

**COMPLIANCE CODE  
CARMELO FIOR COMPANIES**

**Document Type: Policy**

**Responsible Department: Compliance**

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## 1. INTRODUCTION

The Carmelo Fior Companies operate in the ceramic and vinyl sectors and are committed to the highest standards of ethics and integrity in the conduct of their activities. Preventing and combating corruption, as well as other harmful practices that may affect parties involved in business relations, are considered fundamental.

All employees, contractors, service providers, consultants, partners, representatives, or suppliers of the Carmelo Fior Companies are expected to carry out their duties in alignment with the company's principles, values, and mission. The adoption and enforcement of this Compliance Code—which sets forth internal policies and guidelines—are essential to prevent, detect, and address any potential misconduct or nonconformity.

Simple and effective measures can prevent damage to the Carmelo Fior Companies and all parties involved in professional relationships, safeguarding the company's growth and leadership position.

**Ethics means doing what is right, in accordance with the principles and values adopted by the Carmelo Fior Companies.**

**Compliance means doing things the right way, in accordance with established rules, grounded in knowledge, processes, and training.**

Therefore, the provisions set forth in this document are mandatory and complement those established in the Carmelo Fior Companies' Code of Ethics and Conduct, as well as other policies available on the intranet. It is essential that every employee, contractor, service provider, consultant, partner, representative, or supplier take the time to read the entire material, participate in the training sessions, reflect on the topics presented, and, in case of any questions, contact the Compliance Department.



## 2. SCOPE OF APPLICATION

In line with the principles outlined in the Introduction, this Code aims to foster a culture where all stakeholders, including employees, contractors, service providers, consultants, partners, representatives, and suppliers, are committed to:

1. Complying with the rules and regulations;
2. Being aware of potential risks, anticipating them, and taking proactive steps to mitigate them;
3. Knowing and applying the appropriate responses, or seeking guidance when needed.

The Carmelo Fior Companies will not tolerate any conduct, including omissions, that deviates from this Code, nor will it condone the failure to seek guidance through appropriate channels when uncertain about the proper course of action.



## 3. TARGETED AUDIENCE

This Code must be observed by all employees, contractors, service providers, consultants, partners, representatives, or suppliers—understood as those who work for, represent, or act on behalf of the Carmelo Fior Companies.



## 4. OBJECTIVES

- Promote robust internal control mechanisms to prevent unlawful, unethical, or improper conduct;
- Implement effective risk management strategies to identify, assess, and mitigate risks;
- Ensure strict compliance with all applicable legal and regulatory requirements;
- Foster a culture of knowledge sharing and collaboration in a safe, respectful, and inclusive work environment;
- Provide ongoing training and development opportunities for employees to enhance their skills and knowledge;

- Cultivate an organizational culture that values ethics, integrity, and transparency;
- Maintain leadership in ethical and sustainable business practices, driving long-term success and reputation.



## 5. PRINCIPLES

- **Compliance with Laws and Regulations:** All actions and decisions are guided by strict adherence to applicable laws, regulations, and industry standards.
- **Ethical Conduct and Integrity:** Transparency, ethics, integrity, and consistency in corporate behavior are fundamental principles that guide and sustain a culture of trust, respect, and responsibility among all stakeholders, including employees, contractors, service providers, consultants, partners, representatives, and suppliers.



## 6. TOOLS

The conduct outlined in this Code is mandatory. To support compliance, we provide the following tools:

- **Policies and Procedures:** All policies and procedures related to this Code are documented, accessible, and must be fully understood and followed by all stakeholders.
- **Compliance Department:** This department provides guidance on conduct and policies, updates the Code, monitors compliance, and delivers training programs to ensure adherence to our standards.
- **Legal Department:** Our legal team addresses and validates conduct involving legal requirements, offering preventive guidance to ensure full compliance with applicable laws and regulations.
- **Training and Awareness:** We ensure that all stakeholders are informed about the terms of this Code and receive regular training to maintain a culture of compliance.
- **Communication Channels:** We maintain open and efficient channels for reporting concerns, asking questions, or seeking guidance on conduct, policies, and procedures, as well as to reporting inappropriate practices carried out by employees, contractors, service providers, consultants, partners, representatives, and suppliers of the Carmelo Fior Companies.



## 7. REGULATORY EXCELLENCE

The Carmelo Fior Companies operate in sectors subject to specific laws and regulations. To ensure compliance, it is the responsibility of all involved to consult the Legal Department in advance on matters that may result in legal liability, including:

- Advertising and promotional content;
- Publication of materials involving third-party rights;
- Launch or discontinuation of products and services;
- Contracts and terms of use;
- Engagement of attorneys, auditors, legal advisors, speakers, representatives, and consultants;
- Any situation involving compliance with legal or regulatory requirements.

To maintain a high standard of regulatory excellence and avoid severe sanctions, all parties subject to this Code must:

- Familiarize themselves with, understand, and apply the principles set forth in this Code
- Participate in relevant training sessions that provide further analysis of specific regulations applicable to their responsibilities
- Immediately contact the Legal or Compliance Department in case of any doubts or concerns

By following these guidelines, the Carmelo Fior Companies can maintain a high standard of regulatory excellence, avoiding unnecessary sanctions. Additionally, employees, contractors, service providers, consultants, partners, representatives, and suppliers can reduce the risk of committing violations that may result in personal liability.



## 8. PROTECTION OF FREE COMPETITION

Compliance with competition laws is a priority in the operations of the Carmelo Fior Companies. Violations of these rules can result in severe consequences, including fines, civil and criminal liability, reputational damage, and termination for cause. To ensure compliance, it is essential to understand and adhere to the following key principles:

- **Prohibition of Anticompetitive Agreements\***: Competitors must not enter into agreements or engage in practices that restrict or undermine competition. Examples include price fixing, bid rigging, and the exchange of sensitive commercial information.
- **Exclusivity Agreements**: Certain exclusivity arrangements may raise concerns with competition authorities. Before entering into negotiations involving exclusivity provisions, seek legal advice to ensure compliance.
- **Abuse of Market Power**: Companies holding a dominant position in a market must not abuse such position through unlawful practices, such as unjustified refusal to contract, discriminatory pricing, or predatory pricing. If you suspect abuse of market power, report the matter to the Compliance Department for investigation and a  
If you have any doubts or concerns about competition law compliance, consult the Legal Department. If you suspect a violation or abuse of market power, immediately report the matter to the Compliance Department.



## 9. CONFLICT OF INTEREST

A conflict of interest occurs when an individual's independence is compromised, potentially affecting the impartiality of their decisions. This can create a perceived or actual conflict that may impact business decisions. To maintain the highest level of integrity, we expect all employees and contractors to adhere to the following guidelines:

- **Reporting Conflicts of Interest**: If an employee or contractor has a conflict of interest or doubts about a potential conflict, they must immediately report it to their area manager and/or the Compliance Department. This includes situations where they lack independence or impartiality in decision-making processes.
- **Responsibilities of Leaders**: Area leaders, directors, managers, and supervisors are responsible for monitoring and managing potential conflicts of interest involving their subordinates. They must ensure that all business decisions are made with integrity and transparency ;
- **Gifts Acceptance**: gifts from suppliers, clients, or other business partners may be accepted only if they are promotional items with a value of up to USD 20.00. Any gifts exceeding this value may be considered a conflict of interest and could compromise the employee's ability to negotiate in the best interest of the company ;

- Hiring Companies with Conflicts: Hiring companies in which an employee has direct involvement, relatives up to the fourth degree of kinship, or close friends is prohibited unless it meets the following conditions:
  - Compliance with the rules established by the HR Department
  - Approval by the Managing Director
  - Communication to the Compliance Department

The improper use of information belonging to the Carmelo Fior Companies—outside the professional context and beyond what is strictly necessary for the performance of duties—by employees or contractors constitutes a conflict of interest. Such conduct also represents a breach of confidentiality obligations and is subject to the applicable legal sanctions, including after termination of employment or contract. Sharing this information with colleagues or third parties beyond what is strictly required for the execution of activities likewise constitutes a conflict of interest.



## **10. CONSULTANTS, REPRESENTATIVES, INTERMEDIARIES, AND SUPPLIERS**

The conduct of third parties—such as consultants, representatives, customs brokers, among others—when contracted to act on behalf of the Carmelo Fior Companies, may result in liability for the companies and for employees and/or contractors involved in unlawful acts such as bribery, money laundering, or the offering and acceptance of undue advantages, thereby causing harm to the organization.

The image and reputation of both the Carmelo Fior Companies and the employee and/or contractor may be adversely affected by the actions of individuals or companies engaged to provide services or supply products. Therefore, it is essential to take the necessary precautions to prevent and manage such risks through appropriate procedures and controls.

It is important to note that the Carmelo Fior Companies are firmly committed to engaging intermediaries only when there is a clear necessity and suitability, and, above all, after verifying that such professionals meet integrity standards and are subject to periodic audits. These intermediaries may, at times, pose risks to the companies—potentially resulting in reputational or legal exposure without the awareness of the contracting parties (for instance, in sales activities or interactions with publicly held companies and government entities).

When the engagement of intermediaries is necessary, all appropriate precautions must be taken, including background checks to assess the integrity of the selected party. Except in

emergency situations—where time is a determining factor and express authorization is granted by the General Director—the hiring process must be preceded by a formal procedure, including the mandatory review of at least three distinct proposals. Additionally, the following items must be evaluated as prerequisites.

- The intermediary's reputation and technical competence, including verification of the absence of conflicts of interest and any political exposure;
- Pricing: engagements should preferably be based on fixed fees. The payment of commissions based on the value of the transaction is prohibited, unless expressly authorized by the Chief Executive Officer (CEO), as applicable, and upon consultation with the Compliance Department;
- Compliance of the proposal with legal and regulatory requirements;
- Potential conflicts of interest between the intermediary and/or its clients and the interests of the Carmelo Fior Companies;
- Formal acceptance of the provisions set forth in this Code.

If the conditions outlined above hinder the engagement of the intermediary, or if there is any doubt regarding the matter, the Compliance Department must be consulted prior to contracting the third party.

- In the event of a negotiation, it is essential to formalize the agreement through a written contract, which must be reviewed by the Legal Department of the Carmelo Fior Companies and signed by duly authorized individuals, in accordance with the company's bylaws or articles of incorporation. Written contracts serve to strengthen economic relationships that may be or may become complex, helping to prevent opportunistic behavior and ensuring maximum legal certainty for the Carmelo Fior Companies.

However, the formalization of such relationships is not a simple task. Contracts do not always account for every possible scenario in a commercial relationship. Additionally, a single contractual clause may give rise to multiple interpretations, each potentially leading to a different outcome. Even so, the protection of the rights of the Carmelo Fior Companies must always be a priority.

In summary, this is a critical and sensitive task for the company and must be conducted and supervised by qualified professionals to mitigate the risk of future issues.



## 11. CLIENTS

At the Carmelo Fior Companies, our clients are at the forefront of everything we do. We are committed to delivering exceptional quality in our services, underpinned by strict adherence to the principles outlined in our policies. To maintain and strengthen our reputation and brand, all employees and contractors must uphold these principles and prioritize client relationships.

We encourage close relationships with our clients, focusing on establishing and preserving long-term partnerships. However, we must take necessary precautions to avoid potential conflicts or harm to both parties. To achieve this, we have established the following guidelines:

- **Proposal Preparation:** When invited to submit proposals for project development, employees and contractors must contact the Legal Department for assistance in preparing relevant documents. This ensures compliance with legal requirements and avoids potential conflicts.
- **Event Participation:** When invited to parties, dinners, or other events by clients, employees and contractors must avoid venues that could generate controversy or compromise confidentiality. They must also refrain from discussing confidential matters related to the Carmelo Fior Companies.



## 12. GOVERNMENT RELATIONS

To prevent legal issues and potential sanctions, the following guidelines must be strictly observed:

- **Gifts to Government Officials:** Do not offer any item of value to government officials, consultants, or representatives without prior approval from the General Director and consultation with the Compliance Department.
- **Responding to Government Requests:** Respond promptly to proper and lawful requests from government authorities. Any exceptions require approval from the General Director and consultation with the Compliance Department.
- **Visits by Public Officials:** If a public official visits our premises to collect information or documents, escort them to a meeting room and immediately contact the Legal Department and/or Compliance Department for guidance.
- **Reporting Unusual Requests:** Employees and contractors must notify their manager or the Compliance Department if they receive unusual or atypical requests from public officials or equivalents.



## 13. HARASSMENT

The Carmelo Fior Companies maintain a zero-tolerance policy toward any form of workplace harassment, including sexual, moral, or psychological harassment. We uphold the principle that all individuals must be treated with respect, dignity, and professionalism. To ensure a safe and respectful work environment, all employees, contractors, service providers, consultants, partners, representatives, and suppliers are expected to:

- Treat everyone with respect and dignity
- Foster a work environment free from humiliating or embarrassing situations
- Support colleagues in acting appropriately
- Adapt their behavior to the company's culture, respecting individual differences and encouraging open dialogue
- Participate in cultural training
- Report any instances of abuse to the responsible manager and/or the HR Department

### **Definition of Harassment:**

- Moral Harassment: Repeated and intentional exposure to abusive conduct that undermines an individual's dignity or physical and psychological integrity, threatens their employment, or deteriorates the work environment.
- Sexual Harassment: Conduct intended to pressure someone to obtain sexual favors or advantages, often involving abuse of hierarchical authority or influence.

### **Constructive criticism:**

We recognize that constructive criticism regarding job performance or professional conduct is essential for professional development and company growth. This should not be confused with harassment.



## 14. IMPROPER PAYMENTS AND UNDUE ADVANTAGES

Any payments or offers made by employees, contractors, service providers, consultants, sales representatives, or suppliers with the intent to obtain advantages or to breach, whether explicitly or implicitly, applicable regulations are strictly prohibited.

Examples of prohibited conduct include:

- Offering gifts with a nominal value exceeding USD 20.00 (twenty United States dollars);
- Using third-party intermediaries to conduct business with government entities (such as appointing individuals to manage government relations) without the approval of the General Director, as applicable, and without prior consultation with the Compliance Department;
- Financing political campaigns;
- Electoral advertising;
- Any form of bribery;
- Political contributions;
- Personal promotion of public officials;
- Nepotism;
- Violation of mandatory “cooling-off” periods;
- Use of the name of the Carmelo Fior Companies beyond the scope of authorized delegation;
- Sharing of sensitive information belonging to the Carmelo Fior Companies with third parties—understood as any information not in the public domain.

In case of doubt, the Compliance Department must be consulted.



## **15. INFORMATION AND DATA USAGE POLICY**

The use of information and data belonging to the Carmelo Fior Companies is governed by the principle of functionality. This means that access shall be permitted to the employee and/or contractor only when strictly necessary for the performance of their assigned duties. If any data is received in error or is not required for the execution of assigned responsibilities, the employee and/or contractor must delete it and, when reasonable, notify the sender. In cases involving strategic information, any data breach or unauthorized access must be promptly reported to the Compliance Department.

All information or data obtained as a result of a relationship with the Carmelo Fior Companies—past, present, or future—and even after the termination of such relationship, is considered sensitive and may not be disclosed or used unless it is demonstrably in the public domain. Similarly, external parties, such as consultants and representatives, must not have access to any information that is unnecessary for the performance of their work with the Carmelo Fior Companies. When sharing is strictly necessary, such third parties must adhere to the rules reflected in this Code and formally commit to complying with them.



## 16. PROTECTION OF INTELLECTUAL AND INDUSTRIAL PROPERTY

Intellectual and industrial property is crucial to the Carmelo Fior Companies' success, enabling us to differentiate ourselves from competitors and build customer loyalty. To protect our assets and ensure compliance, the following guidelines must be observed:

- Protection of Company Assets: Our logo, source codes, and internal documents containing non-public information and data are legally protected and must be safeguarded against unauthorized use or disclosure.
- Use of Trademarks: Any use of our trademarks requires prior formal notification, including the context of use and intended duration. The Legal Department must be consulted in advance for any use or modification of our trademarks.
- Respect for Third-Party Rights: We must respect the intellectual and industrial property rights of third parties and maintain confidentiality regarding internal activities.

Best practices :

To ensure proper protection and prevent misuse, we recommend:

- Consulting the Legal Department for guidance on intellectual and industrial property matters
- Maintaining accurate records of trademark use and authorization
- Avoiding unauthorized disclosure or use of confidential information



## 17. PREVENTION OF MONEY LAUNDERING AND TERRORIST FINANCING

*Money laundering* (ML) is defined as a set of operations through which assets, rights, and values obtained through criminal activities are introduced into the financial and economic system with the appearance of having been lawfully acquired.

This practice typically involves multiple transactions aimed at concealing the origin of illicit financial assets, allowing their use without exposing the individuals involved in the criminal activity.

Examples of money laundering practices include:

- Simulated purchase and sale transactions intended solely to legitimize illicit funds;
- Simulated purchases followed by the return of funds to a different account;
- Payment of invoices for personal benefit using funds of suspicious origin.

To prevent the Carmelo Fior Companies from being used as a vehicle for concealing the origin or destination of funds derived from criminal activity—and to ensure that any such practices

can be properly reported to the competent authorities—all employees, contractors, service providers, consultants, partners, representatives, and suppliers, regardless of hierarchical level, must report any suspected money laundering activity to the General Director, as applicable, and to the Compliance Department.



## **18. FAIR LABOR PRACTICES**

Fair labor practices not only ensure that the Carmelo Fior Companies remain in full compliance with labor legislation, but also foster a respectful and healthy work environment. The Companies are committed to upholding all applicable laws related to freedom of association, privacy, collective bargaining, immigration, working hours, wages, and schedules, as well as those prohibiting forced, compulsory, or slave labor and any form of workplace discrimination.

Any employee who becomes aware of conduct that deviates from these standards—whether committed by other employees, suppliers, consultants, representatives, or others—must promptly report the incident to the Human Resources Manager, who will coordinate with the Compliance Department for appropriate action.



## **19. ENVIRONMENT, HEALTH, AND SAFETY**

The Carmelo Fior Companies are committed to full compliance with all applicable environmental, urban planning, and occupational health and safety regulations governing the activities of their employees and contractors. It is the duty of each employee and contractor to adopt the most appropriate practices when conducting business on behalf of the Companies and to contribute to maintaining a safe, healthy, and incident-free work environment. They are also responsible for verifying that suppliers operate in accordance with equivalent standards within their respective areas.

The Carmelo Fior Companies actively encourage employees and contractors to take initiative and put forward suggestions that support environmental preservation and the continuous promotion of health and safety in the execution of their duties.



## **20. SANCTIONS**

Any violation of security controls or failure to comply with established guidelines constitutes a breach. The seriousness of which may lead to disciplinary actions, without prejudice to applicable legal consequences. Sanctions may include, but are not limited to:

- Revocation of privileged access to specific resources;
- Issuance of a formal written warning;
- Obligation to reimburse any resulting damages;
- Termination for cause, as permitted under applicable legislation.

All violations will be reviewed by the immediate supervisor of the individual involved, in coordination with the relevant management. Any disciplinary actions will be discussed and validated by the Human Resources and Legal Departments of the Carmelo Fior Companies.



## 21. COMMUNICATION CHANNELS

All professionals associated with the Carmelo Fior Companies have the following options available to report possible violations of this Code of Ethics and Conduct, with full assurance of confidentiality:

- Direct contact with the immediate supervisor
- Organizational Development Department
- Human Resources Department
- Ethics & Compliance Reporting Channel

The Carmelo Fior Companies will ensure the confidentiality and secrecy of reports and the identity of reporting parties, with the possibility of anonymity. Clients and the general public may also submit reports through the Ethics & Compliance Reporting Channel, with full confidentiality of all information ensured.

Decisions issued by the Carmelo Fior Companies in connection with violations of this Code may be subject to a written request for reconsideration, submitted by the interested party to the Organizational Development Department. The request will be evaluated in coordination with the Board of Directors, which shall issue a final decision on the matter.

**Employees, visitors, and service providers: if you experience or witness any instance of racism, moral harassment, or sexual harassment within our company, please report it immediately through the Ethics and Compliance Reporting Channel.**

**The Carmelo Fior Companies do not tolerate any form of retaliation against individuals who, in good faith, report or raise concerns about potential violations of internal policies, principles, or values.**

Visit our website: [www.carmelofior.com.br](http://www.carmelofior.com.br)

Ethics and Compliance Reporting Channel: <https://www.carmelofior.com.br/ouvidoria>