

**POLICY OF TRANSACTIONS WITH RELATED PARTIES OF
BLAU FARMACÊUTICA S.A.
(Free Translation)**

**Approved at a meeting of the Board of Directors of Blau
Farmacêutica held on November 17, 2017**

1. PURPOSE

1.1. The purpose of this Policy of Transactions with Related Parties ("Policy") is to establish rules and procedures to ensure that all decisions involving Transactions with Related Party (as defined below) and other situations with potential conflict of interest are made considering the Company's (as defined below) and shareholders' interests.

2. DEFINITIONS

2.1. For purposes of this Policy:

"Controlling Shareholders" are the shareholders or group of shareholders bound by a voting agreement or under common control exercising control over the Company, pursuant to Law No. 6.404, dated December 15, 1976, as amended;

"Company" means the Blau Farmacêutica S.A., as well as its directly or indirectly controlled companies;

"Market Conditions" are those conditions for which the principles of: (a) competitiveness (prices and conditions of services compatible with those practiced in the market) were observed during negotiation; (b) compliance (adherence of the provided services to the contractual terms and liabilities practiced by the Company, as well as adequate controls of information security); (c) transparency (adequate reporting of conditions agreed upon with proper application, as well as reflected in the Company's financial statements); and (d) equity (establishing mechanisms that prevent discrimination or privileges and practices that ensure the non-use of privileged information or business opportunities for the benefit of individuals or third parties);

"CVM" means the Securities and Exchange Commission of Brazil;

"Significant Influence" is the power to participate in the financial and operational decisions of an entity, but does not necessarily characterize control over those policies. Significant influence can be obtained through corporate participation, statutory provisions or shareholders' agreement;

"Close Family Members" are those family members that can be expected to influence or be influenced by the person in the business of those members with the entity, and

may include: (a) their spouse or partner and their children; (b) the children of their spouse or partner; and (c) their dependents or those of their spouse.

“Related Parties” are the individuals or legal entities with which the Company has the possibility of contracting under conditions other than those of independence that characterize transactions with third parties not related to the Company, observing that, pursuant to Technical Pronouncement CPC no. 5 (R1), of the Accounting Pronouncements Committee:

(a) a person is deemed to be related to the Company when such person or a Close Family Member:

- (i)** has full or shared control of the Company;
- (ii)** has Significant Influence over the Company;
- (iii)** is a Key Person;

(b) an entity is deemed to be related to the Company when:

- (iv)** this entity is part of the same Company’s economic group;
- (v)** this entity is affiliated, controlled or controller of the Company;
- (vi)** this entity and the Company are under the joint control of a third company or one or more persons;
- (vii)** this entity has Significant Influence on the Company or is Significantly
- (viii)** this entity is under the joint control of a third company to which the Company is affiliated;
- (ix)** this entity maintains or is a post-employment benefit plan whose beneficiaries are the employees of the Company and of the entity itself;
- (x)** this entity is directly or indirectly controlled, even under joint control, of any person referred to in item (a) above;
- (xi)** any person identified in item (a) above exercises Significant Influence on such entity or is a Key Person of such entity;

“Key Person” means a person with relevant influence in the Company’s management or its Controlling Shareholders, being understood as persons with relevant influence in the management those who have authority and responsibility for the planning, management and control of the Company's activities, directly or indirectly, including the members of the Company’s Board of Directors and Company's Executive Board;

“Potential Conflict of Interests” is the potential conflict of interest that arises when a person is involved in a decision-making process in which their capacity for impartial judgment may be compromised by the fact that: (a) on the one hand, power to influence the outcome of the decision, and at the same time (b) there may be a gain

for it directly, for a Close Family Member or for a third party with whom the person is involved. In the case of the Company, potential conflicts of interest are those in which the objectives of the Key Persons for any reason may not be aligned with the Company's purposes and interests in specific matters;

“Transactions with Related Party” means the transfer of resources, services, rights or obligations between the Company and a Related Party, whether or not a price is charged in exchange, such as:

(a) purchases or sales of products and services; (b) loans or advances (loan) agreements; (c) accommodations, suretyships and other forms of guarantees; (d) research and technology transfers; (e) sharing of infrastructure or structure; and (f) sponsorships and donations.

3. CELEBRATION OF TRANSACTIONS WITH RELATED PART OR WITH POTENTIAL CONFLICT OF INTERESTS

3.1. Criteria

3.1.1. Any Transaction with Related Parties and any Transaction with a Potential Conflict of Interest shall be formalized in accordance with the following criteria: (a) the Transaction shall be in Market Conditions, observing the same principles and procedures that guide the Company's negotiations with independent parties; and (b) the agreement shall describe the Transaction terms; and (c) only in the case of Transactions with Related Parties, the agreement shall describe any impacts brought to the Company and Related Party, among other relevant matters.

3.1.2. Transactions with Related Parties or Potential Conflicts of Interest are expressly prohibited in the following cases, except when otherwise decided by the competent bodies, with the abstention of any parties that fall into Related Parties or Parties with Potential Conflicts of Interest: (a) granting loans to Key Persons, except for the payment in advance of compensation of any kind approved by the Company's competent bodies, such as bonuses, share-based or other compensation programs; (b) Transactions between legal entities that are Related Parties or Parties with Potential Conflicts of Interests that do not understand regular and commonly exercised activities by such legal entities in the normal course of their business.

3.2. Approval

3.2.1. All Transactions with Related Parties or Parties with Potential Conflicts of Interest must be approved by the Board of Directors.

3.2.2. The approval of the Board of Directors shall occur by means of a favorable vote of the absolute majority of its members, excluding the votes of any potential Key Persons who may be characterized as a Related Party or who are in a situation of Potential Conflict of Interest, subject to the provisions of Clause 3.3 below.

3.2.3. The Board of Directors, at its discretion, may condition the approval of the Transaction with Related Party to the changes it deems necessary for the Transaction to occur in an equitable manner and in the Company's interest.

3.3. Transactions involving Key Persons

3.3.1. Key Persons, when identifying the possibility of participating in a decision-making process related to the matter in which it may be characterized as a Related Party or in a situation of Potential Conflict of Interest, should express their Potential Conflict of Interest. Additionally, they should abstain from the discussions on the subject, as well as abstain from voting in the respective decision-making process.

3.3.2. If requested by the Chairperson of the Board of Directors, such Key Persons may participate partially in the discussion, seeking only to provide more information about the Transaction and the parties involved, and should be absent from the conclusive part of the discussion, including the voting process of the matter.

3.3.3. If any Key Person who may have a potential private gain from any decision does not manifest his Potential Conflict of Interest, any other member of the said body who is aware of the situation may do so.

3.3.4. The non-voluntary manifestation of the Key Person is considered a violation of this Policy and should be brought to the Board of Directors for appropriate measures.

3.3.5. The manifestation of eventual characterization as a Related Party or of the Potential Conflict of Interest situation and the consequent abstention of the Key Person shall be included in the minutes of the Board of Directors' meeting.

3.4. Disclosure

3.4.1 The disclosure of information on Transactions with Related Parties shall be performed in the manner established by the regulations in force, and disclosure in the explanatory notes to the Company's financial statements shall comply with the applicable accounting pronouncements.

3.5. Annual Report

3.5.1 Annually, the Company's Board of Directors shall report to the Audit Committee all Transactions with Related Parties or Potential Conflicts of Interests made in the period.

4. LIABILITIES

4.1. The Company's HR Management is liable for maintaining and updating the data base of the Company's Key Persons and their Close Family Members for the use of the Executive and Financial Department in identifying any suppliers with Related Parties in their personnel.

4.2. Executive and Financial Board. The Executive and Financial Board is liable for: (a) establishing a routine identification and reporting of suppliers who have in their management staff persons who are Key Persons or their Close Family Members according to the basis made available by HR Management; and (b) prepare the explanatory notes in accordance with the accounting pronouncements applicable to Transactions between the Company and Related Parties to the external public.

4.3. Investors Relations Board. The Investor Relations Board is responsible for disclosing, under the terms established by current regulations, the Transaction or set of Transactions with Parties Related to the CVM and the market.

4.4. Key Persons. Key Persons are liable for keeping your information database up to date with HR Management, by spontaneously informing any change in their Close Family Members or companies in which they have interest.

4.5. Audit Committee. The Audit Committee is liable for: (i) evaluate the adequacy of Transactions with Related Parties or Parties with Potential Conflict of Interests; and (ii) evaluate, monitor and recommend to the management the correction or enhancement of this Policy.

5. GENERAL PROVISIONS

5.1. Any violation of the provisions of this Policy that comes to the knowledge of the Company's Management shall result in the adoption of appropriate measures in respect thereof, guaranteeing the Policy effectiveness and shall be informed to the Audit Committee.

5.2. The Company's Board of Directors will update this Policy whenever necessary due to statutory or legislative changes.

5.3. This Policy shall enter into force on the date of its approval by the Board of Directors.