RISK MANAGEMENT POLICY

PATRIA

Data Sheet

Title:	Risk Policy (“Risk Policy”, or “Policy”)
Responsible Area:	Risk
Description:	This is a Risk regulation document, providing for the main liquidity and risk management policies of the Managers.
Intended for:	This Policy is to be complied with by all Managers´ Associates, especially those engaged in Management, Risk, Compliance and Backoffice activities.
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1. DEFINITIONS

Trust Administrator: Patria or an institution hired to provide the trust administration service to the Funds, in accordance with the applicable laws**.**

ANBIMA: Brazilian Association of Financial and Capital Market Entities.

Business Area(s): Patria's asset management areas, called as Private Equity (includes PIPE strategy), Infrastructure, Real Estate (includes Agribusiness) and Private Credit.

Private Credit: financial assets representing non-sovereign obligations or debts.

CVM: Brazilian Securities and Exchange Commission

Fund(s): investment funds managed by Patria.

Iliquid Funds or FIP (s): equity investment funds regulated by CVM Instruction no. 578, managed and administered by the Managers.

Liquid Funds: investment funds regulated by CVM Instruction no. 555/14, managed by the Managers.

Manager(s): securities portfolio manager, asset manager category, as defined in CVM Resolution no. 21/21.

Investor(s): the Funds´ shareholders as a whole.

Liquidity Manual: a manual produced by Patria that aims at establishing controls and procedures for monitoring and managing the liquidity risk of the Liquid Funds portfolios managed by the Managers in order to mitigate such risks, as defined in CVM Resolution 21/21, CVM/SIN 2/2015, ANBIMA Code of Regulation and Best Practices of Investment Funds, and Resolution no. 67 of ANBIMA.

Patria or Manager: Patria Investimentos Ltda.

Rules of Conduct: Patria´s Code of Ethics and Rules of Conduct, which is a separate document from this Policy, and also an integral part of Patria Compliance Program.

2. INTRODUCTION

Patria has prepared this Policy in order to identify and map the main types of risks involved in the transactions of the Funds managed by Patria, in order to regulate and carry out active and efficient risk management with the main objective of measuring such risks. Patria shall abide by the applicable laws, in particular with regard to risk guidelines, CVM Resolution No. 21/21, CVM/SIN Official Letter 2/2015, as well as the ANBIMA Code of Regulation and Best Practices of Investment Funds, and ANBIMA Resolution No. 67.

Patria carries out third-party asset management activities through investment funds organized in Brazil, in addition to trust administration of FIPs, as well as the distribution of shares of its own funds, and may also hire financial institutions to perform such duties.

Patria has 4 (four) main business areas: (i) Private Equity (includes PIPE strategy); (ii) Real Estate (includes Agribusiness strategy); (iii) Infrastructure; and (iv) Private Credit; without prejudice to other strategies it may use, including in foreign markets, especially in Latin America.

This Policy will be reviewed, updated and/or supplemented from time to time, and is always available to the Managers and their management teams on Patria´s website, in order to meet regulatory requirements.

3. SCOPE

This Policy must be fulfilled by all Managers Employees, especially those working in the Management, Risk, Compliance and Backoffice areas. They must read, understand and fully comply with the provisions in this Policy.

4. RISK MANAGEMENT POLICY

The purpose of this Risk Policy is to define and enable compliance with a formal risk assessment process, with a defined methodology, in which the quality of the risk management is demonstrated and which contains the justifications for decisions made based on the results or controls obtained by Patria Risk Area.

4.1. RISK ASSESSMENT

As a result of the risk assessment carried out, Patria has made a differentiation of the funds under its management, considering the nature of the assets that make up the portfolios of such Funds, having broking them down into the following categories: i) Iliquid Funds; and ii) Liquid Funds, both defined in the Definitions Chapter of this Risk Policy.

Due to this differentiation and considering, above all, the nature of the risks to which the funds in each of these categories are exposed, this Policy was structured so as to treatment controls and procedures separately for such modalities. The criteria described in this Policy demonstrate the methodology and principles adopted by the Managers, which are in accordance with the applicable laws and subject to verification.

4.2. RISK AREA AND COMPLIANCE COMMITTEE

Patria Risk area operates on an independent and segregate basis in relation to management, reporting directly to the Chief Risk Officer, whose actions are entirely independent from the Business Areas.

The area is supported and supervised by the Compliance Committee, whose responsibilities and activities are described in the Compliance Committee Chapter, which is part of the Rules of Conduct, and in the Compliance Manual. Accordingly, the Risk area seeks to carry out active and efficient risk management with the main objective of measuring the main types of risks involved in the transactions of the Funds.

Given the characteristics of the Funds managed by Patria, the portfolios are analyzed in detail, mitigating liquidity, market, operational and credit risks (where applicable) as much as possible. In parallel to the risk control work carried out by Patria, the Trust Administrators of the Funds also carry out risk controls of the portfolios, especially in relation to the compliance and liquidity controls. Every control is primarily intended to assure Investors that all Funds are being managed within their scopes of incumbency.

To this end, Patria understands that risk plays an essential role to help management always deliver the expected results.

4.3. LIQUID FUNDS

4.3.1. RISK PHILOSOPHY AND MANAGEMENT - PRIVATE EQUITY STRATEGIES

Patria's investment philosophy is primarily focused on building investment/company platforms, consolidating fragmented sectors, and applying growth and value generation strategies that aim at adding aggregate value and the possibility of unlimited gains. Through this strategy, Patria seeks to capture a development by reducing risk at an early stage of investment.

Within the investment policy of the respective FIPs Patria seeks to diversify the industries in which it invests, as well as the regions in which the investee companies are located. Accordingly, the concentration percentages that drive allocations in each Fund vary between the Business Areas and the Funds themselves, as defined in the respective regulation.

In the process of selecting its investments, Patria seeks companies it believes that offer attractive growth opportunities, but with a balanced investment risk in order to optimize risk-adjusted returns. To achieve this objective, Patria implements a disciplined risk mitigation policy that includes, among other practices:

- Gradual investment of committed funds;
- Long term projects;
- Long term contracts with clauses providing for protection against inflation;

- Experienced project management team;
- Geographic and sector segmentation;
- Careful selection of counterparties in long term contracts;
- Comprehensive and in-depth due diligence procedures in target companies; and
- Exit strategies planning

Patria adopts a disciplined process of investment analysis, which is crucial for risk mitigation for the Funds.

Risk mitigation by Patria also stems from the active participation of qualified professionals of the Managers´ team in the investee companies, not only as members of the Board of Directors of the investee companies, but also actively participating in key corporate committees, such as finance, projects, human resources, risk and Compliance, and products.

Monitoring, measurement and permanent adjustment of the FIPs´ risks are also achieved by Patria from the implementation of value creation processes, investment monitoring and asset management processes applied on a phased basis in the investee companies.

The investment, value creation, monitoring, and divestment processes that aim, among other objectives, at mitigating and controlling the risks of the Funds' portfolio, are described in detail in the internal policies of the Managers ("Patria Way"), and are considered strategic and proprietary. Patria Way aims at supporting the Business Areas, providing the methodologies and tools necessary for the implementation of the business plan developed by the managers, assisting in the decision making and operations management process of the companies that make up the Fund's portfolio.

4.3.2. RISK AREA PRE-COMPLIANCE CONTROL

Prior to each FIP transaction, the investment thesis is approved by the respective Investment Committee, pursuant to the Investment Decision and Asset Selection and Investment Policy. Once approved by the Investment Committee, the appraisal material of the intended transaction shall be submitted to the Compliance Committee for pre-compliance analysis, pursuant to the respective FIP Regulation.

4.3.3. OPERATIONAL RISK (LIQUID FUNDS)

Patria is constantly focused on mapping and improving its processes, believing that this is the best way to mitigate operational risk and assure the investor that the controls provided for in this policy are efficiently implemented by the risk and backoffice areas.

To ensure the high level of operational risk control of Illiquid Funds, internal and third-party systems are used (such as: Investran Private Equity Enterprise Software, for example).

In order to mitigate the occurrence of operational errors, the Trust Administration area of Patria conducts information reconciliation of all Fund transactions.

4.4. LIQUID FUNDS

Liquid Funds have risk management responsible for the entire risk exposure limit process, risk metrics defined by Fund and by fund classes, covering absolute risk and risk in relation to the benchmark of the funds, considering the types of risk exposure described below. The funds do not have a pre-defined risk limit, which limits are defined according to the regulations of each fund and by definition of Patria´s governance.

4.4.1. TYPES OF RISK – LIQUID FUNDS

4.4.2. MARKET RISK

To measure the market risk of the positions, the risk area uses the main market risk metrics (leverage, VaR, stress, stop loss).

4.4.3. LIQUIDITY RISK

Through liquidity control, Patria seeks to ensure the fulfillment of all its mandates involving funds organized as a publicly-held condominium. Initially, when a position is structured for a Fund, managers are always concerned with measuring the fund's potential withdrawals against the size and liquidity of the positions held. Thus, asset liquidity is taken into account in the manager's investment decision by choosing the assets that will make up the portfolio of each vehicle.

In particular, the Risk area considers the following aspects when analyzing the fund's liquidity:

- liquidity of the portfolio's securities: in the case of private risk securities, where applicable to the Fund, the existence of a secondary market and the possibility of repurchase by the issuer are assessed;
- in the case of financial instruments, in addition to assessing the liquidity of the asset, other more liquid instruments that allow temporary hedging of the position are also considered;
- Fund liquidity as a whole: based on the stress test, the "cash effect" is calculated in the most troubled scenarios for the fund. Thus, it is possible to calculate how much a crisis can impact on the fund's cash so that, besides the analysis of potential losses that will be reflected in the share price, the matter of the fund's solvency is also evaluated. At the same time, the Fund's asset/liability ratio is also monitored to verify that it is in accordance with the profile of each managed vehicle.

Accordingly, the Risk area analyzes market liquidity by permanently monitoring the price dynamics of all assets traded by the Liquid Funds. The time required to dispose of each position or strategy is assessed by considering the liquidity criteria adopted by Patria under the Liquidity Manual.

4.4.4. OPERATING RISK - LIQUID FUNDS

The operational risks of the Liquid Funds are treated similarly to those of the Illiquid Funds, described in item 4.3.3, with due regard to the natural differences of the risks of each segment.

To ensure the highest level of control, systems, optimized spreadsheets and automated processes for positions control and achievement are used, thus minimizing operational errors. All routines and processes among areas are defined and documented to ensure continuity of the service.

Outsourced systems as well as in-house controls are used to minimize operational errors, ensure the quality of the data used and also have a high level control of online Fund positions.

4.4.4.1. TREATMENT OF OPERATIONAL ERRORS

Patria makes its best efforts to mitigate and timely treatment operational errors, including those arising from systems or human failures, trying to effectively and fairly remedy them as regards the Funds and, consequently, their Investors.

An operational error can be defined as an error in placing, executing, settling or allocating orders or assets in the Funds. If it is identified prior to being made, that is, before producing its result, it will only be considered a failure, not an error in itself.

It is the duty of the Employees involved with management to report to the Risk Officer and whenever any operational error is detected. Even if the operating error in question increases the Fund's return, Employees must report them to the Risk Officer.

If it considers this to be an operational error, the Risk area should refer the matter to the Compliance Committee, which will be responsible for analyzing the case and evaluating the corrective measures to be taken.

The Risk area is responsible for generating a report on the error, identifying the profit or loss resulting from the error correction. Upon justification of the respective Business Area, the Compliance Committee shall decide on who will bear any loss or gain resulting from the error, taking into consideration the characteristics of the specific case.

4.4.4.2. TREATMENT OF NONCOMPLIANCES

Although Managers have pre-compliance controls in place to prevent or mitigate the occurrence of active noncompliance's, natural market fluctuations may lead to passive noncompliance of positions in the Liquid Funds. Passive noncompliance means exogenous factors beyond the Managers´ control causing unforeseeable and material changes in the Fund's net worth or in the general conditions of the capital market. In this case, the deadline for re-compliance is fifteen (15) consecutive days, pursuant to CVM Instruction 555/14, and the Risk and Compliance areas shall ensure that the re-compliance occurs within this period.

Notwithstanding the foregoing, in the event of any other non-passive noncompliance situation, Patria shall cease any activity that may aggravate such noncompliance and shall immediately take steps to reduce the non-conforming positions.

For each active noncompliance, the Director of the respective Business Area shall justify, in a proper form or by e-mail, the reason for the noncompliance and deadline for re-compliance, sending it to the person responsible for the risk area. By the day following the noncompliance, the Risk area must interact with the Trust Administrator of the respective Fund to confirm and justify such noncompliance, already informing the re-compliance deadline, which may not exceed the end of the day following the noncompliance.

Exceptions to this rule, such as impossibility of timely re-compliance due to market conditions, must be formally provided for in writing by the Risk area containing the justification of a Business Area Director and sent to the Trust Administrator of the Fund for the letter to send it to the CVM, in accordance with applicable regulations.

4.4.5. CREDIT RISK

Private credit risk assessment, where applicable, is carried out in conjunction with Patria legal department.

The risk area should consider the issuer rating by the most renowned rating institutions and perform an analysis based on micro and macroeconomic metrics. If the transaction is approved, it may be placed in the portfolio of funds exposed to private credit risk if the management is interested in that credit and in its profitability vis-à-vis the return target defined for each fund.

The credit assessment process includes analysis of the financial statements, data on the branch of activity, commodities that may be related to the branch of activity, the main customers and suppliers of the company, and expectations about the company and its branch of activity. The analysis is carried out by Patria Private Credit area, which adopts its own procedures.

4.5. CONTROLS AND REPORTS

The Risk area is responsible for preparing and submitting to the persons in charge of the Business, Compliance and Backoffice areas a report regarding the Liquid Funds, detailing the risk of the portfolios, analysis of the main performance indicators and calculation of the descriptive statistics of the Funds. This document analyzes VaR, stress (in various scenarios), VaR envelope, volatility, sharpe, tracking error, among other metrics.

For products whose benchmark is not the CDI, benchmark risk, B-VaR and correlation analysis are also contemplated. If any thresholds are close to being exceeded, the report highlights this position to alert managers.

Given that the Risk area acts independently from the Management area, the Risk Officer is authorized to issue orders to brokers that perform transactions in the Funds operations and, at the limit, may carry out a transaction if the trader does not cause the compliance of a fund that is exceeding 100% of any pre-set limit. Notwithstanding the foregoing, prior to the transaction, *ex-ante* tests are also performed to avoid any risk or compliance mismatch.

In addition, the Risk area conducts several target volatility studies to assist management in position size. Accordingly, the Fund is always working on the level of volatility disclosed to the Investors in their respective technical material. The Risk area always studies market statistics, with widely accepted industry models to help understand the market system being dealt with in the calculations.

All Fund risk assessment documents, reports and materials shall be kept by the Risk area for a period of not less than five (5) years.

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