

Performance evaluation models adopted by the Company

The Board of Directors yearly is submitted to a formal performance evaluation, as a joint committee and individually (“Self-evaluation”), in compliance with the good corporate governance practices and pursuing the body’s continued improvement.

In addition, the Company’s senior management (members of the Board of Directors and Board of Executive Officers) is submitted to an external periodic evaluation (“External Evaluation”), led by an external consulting firm.

Up to date, two External Evaluations (2010 and 2014) and five Self-evaluations (2011, 2012, 2013, 2014 and 2015) were implemented.

Self-evaluation

The Corporate Governance Department is liable for conducting the Self-evaluation, with participation and directions of the Corporate Governance Committee Coordinator¹, as well as for the consolidation of answers and feedbacks received in the Self-evaluation, fully treated confidentially. Only the Corporate Governance Department has access to the individual answers, whose consolidated results are subsequently discussed within the scope of the Corporate Governance Committee and the Board of Directors.

Yearly, the Corporate Governance Department sends the Self-evaluation questionnaire to members of the Board of Directors, whose objective is to evaluate the performance of the Board of Directors in its several aspects in order to identify the high performance area and those deserving the development of action plans for a continued improvement of the works developed by the joint committee and by the Company’s executive areas.

The Questionnaire has 55 questions, evaluated by board members within a scale from 1 to 5, divided into 5 dimensions: (1) strategic focus of the Board; (2) understanding and information on business; (3) independence and decision-making process of the Board; (4) operation of meetings and committees of the Board; (5) motivation and alignment of interests. The consolidated scoring obtained in each question allows to determine eventual differences in relation to the good governance practices and the opinion of board members as to ideal situation.

From final report, the Corporate Governance Committee discusses the Self-evaluation results and the opportunities of improvement identified to develop the action plans, aiming the continued evolution of the Company’s Corporate Governance, as well as its preservation and optimization.

Subsequently, the recommendations of the Corporate Governance Committee are submitted to the Board of Directors, which are approved and prioritized for implementation.

External Evaluation – External Consulting

The External Consulting is liable to conduct the External Evaluation, with directions of the Corporate Governance Committee Coordinator and the Corporate Governance Department for drawing up the final report, whose results are subsequently discussed within the scope of the Corporate Governance Committee.

The External Evaluation methodology consists of: **(a)** individual interviews with members of the Board of Directors and Board of Executive Officers to understand the Company’s current context; **(b)** individual interviews with each board member for a joint evaluation and of other board members; **(c)** online questionnaire applied to members of the Board of Directors and Board of Executive Officers **(d)** consolidation and formulation of final recommendations with individual and joint feedback, and indicating the need of adjustments and/or improvement.

The final report includes the conclusions of current corporate governance process and practices, as well as the internal opinions on opportunities of improvement, as well as recommendations of the External Consulting on the Company’s governance models and its practices.

From the Annual Report, the Corporate Governance Committee discusses the results of the External Evaluation and the opportunities of improvement identified to develop the action plans.

¹ The Corporate Governance Committee Coordinator is also an independent member of the Company’s Board of Directors.

Subsequently, the recommendations of the Corporate Governance Committee and the Final Report of the External Consulting are discussed at the Board of Executive Officers meeting, and accordingly, submitted to the Board of Directors for discussion of results and approval of improvement actions to be implemented.

Main Self-evaluation results² – Year of 2015

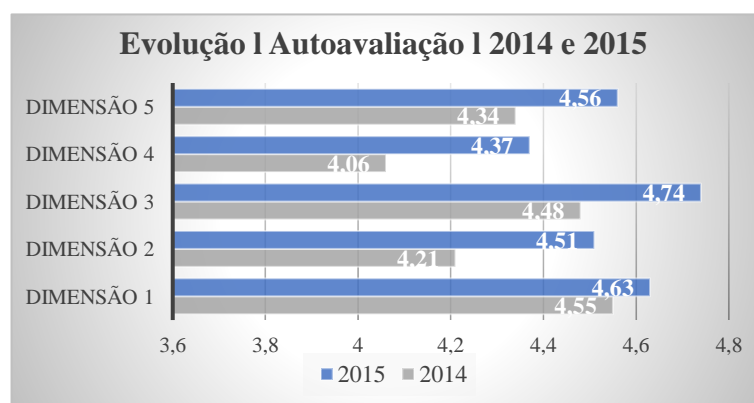
The main evolvments and innovations identified in the Self-evaluation process were:

- ✓ More detailed discussions, with room for disagreements and questions, incentive to critical thought, pointing out the high level of interaction amongst its members;
- ✓ Agendas and discussions which prioritize the most relevant and strategic issues, observing the duties assigned to the Board of Directors;
- ✓ Less involvement of the Board of Directors in operational issues, and accordingly, more room to discuss strategic issues;
- ✓ Expansion of diversity due to different characteristics, experiences and skills of its members;
- ✓ Addition of another independent Board member;
- ✓ Take advantage of time at meetings (objectivity in discussions);
- ✓ Evolvement to discuss on the internal control processes and risk management;
- ✓ Implementation of the “Resolution Proposal” to formalize the Board of Directors’ decision-making process clearly.

Main opportunities of improvement identified in the Self-evaluation process, despite the improvements occurred since the 2014 self-evaluation, were:

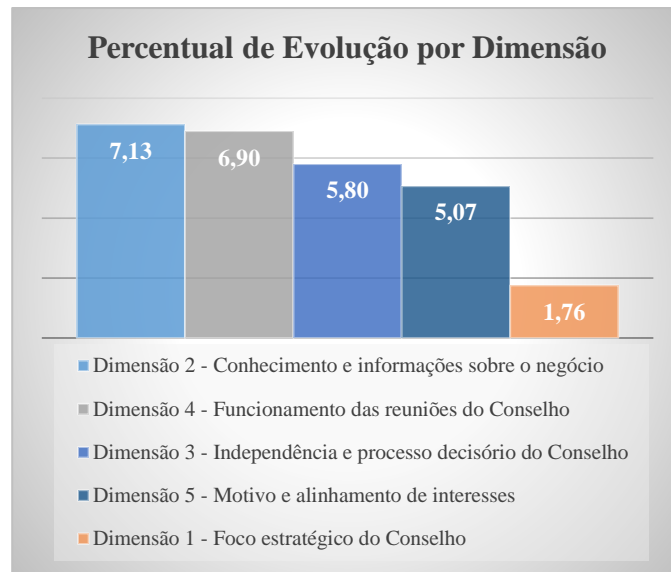
- ✓ Deepen the objectivity in discussions of certain issues;
- ✓ Improve even more the prioritization of time devoted to strategic issues compared to operational issues;
- ✓ Greater clarity and conciseness of available supporting materials;

Graphs – Self-evaluation – 2014 and 2015 edition – scale from 1 to 5.



Translator’s note: Evolvement/ 2014 and 2015 Self-evaluation
Dimension 5/ Dimension 4/ Dimension 3/Dimension 2/Dimension 1

² The adhesion of the Board of Directors’ self-evaluation process for 2015 was 100%.



Translator's note: Percentage of Evolvement by Dimension

Dimension 2 – Understanding and information on business

Dimension 4 – Operation of the Board meetings

Dimension 3 – Board independence and decision-making process

Dimension 5 – Reason and alignment of interests

Dimension 1 – Strategic focus of the Board