



PROGRAMA DE
INTEGRIDADE MRV

A REGRA É CLARA. E FAZER O QUE É CERTO É COMPROMISSO DE TODOS.

MRV'S GROUP
DUE DILIGENCE OF INTEGRITY POLICY

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1. OBJECTIVE

This policy seeks to establish the fundamental directives for Due Diligence of Integrity (DDI) for MRV Group suppliers, third-party service provider, partners and individuals sponsored by or receiving benefits from the MRV Group.

2. SCOPE

The current policy is applicable to any individual or organization involved in the hiring of suppliers, third-party service providers and partners, mergers, acquisitions, in addition to individuals responsible for donations and sponsoring institutions and sports organizations.

3. DEFINITIONS

In order to better understand the policy, some terms have been listed below and shall be defined as follows:

- **Due diligence approved:** all suppliers, third-party service providers, partners and individuals sponsored by or receiving benefits from the MRV Group that have been passed through the Due Diligence of Integrity screening, therefore approved by the Compliance Department.
- **Due Diligence of Integrity:** the process through which suppliers, third-party service providers, partners and individuals sponsored by or receiving benefits from the MRV Group must undergo, in which the Compliance Department investigates the company's areas of performance evaluation, company history involving corruption and the presence of the company name on restriction lists.
- **Process Due Diligence of Integrity:** analysis of potential suppliers, third-party service providers, partners and individuals sponsored by or receiving benefits from the MRV Group, prior to engaging in a business partnership aimed at investigating the company profile, history and anti-corruption practices.
- **Spot-check Due Diligence of Integrity:** analysis of cases of suspected corruption, illicit actions and fraud, in addition to non-conformity issues with MRV values.
- **Corruption Perception Index (CPI):** the Corruption Perception Index is developed for suppliers based on the company history, expert assessments and services, relevant media coverage, legal background and history on restriction lists.
- **Restriction lists:** restriction lists are made available by public departments on which companies that have been flagged for irregular activities are identified. Some of these lists



include: CEIS – National Registry of Suspended or Sanctioned Companies, CEPIM – Registry of Sanctioned Non-Profit Organizations, SIAFI – Council on Administrative Budget and Financial Practices, OFAC – Office of Foreign Assets Control – Treasury Department and TCU – National Treasury Department, among other watchdog and regulatory agencies.

- **Level 1:** quantitative integrity analysis carried out by evaluating the amount of negative media, appointments of suppliers, third-party service providers, partners and individuals sponsored by or receiving benefits found on restricted list, criminal law suits, Corruption Perception Index and Politically Exposed Persons (PEP).
- **Level 2:** qualitative integrity analysis carried out by evaluating information based on Level 1 results in a deeper, more detailed report.
- **Politically Exposed Persons (PEP):** any individual that holds or has held, a post, position or relevant public post, in Brazil or abroad, including their representatives, family members and direct affiliations.
- **Red flags:** suspicious situations for events that have been detected and must be carefully followed due to the increased probability for irregularities.

4. GENERAL DIRECTIVES

Due Diligence of Integrity is carried out aiming to evaluate compliance risks resulting from corruption, damages to image and integrity among the business relationships between MRV and suppliers, partners, third-party service providers and individuals sponsored by or receiving benefits, thus guaranteeing that the Group is doing business with organizations that share the same core values of integrity.

Or potential partners, those seeking sponsorship or benefits from MRV must be submitted to Due Diligence of Integrity before any contract may be developed.

About the suppliers and service providers that have a high or medium integrity risk, according to Table 1, the DDI Questionnaire should be applied. The result of this questionnaire will be valid for 1 year and should be reapplied to all suppliers or service providers after this period. It will determine, through Compliance standards, which should continue in the integrity assessment process and proceed to the Due Diligence of Integrity stage.

The DDI survey must be administered to any suppliers or third-party service providers that fall into the high or medium integrity risk categories as seen in table 1. The results of the survey, based on a number of compliance criteria, will determine which suppliers shall



continue in the integrity evaluation process, passing on to the Due Diligence of Integrity stage.

Spot-check Due Diligence of Integrity may also be carried out, upon the request of staff members that identify any situation that may raise suspicion or indicate the probability of regularity involving suppliers, partners, third-party service providers or individuals sponsored by or receiving benefit from MRV.

In addition to process and spot-check Due Diligence of Integrity, the Compliance Department will carry out periodic Due Diligence of Integrity to reevaluate organizations ranked as high-risk. After integrity analysis, the Compliance Department will issue an official statement with their recommendations to be followed by the subsequent departments involved.

In the event the Compliance Department issues an unfavorable statement after carrying out due diligence indicating high compliance risk to MRV policies, the issue may be submitted to the Ethics Committee for final deliberation and ruling. If the organization is “flagged” by the Ethics Committee, the supplier will be blocked and removed from the MRV database. Process due diligence analysis will be required for any company that has been blocked and wishes to establish future business dealings with MRV.

All of the information collected during Due Diligence of Integrity analysis must be handled with complete confidentiality and privacy by the Compliance Department and any other individuals involved in the process.

4.1. Application

All potential suppliers, partners, third-party service providers and individuals seeking sponsorship or benefits from the Group must undergo Due Diligence of Integrity, must pass Level 1 analysis, and in the event of any red flags, Level 2 analysis will be carried out. Organizations that do not show any red flags will be considered approved and may therefore enter into the negotiation stage.

Organizations that show issues after Level 2 analysis shall be approved by the Compliance Department, and if necessary, with the approval of the Ethics Committee.

4.2. Classification Criteria

Some of the determining factors to be considered when classify the integrity risks of suppliers, partners, third-party service providers and those seeking sponsorship or benefits



are background checks, the existence of influence or relationships with the public sector and areas of goods and service providers/suppliers, as represented in the table below:



Tabela 1

Classification Table DDI		
LEVEL	ROLE – Supplier/Service Provider	Kind of Due Diligence of Integrity
High	<ul style="list-style-type: none"> - Brokerage firm - Sports agency - Bank employees - Expediter - Developer/contractor - Companies registered with the IRS for less than 30 days - Regulatory agencies - Companies involved in counterparty with construction appointed by city governments - Law firms - Architectural firms - Philanthropic institutions - NGOs - Exchange agencies - Consulting and advisory firms - Project providers for electric, water, drainage, sanitation, landscaping, paving and roadway signs - IT providers - Special Conditions for Participation (SCP) and Special Participation Entity (SPE) - Any company whose business maintains direct contact with public departments, carries out of business in the name on behalf of MRV and those companies that have access to confidential business information 	Previous, Periodic and Spot
Medium	<ul style="list-style-type: none"> - Real estate brokers - Marketing, communications or event planning companies - Real estate agencies - Waste management providers - Cleaning and environmental consulting companies - Any company whose business interacts with other departments, he advertises for trades on behalf of the MRV name, companies that work directly in the MRV office installations for a carry out internal services and have access to original or undisclosed MRV business materials 	Spot
Low	<ul style="list-style-type: none"> - Suppliers, partner companies and third-party service providers that do not fit into any of the categories classified as mid to high risk will be considered low risk to business dealings. 	Spot



Based on the analysis of the results of Due Diligence of Integrity, the Compliance Department may determine new parties to be placed in the high-risk category, and therefore will be monitored and submitted to periodic Due Diligence of Integrity.

Suppliers and service providers registered on the database of MRV who are two years without performing any type of supply or service will be disqualified and must submit to a new Due Diligence of Integrity if they resume the relationship to MRV. Periodically, the Compliance area will carry out risk analysis of the suppliers and service providers base and may request the disqualification before the 2-year deadline.

5. COMPLIANCE DEPARTMENT

In addition to carrying out Due Diligence of Integrity analysis, the Compliance Department seeks to mitigate risks and actions, carries out management and implementation procedures, develops and carries out periodic reviews on the criteria and mechanisms used to point out critical issues for further review by the Ethics Committee.

All staff members and executive staff should seek out the support and guidance of the Compliance Department through the “Speak with the Compliance Department” channel in order to carry out Due Diligence of Integrity procedures, as stated in this policy.

6. ADMINISTRATIVE INTEGRITY PROCEDURES

The Compliance Department may open an administrative integrity procedure upon identifying a red flag regarding corruption, reputation or integrity, as a result of Due Diligence of Integrity analysis on a supplier, partner, third-party service provider or those seeking sponsorship or benefits, allowing the organization to shed light on the issue.

The Compliance Department will issue an official statement based on the clarifications provided by the organization and may appeal for further explanation for each individual item. In the event the organization is determined as a high-risk entity, the Ethics Committee may be called upon for support.

7. EXCEPTIONS

Exceptions to this policy shall be made for Public Works service providers such as: electric, water, sanitation, transport, among others.



8. COMMUNICATION, TRAINING AND QUESTIONS

The MRV Group will maintain a communication plan and constant, periodic training sessions for all of its stakeholders aiming to promote and strengthen the importance of compliance of this policy.

All MRV Group leaders should be held responsible for discussing the importance of this policy with staff members and promoting awareness of compliance with company policy by creating a safe environment for staff members to openly approach leaders with questions or concerns regarding how to deal with questionable issues.

Any situations, exceptions and/or clarification about the application of this policy should be handled through the Confidential Communication Channel under the heading, 'Speak with the Compliance Department', available on the company network.

9. CONFIDENTIAL COMMUNICATION CHANNEL

It is imperative that all individuals affected by this policy immediately report any acts or suspicions of bribery, corruption and/or giving/receiving bribes or any other act that may violate this policy and/or Code of Conduct. Therefore, the MRV Confidential Communication Channel has been established and can be contacted through one of the channels below:

- E-Mail: canalconfidencialmrv@ictsglobal.com
- www.canalconfidencial.com.br/mrv – available 24 hours/day
- 0800 888 2833 – representative available from Monday to Friday, from 9am-5pm – voice mail available outside of office hours
- Caixa Postal 521 (Post Office Box) CEP 06320-971

This media channel is operated by a specialized company, thereby guaranteeing ensured confidentiality and safety. Individuals need not identify themselves upon contacting this hotline, nevertheless individuals are requested to act responsibly and any reports must be consistent and truthful.

Staff members can be ensured that there will be no retaliation as a result of using the channel as established in the Non-Retaliation Confidentiality Policy.

10. SANCTIONS

All reported incidence of infractions of this policy will be subject to the corresponding sanctions based on the severity of the infraction, including warnings, suspension and termination for just cause, in addition to any of the legal measures under the law for punitive damages.



The violation of anticorruption laws by acts of bribery and/or corruption involving public administration may result in criminal lawsuits for any individuals involved.

