



RAÍZEN

COMPETITION COMPLIANCE POLICY

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1. Purpose

The purpose of the Raízen Group ("Raízen" or "Company")¹ Competition Compliance Policy ("Policy") is to consolidate Company guidelines for preventing and combating violations of all applicable antitrust and competition laws.

This Policy describes the obligations of Raízen employees and agents to comply with all applicable antitrust and competition laws. All Raízen employees and agents whose responsibilities or actions could result in or contribute to a violation of the antitrust laws are obligated to assist in this effort. This Policy adds to Raízen's Code of Conduct², which also recognizes competition ethics, free enterprise and free competition as premises and values to be observed in the conduct of all its business, including the support areas, such as supplies, planning, marketing, human resources, among others.

Globally, the goal of antitrust and competition laws is to promote strong markets through fair competition. These laws seek to ensure that companies determine their strategic commercial conduct independently and compete "on the merits", i.e. based on the price and quality of their products and services. The competition laws of the European Union ("EU") have the additional goal of ensuring the free flow of goods and services among the EU member states.

Violations of the antitrust laws can result in severe penalties, including fines, substantial monetary damages and a serious loss of reputation. In addition, violations can result in harsh penalties for individual employees and agents, including termination, monetary penalties, and even imprisonment.

- In most countries, significant fines for antitrust violations can be imposed on individuals and companies. In the U.S., companies may be fined up to USD 100 million for each criminal offence and individuals may be fined up to USD 1 million per offense. In addition to fines, civil antitrust liability in the U.S. can reach into the billions. In the EU, the European Commission may impose fines on companies of up to 10% of the company's worldwide consolidated group turnover. In Switzerland, the Swiss competition authority may impose fines on companies of up to 10% of the company's Swiss turnover in the past three years (cumulative).
- In many countries including France, Germany, the United Kingdom, Ireland, the United States, Canada, Australia, South-Africa, Japan and Brazil, prison sentences of several years per offence (for example, up to 10 years in the United States) and/or fines may be imposed on any employee, as well as officers and directors, found guilty of an antitrust offence.
- In many countries, antitrust violations may also result in director disqualification. For instance, in the United Kingdom, the antitrust authority may impose a disqualification order against a director for up to 15 years.

2. Scope

This Policy applies to all areas, units, businesses and functions of the Raízen Group and to all employees (including full-time employees and service providers on a part-time or temporary basis),

¹ For the purposes of this Policy, Raízen means Raízen Energia S.A. and Raízen S.A. and all legal entities in which the aforementioned companies have a shareholding or equivalent that grants them the right to elect the majority of the directors and to define the conduct of the business strategies of said legal entities. All references to "Raízen" or "Raízen Group" include not only the aforementioned legal entities, but also all Raízen Group Employees.

² Raízen's Code of Conduct is available on the Intranet, the Workplace (Knowledge Library - Ethics Area - Code of Conduct) or on the Raízen website ([https:// www.raizen.com.br/sobre-a-raizen/codigo-de-conduta](https://www.raizen.com.br/sobre-a-raizen/codigo-de-conduta)).

directors (including members of the board of directors, statutory and non-statutory officers and members of statutory and non-Statutory committees) and third parties of Raízen and its subsidiaries. The guidelines described herein apply equally to private and public negotiations and contracting.

3. Golden Rules

Raízen's Competition Compliance Program is based on 5 Golden Rules, which are stated below:

- Golden Rule 1 – DO NOT agree or align commercial practices with competitor;
- Golden Rule 2 – DO NOT reveal, exchange or ask sensitive information to a competitor or third parties, unless you are in a legitimate context;
- Golden Rule 3 – DO NOT influence the business decisions of clients and business partners;
- Golden Rule 4 – DO NOT abuse our dominant position to manipulate the market, reduce competition, impose abusive trading conditions to clients or partners, artificially increase prices or hinder access to infrastructure or suppliers unjustifiably; and
- Golden Rule 5 - Mergers and acquisitions may require prior approval from the antitrust authority. In such cases, the transaction MUST be notified and MUST await approval for closing.

In the next sections, these Golden Rules will be applied in the main commercial conducts adopted by the business in the daily basis.

4. Relationships with competitors

Below are some examples of conduct that is likely to violate antitrust statutes. The most harmful antitrust violations involve unlawful relationships between competitors.

Definition. The term "competitors" includes both actual and potential competitors, i.e. companies which are active on the same market (i.e. selling the same product/service and having the ability to serve the same geographic areas) or which are not currently active on the same market, but would enter the market within a short period of time (generally, 3 years).

4.1 *Horizontal price-fixing*

"Horizontal price-fixing" refers to competitors agreeing among themselves, directly or indirectly, on the prices or components of price – such as discounts, costs or rebates – they will charge.

THE MOST IMPORTANT RULE OF ANTITRUST LAW IS NEVER TO ENGAGE IN DIRECT OR INDIRECT HORIZONTAL PRICE-FIXING. The most serious penalties are reserved for this kind of conduct. Penalties in all jurisdictions are substantial. For example, in the U.S., corporate fines can reach USD 100 million or more, and individuals are routinely sentenced to prison for price-fixing. Private damage awards against corporate defendants can easily reach hundreds of millions of dollars and, in some cases, destroy well-established, profitable companies.

Considering "*Golden Rule 1 – DO NOT agree or align commercial practices with competitor*" (without approval from the Legal Department), these are the standards every employee and agent MUST follow:

- NEVER agree or discuss with any competitor about the price a customer will be charged. This includes discussing discounts, price ranges, maintaining floor prices, etc.
- NEVER agree or discuss with any competitor about a component of price that a customer will be charged, e.g., the charge for transportation, credit, particular services, etc.
- NEVER agree or discuss with a competitor about the process of setting price. INTERPRET THIS REQUIREMENT BROADLY. For example, past, current and future prices; the process of competitive bidding; the formula for calculating a price; or the component of a price. Do not exchange price lists or other pricing documents with competitors. Any pricing information exchanged in the context of a potential transaction with a competitor must only be done under the supervision of the Legal Department.
- NEVER make a statement that could be interpreted to invite or encourage competitors to take certain actions. For example, never say publicly or to any competitor that "prices are too low," or make similar statements that could be interpreted as an invitation to a collusion.

It is **LEGAL** to take into account competitors' behaviour, including prices, to unilaterally determine Raízen prices, provided that Raízen behaviour does not result from an agreement or unlawful information exchange with competitors and that the information was not illegally obtained.

4.2 Market allocation agreements

"Market allocation agreements" refer to agreements among competitors to divide up markets in some way, e.g., by territory, product line or customers.

These kinds of agreements are almost always violations of the antitrust laws. In SPECIFIC cases, an agreement to allocate product lines may be lawful if there is a legitimate business reason, for example, as part of a joint venture. However, you **MUST** check with the Legal Department before you enter into such an agreement.

Except for this special situation, these are the standards that every employee and agent **MUST** follow, considering "*Golden Rule 1 – DO NOT agree or align commercial practices with competitor*" (without approval from the Legal Department):

- NEVER agree or liaise with a competitor about the territories where Raízen sells or plans to sell products.
- NEVER agree or liaise with a competitor about the products and/or quantities that Raízen will sell.
- NEVER agree or liaise with a competitor about the customers to whom Raízen will sell or about the tenders in which it intends to participate.
- NEVER agree to a joint request or demand by two or more distributors to divide up territories, products or customers. If you are approached by two or more distributors making such a request or demand, inform them that it is Raízen's policy to reject such joint requests or demands. Refrain from any further discussion with them and report the matter immediately to the Legal Department. Take notes of the event, including your actions and statements.

It is **LEGAL** to unilaterally decide that Raízen will not serve a particular geographic area or certain customers based on strong competition from other competitors. Such decision must be unilateral and have a legitimate business justification for Raízen and should not be communicated externally. It **CANNOT** result from an agreement (even if verbal or implicit) with a competitor to the effect that

such competitor will, in exchange, refrain from competing in an area or in relation to certain customers.

4.3 Bid rigging

"Bid rigging" refers to agreements between competitors on which firm will win an upcoming bid. Bid rigging can take many forms, including agreeing in advance that one competitor will win a particular contract and that the other competitors will deliberately submit high bids, not bid altogether, or not compete aggressively for the contract. It is unlawful to rig bids with a competitor.

Considering "*Golden Rule 1 – DO NOT agree or align commercial practices with competitor*" (without approval from the Legal Department), these are the standards that every employee and agent MUST follow:

- NEVER agree with a competitor who will or will not bid for a business.
- NEVER discuss with a competitor which business Raízen will bid for.
- NEVER discuss the content of past or upcoming bids with a competitor.

It is **LEGAL** to unilaterally decide not to participate in a tender or to submit a bid which Raízen knows that has slim chance of winning (e.g. just to stay on the customer's mind for future tenders). However, this strategy should not be communicated externally.

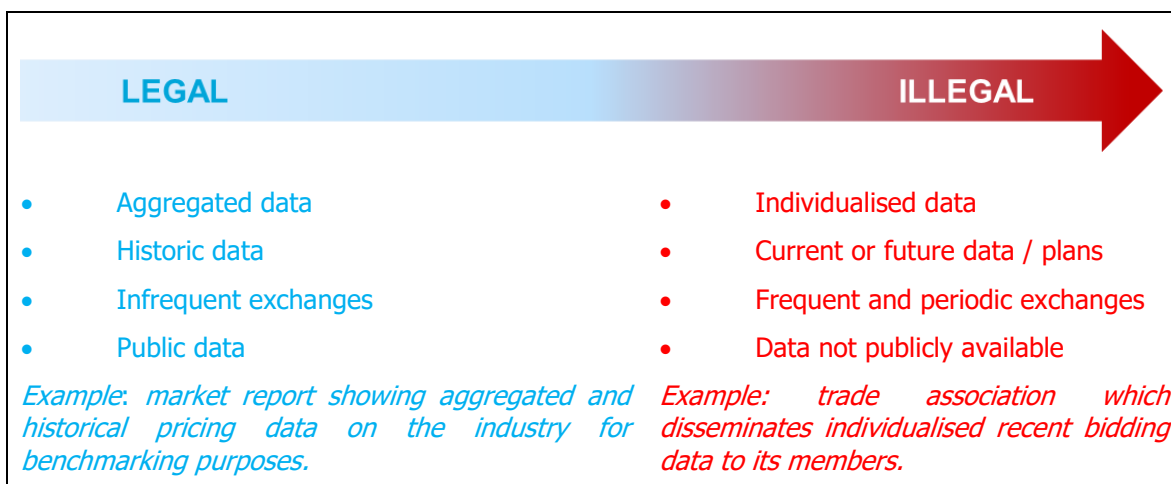
4.4 Information exchange with competitors

In addition to the above-mentioned categories, communications about certain business conditions and activities, in particular if forward-looking, are also unlawful, as the exchange of such information reduces competitive uncertainty. It is generally illegal to exchange competitively sensitive information with competitors (e.g. past, present or future prices, production or other costs, profit margins, plans for the development, production, distribution or marketing of a particular products, etc.).

Considering "*Golden Rule 2 – DO NOT reveal, exchange or ask sensitive information to a competitor or third parties, unless you are in a legitimate context*", these are the standards that every employee and agent MUST follow:

- NEVER discuss with competitors the terms on which Raízen is dealing with a particular customer or plans to do so in the future.
- NEVER reveal competitively sensitive information to a competitor, unless you are in a legitimate context, as M&A.
- NEVER comply with a competitor's request to reveal the price that Raízen charged to a particular customer.
- NEVER discuss strategic plans, including future product development with competitors. Such discussions may be interpreted as an invitation to coordinate future activities.

The exchange of information with competitor, even if permitted, must always be based on a legitimate business reason (and not aimed at reducing competition). To determine which category of information should be considered competitively sensitive, you should consider whether the information include individualised data about Raízen or a competitor, whether the data is historic or forward-looking, whether the exchanges are frequent, whether the data is public, etc.



Competitively sensitive information includes information which would allow the parties to coordinate their future competitive conduct, *e.g.*:

- information relating to prices, profit margins, overheads, etc. for specific product offers (except for information which is in the public domain);
- information relating to customers, bids or projects;
- detailed information relating to costs attributable to specific product offers;
- detailed information relating to specific trade secrets;
- information relating to the parties' current marketing plans, strategic plans, expansion plans, new product offer plans or any other materials concerning the way the parties' envisage their future operations or strategies in so far as such information could lead to the disclosure or coordination of current strategy, or to wide- ranging disclosure of sensitive information;
- non-public information relating to R&D, industry know-how or intellectual property rights; and any other proprietary information that would be regarded as competitively sensitive.

Even if you consider the information not to be competitively sensitive based on these guidelines, please first check with the Legal Department before sharing it with competitors.

4.5 Communications within trade associations and other legitimate organizations

Although they serve legitimate purposes, industry organizations, trade associations, industry conferences or fairs, and similar organizations and gatherings can present a forum for anticompetitive activities and indeed, many criminal antitrust investigations arise from conduct perceived to have originated at or have been facilitated by the trade organization context. Most trade associations have established their own antitrust guidelines and rely on antitrust counsel. However, each member company is ultimately responsible for its own conduct.

In addition to these guidelines, you are required to comply with the Procedures for Interactions with Associations, Unions and/or Class Entities (PR.JUR.A07).

It is advisable to only participate in trade association meetings with a detailed agenda. Please discuss any questionable agenda item with the Legal Department and apply "*Golden Rule 2 – DO NOT reveal, exchange or ask sensitive information to a competitor or third parties, unless you are in a legitimate context*". If the agenda contains an "any other business" or "AOB" agenda item, please remain vigilant to make sure that no competitively sensitive information is shared and that antitrust rules are complied with. Ensure that the content of the meeting is accurately recorded in minutes.

Do not hesitate to speak up if you believe that the discussions at a meeting among competitors are inappropriate or appear to violate the antitrust laws. If discussion becomes unlawful, you should leave the meeting. In such a case, make a record (e.g. in the minutes of the meeting) that you expressed your concerns and left the meeting (i.e., "noisy exit"). Contact the Legal Department immediately after you have encountered such an issue.

a) Standard-setting

Participation in legitimate product standard-setting activities with competitors is permissible. However, in order to be clearly lawful, standard setting organizations and activities must comply with the following principles: a) adherence to the standards must be voluntary; b) the standards must be based on legitimate considerations such as safety, quality, and convenience to customers, and not on a desire to exclude or limit competition; and c) the process of establishing a standard must be fair to all participants. If any of these standards may be violated, stop participation in the standard-setting activity and contact the Legal Department.

b) Code of conduct

Participation in trade association efforts to develop and implement codes of conduct is also usually permissible. In general, the guidelines for participating in these activities are the same as those for participating in standard-setting. Codes of conduct must be based on legitimate considerations, such as ethical and legal standards, rather than efforts to exclude or limit competition. In some cases, a code of conduct may bind participants in the sense that sanctions are imposed on companies that do not follow the code, e.g., expulsion from an organization.

c) Legislative activities

Communication and agreements with competitors about legislative activities, including lobbying and making submissions to government agencies, is permissible. However, confine these communications and agreements to good faith, reasonable attempts to influence government actions, for example, lobbying for legislation, making recommendations to regulatory agencies, or filing well-founded complaints with governmental agencies. These kinds of communications and agreements cannot extend to business actions that Raízen is taking or plans to take.

If you plan to be involved in efforts to influence legislation or public policy in areas that are competitively sensitive, such as price regulation or competitive bidding requirements, contact the Legal Department to ask for advice.

d) Data collection

Many trade associations collect information from members and compile it for distribution to the public or to association members. If a trade association is seeking to collect information that is competitively sensitive (e.g. prices, sales of each company, productions costs, etc.), it must take steps to ensure that the collection and use of the data are not harmful to competition. In the event that a trade association asks to collect competitively sensitive information, make sure that they are taking steps to comply with antitrust laws. Contact the Legal Department if you have any concern or questions, before submitting any information or agreeing to receive information submitted by others.

4.6 Purchasing from and/or selling to competitors

Purchasing from and/or selling to a competitor is generally customary in many industries and this does not in itself create antitrust issues. But it CAN raise antitrust risks in certain circumstances, so "*Golden Rule 1 – DO NOT agree or align commercial practices with competitor*" and "*Golden Rule 2 – DO NOT reveal, exchange or ask sensitive information to a competitor or third parties, unless you are in a legitimate context*" should be followed to mitigate antitrust risks, in particular:

- The information flow between the competitors engaging in a supply relationship must be limited to what is strictly necessary.
- All transactions and discussions with competitors need to be clearly documented in terms of occurring in a proper legitimate vertical relationship, and people should not discuss anything beyond what is needed, such as specific customers, prices offered to those customers, or the like.
- There should be a clear, efficiency-driven and well-documented **business rationale** for purchasing from a competitor, such as (i) insufficient capacity to satisfy delivery time required by the customer; (ii) lack of technical ability to manufacture the product; (iii) customer's own express requirement; or (iv) efficiency gains from outsourcing a product (for instance, by lowering the price of Raízen's overall offer, making it more competitive).
- Raízen MUST NOT prevent its competitor from quoting directly to the customer.

4.7 No-poach and wage-fixing

No-poach and wage-fixing agreements between employers have emerged as a new hot topic in antitrust enforcement in recent years, as competition authorities worldwide have started investigations or issued guidance related to such practices.

- No poach agreements are agreements between businesses not to approach or hire each other's employees, or only to do so subject to the other's consent.
- Wage-fixing agreements are agreements between businesses to fix wages or other employee benefits, including maximum caps on pay or wage rates. Antitrust authorities view wages as the "price" of labour, and therefore view "wage fixing" as a type of price fixing.

Under competition law, no-poach or wage-fixing agreements can be considered a way to keep wages down, restricting talent from moving where it serves the economy best, and as a threat to innovation competition.

Moreover, the exchange of sensitive information about terms and conditions that a business offers to employees can reduce competition between those in recruitment and retention, and therefore can be considered an antitrust infringement.

Thus, Raízen's Human Resources and related recruitment staff should comply with the "*Golden Rule 1 – DO NOT agree or align commercial practices with competitor*", "*Golden Rule 2 – DO NOT reveal, exchange or ask sensitive information to a competitor or third parties, unless you are in a legitimate context*" and following general guidelines:

- DO NOT agree with other companies (regardless of whether it competes with Raízen) to fix wages.

- DO NOT agree with other companies (regardless of whether it competes with Raízen) not to approach or hire each other's employees.
- DO NOT share sensitive information about terms and conditions that Raízen offers to employees with other companies (regardless of whether it competes with Raízen).

5. **Relationships with resellers, clients or suppliers**

We discuss below the general rules applicable to relations between Raízen and resellers. Importantly, in the EU and other jurisdictions, when Raízen's and resellers' market shares exceed 30% for any given market, such contracts should be carefully reviewed by the Legal Department as stricter rules may apply.

If the distributor is also a competitor of Raízen at the manufacturing level, discussions regarding resale prices and allocation of territories or customers are generally not allowed (irrespective of the permissive guidance below).

5.1 ***Resale price maintenance (RPM)***

Resale price maintenance refers to an agreement between a company at one level of the production-distribution chain (e.g., a producer) and a company at another level (e.g., a reseller) about the price at which a product will be resold.

Under EU law and in some other jurisdictions, it is **ILLEGAL** to directly or indirectly set a **FIXED** or a **MINIMUM** price as it restricts competition between resellers. "Indirect" fixed price setting covers situations where a company would for instance set a resale margin or fix the maximum level of discount that a reseller can grant from a prescribed price level. In the US, unilateral, fixed minimums *may* be lawful but there are specific requirements so any "RPM" policy must be reviewed by the Legal Department.

You should therefore NEVER agree with customers or resellers to maintain resale prices or respect set margins. **Raízen's resellers must always have the ability to set their resale prices independently**, according to "Golden Rule 3 – *DO NOT influence the business decisions of clients and business partners*".

5.2 ***Restrictions on resellers' sales territories and customers***

It may be **PERMISSIBLE** to require resellers of Raízen's products to restrict their sales to a particular territory or to particular customers. In the event such a restriction is imposed, the following principles must be observed:

- Restriction of ACTIVE SALES (meaning sales whereby the reseller actively reaches out to customers outside the territory) into certain territories or customer groups is generally permitted, but the restriction of PASSIVE SALES (i.e. sales made to customers who reached out to a reseller and the reseller did not actively approach the client) is generally prohibited, even outside the EU.
- The restriction must be a result of the independent decision of Raízen and the agreement of an individual reseller. That is, the restriction cannot be imposed by Raízen as a result of an agreement with competitors or an agreement with two or more resellers.

In the EU and many other jurisdictions, such territorial and customer restrictions are ONLY PERMISSIBLE if Raízen sets up an EXCLUSIVE RESALE NETWORK, meaning that an exclusively appointed reseller cannot sell actively into the exclusive territory or customers of another reseller.

Any resale contract containing a territorial or customer restriction should be first reviewed by the Legal department.

5.3 Exclusivity / non-compete with resellers

It may be **PERMISSIBLE** to require a reseller to sell only Raízen's products if Raízen is not considered dominant in the market for such products.

Similarly, it may be **PERMISSIBLE** to agree with a reseller that it will be the only reseller to whom Raízen will sell products in a particular geographic area.

IMPORTANTLY, such provisions typically MUST NOT be in place for more than **5 YEARS**.

In the event an exclusive dealer agreement is implemented, two requirements must be met.

- First, there should be a legitimate business reason for such a restriction, for example, encouraging resellers to engage in aggressive sales efforts with respect to Raízen's products, thereby creating efficiencies.
- Second, the restriction must be a result of the independent decision of Raízen and the agreement of an individual reseller. That is, the restriction cannot be imposed as a result of an agreement with competitors or an agreement with two or more resellers.

5.4 Right of last call

In certain contracts, it may be **PERMISSIBLE** for Raízen to have the right to match or undercut a competitor's last offer (i.e. a right of last call). Having such right is not in itself illegal, but Raízen must be **CAREFUL** not to infringe antitrust laws by obtaining competitively sensitive information through this contractual mechanism.

- If a customer is contractually required to inform a competitor's best offer, this information should be ANONYMISED (i.e. the identity of the competitor who gave the best offer should not be disclosed to Raízen);
- The information relayed by the customer to Raízen must not go beyond what is STRICTLY NECESSARY to enable the exercise of Raízen's contractual right (e.g. it should not provide detailed information on other contractual terms);
- Raízen contracts with a right of last call should be EXCEPTIONAL so that Raízen does not systematically have access to its competitors' best offers (even if anonymised).

5.5 Market intelligence gathering

Gathering, analysing and disseminating information relating to products, markets, industry players and other business parameters is important for companies, including Raízen, to be competitive in the market. Market intelligence can come from a variety of sources including from industry players' websites or annual reports, trade associations, independent consultants, university research centres and other sources.

The collection of market intelligence is generally **LEGAL** and usually enable companies to better compete on the market. However, market intelligence gathering can raise antitrust risks depending on the source and type of information collected.

Public sources. It is **LEGAL** to gather market information from PUBLIC sources, such as websites, press releases, competitors' annual reports, regulatory filings, marketing materials, newspapers and magazines, analyst reports, market research reports (e.g. IMS, Frost & Sullivan), trade publications, presentations at trade conferences.

Customers as source. It is common to receive market information from CUSTOMERS in the context of price negotiations. Customers may challenge Raízen's prices and conditions based on offers submitted by competitors or offer Raízen the opportunity to match or improve a competitor's best terms to win a contract. These situations may give rise to antitrust concerns only if Raízen is provided with DETAILED market information about competitors, especially if Raízen systematically requests such information.

Note: for specific guidance on contracts which grant Raízen a right of last call, please refer to section 4.4 above.

To mitigate potential antitrust risks, the following guidelines MUST be following when gathering information from customers:

- a) DO NOT request – especially systematically – **detailed and precise information** from the customer on a competitor's offer, including prices, terms, specifications (for instance, "Competitor A's bid is USD 2.5 million");
- b) DO NOT request or access a **copy of a competitor's offer or bid**, even if the contract was already awarded.
- c) GENERAL information about the status of competition made by customers in the context of a negotiation are generally **NON-PROBLEMATIC**, such as:
 - i. discussions on how to improve Raízen's offer;
 - ii. statements that Raízen's price is higher than competition;
 - iii. statements that Raízen should meet a target price or improve other terms (e.g. delivery time, technical specifications, etc.) to win the contract.

Suppliers as source. It is also generally **LEGAL** to collect market information from Raízen's SUPPLIERS if the following conditions are met:

- a) DO NOT request – especially systematically - detailed information about the supplier's offer to a competitor of Raízen (e.g. a copy of the offer/contract between the supplier and a competitor or a detailed description of the elements of the offer/contract);
- b) DO NOT provide to the supplier detailed information on offers Raízen received from other suppliers;
- c) DO NOT share the offers received from or contracts with Raízen's suppliers with other suppliers, customers or competitors.

6. Abuse of dominance

It is not a violation of the antitrust laws simply to have a very large share of a market. However, it is unlawful to obtain or maintain a dominant position on a market using unfair means. In most

jurisdictions, including the EU, such practices are referred to as “abuse of dominance”. In the US, they are referred to as “monopolization”.

A dominant position (known as a “monopoly share” in the US) can be far less than 100% of a market. In the US, a **67%** market share is generally viewed as a monopoly share, and some courts have found that a monopoly share may be as low as 50% of a market. The Sherman Act also prohibits an “attempt to monopolize”, that is, an attempt to obtain a monopoly share of the market, using unfair means. In the EU and elsewhere, a company can be dominant with a **35-40%** market share. In Brazil, the law establishes a rebuttable presumption of dominance if a company has a market share of **20%** or more. Market share is only a first screen of economic strength, but other factors are also analysed. If considered dominant, a company has a special responsibility not to impair competition through abusive conduct.

For **practical purposes**, Raízen should be extra careful in any market in which it holds a market share **near or above 20%** and assume it holds a dominant position, unless instructed otherwise by the Legal Department.

Always consider our “*Golden Rule 4 – DO NOT abuse our dominant position to manipulate the market, reduce competition, impose abusive trading conditions to clients or partners, artificially increase prices or hinder access to infrastructure or suppliers unjustifiably*”.

6.1 Abuse

In general, abusive practices are those with no legitimate business purpose and which are followed simply to harm a competitor. Conduct which has been found to be unfair within the meaning of this principle includes:

- Predatory pricing.
- Tying the sale of one product to the sale of another.
- Requiring or inducing (via discounts or rebates) customers to purchase all or most of its requirements from the dominant company.
- Refusing to deal with a competitor without a legitimate business justification.
- Refusing to deal with a customer or supplier without a legitimate business justification.
- Entering into contracts with suppliers in order to deprive competitors of essential supplies.
- Applying dissimilar conditions to equivalent transactions with trading parties.
- Buying up competitors to achieve a monopoly position.

USE YOUR COMMON SENSE. If a practice has no business justification and harms a competitor, it may be viewed as an abusive/monopolizing practice. On the other hand, it is perfectly lawful to achieve a high market share based on fair competitive practices, i.e., charging a lower price, offering a high-quality product, and providing good service. There is no legal obligation to “help” competitors.

7. Merger control

Merger control generally refers to the procedure by which the government reviews certain types of corporate transactions (such as mergers and acquisitions or the creation of a joint venture) under

competition law. The goal of merger control is to avoid transactions which can lead to a significant harm to competition and therefore to consumers.

Importantly, the LEGAL OBLIGATION TO NOTIFY a transaction to the government is not necessarily related to potential competition issues. It is important to determine whether a transaction has to be notified to any authority worldwide given that FINES for failure to notify (also known as “gun-jumping”) CAN BE SIGNIFICANT (up to 10% of the infringing party’s global turnover in the previous year).

Moreover, in most jurisdictions, the parties to a transaction which is subject to the government’s review CANNOT IMPLEMENT THE TRANSACTION UNTIL THE RELEVANT AUTHORITY HAS APPROVED IT, as stated in “*Golden Rule 5 - Mergers and acquisitions may require prior approval from the antitrust authority. In such cases, the transaction MUST be notified and MUST await approval for closing*”. This means that implementing a transaction before obtaining approval from the authority can lead to significant fines even if the transaction has been notified.

As explained in the sections below, to determine whether a transaction required any merger control notification, we usually look at three factors:

- a) Whether the type of the transaction qualifies as a reviewable transaction (i.e. a “**concentration**”);
- b) Whether the notification **thresholds** are met (these vary from jurisdiction to jurisdiction and are usually based on the parties’ revenue); and
- c) Whether any **exemption** applies.

A transaction will only require a merger control notification if it qualifies as a reviewable concentration AND the thresholds are met AND no exemption applies.

7.1 What constitutes a “concentration”

The types of transactions which are subject to the merger control rules vary from jurisdiction to jurisdiction. However, in most jurisdictions (including the US, the EU, Switzerland and Brazil), the following types of transactions are reviewable under merger control rules:

- a) A merger between two independent companies;
- b) Acquisition of sole or joint control over another company;
- c) The creation of a joint venture;

Note that the concept of “control” under merger control rules do not necessarily require that a company acquires more than 50% of another company. In most jurisdictions, control means the ability to determine or veto another company’s strategic commercial decisions, including veto rights over the company’s business plan and budget and the appointment of senior management. Therefore, even acquisitions of minority stakes in another company can qualify as an acquisition of control for merger control purposes.

In some jurisdictions (e.g. Brazil, Germany, South Korea, Japan), even the acquisition of a non-controlling minority stake can qualify as a reviewable transaction. The threshold for minority acquisition can be very low: for instance, in Brazil even the acquisition of a 5% stake in another company can be considered a reviewable transaction under certain circumstances.

Therefore, KEEP IN MIND that even transaction which do not seem to be a “concentration” in most places can still be require a merger control notification in some jurisdictions.

7.2 *Thresholds*

In addition to the type of the transaction qualifying as a “concentration”, one should assess whether the notification thresholds in each relevant jurisdiction are met.

The notification thresholds vary from jurisdiction to jurisdiction. In most jurisdictions, the thresholds are based on the parties’ (at group level) revenue in the jurisdiction in the preceding year.

The allocation of revenue to a particular jurisdiction normally does not depend on whether the party is incorporated or based in such jurisdiction. Mere export sales to a jurisdiction can count as revenue in this jurisdiction for merger control purposes. Therefore, keep in mind that a merger control filing may be required in non-obvious jurisdictions (e.g. in countries where Raízen has no local presence).

Some jurisdictions also have notification thresholds based on asset value, market shares, transaction value or a combination of multiple thresholds.

Note that in most jurisdiction when the parties are creating a joint venture or when a company is acquiring joint control over a target company (i.e. the target will be controlled by more than one parent), we normally have to consider the revenue of the parents, even if the target has no revenue at all or in a particular jurisdiction.

Therefore, KEEP IN MIND that filings may be required in non-obvious jurisdictions (e.g. two South American companies setting up a joint venture in Asia may require a filing in the European Union).

7.3 *Exemptions*

Even if the transaction in question qualifies as a concentration and the notification thresholds are met, under certain circumstances an exemption might apply, and a filing will not be required.

The most common exemption is lack of effects. This means that if the transaction cannot possibly have any effects on the jurisdiction concerned, a filing will not be triggered.

Note that many authorities interpret this effects requirement very narrowly. For instance, in Brazil and Switzerland the existence of potential effects is presumed if the target entity has any sales to local customers (even if negligible). In the case of a new joint venture, the existence of potential effects is presumed if the target has any plans to sell the products/services to local customers in the future.

Moreover, many jurisdictions, such as the EU and China, do not have an exemption for lack of effects. This often results in notification which have no nexus to Europe being submitted to the European Commission (e.g. the acquisition of joint control by an Asian company over a hotel in Asia).

7.4 *Gun-jumping and information exchange*

As previously mentioned, in most jurisdictions a transaction which must be notified cannot be implemented before the relevant competition authority approves it (i.e. “gun-jumping” is prohibited). However, what counts as “implementation” is not always obvious.

The general rule is that the PARTIES TO A TRANSACTION MUST BE KEPT AS SEPARATE AND INDEPENDENT COMPANIES UNTIL COMPLETION, which can only occur after all required merger control approvals, as stated by Golden Rule 5. This means that even after signing an agreement for the purchase and sale of a company, the buyer and the target company must not integrate their activities and the buyer must not exercise influence over the target's ordinary or strategic commercial decisions.

However, exchange of information, planning activities in preparation for closing and "day one" integration are allowed (subject to appropriate safeguards such as "clean team arrangements"), but should be limited to the technically and legally necessary steps for the parties to be able to close the transaction and start operating the joint company on day one. Importantly, however, the parties must not implement any integration measures pre-closing.

To avoid gun-jumping risks, any activity related to due diligence in relation to a contemplated transaction, integration planning and other contacts between two parties of a transaction which has not yet been approved by the relevant authority must be closely supervised and guided by the Legal Department.

7.5 Clean Team and good practice

In addition, **NO** commercially sensitive information should be exchanged between the parties, or disclosed publicly, which could be used for any of the purposes set forth above, **without prior consultation** with Legal Department.

If commercially sensitive information needs to be exchanged in the context of a transaction, appropriate safeguards must be put in place, including consultation with antitrust counsel and implementation of a "**clean team arrangement**". A "clean team" is a specifically identified group of people on a 'need-to-know' basis who are involved in the transaction discussions and/or integration planning. Generally, the employees that are part of the "clean team" cannot be employees who are engaged in the day-to-day sales or marketing operations of the parties or have other strategic commercial responsibilities.

The following is generally **good practice**:

- Confidentiality agreements should be implemented to limit access to sensitive non-public data to personnel who need the information for planning the integration, and no competitive use should be made of the information.
- All shared documents should be marked to indicate receipt through appropriate channels and to facilitate destruction or return of the documents.
- Disclosure of confidential information should be limited to that which is necessary.
- Individuals who will have access to shared business information should be identified.
- Personnel involved in integration discussions should, in general, be strategic planning personnel rather than operating personnel.
- The parties may establish joint-project teams but these activities must be restricted to planning in the post-closing period.

7.6 Other regimes in addition to merger control: FDI and FSR

In addition to merger control, certain transaction can also be subject to a different string of required merger approvals focused on national security, namely foreign direct investment (“**FDI**”) screening. There has been a significant proliferation of FDI screening regimes around the world in recent years.

In terms of procedure, FDI regimes are relatively similar to merger control regimes as both often require the review and approval of certain transactions by the government before the transaction can be implemented. However, from a substantive perspective, the most significant difference is that a merger control review is normally based on competition / economic factors, whereas the analysis in an FDI notification is based on national security grounds.

To determine whether an FDI notification is necessary, the first step is similar to merger control: one should assess whether the type of transaction qualifies as a reviewable transaction. However, the notification thresholds are substantially different: instead of revenue-based thresholds (like in most merger control regimes), the FDI notification assessment will focus on whether the buyer/investor qualifies as a “foreign investor” and whether the target is active in any sensitive sector from a national security perspective. These rules vary significantly from jurisdiction to jurisdiction.

A new regime for the review of concentrations was introduced by the European Union in November 2023 (effective from July 2023) through the Foreign Subsidies Regulation (“**FSR**”). Among other things, the FSR set out a merger review procedure to prevent distortions caused by foreign subsidies in the acquisition of companies active in the European Union.

The assessment of whether a filing is required in the EU under the FSR is similar to the assessment for merger control purposes. First, one should determine whether the transaction constitutes a concentration (and the test in the EU is the same for merger control and FSR); Second, one should check whether the notification thresholds are met. The FSR sets two thresholds:

- a) The target must be established in the EU and have EU revenue above EUR 500 million in the previous year; and
- b) The buyer and the target must have been granted combined aggregate financial contributions from third countries of more than EUR 50 million in the preceding 3 years.

This new regime will also apply to public procurement processes in the European Union and the goal is to address distortions caused by foreign subsidies and create a “level playing field” for all companies active in the EU.

8. Document creation guidelines

Internal documents and communications can be requested or gathered by antitrust enforcers and used as evidence in an antitrust investigation, including but not limited to:

- | | | |
|---------------------------|--------------------------|--------------------------|
| - Emails, even if deleted | - WhatsApp messages | - Notes |
| - Voicemails | - Internal chats | - Calendar/diary entries |
| - Social media posts | - Phone records | - Expense reports |
| - Draft of documents | - Internal presentations | - Planning documents |

Therefore, check all business communications and documents you draft – even the shortest email – to avoid careless language which might suggest non-compliance with antitrust rules. When drafting any document or communication, you MUST respect the following guidelines:

- DO NOT use language that could suggest guilt (“Eyes only”, “Destroy after reading,” or “Do not forward”).
- DO NOT exaggerate (“This will kill the competition”).
- DO NOT speculate about the legal consequences of conduct, and don’t paraphrase legal advice.
- DO NOT write as if you think it is unethical or improper to compete (“stealing customers”, “chiselling on price”) or that it is virtuous not to compete vigorously (“market stabilization”, “truce between competitors”).
- When learning information about competitors from legitimate sources, like customers, including their pricing, production, capacity, market strategy, etc., DO clearly identify the source of the information. DO NOT say “reliable sources tell us” or “the market thinks...”. It is better to say “Customer A have told us that...” or “I read in the newspaper that...”

In case you receive any improper communication, you must refuse to continue the communication. This Policy guides you to respond the following:

"Dear All, I believe that by a misunderstanding this correspondence was forwarded to my care, I believe that this correspondence was sent to me by mistake.

I kindly ask you to delete my e-mail address and my data for sending this type of message, as well as to stop sending me correspondence of this nature. Raízen's Competition Compliance Program does not permit the receipt, much less the exchange, of messages of this type.

I will disregard your e-mail and will not forward it or use its contents for any purpose."

In case of e-mails sent by mistake, do not delete it. Send a follow-up message with the following language:

"Dear all,

The previous message was sent in error. Its content and its attachments contain strictly confidential information, which may not be disclosed, copied, distributed or used in any way. In this regard, I kindly ask you to delete it immediately from your inbox or any other folder where it has been saved."

Finally, WhatsApp is an important tool for speeding up communication, but it may pose compliance risks. Please be extra-careful with WhatsApp groups. Do not participate in WhatsApp group with employees / representatives of Raízen’s competitors. If there is a conversation which may be interpreted as a potential infringement or which makes you uncomfortable, take a screenshot submit it to the Legal Department.

9. Compliance Program

The content of this Competition Compliance Policy is part of the company's Compliance Program and must be known and observed by all Raízen employees.

Therefore, everyone must know the guidelines established herein so as not to involve Raízen in situations that may be interpreted by the competent authorities as anti-competitive practices.

Participation in the periodic training programs is mandatory, and those working in sensitive areas must also participate in the specific training programs.

The Legal Department must be immediately informed about any acts that may be interpreted as harmful to the competitive environment or even the mere suspicion of having occurred, as well as, in case of doubts about the proper application of the guidelines contained in this Policy.

9.1 *Risk Identification*

Some business areas are more exposed to risks of a competitive nature. Thus, some people may be selected by the Legal Department to also participate in targeted training, according to specific situations or issues to be addressed in the performance of their activities.

9.2 *Interviews*

To control and monitor compliance with the guidelines established herein, as well as to update the risk matrix, some Employees may be selected to participate in interviews. This does not mean that there is any procedure or issue identified in relation to this Employee or his or her area of activity, but is merely a control and verification tool.

9.3 *Trainings*

a) General – Brazil

The general competitive compliance training made available at Raízen University ("UR") is mandatory for all Employees and must be completed upon admission. It shall remain available at the UR for consultation at any time.

The general training on competition compliance will be updated every two (2) years or whenever necessary and must be retaken by all Employees at each update.

b) Public at risk – Brazil

The competitive compliance training for public at risk made available at Raízen University ("UR") is mandatory and must be renewed every two (2) years.

Training sessions directed to areas that are considered sensitive to competition will be held at the Legal Department's discretion, at least annually.

The attendance of the summoned Employees is mandatory, and any absence shall be formally justified and communicated to the Director of the respective area.

c) General and public at risk – International

In addition to the training available at UR, employees representing Raízen abroad (whether resident in Brazil or abroad) must complete the online competition compliance training, which will have four sessions available per year.

9.4 *Monitoring / Review*



Raízen's Compliance Program is constantly updated, according to legislative changes and/or relevant changes in jurisprudence.

The Legal Department is responsible for monitoring and reviewing the Compliance Program and its application and observation by Raízen employees.

10. Internal Verification Procedure

In order to ensure the proper observation of the guidelines established herein and the compliance with this Policy, Raízen has an online channel for denunciations - Ethics Channel - and an internal procedure for the investigation of the responsibility of employees involved in illicit competition practices.

10.1 Reporting of Deviations and Doubts

Any and all violations or suspected violations of this Policy and applicable legislation must be reported to the Legal Department or the Raízen Ethics Channel:

Brazil: 0800-772-4936

Argentina: 0800-345-1701

Paraguay: 009-800-120-004

United States: 1 (800) 509-4201

Switzerland: 0800 898 773

Email: canaldeetica@raizen.com

If the whistle-blower has chosen to identify himself/herself, Raízen will adopt all measures, within the legal limits, to protect the confidentiality of any report made, and acts of retaliation against any person who makes a good faith report of a violation of this Policy, laws and regulations in force on competition matters will not be permitted.

10.2 Opening of Internal Procedure - Commission of Investigation

A committee will be formed by the Legal Department to investigate reports of violations or suspected violations of the guidelines established herein.

All reports will be investigated by an investigating committee, and it is the responsibility of this committee, at its discretion, to inform the complainant of the outcome of the case.

10.3 Disciplinary Measures

All Employees who engage in acts of violation of the guidelines established in this Policy will be subject to the following penalties, in addition to all the legal implications resulting from their act.

a) Warning

If the act committed is of low gravity, but exposes the Company to risk and/or implies in non-compliance with this Policy, the Employee may receive a formal warning, which will be registered with the Legal Department and the Human Resources Department.

b) Suspension

Depending on the seriousness of the act and its consequences for the Company, the investigation commission may recommend the suspension of the Employees(s), a decision that will be justified and filed with the Legal Department.

The suspension period will be determined by the Human Resources Department in accordance with the labour legislation.

c) Resignation

Violations to this Policy and/or to the legal system in force may result in the dismissal, including for just cause, of the Employees (s) involved.

The seriousness of the violation and the applicable penalty will be evaluated by an investigating commission appointed by the Legal Department.

11. Final Provisions

This Policy is subject to periodic reviews for updates, as necessary, due to changes in the applicable regulation and/or legislation or, further, to reflect changes in the Code of Conduct and internal policies of the Company.
