

# RISK MANAGEMENT POLICY

KIRON CAPITAL GESTÃO DE RECURSOS LTDA

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# Risk management policy

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# 1 INTRODUCTION

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## 1.1 Purpose

The purpose of this Risk Management Policy ("Policy"), adopted pursuant to CVM Instruction No. 558, dated March 26, 2015, as amended ("CVM Instruction No. 558") and to the ANBIMA Code of Regulation and Best Practices for Third-Party Asset Management ("Anbima Code") is to establish the guidelines and controls used by Kiron Capital Gestão de Recursos Ltda. ("KIRON") for the management and monitoring of risks inherent in the securities portfolios and the investment funds managed by the company (collectively referred to as "Investment Vehicles"), including in stress situations.

This Policy is subject to annual reviews, and may be reviewed at a lower frequency if necessary, always aiming at the constant monitoring of regulatory requirements and the due follow-up of the best practices adopted by the market. The gradual review of risk management methodologies in this document should always consider the evolution of liquidity, concentration, credit and counterparty, operational circumstances, market volatility due to changes in the economic environment, and the increasing sophistication and diversification of assets, aiming to ensure that they reflect the market reality.

## 1.2 Principles

In performing its activities and responsibilities as an asset manager, KIRON performs its duties in accordance with the investment policies described in the Investment Vehicles' regulations and applicable contracts and within the limits of its mandate, identifying and monitoring, as described in this Policy, the exposure to market, liquidity, concentration, operational, credit and counterparty risks, and promoting and disclosing the related information in a transparent manner.

In line with the principles adopted by KIRON, the following are characteristics of this Policy:

- **Formalism:** the risk control and management follow a formal process, with a defined methodology;
- **Coverage:** all Investment Vehicles under KIRON's management, as well as the activities of Kiron itself and its Employees;
- **Best Practices:** processes and methodologies always in line with the best market practices;
- **Commitment:** commitment to the adoption, performance, control and updating of policies, practices and internal controls required for KIRON's risk management;
- **Fairness:** all processes and methodologies shall ensure equitable treatment to investors;
- **Objectivity:** independent and objective information as the main source of risk management;
- **Frequency:** risk management performed in a regular period; and
- **Transparency and Disclosure:** this and other KIRON's policies are always available on the website ([www.kironcapital.com.br](http://www.kironcapital.com.br)) in their most updated form.

## 2 OPERATING AND RISK MANAGEMENT FRAMEWORK

### 2.1 Director responsible for Risk Management

KIRON's Compliance Officer will accumulate the role of Risk Management Officer ("Compliance and Risk Management Officer"), being responsible for the control and monitoring of market, liquidity, concentration, operational, credit and counterparty risks inherent to the Investment Vehicles under KIRON's management, as well as the qualitative risks linked to the portfolio of Investment Vehicles. The Compliance and Risk Management Officer may, at any time, delegate certain control and monitoring duties to qualified employees, as provided for in the KIRON's Compliance Manual ("Compliance Manual").

The Compliance and Risk Management Officer has an independent role in relation to the Officer responsible for the management of third-party assets ("Portfolio Manager"), responding exclusively and directly to KIRON's partners.

The Compliance and Risk Management Officer is responsible for keeping the documents that evidence the decisions related to this Policy, and shall keep them filed for a minimum period of five (5) years. His/her focus is to direct efforts to analyze the risks, their magnitudes and impacts on the activities, allowing the management of occurrences and the development of action plans for the correction and mitigation of new occurrences.

### 2.2 Organizational Structure and Governance

Compliance and Risk Management structure is composed by Compliance and Risk Management Board, by Compliance and Risk Management and Information Security (CSI) Committees.



\*Members of Compliance Committee are eligible to vote, but the deciding vote is granted to the Compliance and Risk Management Officer.

#### Compliance and Risk Management Board

Risk Management Board is composed by Compliance and Risk Management Officer and 2 analysts.

#### Compliance and Risk Committee

Risk Committee is responsible for:

- Give general risk guidelines and orientations, approve risk policies;
- Establish objectives and targets for risk area

Composition: Compliance and Risk Committee is composed by Compliance and Risk Management Officer, one

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analyst and partners of KIRON who have executive positions. Voting rights are given to the members of Risk Management board and Compliance and Risk Management Officer has decision making vote.

Meetings: Compliance and Risk Management Committee meets at least semiannually and whenever necessary.

Decisions: The Compliance and Risk Committee's decisions must have, at least, a favorable vote from Compliance and Risk Officer. In this way, the decisions of the Committee regarding risk management should preferably be taken in a collegiate manner, always being guaranteed exclusively to the Compliance and Risk officer the final word in all votes. Regarding corrective measures and emergency measures, the Risk Officer may decide monocratically. The Risk Committee's decisions will be formalized in minutes or via e-mail.

In addition to the company's internal structure, KIRON also has external services providers that support and strengthen risk management, such as Inoa Alphatools (management of market risks and of the Investment Vehicles), CompliAsset (operational and legal risks) and HelpiTech and NGSX, which are responsible for the network robustness and information security, respectively. The performance and responsibilities of each committee (Compliance and Information Security), the Compliance and Risk Management Officer, as well as the performance of each service provider associated with risks are described in this Risk Management Policy, as well as in the KIRON's Compliance Manual and Cybersecurity Policy.

KIRON Employees shall immediately bring to the attention of the Compliance and Risk Management Officer or to the Compliance or Information Security Committees, as applicable, any events that they are aware and which are under the auspices of this Policy, so that the responsible groups, together with the Compliance and Risk Management Officer, define an action plan for addressing the event that has occurred, as well as procedures that mitigate its future repetition.

In this sense, when identifying a risk event for the Investment Vehicles, its investors or for KIRON, the Compliance and Risk Management Officer will establish an action plan for its due mitigation, without prejudice to the adoption of additional measures suggested by the Compliance Committee.

It will be incumbent upon the Compliance and Risk Management Officer to define the metrics and tools adopted to manage the risks described in this Policy, including the exposure limits, without prejudice to the adoption of emergency measures directly by the Compliance and Risk Management Officer.

All decisions related to this Policy shall be formalized in writing and maintained with the materials evidencing such decisions. It will be incumbent upon the Compliance and Risk Management Officer to formalize decisions and maintain the corresponding files, which shall remain filed for a minimum period of five (5) years.

## 2.3 Risk management

The risk of an asset is not determined only in its numerical form. In other words, risk is not just the change in prices and returns observed over a given period of time (standard deviation against an average return). For KIRON, the definition of "risk" is greater than "volatility" and encompasses several elements that compose a given investment.

Therefore, the risk management process is an integral and inseparable part of KIRON's investment analysis and decision process. As KIRON's investment philosophy is primarily bottom-up, our risk analysis is mainly focused on the identification of the intrinsic risks related to each investment.

### 2.3.1 Market risk

Because of its investment philosophy and strategy, KIRON's approach is much more qualitative than quantitative, focused on an analysis aimed at minimizing the risk of permanent capital loss. Accordingly, none of the Investment Vehicles uses automatic stop-loss or quantitative analysis mechanisms such as Stress Test and Value at Risk.

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KIRON has a fundamentalist, long-only investment strategy, with a long-term horizon. The company's approach is to invest in stocks of Brazilian companies, or foreign companies that have significant exposure to Brazil, whose market prices do not adequately reflect their intrinsic value. The estimate of this value is made through a deep and thorough analysis that aims to obtain differentiated knowledge of the companies that make up the portfolio. The analysis methodology includes numerous conversations with senior personnel very close to the company in question (managers, shareholders, former employees, competitors, suppliers, etc.) as well as economic-financial modeling. The goal is to create an analytical differential on these companies, their executives and their growth prospects, so that investment decisions are made at favorable times – when major discrepancies are identified between the market price and the intrinsic value of these businesses.

The decision to liquidate a position of an asset of an Investment Vehicle under KIRON's management is based on a significant reduction (or elimination) in the difference between the price of the asset and its intrinsic value. This can happen when a given asset appreciates at a faster rate than that of the underlying intrinsic value, or because that value deteriorates without correspondence of the price of the asset.

There is a great deal of attention given to business risks in the process of investment analysis – execution, financial leverage, currency exposure, competition, governance, etc.. KIRON's managers consider all these factors with the utmost care and seek to limit exposure to businesses where the materialization of these risks entails a permanent loss of capital. In this regard, the size of the positions is a very important tool to limit and manage the degree of exposure to a certain risk factor of each of the invested businesses.

### Monitoring:

In addition to the real-time monitoring of all the trades intended by the management team – which are mandatorily placed and executed through the Inoa Alphatools system (of which the Compliance and Risk Management Officer is the Key-User) – the Compliance and Risk Management Officer is also informed by management team (being copied in all emails in which decisions on investment and divestment of funds are formalized) regarding all portfolio transactions to be carried out in the Investment Vehicles.

With the resources listed above, it is the responsibility of the Chief Compliance and Risk Management Officer to supervise such investment and divestment decisions, in order to monitor potential impacts on portfolios under the perspective of qualitative risks pertinent to investees, their respective industries, corporate governance, and impacts from regulatory changes.

Additionally, the systems used by KIRON allow on-demand preparation of quantitative reports on the liquidity of the portfolio of the Investment Vehicles, the concentration of each position and sector/industry concentration in such portfolios. These reports are monitored on a weekly basis, at least, by the Compliance and Risk Management Officer. For more details on the aforementioned quantitative controls, see items 2.3.2 and 2.3.5 below.

### 2.3.2 Concentration risk

Without prejudice to the adoption of qualitative analyses, another relevant factor that is part of KIRON's philosophy is the concern with the aggregate risk of the portfolio. For this reason, we do not use leveraging in our Investment Vehicles, and avoid excessive concentrations.

Thus, as part of its investment strategy, KIRON does not rely on excessive concentration in assets of the same issuer or of issuers that compose the same market sector. In that sense, (i) the exposure of each Investment Vehicle to an asset of the same issuer cannot exceed 20% of the net worth of each Investment Vehicle, considering its market value; and (ii) the positions held in the same sector cannot exceed 30% of the net worth of each Investment Vehicle.

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### Monitoring:

KIRON uses the Inoa Alphatools system to control orders for purchase and sale of positions, customized for the proper control and management of concentration limits by issuer and sector concentration, as mentioned above.

Besides real time asset concentration monitoring for all of KIRON'S Investment vehicles through Alphatools, an email with a compilation of all compliance and risk limits and their status is sent weekly to the Compliance and Risk Management officer.

In the event that, in the future, investment vehicles managed by KIRON that have a specific strategy of concentration in few assets, the concentration limits per issuer and/or sector described above may not apply.

In such cases, KIRON, in the specific regulations of these Concentrated Investment Vehicles, shall reflect all the risks related to the concentration in order to provide transparency to investors on the risks associated with such a strategy.

For such Concentrated Investment Vehicles, KIRON will develop appropriate and specific management tools so that risk management is ensured, through the review thereof by the Chief Compliance and Risk Management Officer.

### 2.3.3 Credit Risk and Counterpart

Credit Risk is related to the counterparty risk, which can be defined as the likelihood of losses occurring due to counterparty not complying with their respective obligations in accordance with agreed terms.

In this sense, the entire cash balance of the Investment Vehicles is deposited in segregated accounts and invested in (i) federal public securities (or repurchase agreements backed by them) with daily liquidity, when the assets are in local currency; or (ii) held in cash or invested in US government bonds (T-Bills) when the assets are denominated in US dollars. The Investment Vehicles managed by KIRON therefore do not incur private credit risk.

In order to mitigate the counterparty credit risk of the brokerage firms used for processing trade orders, the operations of purchase and sale of assets on the market for stocks listed on BM&F Bovespa made by the Investment Vehicles will be exclusively performed by those considered as first-line players.

### Monitoring:

The Compliance and Risk Management Officer, as Key-User of Inoa Alphatools, monitors the composition of the Portfolios of Investment Vehicles, thereby ensuring that their mandates are being fulfilled, and consequently ensuring that their portfolio is composed exclusively of securities acquired on stock exchanges and organized over-the-counter markets, by issuing orders exclusively to brokers registered with Inoa Alphatools, and that the cash balance of the Investment Vehicles is fully invested in federal public securities or US government bonds (T-Bills), thereby avoiding the incurrence of private credit risk. Additionally, the Compliance and Risk Management Officer periodically reviews the list of brokerage firms registered in Inoa Alphatools – and every six months participates in the process of reviewing this list of approved brokerage firms – aimed at monitoring the counterparty risk of the Investment Vehicles in operations carried out on the stock exchange / organized over-the-counter market.

### 2.3.4 Operating risk

Operating risk derives from the possibility of losses resulting from failure, weakness or inadequacy of internal processes, people and systems (infrastructure/IT) or external events. It also includes the legal risk associated to the inadequacy or deficiency in contracts signed, and to sanctions due to failure to abide by legal provisions and indemnities for damages to third parties arising from activities performed by KIRON.

This risk is mitigated through the determination of processes such as segregation of duties, systems with controlled access by username and protected password, reduction of human intervention in processes, close supervision of the

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Compliance and Risk Management Officer, use of an order management system for order placement, allocations and strategy limits, among others.

In this regard, it is noteworthy that KIRON has a series of preventive policies and systems, which assist in the management of operating risks related to the Investment Vehicles, as well as the uninterrupted continuity of the activities developed by KIRON.

Accordingly, (i) KIRON has Inoa Alphatools as its order management system, which has a module specifically designed to monitor Compliance and help ensure that all trades are correctly executed pursuant to the mandates and regulations restrictions of each portfolio. The system automatically monitors these restrictions and limits, based on previous parameterization registered and validated by the Compliance and Risk Management Officer<sup>1</sup>. The system's Compliance monitoring module works online, checking all portfolios before and after the order is executed.

Aside from this, (ii) KIRON also has the CompliAsset system, one of the main compliance monitoring, registration and control software packages available on the Brazilian market. CompliAsset allows KIRON, in a simplified manner, to be always in compliance with financial market laws and regulations, with daily follow-up by lawyers who specialize in this sector.

With respect to systems risk, (iii) KIRON has two technology service providers, one specifically aimed at ensuring physical infrastructure, network infrastructure, and redundancy of systems and equipment; and another provider specializing in cybersecurity, responsible for the monitoring of anomalous network behaviors, whether from attempts at cyberattack, data leakage, misuse of the company's operating resources, or other factors contrary to KIRON activities.

### Monitoring:

The Compliance and Risk Management Officer supervises the entire process, through inspections, process automation and parameterization, compliance alerts sent via email, as well as portfolio reports prepared by the systems used by KIRON or by the administrator of the Funds and other contracted partners.

Additionally, KIRON makes available its Compliance Manual, Code of Ethics, and Cybersecurity Policy to all its employees, with a description of its policies, rules and procedures, including the function of mitigating operating risks, and strives to keep these documents permanently up-to-date. Furthermore, the Chief Compliance and Risk Management Officer conducts periodic mandatory training for all company partners and employees at least once a year, in which KIRON's policies and practices are explained, according to the Compliance Manual and respective policies, where applicable.

Possible losses associated with operating processes – or operating risk – will be documented and stored by the Compliance and Risk Management Officer in a KIRON database, including for the purposes of preparing the Annual Risk Management Report as defined in Section 4 of this Policy, and pursuant to CVM Instruction No. 558.

With regard to infrastructure risks specifically, KIRON relies on a robust IT infrastructure. The company operates with its own datacenter containing physical and virtual servers, as well as a redundant Microsoft Azure storage. All

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<sup>1</sup> Moreover, all trades are executed through the system, via FIX protocol, to minimize the risk of human error in the flow of the operation. Because of this, all orders are checked under the perspective of Compliance, mandate and restrictions before and during their execution (pre-trade and post-trade compliance checks). All confirmations from brokers are automatically reconciled by Inoa Alphatools, and all portfolios received by the administrator of the Investment Vehicles are also reconciled with the information contained in the system. This process allows greater agility and robustness in the process as a whole.

Because of its investment strategy, KIRON does not use leverage in the funds, and concentrates derivative operations in a small number of brokerage firms, thus optimizing the use of guarantees. The Inoa Alphatools order management system has automatic blocking for sales of any stock borrowed through the rental market. Margin control by the management firm is carried out by consulting the reports received daily from the brokerage firms.



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production systems run on these servers, and all of them have complete internal redundancy (disks and power sources). The email system is located in the cloud (Microsoft Office 365), with a local contingency domain. The office has redundancy in internet access (2 links) and backup of electricity (1 UPS with 1 hour of autonomy and generator in the building, which comes into service on average 8 seconds after a power outage). Additionally, there are always backup PCs in the event of failure of existing equipment. All this operational structure is aimed to ensure that we are able to maintain activity for the longest time possible at the office of KIRON's corporate headquarters. KIRON has a service agreement with an IT services provider, which is available 24/7. This vendor manages to work remotely on almost all issues and, if necessary, is committed to sending a technician to the office in less than one hour, to provide support.

KIRON also has a diversified backup system that includes (i) own in-house servers with all relevant data stored with redundancy; and (ii) the external Disaster Recovery structure, automatically synchronized, as detailed below.

With respect to information security, KIRON has security measures for information internally generated. Additionally, all file systems and folders have different levels of access, depending on the role of each one. Only the Compliance and Risk Management Officer is authorized to access the CPD room.

KIRON also has an external Disaster Recovery structure, located in the city of São Paulo, mirroring all the internal services (files saved once a day, databases once a day and accesses and user permissions online), which will be fully available for use in the event of a disaster. There are five virtual machines at this location to ensure that the key processes (Trading, Compliance, Back Office, RI) are not disrupted in the event of a disaster, allowing the team to resume work the minute after the incident. In the same situation, all systems and files are available for immediate access to KIRON members remotely.

### 2.3.5 Asset liquidity risk

Liquidity risk is the occurrence of imbalances or mismatches between the marketable assets and short-term liabilities, which may affect the ability of a particular Investment Vehicle to comply with redemption requests from its investors.

Investment Vehicles must be able to honor requests for redemptions from their investors, on demand, and without this entailing the sale of the assets at a cost below expectation or at a volume that adversely affects the market price.

Liquidity risk monitoring covers only Investment Vehicles in which investors may request the redemption of shares at any time, subject to the corresponding redemption period rules, and excluding closed-ended Investment Vehicles that have their own liquidity rules.

### Calculation of liquidity by type of asset

As a standard rule, KIRON should be able to liquidate at least 70% (seventy percent) of all assets under management in up to 22 business days.

#### (A) SHARES

For calculating the number of days in which it would be possible to liquidate a position in a particular company listed on the market, KIRON adopts the following formula:

$$ND = QTA \div (QMN * PN\%)$$

Where:

ND = Number of days required to liquidate the selected asset

QTA= Total number of shares of a given listed company allocated in the respective Investment Vehicle

QMN = Average daily trading volume for said shares in the last 22 (twenty-two) trading sessions

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PN = Percentage of the volume traded, so that there is no excess pressure on share prices. The percentage currently used is 20% (twenty percent).

### (B) FEDERAL PUBLIC SECURITIES OR INTEREST OF FUNDS THAT INVEST PRIMARILY IN FEDERAL PUBLIC SECURITIES

KIRON invests the amounts available in the cash account of the Investment Vehicles under its management exclusively in: (i) federal public securities, (ii) repurchase operations, backed by federal government securities, for one business day (“over”); or (iii) shares of investment funds that invest exclusively in federal government securities, attributing to them the following liquidity for the purposes of the tests conducted pursuant to this Policy:

- (i) Federal Government Securities: if the total volume invested by all the Investment Vehicles managed by KIRON does not exceed the daily average traded of such security during the immediately preceding calendar month, liquidity will be attributed at D+1 for said security. If, at any time, the total volume invested by all the Investment Vehicles managed by KIRON exceeds the aforementioned limit, a new liquidity parameter will be attributed by the Compliance and Risk Management Officer, with the support of the technical department dedicated to risk management, and consulting the KIRON investment team for any clarifications deemed necessary;
- (ii) Repo Operations: in view of the repurchase commitment, liquidity will be attributed to D+0;
- (iii) Interests of Investment Funds: the liquidity parameter is the liquidation period for redemption provided for in the regulations of the fund in question.

### (C) CASH ACCOUNT

The cash account is considered to be 100% (one hundred percent) liquid, i.e., available at D+0.

### (D) MARGIN

Assets given as margin are considered as illiquid for Liquidity Risk calculation purposes, as they are, in fact, blocked from being used as settlement tools. All of KIRON’s funds primarily invest in stocks, and use no leverage, hence there are not as many applicable instruments which demand margin deposits.

## Monitoring of asset liquidity risk

### (A) SHARES

In order to ensure that the defined parameters are met, monitoring is done through the Inoa Alphatools system, which (among other functions) monitors portfolio composition, aggregate portfolio liquidity (all managed Investment Vehicles) and their respective individual positions, with on demand reports available to the Compliance and Risk Management Officer to evidence the liquidity control for the Investment Vehicles

### (B) FEDERAL PUBLIC SECURITIES OR SHARES OF FUNDS THAT INVEST PRIMARILY IN FEDERAL PUBLIC SECURITIES

Through the reports generated by the Inoa Alphatools system, on a daily basis KIRON monitors the amount of the portfolio invested in government securities, and assesses the existence of risks in accordance with the liquidity parameters defined herein.

### (C) CASH FLOW FOR PAYMENT OF BILLS

KIRON performs daily control on the cash of each of the Investment Vehicles it manages, using tools provided by Inoa Alphatools, internal controls, and information made available daily by the administrators of said vehicles.

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### 2.3.6 Liability Liquidity Risk

#### Redemptions

The liability profile of each Investment Vehicle consists of (but is not limited to) charges such as expenses on brokerage, custody, audit, legal advisory, taxes, administration fees, among others, in addition to payment of redemptions and purchases of assets.

In line with the monitoring of the asset's liquidity risk, KIRON considers the largest potential redemption as a redemption representing 70% of the Investment Vehicle that, among the vehicles with the same strategy, has the highest net equity with the shortest term for settling requests for redemption. For the purpose of determining the value of the net worth of the Investment Vehicle, the amount available on the last business day of the immediately preceding month is considered.

Thus, the objective is for the redemption value to be available for settlement in order to comply fully with the redemption request within the redemption period stipulated in the Investment Vehicle, considering the sale of 70% of the assets comprising the portfolio of said Investment Vehicle.

#### Follow-up of liability liquidity risk

The liquidity risk of the liabilities is monitored weekly, whereby the total possible amount to be obtained through the sale of the assets to be liquidated must correspond to the previously defined liquidity parameters.

Even though the percentage of possible redemptions of Kiron's policy (70% of the liability total volume redeemed in 22 workdays or 30 calendar days) be considerably higher than the historical numbers presented at the Anbima redemption possibility matrix, Compliance and Risk Management team will also monitor these parameters, monthly doing additional tests, using the probability percentages for the shares funds indicated by autoregulation.

### 2.3.7 Derivatives and Leverage

#### The risk of operations with derivatives and leverage

The use of leverage is not part of KIRON's strategy or investment philosophy. Accordingly, none of the Investment Vehicles under KIRON's management maintains a naked position. In other words, the portfolio of the Investment Vehicles is not composed of operations that generate the possibility of loss higher than the value of their respective net assets.

#### Risk Monitoring of Derivative Operations

Derivative operations are controlled through the Inoa Alphatools system, in which the parameterization per Investment Vehicle does not allow the occurrence of naked or leveraged operations.

## 3 METHODOLOGY

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### 3.1 Data Source

Market movement data are extracted from official sources or sources widely recognized by the market, including the Brazilian Association of Financial and Capital Market Entities (ANBIMA), B3 S.A., Bloomberg, and the Central Bank of Brazil (Bacen).

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### 3.2 Monitoring Liquidity in Exceptional Situations

Liquidity risk may also be increased in exceptional situations of liquidity related to systemic factors or specific events of each asset. In these situations, KIRON's policy is to maintain resources of the Investment Vehicles allocated to assets with greater liquidity, individually considering the net assets of each Vehicle.

Moreover, in these situations, the Compliance and Risk Management Officer must define prevention and/or containment measures, such as (i) liquidation of certain assets at depreciated prices in order to deal with requests for redemptions made by investors of the Investment Vehicles; (ii) closing of Investment Vehicles for redemptions; and (iii) redemption by delivering assets to investors, as permitted by applicable regulations.

## 4. ADHERENCE TESTS AND ANNUAL RISK MANAGEMENT REPORT

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### 4.1 Adherence Tests

At least annually, adherence/efficacy tests of the metrics and procedures provided for in this Policy shall be conducted, according to the following procedures:

- Concentration risk: Concentration risk percentages are controlled daily through the compliance module of the Inoa Alphatools system. The percentages of the assets as well as the sector limits are checked automatically by the system, prior to sending any new trade order (pre-trade compliance) and also after the receipt of information from the administrators of the Investment Vehicles (post-trade compliance). KIRON uses the sector classification created and defined by the Portfolio Manager.
- Liquidity risk per asset:
  - (i) Shares: KIRON calculates liquidity for all assets through the Inoa Alphatools system, applying the calculation described in item 2.3.5 – Calculating liquidity by type of asset – and ensuring capacity for liquidation within up to 22 (twenty-two) business days.
  - (ii) Federal government bonds: For the purposes of verification of adherence to the liquidity of Federal Public Securities, on a monthly basis KIRON manually performs the calculation for analysis of the parameters previously established in this document.
- Liquidity Risk per Liability (redemptions): For purposes of verification of adherence to the defined parameters, the highest value of the sum of redemptions of the same day, occurred in the immediately preceding year, will be evaluated.

### 4.2 Risk Management Annual Report

The results of the tests conducted pursuant to this Policy shall be the subject of an annual risk monitoring report to be prepared by the Compliance and Risk Management Officer and submitted to KIRON administrative bodies by the last day of January of each year ("Risk Management Annual Report").

The Annual Risk Management Report should also provide recommendations regarding possible weaknesses, with the establishment of sanitation schedules, as the case may be, and a statement from the Chief Compliance and Risk Management Officer regarding weaknesses found in previous verifications and the measures planned or actually carried out to remedy them.