



# BYLAWS OF THE BOARD OF DIRECTORS



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## **1 - OBJECT**

1.1. These Bylaws have the scope to regulate the functioning of the Board of Directors ("Board") of Cia. Hering ("Company"), as well as the relationship between the Board and other bodies of the Company, subject to the provisions of the articles of incorporation and the applicable legislation.

## **2 - MISSION OF THE BOARD OF DIRECTORS**

2.1. The Board's mission is to protect and enhance the Company's assets to maximize the return on investment for its shareholders, consistent with the values, goals and beliefs of the Company.

## **3 - COMPOSITION, MANDATE AND INVESTITURE**

3.1. According to that defined in the articles of incorporation, the Board is composed of at least five, and a maximum of seven members, all with a unified term of two years, re-election is permitted.

3.2. The conditions for the investiture of the Board members, are: (i) sign the investiture term, entered in the Book of Minutes of the Board of Directors, according to the terms defined by law, (ii) provide the no-liability statement made under penalty of law into a separate befitting instrument, which will be filed in the Company's head-office, and (iii) Sign the Consent Agreement to the Listing Rules of the Novo Mercado, whereby each member undertakes to comply with the rules set forth therein, as well as the rules set out in the Articles of Incorporation, Bylaws, Policies and Code of Conduct.

## **4 - COMMITTEES OF THE BOARD OF DIRECTORS**

- 4.1. For the best performance of its functions, the Board will make use of two advisory committees on a permanent basis to support it in addressing and resolving specific issues, namely: the Personnel Management Committee and the Finances Committee. These are advisory bodies for matters that require a more detailed and comprehensive analysis.
- 4.2. These committees shall adopt the bylaws approved by the Board.
- 4.3. The Board may also establish other committees, working groups or temporary commissions, for in-depth analysis or monitoring of certain topics.
- 4.4. When bodies are created, as described in the previous item, the Board should formally define their duties, composition and form of operation.

## 5 - SCOPE OF OPERATION

The Board shall establish the general business policies of the Company and decide on strategic issues in order to carry out the following guidelines:

- 5.1. Promote and observe the corporate purpose of the Company and its subsidiaries and affiliates;
- 5.2. Look after the interests of shareholders, without losing sight of the other interested parties (stakeholders), and monitor the relationship with them;
- 5.3. Ensure the continuity of the Company, within a long-term perspective and sustainability that incorporates considerations of good corporate governance in the definition of business and operations;
- 5.4. Adopt an agile management structure, composed of qualified professionals with unblemished reputations;
- 5.5. Formulate guidelines for the management of the Company and its subsidiaries and affiliates that will be reflected in the annual budget;
- 5.6. Ensure that the strategies and guidelines are effectively implemented by the Executive Board, without, however, interfering in operational matters, and
- 5.7. Prevent and manage conflicts of interests or differences of opinion, so that the Company's interests always prevail.

## 6 - POWERS OF THE BOARD OF DIRECTORS

Under the terms of the Company's articles of incorporation, the Board shall:

- 6.1. Establish the general business guidance of the Society;
- 6.2. Elect and remove Board Members from office, describing their duties;
- 6.3. Oversee the management of Board Members, examine the Company books at any time, requesting information on agreements executed or to be executed and any other act that has been carried out by the Board Members;
- 6.4. Opine on the Management Report and Financial Statements, prepared by the Executive Board;
- 6.5. Convene the annual general meeting and, where necessary, the extraordinary meeting;
- 6.6. Appoint and remove Independent Auditors;
- 6.7. Authorize the Executive Board to sell or mortgage movable and immovable assets and to perform any act that involves a financial obligation to the society, in an amount exceeding R\$12,000,000.00 (twelve million reais), monetarily restated by the IGP/FGV, from the base date of 04/30/1999, or any other index that legally may replace it;
- 6.8. Authorize the Executive Board to provide guarantees or collateral exclusively with transactions of interest by the Company or firm who participates in the shareholding;
- 6.9. Authorize the acquisition of shares issued by the Company for cancellation or to be held in treasury and subsequently sell them;
- 6.10. Decide and authorize the Executive Board to issue promissory notes (commercial paper), which entitle their holders the right for credit against the issuer, for the public placement;
- 6.11. Decide on the issue of new shares within the limits of the authorized capital;
- 6.12. Decide on the payment of interim dividends and interest on equity;



6.13. Decide on the issue of simple debentures, not convertible into shares and without collateral, and debentures convertible into shares, within the limit of the authorized capital;

6.14. Establish a list of three companies specialized in the economic appraisal of companies to prepare an appraisal report of the Company's shares in the case of a Public Offering of Shares, for cancellation of the registration of a public company or removal from the Novo Mercado, and

6.15. Express views in favor of or against any public offering of acquiring shares with the object Company shares through prior informed opinion, issued within fifteen (15) days of the publication of the announcement of a public offer for the acquisition of shares which shall include, at least: (i) the timing and convenience of the public offer for the acquisition of shares in relation to the group interest of shareholders and in relation to the liquidity of the securities held by them, (ii) the impact of the public offer of the acquisition of the shares on the interests of the Company, (iii) the strategic plans disclosed by the issuer in relation to the Company, (iv) other matters that the Board considers relevant, as well as the information required by the rules established by the CVM.

## 7 - DUTIES OF THE BOARD OF DIRECTORS

It is the duty of every Board Member, besides the obligations imposed by law and the regulations and articles of incorporation impose upon him:

7.1. Attend meetings of the Board previously prepared with the examination of the documents made available, and participate actively and diligently;

7.2. Maintain the confidentiality of any information that the Company has access to, by virtue of the exercise of his office, as well as require the same confidential treatment from the professionals who will provide advice, using it only for the exercise of his functions as a Board Member;

7.3. Refrain from intervening, alone or in conjunction with any third party, in any Company business, of its subsidiaries, affiliates, relevant shareholders, and also between the Company, subsidiaries and associates of the Board Members and relevant shareholders, as well as other companies, with any of these people, become part of the same group of law or fact, except upon specific prior approval of the Board;

7.4. Refrain from discussing and voting, for any reason, if you have particular or conflicting interest with the Company regarding the particular matter referred to it, and

7.5. Ensure the adoption of good governance practices by the Company.

## **8 - CHAIRMAN OF THE BOARD OF DIRECTORS**

The Chairman has the following basic tasks, despite those foreseen in the Law and the articles of incorporation:

- 8.1. Ensure the effectiveness and proper conduct of the work of the organ;
- 8.2. Preside at Board meetings, with a final vote in the event of a tie, may indicate, to take the place of any member of the Board, in the absence or disability of this member.
- 8.3. Propose to the Board the annual calendar with the dates of general meetings and the meetings of the Board;
- 8.4. Ensure that the Board Members receive full and timely information about the items on the agenda of the meetings;
- 8.5. Align the activities of the Board with the interests of the Company, its shareholders and other stakeholders;
- 8.6. Submit to the Board the proposed remuneration of the Board Members, prepared with the support of the Personnel Management Committee; and
- 8.7. Organize, together with the Managing Director, upon the election of a new Board member, an integration program for the new Board Member, allowing him to make contact with the activities and information about the organization.

## **9 - SUBSTITUTIONS**

9.1. In case of absence or the temporary incapacity of the Chairman of the Board, he will be replaced by another Board member who has granted specific powers to do so, or, if there is no such grant, the remaining Board members shall indicate, among the other members, who shall hold the interim office.

9.2. In the event of the absence or temporary incapacity of any member of the Board, he should operate the remainder, provided the minimum number of Board member is complied with. In case of temporary impediment that precludes the minimum number of Board Members, a General Assembly shall be immediately convened for the election of members to allow for the correct operation of the Council.

## **10 - RULES FOR THE FUNCTIONING OF THE BOARD OF DIRECTORS MEETINGS**

### **Annual Calendar**

10.1. The ordinary meetings of the Board shall be at least bimonthly, ordinarily, according to a calendar to be prepared in the first month of each fiscal year by the Chairman and, extraordinarily, whenever necessary, when called by the Chairman or, in his absence by two of its members, or by two members of the Executive Board. The minutes may be drafted in summarized form.

10.2. The frequency of meetings will be determined to ensure the effectiveness of the Board's work, trying to avoid a frequency greater than two months.

### **Notice, Installation and Representation**

10.3. The convening of the Board is made in writing by letter, telegram, fax, e-mail or any other way that allows proof of receipt of the call by the recipient and must contain, in addition to the location, date, and time of the meeting, the agenda.

10.4. Board meetings should be convened least three (3) days in advance. Regardless of the convocation formalities, the meeting attended by all Board members shall be deemed as regular.

10.5. The Board Members may, in special cases and with the prior approval of the Chairman of the Board, attend Board meetings by conference call, video conference or by any other means of communication that allows the identification of the Board Member and the simultaneous communication with all other people attending the meeting. In this case the Board members will be considered present at the meeting and shall sign the respective minutes.

### **Minutes**

10.6. During the meeting the record of the discussions and decisions should be made, which will serve for the issue of a record of the proceedings of the meeting, containing the points discussed, decisions made and actions to be

carried out, defining time lines and the respective people. Dissenting votes and relevant discussions should be included in the minutes when this is required.

10.7. Where appropriate, the Chairman of the Board must ensure that the registration provisions of the minutes comply with the Board of Trade and regulators, besides the usual disclosures and publications.

### **Presence of Third Parties**

10.8. The Chairman of the Board, on his own initiative or request of any Board Member may call Board Members/or employees of the Company to attend meetings and provide clarification or information about the matters being discussed.

### **Decision taken and suspension of the Meetings**

10.9. Except as otherwise expressed in the articles of incorporation, the decisions of the Board are taken by majority vote of the members present at the meeting, and, in case of a tie, the Chairman has the casting vote.

10.10. The sessions can be suspended or terminated when circumstances so require, at the request of any Board member and with the approval of the Chairman.

10.11. In case of the suspension of the meeting, the Chairman shall fix the date, time and location for its continuation, the need for reconvening Board members is waived, provided that no new item is included in the agenda.

10.12. The subjects and decisions passed at the Board meetings shall be recorded in the minutes recorded in the Book of Minutes of the Board Meetings, and always contain decisions that affect third parties, the records will be disclosed, filed with the Board of Trade and published.

## **11 - GENERAL PROVISIONS**

11.1. The omissions to these Bylaws, questions of interpretation and possible changes of its provisions will be decided by the Board Meeting, as provided in the Articles of Incorporation and Bylaws.

11.2. These bylaws shall enter into force on the date of approval by the Board and shall be filed at the Company's head-office.

São Paulo (SP), May 21, 2013.