



Audit Committee Regulations

CTEEP's Audit Committee, a technical advisory body reporting to the Board of Directors, pursuant to its duties, should seek implement and manage effective Corporate Internal Controls such that it contributes to:

- achieving efficiency, efficacy and economy in the Company's operations;
- protecting the Company's resources to ensure their appropriate administration;
- assuring the information is opportune and reliable;
- guaranteeing the correct evaluation and monitoring of management efficaciously;
- compliance with the prevailing legislation, regulations, policies and internal procedures of the Company.

Whereas, it is fundamental the Corporate Group exercises Control in an independent and transparent environment.

The Board of Directors decides to regulate the Audit Committee of CTEEP ("Committee"), the same to be responsible for the supervision of the management and the effectiveness of the internal controls, which shall be governed in the following manner:

FIRST CLAUSE: FORMATION: This Committee shall be made up of a maximum of three (3) members, who shall be members of the Board of Directors or appointed by the same. This Committee shall be elected for a period of (1) year. Individuals who make up the management of the company may not be appointed as members of the Committee. The Chief Executive Officer, the Internal Audit Manager of the Company and the Corporate Auditor shall assist the Committee verbally and without voting rights.

SECOND CLAUSE: The audit committee of ISA CTEEP is responsible for the monitoring of the management and efficacy of ISA CTEEP's controls system and is responsible for the following functions:

- Ensure compliance with ISA Corporate Group's Controls Policy.
- Supervise the adoption of an effective Internal Controls system.
- Ensure that management adopts mechanisms for the integral management of risks, ascertaining that these are identified and that the controls are adequate, up to date and work effectively.
- Request the execution of investigation and special work where necessary.
- Ensure the compliance with the Codes of Ethics and Good Corporate Governance.
- Ensure that the exercise of the Internal and External Audit is carried out in an environment of independence, transparency and has the necessary resources to this end.
- Ensure a suitable balance of controls.
- Ensure that adequate audit practices are adopted.
- Examine the Financial Statements to be presented to the Board of Directors and the Annual General Meeting and to ensure the adoption of, and compliance with adequate accounting practices.
- Evaluate the management effected by the company of the Internal and External Audits, proposing the necessary adjustments or corrections.
- Approve the Internal Audit's Annual Work Plan and monitor compliance therewith.
- Take cognizance and make recommendations on situations and reports of any type of auditing and external control entities and ensure such situations and reports are incorporated in plans for improvement and undertake the monitoring of their implementation.
- Inform the Board of Directors and the Annual General Meeting of risk situations requiring attention.
- Present to the Board of Directors, the results of the evaluation of proposals for approving the hiring of the External Auditor.
- Revise and define any important divergence that arises between Management and the Internal or External Audits with respect to improvements in the processes.
- Request the execution of investigations or special work where necessary.

- Evaluate the functioning of the system for prevention and control of risks of fraud and corruption.
- Recommend to the company's chairman, the hiring or removal of the person responsible for the internal audit function.
- Evaluate and inform the Board of Directors of conflicts of interest, whether temporary or permanent, in which a Significant Shareholder and members of the Board of Directors and the Executive Board may be involved, directly or indirectly or through a related party, making the necessary proposals for managing the situation.
- In the case of the Conglomerates, evaluate and inform the Board of Directors of the controlling company on possible conflicts of interest that may arise between it and subordinated companies or among them, or with their Officers and related parties, presenting proposals necessary to manage the situation.;
- Other responsibilities which the Board of Directors may attribute to it.

THIRD CLAUSE: MEETINGS: At least (4) four meetings must be held every year according to the schedule approved by its members. The Committee may not meet and decide without a quorum of at least two (2) of its members. Resolutions shall be adopted by a simple majority of the members present. Equally, the Committee may meet extraordinarily when necessary to handle exclusively the matters which caused it to be convened.

FOURTH CLAUSE: PRESIDENT OF THE COMMITTEE: This Committee shall be presided by a person appointed by its members. The Committee's President, besides presiding over the meetings, shall be responsible for presenting to the Board of Directors, the periodical reports after they have been reviewed, on the matter submitted for consideration, with the appropriate recommendation.

FIFTH CLAUSE: SECRETARY AND MINUTES OF THE COMMITTEE: The Committee's Secretary shall be the Audit Manager with the following responsibilities:

- Give at least three days prior notice of the meetings of the Committee.
- Promote the periodic revision of the Committee's activities and suggest modifications and adoption of best practices.

- Maintain a planned agenda for the meetings of the Corporate Audit Committee, detailing all the activities required by it to perform its tasks and responsibilities.
- Facilitate the distribution of material required by the members of the Corporate Audit Committee.
- Recommend any meeting or educational presentation or information that may be useful to the Corporate Audit Committee for the development of its functions.
- Prepare the minutes for its meetings which shall be approved by the Committee and signed by the President and by the secretary. The minutes should record their consecutive number, meeting date, participants and invitees, a summary of the topics covered, concepts of consultants hired and decisions or recommendations adopted with respective reasons.

The Committee's minutes are confidential and shall be held in the safekeeping of the Secretary, only a copy being delivered to the appropriate authorities, and authorized by the Board of Directors.

The Committee's Secretary shall issue the substantiations requested, respecting the applicable provisions and the confidentiality and reserve of the aforementioned documents.

SIXTH CLAUSE: RELATIONSHIP: It is important that the Audit Committee maintain the following levels of interaction in order to fulfill its responsibilities:

- Internal Audit.
- External Audit.
- Internal and external controls entities.
- External support (if required).

SEVENTH CLAUSE: CONFLICTS OF INTEREST: In the Committee meetings, having read the agenda, the President of the said Committee shall enquire of the meeting's participants as to any conflict of interest involving the items to be discussed in Committee, such conflicts to be recorded in the respective minutes.

- If during the meeting of the Committee, authorization is given to discuss an item not included on the agenda, the President shall enquire at the beginning of the presentation as to the eventual existence of any conflict of interest in relation to the item.
- If the existence of a conflict of interests is declared, the member of the Committee involved shall abstain from participating in the activities with respect to the matter which gave rise to the said conflict, requesting the procedure enshrined in the Corporate Bylaws and the law to be adopted.

EIGHTH CLAUSE: DUTIES AND RESPONSIBILITIES: In addition to the duties and responsibilities which are incumbent on the members of the Audit Committee, the individuals comprising the same should participate in the meetings, maintaining the confidentiality of the discussions and decisions of the Committee, abstaining from intervening in the discussions and decisions of matters which may imply conflicts of interest.

NINETH CLAUSE: REPORTS: Prior to its term limit, the Audit Committee shall issue a report addressed to the Board of Directors to include:

- its activities, conclusions and recommendations presented during the year;
- the agenda to be covered for the following period.

TENTH CLAUSE: This charter shall come into effect on the date of its approval.

São Paulo, April 9, 2019