

## ANNEX 2 EXTRAORDINARY GENERAL MEETING DECEMBER 4, 2017

### SHARE-BASED INCENTIVE PLAN

This CIA. HERING (Company) share-based Incentive Plan (Plan) is governed by the provisions below and by applicable legislation.

#### CHAPTER 1. PURPOSE OF SHARE-BASED INCENTIVE PROGRAMS

- 1.1. This Plan determines conditions for the Company's grants of share-based incentives ("Incentives") to employees of the Company and its directly or indirectly held subsidiaries and affiliates (included in the "Company" concept for the purposes of this Plan) on the terms stated in Chapter 3 of this Plan, through share-based incentive programs to be implemented by the Company's Board of Directors at its sole discretion.
- 1.2. The purposes of the Share-Based Incentive Programs are to: (a) strengthen the Company's ability to attract and retain talents; (b) reinforce a sustainable performance culture and develop certain managers and employees of the Company who gave employment contracts or statutory relations with the Company, this aligning their interests with those of the Company's shareholders; and (c) boost the Company's growth and reach or surpass its corporate goals and fulfill its objectives by aligning their interests with those of its shareholders by strengthening the Beneficiaries' long-term commitment.

#### CHAPTER 2. ADMINISTRATION OF SHARE-BASED INCENTIVE PROGRAMS

- 2.1. Any Share-Based Incentive Programs that may be introduced under this Plan by the Board of Directors shall be administered by the Board of Directors and all decisions related to the Plan and Share-Based Incentive Programs must be approved by the Board of Directors.
- 2.2. Board of Directors resolutions shall be taken in accordance with the Company's bylaws and shall be binding on Beneficiaries without any recourse unless contrary to the terms and conditions stated in this Plan or the applicable legislation.
  - 2.2.1. Any decision or resolution taken by the Board of Directors that does not comply with this Plan or pertinent legislation shall be the responsibility of its members and it shall not be binding on the Company.
- 2.3. The Board of Directors shall be subject to the limits and conditions determined in this Plan and in applicable legislation and shall follow the guidelines of the Company's Shareholders General Meeting.
- 2.4. The Board of Directors shall have full autonomy to administer and structure Incentive Program terms and conditions, including, among others, the powers required to: (a) to elect, at its own discretion, the Beneficiaries to be entitled to the Incentives granted by the Share-Based Incentive Program; (b) take measures required for the administration of Share-Based Incentive Programs, including those involving interpretation and application of their stipulations; (c) decide dates for

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granting Stock Options; (d) decide Beneficiaries rights arising from Share-Based Incentive Programs; (e) determine the consequences and procedures related to the maintenance or loss of rights to Incentive Programs in the following cases affecting the respective Beneficiaries: (i) contractual termination, for any reason; (ii) death; (iii) permanent incapacity; (iv) retirement; and/or (v) dissolution and/or liquidation of the Company; (f) deliberate and decide on the terms and conditions of the Share-Based Incentive Programs and approve Share-Based Incentive Programs and their respective adhesion agreements; (g) authorize the use of treasury shares to fulfill the terms of this Plan and Share-Based Incentive Programs; (h) amend Share-Based Incentive Programs and their respective adhesion agreements; (i) alter Incentive Program rules and the respective adhesion agreements in as much as Beneficiaries' rights are not prejudiced, excluding from this limitation any adjustments that may be made/instituted as a result of alterations made to the relevant legislation; (j) alter or terminate Share-Based Incentive Programs; (k) analyze and decide on exceptional cases related to the Share-Based Incentive Programs; (l) at the Board's sole discretion, decide that cash incentives granted to Beneficiaries may be converted and the conversion criteria; and (m) decide any other terms and conditions that do not cause discrepancy with the Plan.

- 2.5. Except for the adjustments allowed in this Plan and the Share-Based Incentive Programs, no Board of Directors decision may (a) alter the eligibility requirements for Beneficiaries to participate in Share-Based Incentive programs; or (b) alter or impair any rights or obligations arising from any existing grant without the owner or holder's consent.

## **CHAPTER 3. BENEFICIARIES OF SHARE-BASED INCENTIVE PROGRAMS**

- 3.1. The Company's managers and employees determined by the Board of Directors will be eligible to be granted share-based incentives.
- 3.2. The Board of Directors will select, at its sole discretion, the Beneficiaries who will be entitled to grants of Options in each Stock Option Program from among those eligible for this Plan pursuant to Chapter 3.1 above.
- 3.3. The Board of Directors shall not under any circumstances grant Beneficiaries rights that ensure (i) their being re-elected or continuing in the Company's management until the end of their term of office, (ii) prevent their dismissal by the Company at any time or ensure their continuing to be employee of the Company, or (iii) prevent termination of their contractual relationship, as the case may be.

## **CHAPTER 4. SHARES ALLOCATED TO SHARE-BASED INCENTIVE PROGRAMS**

- 4.1. Shares granted under this Plan and Share-Based Incentive Programs must not exceed the proportion of the Company's subscribed and paid-in share capital stipulated in Chapter 8.1 below.
- 4.2. Shares used for share-based incentives will be allocated from shares held in treasury as per Brazilian Securities Commission rules

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## CHAPTER 5. GRANTING SHARE-BASED INCENTIVES

5.1. Share-Based Incentive Programs will be approved by the Board of Directors in accordance with the Company's requirements and their terms and conditions will be defined by the Board of Directors within the limits of this Plan.

5.1.1 The Company's Board of Directors may grant any type of incentive it deems necessary and may also grant *matching shares* to Beneficiaries free of charge or for consideration, that may or may not be based on their *performance* and may even grant shares that may or may not be free of charge and may or may not be restricted

5.2. Incentives shall be granted to Beneficiaries by means of adhesion agreements between the Company and the Beneficiaries that will set forth all terms and conditions governing incentives as per the related Share-Based Incentive Programs.

5.3. Signing the adhesion agreement shall entail the Beneficiary's acceptance of this Plan's conditions and those of the respective share-based incentive program.

5.1. If the Board of Directors approves a share matching incentive program for each of the Company's common shares acquired by the Beneficiaries through a Central Bank of Brazil authorized brokerage firm by using a percentage of their annual variable compensation paid out by the Company within the limit stated in their respective adhesion agreements, the Company shall grant said Beneficiaries 0.5 to 1.25 common shares free of charge (Matching) on the terms set forth in the respective program and adhesion agreements.

5.2. Once the conditions set forth in this Plan and the respective Program have been fulfilled, ownership of the Company's common shares granted to Beneficiaries as matching shares shall be transferred in one single lot within four (4) or five (5) years as of grant date as stipulated in each adhesion agreement.

## CHAPTER 6. RULES APPLICABLE IN CASES OF TERMINATION, DEATH, INCAPACITY, RETIREMENT, DISSOLUTION AND LIQUIDATION

6.1. In cases of termination of employment at the Beneficiary's initiative (e.g. resignation), termination at the Company's initiative for just cause (e.g. dismissal for just cause or dismissal for fair reason) or dismissal without fair cause at the Company's initiative but in cases defined as "Fair Reason" for the purposes of each Share-Based Incentive Program, before the end of the Grace Period to be determined by the Board of Directors, the Beneficiary shall no longer be entitled to the *Matching* shares granted to them. For the purposes of each Share-Based Incentive Program, the Beneficiary's Dismissal for "Fair Reason" may take place in the following cases: (i) the Beneficiary's unlawful act or gross negligence in the course of performing their duties for the Company; (ii) the Beneficiary being convicted of any intentionally committed crime; or (iii) the Beneficiary's breaching of any Company policies.

6.1.1. In these cases, a Beneficiary may sell or hold shares that were acquired by the Beneficiary with their own funds, if not yet sold by the Beneficiary. The Company will contact its registrar agent to unblock shares owned by the Beneficiary within five (5) business days of the Beneficiary's termination.

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6.2. In cases of termination of employment at the Company's initiative without fair cause (e.g., dismissal without fair cause or removal without fair cause) other than the Fair Reason cases defined in each Share-Based Incentive Program, the Beneficiary will be entitled to the shares that would be transferred to them at the end of the Grace Period to be determined by the Board of Directors in proportion to the number of months for which the Beneficiary maintained its relationship with the Company during the Grace Period to be determined by the Board of Directors. In this case, restrictions on the sale of the Company's common shares acquired by Beneficiaries and Matching shares granted will continue to be applicable on the terms of each Share-Based Incentive Program.

6.2.1. In these cases, the Beneficiary may sell or hold shares that were acquired by the Beneficiary using their own funds, if they have not yet been sold by the Beneficiary. The Company will contact its registrar agent to unblock the shares owned by the Beneficiary within five (5) business days as of the Beneficiary's termination of employment.

6.3. In cases of termination of employment due to the Beneficiary's retirement or contractual termination in cases of retired Beneficiaries, the following rules shall apply:

(a) if a Beneficiary has at least ten (10) years uninterrupted length of service with the Company and formally notifies their intention of resigning or terminating employment at least six (6) months in advance, all Matching shares granted to the Beneficiary shall be transferred to the latter within thirty (30) days of their resignation or termination of employment;

(b) if a Beneficiary does not simultaneously fulfil both item (a) requirements and leaves the Company on their own initiative, this Beneficiary shall be entitled to the shares that would be transferred to them at the end of the Grace Period to be determined by the Board of Directors in proportion to the number of months for which the Beneficiary maintained their relationship with the Company during the Grace Period to be determined by the Board of Directors; or

(c) if a Beneficiary's employment is terminated at the Company's initiative without fair cause or reason, (c1) and the Beneficiary has at least ten (10) continuous years length of service with the Company, all matching shares granted to the Beneficiary be transferred to them within thirty (30) days as of termination; (c2) and the Beneficiary does not have at least ten (10) continuous years length of services with the Company, the Beneficiary will be entitled to the shares that would be transferred to him at the end of the Grace Period to be determined by the Board of Directors in proportion to the number of months in which the Beneficiary maintained their relationship with the Company during the Grace Period to be determined by the Board of Directors.

6.3.1. In any case, however, any restrictions affecting the sale of shares stipulated in the respective Program shall continue to be applicable.

6.4. In cases of termination of employment due to death, regardless of the end of the Grace Period to be determined by the Board of Directors, the Beneficiary's legal heirs will receive all *Matching* shares granted to the Beneficiary subject to final dates stated in each Share-Based Incentive Program. In this case, restrictions on sales of the Company's common shares acquired by Beneficiaries and their *Matching* shares will no longer be applicable, in accordance with the terms of each Share-Based Incentive Program.

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## **CHAPTER 7. BENEFICIARIES' RIGHTS**

- 7.1. Beneficiaries' rights in relation to each Share-Based Incentive Program shall be determined by the Board of Directors.
- 7.2. Beneficiaries shall not enjoy shareholder rights and privileges until such time shares are effectively transferred to them. Shares will only be delivered to Incentive Program Beneficiaries once all legal and regulatory requirements have been fulfilled.

## **CHAPTER 8. LIMIT TO GRANTS OF SHARE-BASED INCENTIVES**

- 8.1. The shares granted as incentives under this Plan shall represent at most two percent (2%) of the Company's total shares, including within this limit the percentage authorized for options granted under stock option plans approved by the Company.
- 8.2. The limit stipulated in Chapter 8.1 above may only be amended by a Shareholders General Meeting decision.

## **CHAPTER 9. MISCELLANEOUS**

- 9.1. This Plan shall come into effect as of the date of its approval by the Company's general meeting and it may be terminated at any time by a decision of the Company's shareholders general meeting or its board of directors.
- 9.2. The Plan's expiration shall not affect the efficacy of unexpired incentives previously granted on the terms of the corresponding programs.
- 9.3. As in the case of Share-Based Incentive Programs, this Plan shall not prevent any corporate reorganization that may involve the Company and/or other companies belonging to the Company's economic conglomerate; the Board of Directors shall determine and make appropriate adjustments to the respective Share-Based Incentive Programs and adhesion agreements in order to safeguard Beneficiaries' interests.
- 9.4. In the event of the number, type and/or class of shares issued by the Company being altered due to splits, bonuses, groupings or conversions, the Company's Board of Directors shall inform the Beneficiaries in writing of the related adjustment corresponding to the number type and/or class of shares related to each share-based incentive plan granted and in effect
- 9.5. The Board of Directors shall be competent to settle any questions concerning interpretation of general rules set forth herein. If the stipulations hereof contradict Share-Based Incentive Program rules or their respective adhesion agreements, the provisions hereof shall prevail.
- 9.6. The Shares to be granted by the Company to the Beneficiaries under this Plan will be subject to the Company's Annual General Meeting approval of the global or individual amounts of management compensation for the respective fiscal year pursuant to Article 152 of Law 6.404/76.

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