



April 29, 2019

Mauro Cunha
President
AMEC - Associação de Investidores no Mercado de Capitais
R. Joaquim Floriano, 1120, 10º andar
São Paulo, SP 04534-004
Brazil

Report on Adherence to the AMEC Stewardship Code

Dear Mauro,

On behalf of Cartica Management, LLC, I hereby submit this report of our firm's adherence to the AMEC Stewardship Code and activities for the 2018 reporting period.

Annex 1 summarizes Cartica's overall approach to stewardship in accordance with the Code on a Principal-by-Principal basis. Consistent with our firm's active ownership approach, we conduct a continuous dialogue with every one of our portfolio companies. We define a clear engagement agenda in advance of our investment in each portfolio company and pursue this agenda (as modified over time) throughout the term of our investment. Of course, we are selective about which issues we engage on with each company, as our objective is to effect those changes in governance, operations and transparency that if carried out will unlock the greatest value for the company's shareholders.

During the reporting period (and continuing to the present) Cartica's conducted important engagements with all our Brazilian portfolio companies. The following are summaries of the most salient, those with Rumo Logística Operadora Multimodal S.A (RAIL3), M.Dias Branco S.A. (MDIA3) and Klabin S.A. (KLBN3; KLBN4):

Rumo

ESG Issues Elevated to the Boardroom: Rumo's broad base of stakeholders (employees, customers, communities) and its ecological footprint require that its approach to sustainability must be fully integrated into business strategy. Cartica's close engagement with senior management and the Board on sustainability accelerated the company's establishment of a Board level sustainability committee to ensure full consistency between strategy and ESG policies and practices.

Board Refreshment and Gender Diversity: Cartica conducts benchmarking and comparative evaluations of the skillset and structure of all our portfolio companies' Boards. Our engagement on Board quality with Rumo, which included identifying gaps, providing a list of potential candidates, and making introductions, resulted in the election of a former SVP Engineering at a major North American rail firm to the Board and a female CFO of a major

shopping mall operator and former PwC auditor to the company's Fiscal Counsel (statutory audit committee) in 2018.

M. Dias Branco

Family Business Discount: Cartica engages with many of our portfolio companies on family business issues. One current engagement is with M. Dias Branco, a Brazilian biscuit and pasta company, where we believe the family-dominated Board and management are an obstacle for the long-term success and full market valuation of the company. The business risks and poor optics of this state of affairs are compounded by the family members' historic avoidance of interaction with shareholders and the market. Together with other AMEC members, Cartica was able to convince M. Dias Branco of the importance and timeliness of nominating strong new independent directors for election at the company's upcoming AGM.

Klabin

Related Party Transactions: Klabin, a pulp and paper producer, has a licensing agreement with the controlling family that requires the company to pay royalties for use of the company's principal trademarks. The company announced this past February 6 that it had negotiated to buy the trademarks from the family. However, after the details of the arrangement became public, several large shareholders, including Cartica, opposed the deal. As a result, Klabin pulled the plug on the transaction. In an effort to repair relations with shareholders and the market, the company agreed for two new investor-friendly independent directors to join the Board. From our perspective, the ideal outcome would be for the purchase of the trademarks to be included as part of a total overhaul of the company's governance, a "grand bargain" that would include elimination of Klabin's dual class share structure, further overhaul of its Board and qualification for Novo Mercado, the Brazilian stock exchanges corporate governance listing segment. Engagement on this front is ongoing.

I also attach as Annex 2 Cartica's RI Transparency Report, submitted last month to the PRI. It provides further details and statistics on our firm's engagement activities during the period April 1, 2017 to March 31, 2018.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Lubrano". The signature is fluid and cursive, written over a white background.

Mike Lubrano
Managing Director, Corporate Governance and Sustainability

Attachments: Annex 1 Principle-by-Principle Summary of Cartica's Stewardship Approach
Annex 2 Cartica's 2018-2019 RI Transparency Report