

## Corporate Governance

Camargo Corrêa S.A. belongs to Participações Morro Vermelho S.A, a company comprising the three families of shareholders.

Corporate governance at Camargo Corrêa Group combines traits of a family-owned business and a professional management approach. It uses the best practices on the market to secure perennity of business.

Created in 1996, Camargo Corrêa S.A. is the holding company leading the management and control of the Group's business. On the capital market, it is a reference shareholder of companies like CPFL Energia and CCR S.A., both listed on BM&FBovespa's Novo Mercado, and also Alpargatas S.A. It has controlling shareholding interest of InterCement and Camargo Corrêa Engenharia e Construção, closed capital companies that are references in their industries. The company is also a founding shareholder of Estaleiro Atlântico Sul (EAS). In real estate development, it launched in March 2012 a takeover bid to close the capital of CCDI – Camargo Corrêa Desenvolvimento Imobiliário.

The Group's governance structure is led by the Board of Directors, formed by the Chairman, Vitor Hallack, three vice-presidents representing the shareholders – A.C. Reuter, Carlos Pires Oliveira Dias, and Luiz Roberto Ortiz Nascimento – and the board member Antonio Miguel Marques. The chairman of the Board is a professional hired for the role who also holds the position of chairman of the Executive Committee. |GRI 4.1, 4.2|

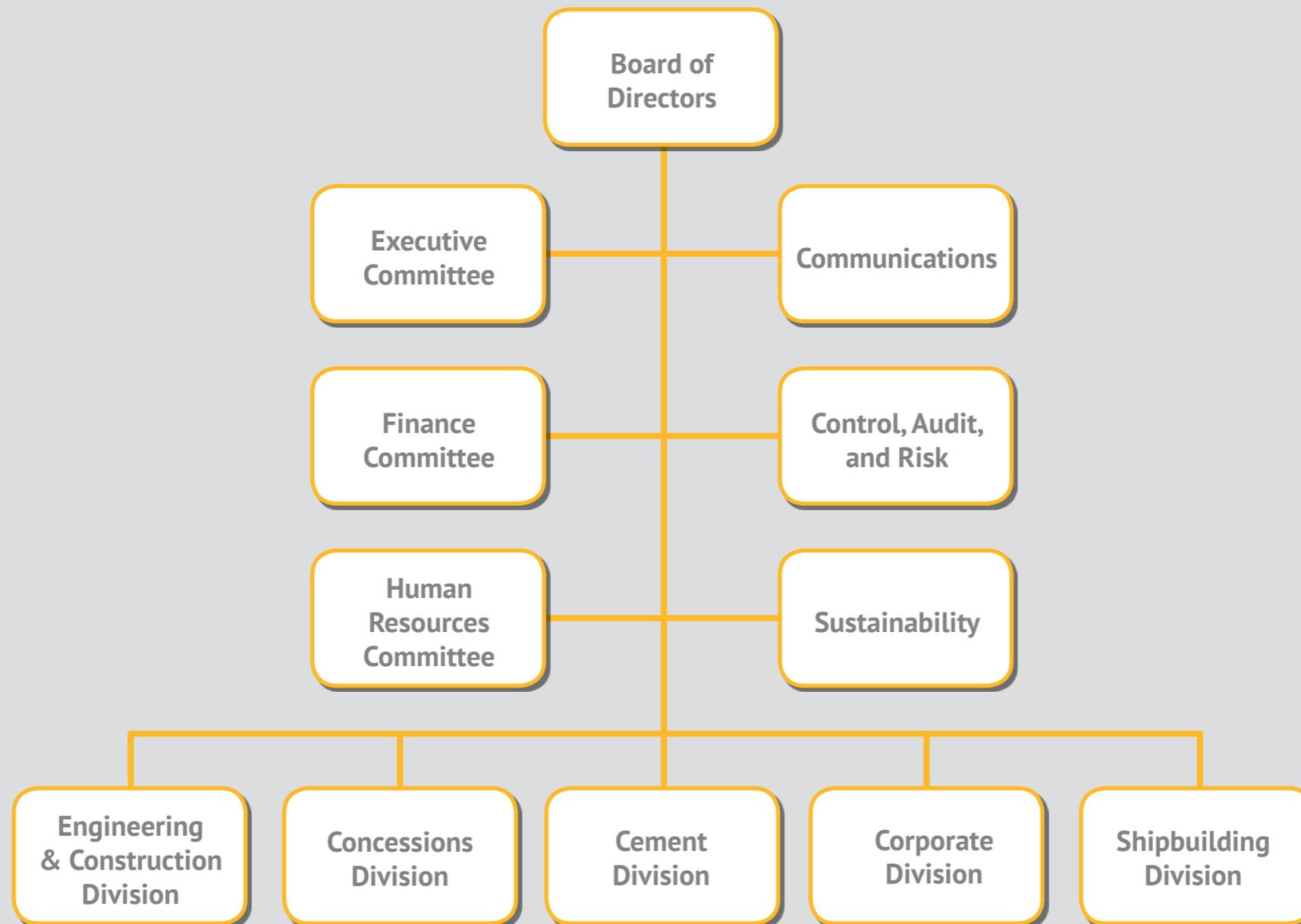
The Board of Directors supervises the management of business areas and guides the strategic positioning to channel synergies through the assistance committees: Executive, Financial, and Human Resources committees.

### **Ethical attitude** |GRI 4.8|

To foster ethics in business, the Group elaborated the Camargo Corrêa Business Code of Conduct, which gathers the principles guiding the relationship of companies, executives, shareholders, and employees.

The Group also has the Ethics Channel, an electronic communication method to receive reports and suggestions to improve processes and align conducts. Total confidentiality is guaranteed to preserve the identity of people involved in reports. The Channel is monitored by the Ethics Committee, formed by representatives of companies in the Group, who discuss and handle the major occurrences, reporting them to the Board of Directors when necessary.

## Corporate Structure | GRI 4.1



## Corporate Risk Management | GRI 2.1

For Camargo Corrêa Group, risk management is a competitive advantage. This is why in 2011 the Group started to structure a broad system to manage and control corporate risks. By creating the Control, Audit & Risk Board, it developed and adopted a model named GRC (Governance, Risks, and Control) to spot, assess, monitor, and manage the context of risks inherent to each business front.

After the risks from four categories – Strategic, Operating, Financial, and Regulatory – are pinpointed, a risk matrix will be prepared to reveal the level of exposure to each risk and the respective key controls for mitigation. This will also serve as a basis for the annual planning of internal audit works.

The application of the Control Self Assessment (CSA), taken by over 90% of executives from all functional levels at the Group, allowed a review of the adequacy of management practices and internal controls of companies based on the COSO Internal

Controls framework, a globally respected standard. Aiming at greater efficiency of controls, a formal certification was also established for managers to take over responsibility for management procedures.

In 2012, the Company should begin to implement the Business Continuity Plan (PCN) to define strategies and tools to minimize impacts caused by contingencies or crisis-related events and to maintain activities and processes while also securing the safety and integrity of employees.

The structuring of the GRC approach at Camargo Corrêa Group was preceded by a long-lasting work to change the internal culture, including seminars and lectures given by the Internal Audit and Risk Management divisions and organizations such as Ethos Institute of Companies and Social Responsibility and the Brazilian Institute of Corporate Governance.