law derives from international agreements signed by Brazil, especially the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions ("OECD Convention"), which entered into force in 1999.

The Convention concluded that bribery in business transactions:

- raises serious moral and political concerns;
- undermines good governance and economic development; and
- distorts international competitive conditions.

Thus, in order to prevent any illegality and minimize the chance of irregularities, all LABTEST shareholders, directors, officers and employees are obliged to observe the Brazilian legal system and the legislation in force in the countries where LABTEST operates and, in particular, to observe the laws and anticorruption treaties listed below:

- **Anti-corruption Brazilian Law Number as of August 1st, 2013** - Law for administrative and civil objective liability of legal persons for the commission of acts against the public administration, national or foreign in Brazil.

- **FCPA - Foreign Corrupt Practices Act** - Law on corruption practices outside the United States of America.
- **Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Convention)** - Ratified by Brazil on 11/30/2000.
- **Inter-American Convention against Corruption (OAS Convention)** - Ratified by Brazil on 10/07/2002.
- **United Nations Convention Against Corruption (UN Convention)** - Ratified by Brazil on 01/31/2006.

Anti-Corruption Policy

What is Corruption?

CORRUPTION can be understood as any act through which one offers, promises or grants undue advantage to a particular person, public official or not, directly or indirectly, to determine him/her to perform, omit or delay action that should be normally practiced, including related to national or international business transactions; and also any act through which one requests or receives, for oneself or for another person, directly or indirectly, undue advantage or accepts a promise of such an advantage, in the act that should be practiced in the exercise of the function, or even beyond, including related to national or international business transactions.

In general, corruption can be defined as the abuse of power or influence by a person to whom such power or influence has been delegated, in order to obtain advantages for himself/herself or others.

Corruption involves government officials and entities, but also can be constituted between companies/private organizations and their employees.

In LABTEST, the Anti-Corruption Policy applies to both public and private sector. However, as the risks are different, procedures and controls will be able to distinguish between these two sectors.

The most common form of corruption is bribery, which means giving or receiving money, gift or other advantage as a way to lead to the practice of any dishonest, illegal or of breach of trust act, when conducting business.

Anti-corruption laws prohibit the offer, payment, promise to pay or authorization to pay any amount of money, gifts or anything of value to any public official for the purpose of:

- influencing any act or decision of a public servant;
- induce the performance or omission of any act in violation of the legal duties;
- ensure undue advantage; or
- induce one to use influence on a government agency to help achieve, maintain, or directing business to any person.

The term "obtaining or retaining business" is broadly construed to include business advantages, such as obtaining a permit, a license or a tax reduction.

Facilitation payments

Furthermore, in accordance with the laws in some countries, corruption is a crime, even if the payment of bribes has not been made to help achieving or maintaining business. In other words, the act of corrupting someone to induce him/her to act or refrain from acting in the exercise of his/her functions is considered a crime.

That means that there are no exceptions for the so-called payments for facilitators and any facilitation payment is prohibited.

Facilitation payments are a form of bribery in which (i) the amount involved is small and paid to a public official of low rank, and (ii) the payment is made to ensure act or service which a person, government entity, or company should conduct habitually or in compliance with their legal duties.

Consequently, LABTEST can be held accountable if anyone in the company breaches these laws.

LABTEST's policy is to prohibit any corrupt payments, including facilitation payments.

LABTEST's employees receiving requests to make facilitation payments should report these incidents immediately to the company's HR.

Any payment made to a third party that can be misinterpreted as a way to facilitate a routine act, must be communicated to the LABTEST's HR so that such occurrence is properly documented and remedied.

Extortion

Except when life, health or safety of an employee is under threat, extortion does not justify the payment of bribes. When the threat targets the business and not the employee's health or personal safety, the payment will be considered bribery.

A payment when made in good faith by believing that life, health or safety of a person is under imminent danger, should be immediately reported to the professional responsible for the Work safety area in LABTEST, which should, in turn, discuss the issue with LABTEST's HR.

Requests and other incidents

Any request for payment of bribe or anything of value made by a public official or a private person, as well as any other incident or corruption attempt should be immediately reported to LABTEST's HR.



Who is Public Official?

Public official is:

- any person who, even temporarily or without pay, occupy office or public function in full or part time, including office or position in public companies or joint stock companies; or any person representing or acting officially on behalf of such Government (example: a company contracted to review bids on behalf of a government agency or to perform certain customs activities);
- any employee or other person acting for or on behalf of a public official, government agency or enterprise and performing public functions;
- any agent or employee from a “public international organization” or anyone officially representing or acting on behalf of such public international organization (international public organizations include the United Nations, the World Bank, the European Commission, among others);
- any employee from a company or other entity in which a government agency owns equity interests and/or on which it can, directly or indirectly, exercise a dominant influence (such employee may qualify as a public official even if he/she is involved in commercial and not governmental activities); and
- any officer from a political party, his/her employees or other persons acting for or on behalf of a political party or candidate for political office.

The definition of public official covers public officials from executive, legislative and judicial agencies, at municipal, state, district and federal level, both Brazilian and international.


One should be extra careful with relatives or people suspected of being government agents relatives and with companies controlled by public officials relatives, to prevent such people from serving as a channel for improper relationship and illegal payment to public official.

Corruption between Private Parties

Acts of corruption between private parties are acts that do not involve public officials. Although both the OECD Convention and the FCPA do not address the corruption and private bribery issue, such acts are strictly prohibited under the LABTEST Conduct Manual and this Anti-Corruption Policy.

Procurement and Bids Procedures

Corruption is more common in some countries than in others. Operating at higher risk countries requires LABTEST to be more careful. It is important that LABTEST can demonstrate that decisions in procurement processes at the local level were taken based on merit and not by the misuse of influence on public officials.



The procedures related to procurement processes usually include specific rules on the period and the procedures for submission of documents and information on bidding and one must be sure to be acting in accordance with those rules. One should never seek privileged information and not available to the public in breach of such regulations.

During a competition process, there is usually strict regulation on conflicts of interest, interaction and communication with public officials. During a competition process, gifts or entertainment invitations should never be offered, or performing any similar activity, to any public official or other person involved in the process.

The guidelines and local regulations on purchases should be located and analyzed and, if necessary, consult the HR to avoid any violations of such laws.

Business Partners, Representatives, Suppliers and other Third parties

It is prohibited to (i) undertake any kickback payments or which is considered improper by intermediaries and (ii) making any payment to a third party knowing that all or part of the payment will, directly or indirectly, be made to a public official.

LABTEST's Anti-corruption Policy seeks to prevent and curb all sorts of corruption, rigorously punishing those involved in reprehensible practices. In this sense, the expression "involved" includes conscious negligence ("I will pretend that I did not even see") and willful ignorance ("do not tell me because I'd rather not knowing").

For this reason, all business decisions involving LABTEST should be based on merit. No LABTEST employee or third party acting on behalf of LABTEST should exert improper influence on public officials or on counterparts.

LABTEST should assess the risk of corruption in its main trading partners (whether representatives, consultants, partners, suppliers, other intermediaries, large distributors, etc.) before doing business with them. For example, before hiring a broker, one must be sure that it will not be used as a channel for the payment of bribes.

LABTEST should check if any of its trading partners is known for corruption (even if it has not yet been convicted for corruption) or if any of its trading partners is being investigated, prosecuted, if it was convicted or (in the case of lawyers) if it has been off the lawyers association due to corruption. If so, LABTEST shall determine the facts and shall decide based on the results, taking into account the risk of damage to its reputation.

In addition, depending on the results of the background checks and the sensitivity of the issue, LABTEST can use external consultants to deepen or conduct audits on individuals or corporate entities involved.

To choose its partners and suppliers, and other criteria that LABTEST considers relevant, the following principles apply to the use and payment of any third party:

1. Payments to third parties should reflect the amount of provided services reasonably and rationally;
2. Third parties should have proven experience in the concerned sector;
3. Third parties should not have been pointed out by public officials;
4. The services to be provided shall be lawful, as well as the nature and the prices should be described in the respective contract;
5. Third parties cannot be paid abroad, unless there are legitimate and lawful business reasons to do so and the payment procedure has been previously approved in writing by the President and Vice President. In such cases, avoid taxation is not considered an adequate reason.

From publishing and disclosing this policy, each contract entered into with third parties must include provisions addressing issues related to corruption.

This Anti-Corruption Policy applies to representatives and business partners, both in doing business with LABTEST, and in doing business with third parties on behalf of LABTEST.

Anti-corruption clauses

From the publishing and disclosing this policy, the inclusion of an anti-corruption clause, developed with the help of the Legal advice is mandatory for all contracts that it wishes to celebrate with its employees and with any.

Mergers and acquisitions

LABTEST Group companies which merge with or acquire other companies take the risk of inheriting, by succession, liabilities resulting from any violations to the anti-corruption laws committed by the merged or acquired companies. This can cause significant damage to LABTEST reputation, business suspension, as well as sanctions if these offenses become known later. Therefore, it is essential to conduct a thorough anticorruption audit and include appropriate anti-corruption clauses in the purchase and sale agreement in addition to considering other options available to avoid responsibility for succession before closing the transaction. Although, in theory, acquiring only assets does not give rise to liability for succession, it is important to conduct a rigorous anti-corruption audit and adjust the purchase and sale agreement to exclude any liability for breach of anti-corruption laws of the scope of acquisition of assets. If a particular business was obtained as part of an acquisition of assets, such transaction shall be treated as buying stake in the company. Any questions and/or evidence of corruption/ bribery that appear in the audit should be submitted to the Legal department of the company.

LABTEST's Employees

The integrity of LABTEST's employees must be preserved by applying the following principles:

1. Point out only one employee to strategic position if his/her integrity is proven or has not been questioned.
2. All actual or potential conflicts of interest that employees have, must be reported under the relevant provisions of the LABTEST Conduct Manual.
3. The recruitment of a public official, a former public official or his/her relatives can be seen as a potentially favoring characterized as bribery and/or may create a conflict of interest situation. Such conflict of interest can harm the person's decision-making process or endanger the reputation of the person and the LABTEST's itself.
4. In order to ensure that conflicts of interest can be mitigated, they must be identified at an early stage of the recruitment process.
5. When a new employee is about to be nominated, fulfill the LABTEST procedure of Resources Hiring (background check), implemented by the Human Resources, and administer appropriate compliance training.

6. Yet, one should pay more attention to periodic administrative, human resources and anticorruption trainings, given to employees who may be exposed to corruption pressures, especially if they interact with government officials.
7. In case of violation of this Anti-Corruption Policy by any employee, the appropriate disciplinary action and proportionate to the act (which can reach up to termination of employment for cause) should be taken. No employee will suffer any consequences for refusing to pay bribes, although this may result in loss of business or commercial advantage by LABTEST.

Gifts, Entertainment, Trips

Giving gifts and grant hospitality (gifts, trips, entertainment) is often a form of common courtesy in everyday business in many countries. However, the anti-corruption laws prohibit offering or giving anything, including gifts and hospitality to others in order to unjustifiably obtain an improper advantage or influence to the action of an authority or counterparty.

Employees should refer to the “Manual of Conduct”, which establishes rules (such as rules for pre-approval based on specific levels of management) and provides additional guidance.

This policy provides general guidance on this subject.

Gifts

LABTEST is legally obliged to comply with the anti-corruption laws from the countries where it operates. Therefore, one should not give gifts without prior analysis of the anti-corruption law in place and this Anti-Corruption Policy.

In the event the local anticorruption law establishing stricter limits when in comparison with this policy, the strictest standards shall prevail.

One should not give gifts or gratuities to government officials, except for promotional items of little value, such as pens, mugs, t-shirts, calendars, etc. containing the name and/ or company logo, provided it is not prohibited by the local laws or that this is not made with corrupt purpose (see the definition of “corruption” in the “What is corruption?” section).

LABTEST’s Manual of Conduct also prohibits offering gifts or granting favors outside the ordinary course of business to current or potential customers, their employees or agents or any person (including, without limitation, “public officials”) with which the company has a contractual relationship or intends to negotiate a contract.

LABTEST employees must also refuse gifts and gratuities from people who do business or hope to do business with LABTEST, including current or potential suppliers, except for promotional items of little value.

The frequency of gifts or hospitality provided to the beneficiary by LABTEST should not appear to be an impropriety.

All gifts, hospitality and bonuses should be regularly recorded in the LABTEST books and records.

It is forbidden to give money to anyone, and if money is offered to you, you should refuse it.

Entertainment and Trips

All invitations to entertainment events and business trips offered or received by LABTEST employees must be properly sized and clearly intended to facilitate trade discussions. As a general rule, business entertainment in the form of meals and drinks are acceptable provided they comply with local laws, are fairly sporadic and, where possible, are made on reciprocal terms.

Whenever possible, the contractual provisions on hospitality should be avoided. They should never be offered in order to win a contract or to get any other undue advantage.

When a commercial contract requires LABTEST to bear trips and lodging expenses for meetings associated with the performance of a contract, the supply of such travel and accommodation do not require a pre-approval.

However, the official sector needs to ensure that the trip and accommodation will serve a legitimate business purpose and will be provided in accordance with the rules contained in the LABTEST Manual of Conduct and this Anti-Corruption Policy.

Even stricter rules apply with respect to invitations to entertainment events and business trips offered to public officials by LABTEST employees or third parties acting on behalf of LABTEST (see “Who is Public Official?” Section).

LABTEST may eventually pay or reimburse public officials for reasonable travel expenses and accommodation or costs directly related to:

- α. promotion, demonstration or explanation of LABTEST products or services; or
- b. execution or performance of a contract between LABTEST and the government represented by the public official.

Payment or reimbursement of travel expenses, entertainment and accommodation will be made only to the extent allowed by local laws and any other applicable laws and it needs to be authorized in advance in writing by LABTEST President and Vice President. Furthermore, it will only be done when the distance and the length of stay are justified for business reasons in good faith, such as the location of a plant, meeting of all relevant experts at a trade show, flight availability etc. and additionally when the business purpose would not be effectively achieved and with more cost without the travel or if traveling to a closer location.

In each case, the purpose of the trip must be pre-defined and approved, and the refund will be subject to submission of supporting documents, which should be duly filed.

Cash payments and accommodation payments should be avoided and reimbursements of expenses related to travel and accommodation must be paid to the government or government agency and not directly to the public official. Any exception to this rule can be made only with prior written permission of the President and the Vice-President of the company.

Public officials relatives may not be invited to such trips or events. If, however, a relative accompany the person in the trip or event, LABTEST will not pay or reimburse any expenses of that relative.

Political Donations

Political donations refer to contributions of any kind to support a political goal. For example, holding of local political events, regional or national fund-raising, provision of products or services, agents payment, or payment of election campaign expenses. Anyone is subject to abuse and can be interpreted as illegal conduct in many countries.

Donations in cash or services on behalf of LABTEST to politicians or political parties, in any country, can only be made in accordance with applicable laws and all requirements for public disclosure must be fully observed. These donations are subject to prior written approval of the President and the Vice-President of the company.





When assessing any donation in cash or services, a politician or any political party in any country should be subject to the rules on conflicts of interest contained in the LABTEST Manual of Conduct.

This means that anyone who has any kind of affiliation with politicians or political parties should abstain from involvement in decision-making on this donation.

It is possible that donations to political parties or any politician is interpreted as a bribe. For example, if there is a negotiation of a contract or license with a governmental authority or if there is a delicate issue under consideration of a government official, these donations will probably be interpreted as a bribe.

As set forth in “Who is Public Official?” Section, political parties, members of political parties and candidates for public office fit into the scope of the definition of a “public official”. The donations to professional associations or membership fees in organizations that serve to businesses interests are not considered political donations.

Donations to Unions

Donations in cash or services on behalf of LABTEST to unions, union members or entities controlled by a union, in any country, can only be made in accordance with applicable laws and all requirements for public disclosure must be fully observed.

These donations are subject to prior written approval of the President and the Vice-President of the company.

When assessing any donation of money or services to a union, a member of a union or entities controlled by a union, in any country, it should be noted the rules on conflicts of interest contained in the LABTEST Manual of Conduct. This means that anyone who has any kind of affiliation with the union, the union member or entity controlled by the union should refrain from involvement in the decision-making process on this contribution.

It should be noted that, in specific circumstances, unions, union members or entities controlled by a union can serve as a conduit for bribery of public officials and, depending on the context, donations to unions, union members or entities controlled by a union can therefore be interpreted as a bribe. In such cases, LABTEST will not condone any corrupt conduct and any attempt to bribe should be denounced.

Sponsorships and Charitable and Corporate Responsibility Donations

There is a risk of bribes taking the form of charitable donations or sponsorships. You must make sure that the money paid to a charity in the form of a donation or any other form of sponsorship do not depend on closing a business and is not made to obtain business, or to provide any advantage of improper trading. Money must be given when a legitimate institution (such as charities, philanthropic, artistic, cultural or sports) and not to an individual. Donations should be subject to appropriate supervision and compliance with relevant performance indicators.

Donations should be made only to registered institutions in accordance with applicable local laws. Care should be taken to identify the agents and to check the history of the institution and its managers. It is necessary, if possible, to perform an assessment to whom and for what purpose will the money be sent. It is desirable to draw up a report with the amount donated, benefiting institution, who will manage the money and where and when it will be applied. In this case, this report should be submitted to the President and Vice-President for approval, so that the donation is released. If there is a negotiation of a contract or license with a government official, or there is a delicate issue under review by a government authority, be aware of the fact that donations made to an institution linked to any public official will probably be interpreted as a bribe.

A more detailed analysis should be carried out in cases where a customer or public official recommends or appoints an institution. In such cases, the institution may be the channel for irregular payments to customer or public official.

Significant donations to charity, Corporate Responsibility, or made in the form of sponsorship, especially when involving government agencies or public officials are subject to the prior written approval of the President and the Vice-President of the company.

Financial Obligations

LABTEST maintains an internal accounting control system that requires all employees to make and keep detailed records to reliably and accurately reflect the transactions and disposition of LABTEST assets. False, misleading or incomplete records or other documents are strictly prohibited. Funds or accounts that are not disclosed or recorded, whatever the reason, may not be established.

The costs incurred by LABTEST employees should be proven through detailed description of the activity and by valid receipts or invoices that reflect the amounts spent. Both the presentation and the conscious acceptance of records, receipts and/or false invoices are strictly prohibited and will be subject to sanctions and assessment of the case by the Conduct Committee.

Internal Controls

LABTEST is also legally required to plan and maintain sufficient internal accounting control system to ensure that:

- (i) operations are conducted in accordance with the general or specific authorization of the administration;
- (ii) operations are launched as necessary to (A) permit preparation of financial statements in accordance with generally accepted accounting principles or any other criteria applicable to such statements; and (B) maintain control of assets;
- (iii) access to assets is permitted only in accordance with general or specific authorizations of management; and
- (iv) control of registered assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

All LABTEST areas should establish internal controls and procedures consistent with these criteria and that improve the implementation of this Anti-Corruption Policy.

An effective internal control system consists in making the commercial and financial teams analyze operations and requests for expenditure/payments search indicative that signal inadequate commercial basis or excessive risks.

Below is a list of attention common indicatives:

- The party involved in the transaction has business relationship or any other close personal relationship with a client, counterparty or public official, or recently was a customer or a public official, or even qualifies for the transaction only because of its influence on a customer, counterparty or public official.
- A customer, counterparty or public official recommends or insists on the use of the party involved in the operation.
- The party involved in the transaction refuses to include anti-corruption contractual provisions, it uses a "shelf company" (a corporation, but with unrecorded assets/significant transactions) or other unorthodox corporate structure; insists on unusual or suspicious contracting procedures; refuses to disclose the identity of its members; calls for its contract to be signed with retroactive date or changed in any way to falsify information.
- The party in the operation has a bad reputation, responded to accusations of bribery, corruption, fraud or other unlawful acts, or have little or no third-party reference.
- The party in the operation does not hold office, staff or appropriate qualifications to perform the contracted services.
- The request of expenditure/payment is unusual, is not supported by appropriate documentation, is unusually high or disproportionate to services to be provided, is not in accordance with the terms of the contract that regulates or involves the use of cash or bearer.

- The request of expenditure/payment involves a unaccounted account to be paid in a jurisdiction outside the country where the services were provided or will be provided, or was not made in accordance with local laws.
- The request of expenditure/payment is described as necessary to “get the business” or to “make the necessary adjustments”.

This is not an exhaustive list (i.e. other signs of attention may be considered) and indicatives vary according to the nature of the transaction, request of expenditure/payment and according to the geographic market or business line. LABTEST employees must constantly assess whether other common indications are present in specific situations accompanied by them.

Risk Assessments, Monitoring, Certification and Audits

The internal areas should periodically assess the nature and extent of their exposure to internal and external risks of corruption and properly document this risk assessment. The purpose of this assessment is to identify the most relevant risk areas and take mitigation actions focused in these areas.

LABTEST is committed to monitor the effectiveness of anti-corruption processes and controls and carry out audits to ensure compliance with anti-corruption laws, this Policy and any procedures related to it.

Complaint Policy

Any concern that a LABTEST employee, officer or director has about a possible case of bribery or corruption should be immediately reported to LABTEST Reporting Channel: email denuncia@labtest.com.br

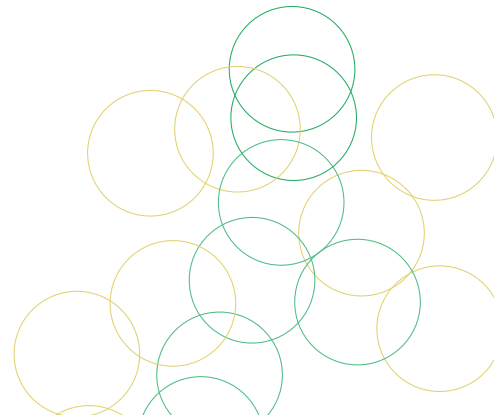
Complaints can also be made directly by the company Website at <http://www.labtest.com.br/contatos>, choosing as recipient “Manual of Conduct”.

Anonymity of the person who made the complaint should be kept and the information will only be shared with those directly assigned to involvement in the compliance management process and anti-corruption practices.

LABTEST does not allow and will not tolerate any form of retaliation or intimidation against anyone who has made a notification of violation or potential violation to this Policy or to the Manual of Conduct, acting in good faith.

Investigations

All complaints related to violation of any item of the policy will be duly investigated by the Conduct Committee, which has autonomy and independence to investigate, assess and adjudicate cases and impose appropriate disciplinary sanctions.



Anticorruption Penalties

Criminal Liability and Penalties

In most jurisdictions, both legal entities and individuals may be held responsible for a crime. The exact extent of criminal liability depends on the law of the country.

Violation of anti-corruption laws may result in criminal prosecution of those involved and the arrest of individuals, civil and administrative liability of LABTEST by a fine of up to 20% of gross revenues for the year, ban on receiving incentives, subsidies or agency loans in the period from 1 to 5 years, suspension or partial ban on activities, irreparable damage to its reputation, among others.

The fines imposed on individuals for violations of this policy may not be paid by LABTEST; besides the people involved are subject to arrest. Penalties for legal entities are very substantial and their executives can also be arrested. In addition, LABTEST may be ordered to return the gains from the illegal acts of corruption.

Faced with the possibility of severe punishment, LABTEST cares to comply with the requirements of the Policy through practices to protect their interests, such as training programs, including contractual provisions to comply with this Policy in contracts with employees and third parties, as well as internal control and careful monitoring of their activities.

Civil Liability and Indemnities

In addition to criminal liability, both individuals and legal entities involved in corruption are at risk of being civilly sued and forced to compensate other individuals or companies that may have suffered losses as a result of the corrupt act.

This may occur when, to recover costs and profits not obtained because of a lost competition, losing participant in a bid to sue against the winner, who was corruptly awarded the contract.

Suspension or Exclusion

In addition to direct sanctions for corruption, companies involved in corruption cases may be prevented from performing sales to government customers or the public administration. Often the loss of these sales opportunities can have a significant financial impact on the company than the direct sanctions of the implementation process.

Sanctions Imposed by LABTEST

LABTEST does not tolerate violations of the rules of "compliance". This means that LABTEST needs to have a solid and consistent process to deal with those who are not prepared to seriously take their responsibilities. "Compliance" means acting in accordance with the law, behave according to LABTEST policies and follow the procedures established to enforce those policies.

Any violation will be treated as a matter of extreme gravity. And, depending on the conduct, the following punitive measures can be applied at LABTEST discretion:

- formal warning;
- Suspension;
- cancellation of variable remuneration;
- justified dismissal.

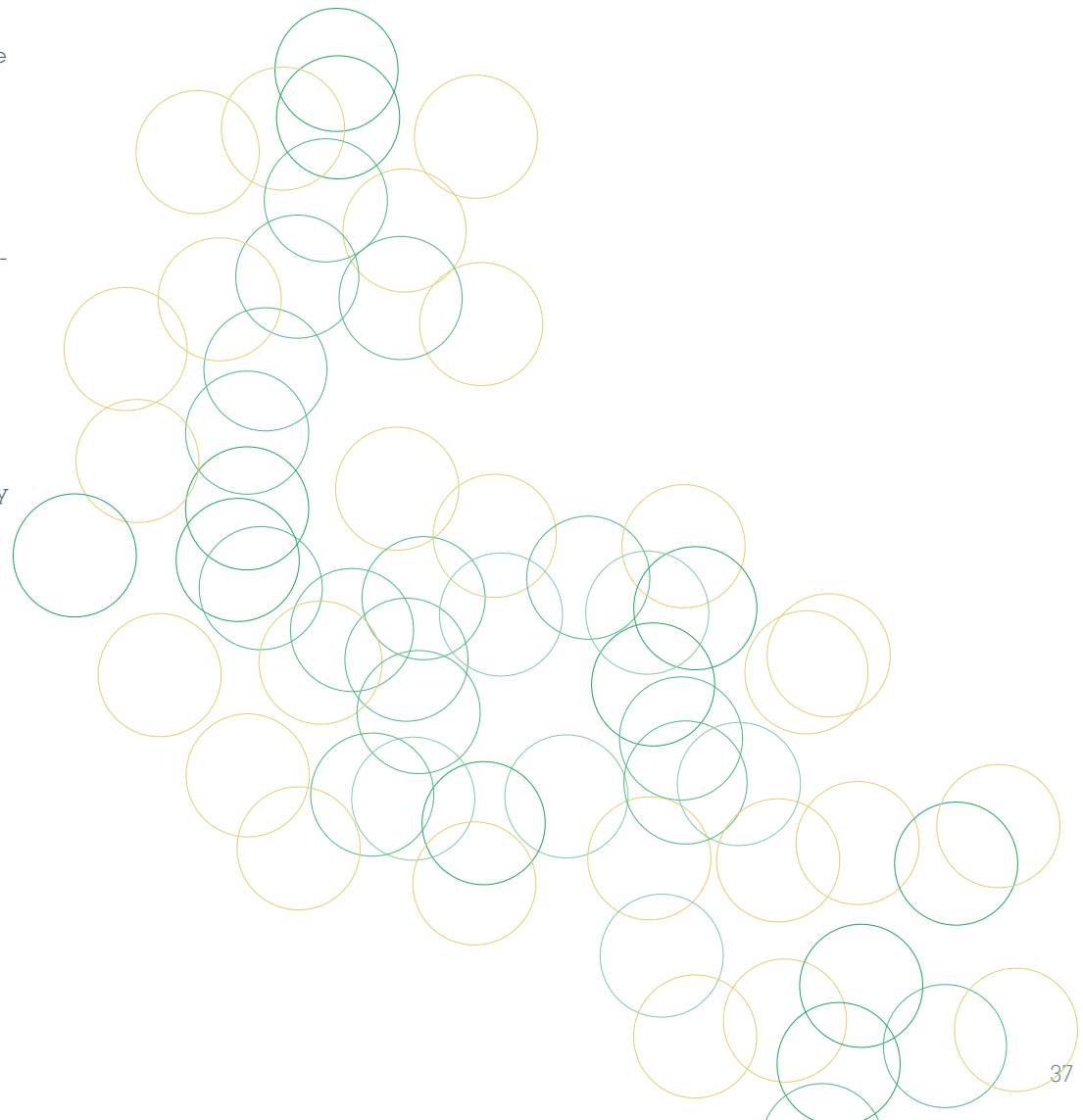
Any employee who commits violation of acts of compliance will have to undergo a recovery "Compliance".

Training and Communication

All LABTEST employees should participate in periodic anti-corruption training programs, according to the schedule managed by the Human Resources Department and should confirm in writing, upon request, they will comply and continue to comply fully with the terms of this Policy. Employees in leadership roles, in turn, should also ensure that all subordinate staff understand the terms of this Policy and complete the training program.

General Guidelines and Contacts

Since this Anti-Corruption Policy does not cover all possible situations, LABTEST employees are encouraged to use their common sense and apply common sense. In case of questions, please contact the HR Department, the Vice-President or any others mentioned in this Anti-Corruption Policy.





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