



CCX CARVÃO DA COLÔMBIA S.A.

CNPJ/MF (Taxpayer Registration Number): 07.950.674/0001-04

NIRE (Company Registration Number): 33.300.278.443

TERMS OF REFERENCE
OF THE AUDIT COMMITTEE

CHAPTER I

Committee and Objectives

Article 1 – The Audit Committee of CCX Carvão da Colômbia S.A. (respectively, “Committee” and “Company”) shall be governed by this Terms of Reference, by the provisions of the Company’s Bylaws and by the applicable law.

Article 2 – The Committee shall assist the Company’s Board of Directors in the performance of its activities related to, especially,:

- a)** Monitoring of accounting practices used in the preparation of the Company’s financial statements and those of its subsidiaries;
- b)** Appointment and evaluation of the performance of the independent auditors;
- c)** Approval of the planning, monitoring and evaluation of the work performed by the internal auditors;
- d)** Evaluation of the efficiency of the risk management and of the internal controls.

Sole Paragraph – The duties herein attributed to the Committee shall not be interpreted as being those that are exclusively attributed to the Company’s Board of Directors under the Bylaws and Law 6.404/76. The Committee shall always act within the limits set forth in this Terms of Reference.



CHAPTER II **Subordination**

Article 3 – The Committee shall report directly to the Board of Directors, acting independently of the Company’s Executive Board.

CHAPTER III **Composition**

Article 4 – The Committee shall be composed of 2 (two) members, with a unified term of 1 (one) year, appointed and dismissed by the Board of Directors, one of whom shall be appointed as the “Chairman of the Committee” and shall coordinate and preside over the Committee.

Sole Paragraph – The Chairman of the Committee shall be appointed by the Board of Directors.

Article 5 – The members of the Committee shall be chosen amongst individuals who are independent of the Company, as defined in the Rules of *Novo Mercado* of BM&FBovespa, and its 2 (two) members shall preferably be chosen among the independent members of the Company’s Board of Directors.

Article 6 – The members of the Committee shall have technical capacity for the exercise of their duties, especially regarding areas such as accounting, finance, and audit.

Article 7 - The members of the Committee shall be entitled to a compensation to be established by the Company’s Board of Directors.

CHAPTER IV
Organization of the Committee

Article 8 – The Chairman of the Committee shall:

- a)** Call the Committee’s meetings, provided that the duty of sending out the formal call notice may be delegated to the Secretary;
- b)** Chair the meetings;
- c)** Appoint the Secretary, who shall not be a member of the Committee but a member of the Corporate Governance department, and shall have the duties set forth in the article below, in addition to others that may established by the Chairman of the Committee; and
- d)** Comply and ensure compliance with the rules of this Terms of Reference.

Sole Paragraph – In the event of temporary absence or impairment of the Chairman of the Committee, he/she may appoint another member of the Committee to temporarily carry out the duties of the Chairman.

Article 9 – The Secretary of the Committee shall:

- a)** Prepare, under the supervision of the Chairman, the schedules, agendas and minutes of the meetings, which shall be submitted to approval of the members of the Committee;
- b)** Perform the duties of Secretary and the Committee’s meetings;
- c)** Carry out any notices to the members of the Committee, as well as the relation of the Committee with other bodies of the Company;
- d)** Submit the analysis, opinions and reports prepared by the Committee to the Board of Directors; and
- e)** Invite, on behalf of the Committee, when required and at the Chairman’s discretion, the representatives of the Advisory Board, of the Executive Board and other individuals who may participate in the meetings.



Article 10 – In order to ensure the duly performance of its duties, the Committee may have a budget, which shall be approved by the Company’s Board of Directors.

CHAPTER V

Meetings

Article 11 – The Committee shall meet:

- a)** Ordinarily, 4 (four) times a year, at least 48 (forty eight) hours prior to the ordinary meetings of the Board of Directors;
- b)** Extraordinarily, whenever the corporate interests of the Company recommend or require the manifestation of the Committee, or if requested by any member of the Committee, by the Advisory Board or by the independent auditors.

Paragraph One – The dates of the ordinary meetings of the Committee shall be previously agreed on by its members, at the beginning of each year, and shall be included in the annual calendar of meetings of the Committee.

Paragraph Two – The Secretary, or a member of the Corporate Governance department appointed by the Secretary for each meeting, shall carry out the duties of secretary of the meetings.

Article 12 – The call notices for the meetings shall be sent out by the Secretary, upon request of the Chairman of the Committee, at least 48 (forty eight) hours prior to the date of the meeting. Any and all call formalities shall be waived in the event all of the members of the Committee attend the relevant meeting.

Paragraph One – The members of the Committee may participate in the ordinary and extraordinary meetings via conference call.

Paragraph Two – The decisions of the Committee shall be taken with the affirmative vote of at least two of its members.



Article 13 – In order for a meeting of the Committee to be duly convened at least two of its members shall be present.

Article 14 – In order to improve and further the quality of discussion of the relevant topics to the Committee, the Committee’s members may invite any member of management or any other person that is part of the organization, as well as external experts or advisors to attend the meetings.

CHAPTER VI

Duties and Prerogatives of the Committee

Article 15 – The Committee shall have the following duties and prerogatives:

- a)** Recommend to the Board of Directors the company to be hired to provide independent auditing services to the Company, as well as the fees to be paid to such independent auditors and their replacement, when the case may be;
- b)** Review, prior to the disclosure to the market, the Company’s quarterly and annual financial and accounting statements, including management report, explanatory notes and independent auditors’ report;
- c)** Ensure that adequate systems and procedures are in place with regard to the preparation of the financial statements and that such systems ensure the integrity of the information included in or derived from the financial statements (in addition to the preceding provisions) and periodically assess the adequacy of such systems and procedures;
- d)** Ensure that the risk management and the internal controls are efficient, understand, evaluate and monitor the internal control environment, especially regarding the most important transaction cycles. Understand the electronic data processing features and the existing control over information and operational systems;
- e)** Monitor the scope and planning of the work performed by the independent auditors, as well as assess the quality and effectiveness of such work, ensuring compliance with legal provision and rules applicable to the Company, as well as with internal rules and codes;

- f)** Make recommendations to the Board of Directors regarding the engagement, supervision, assessment and substitution of the independent auditors;
- g)** Supervise and monitor the internal auditors, including the fulfillment of all legal provisions and rules applicable to the Company, as well as internal rules and codes;
- h)** Assess the compliance, by the Company's Executive Board, with the recommendations made by the independent and internal auditors, as well as recommend to the Board of Directors the resolution of any disputes between the external auditors and the Executive Board;
- i)** Previously approve all services that do not refer to the independent audit and that may be performed by the independent auditors for the Company and its subsidiaries;
- j)** Recommend and monitor the amendment or adjustment of any policies, practices and procedures identified within the scope of its attributions to the Company's Executive Board;
- k)** Meet, whenever required, with the Board of Directors and Advisory Board in order to discuss policies, practices and procedures identified within the scope of their respective attributions;
- l)** Request clarifications from the Executive Board or any of its members; and
- m)** Carry out other attributions that may established by the Board of Directors.

Paragraph One – The members of the Committee shall have complete independence in the performance of their attributions and shall keep any information received from the Company and its independent auditors strictly confidential.

Paragraph Two – The Committee may, whenever it deems necessary, retain specialized professional services, subject to the limits of the annual budget approved by the Company's Board of Directors.

Paragraph Three – The Committee shall communicate and meet directly with the independent auditors and internal auditors, provided that the latter shall report to the Committee and to the Company's Board of Directors.



CHAPTER VII

Reporting Obligations

Article 16 – The issues addressed and discussed during the meetings of the Committee shall be recorded in minutes, which shall contain a summary of the key items and facts presented, discussed and resolved.

Article 17 – Upon request of the Board of Directors, the Committee shall prepare opinions or reports related to the matters for which it is responsible.

Article 18 – The minutes of the meetings, as well as other documents that may be prepared by the Committee, shall be submitted to the Board of Directors.

CHAPTER VIII

Duties and Responsibilities

Article 19 – In addition to the responsibilities set forth in this Terms of Reference, the Committee shall:

- a) Safeguard the interests of the Company, within the scope of the Committee's attributions;
- b) Ensure that the Board of Directors is aware of any matters that may have a relevant impact on the financial conditions and business of the Company; and
- c) Submit to the Board of Directors, whenever it deems necessary, proposals for amendments to the provisions of this Terms of Reference.

Article 20 – The members of the Committee shall comply with the Company's Code of Conduct, as well as with its policies, when applicable, especially the Policy for Disclosure and Use of Information and the Securities Trading Policy.

Sole Paragraph – The members of the Committee shall also comply with the black-out periods for trading of securities established by the Company.



Article 21 – The members of the Committee shall be subject to the same duties and responsibilities applicable to the members of the Board of Directors, in accordance with the Law, the Bylaws and this Terms of Reference.

Sole Paragraph – Under the manager’s duty of loyalty, the members of the Committee shall not disclose to third parties any documents or information related to the Company’s business and shall keep all material, privileged or strategic information obtained by virtue of the position occupied strictly confidential and shall not use any such information for their personal benefit or for the benefit of third parties.

CHAPTER IX
Miscellaneous

Article 22 – All of the provisions of Law 6.404/76 shall apply to the members of the Committee, including those related to the responsibilities, duties, obligations, limits, impairments and restrictions of the managers of the Company.

Article 23 – Any omissions in this Terms of Reference shall be submitted to the Company’s Board of Directors.

Article 24 – This Term of Reference was approved in the meeting of the Board of Directors held on June 14th, 2012.
