



INTERNAL CONTROL POLICY

1. OBJECTIVE

The policy on internal controls, hereinafter referred to as the POLICY, establishes the internal control framework, through guidelines, roles and responsibilities adopted for its management, assuring the observance of parameters, procedures and regulatory aspects related to the Resolution 2,554, of September 24, 1998, published by the National Monetary Council (CMN).

2. GUIDELINES

This Internal Control Policy has the following guidelines:

- Assure an internal control framework that enables the identification of the risks arising from all operational activities, internal and external factors that may adversely affect the attainment of SAFRA Conglomerate's objectives aimed at assuring that they are efficiently and effectively identified, assessed, monitored, controlled and tested;
- Guarantee that the objectives set by senior management are aligned with the internal control framework;
- Assign the responsibility for internal controls to each operational and business area manager, called Internal Control Officer (OCIR);
- Centralize in the internal control framework the development and provision of methodologies, tools, systems, infrastructure and governance necessary to support the risk management of SAFRA's processes;
- Assure the existence of the assignment of responsibility and delegation of authority, observing the hierarchical structure established by the Organization, guaranteeing the appropriate segregation of duties, in order to eliminate conflicting responsibility assignment, as well as reducing and monitoring, with the due required independence, potential conflicts of interests in operational and business areas.

3. SCOPE

The following are subject to the POLICY:

- I. All companies of the Prudential Conglomerate and their subsidiaries, according to the effective corporate structure, hereinafter referred to as SAFRA; and
- II. All employees, regardless of their jobs or duties.

4. RESPONSABILITIES

SAFRA adopts the strategy of three lines of defense as primary basis for operationalizing its Internal Control framework and assure compliance with the guidelines set out by adopting an integrated approach:

- First line of defense: it is the operational or business area, ratifying the alignment of SAFRA's business strategies with risk management. It is responsible for risk management and response, monitoring and implementation of operational risk mitigation actions and self-assessment, according to the methodology established by the Internal Control area;
- Second line of defense: the Internal Control and Operational Risk areas represent the second line of defense, being responsible for establishing Self-assessment and Independent Assessment methodologies, supporting business areas with the identification, measurement, assessment, mitigation (through controls), monitoring and reporting of operational risks, and guaranteeing SAFRA's regulatory adherence; and
- Third line of defense: the Internal Audit, as third line of defense, is responsible for ongoing independent assessment of risk management-related processes.

5. INTERNAL CONTROL FRAMEWORK

The Internal Control framework is subordinated to the Operational Risk area, with responsibility to meet the requirements arising from the following resolutions:

- CMN 2,554/98: on the implementation of the internal control system, considering not only the operational risk, but also any other risk involved in the assessed process, among which the credit, market, liquidity, social and environmental, and image risks; and
- SUSEP Circular 249, of February 20 2004, amended by Circular 363, of May 21, 2008.



The use of the Internal Control methodology shall be aligned with the operational risk management and a relationship shall exist between the identified risks and controls and the operating losses recorded in the corporate databank.

The planning and prioritization of the works performed by the Internal Control team follow the following criteria:

- I. Alignment with the bank's business strategy: expansion of market / new products;
- II. Losses materialized based on operating losses;
- III. Points raised by regulatory authorities.

The results of works are reported by means of the committees established in the Operational Risk Policy, the Operational and Compliance Risk Management Committee (CGROC) and the Audit Committee. In addition, all actions adopted for mitigating identified risks are formalized in the Internal Control system and followed-up until their completion.

6. ATTRIBUTIONS

The attributions of the Internal Control Framework components are listed below:

6.1. Board of Directors

The responsibility of the Board of Director is as follows:

- I. Become aware of the Annual Report on systematic follow-up of the activities related to the internal control system.

6.2. Executive Management

- I. Promote high standards of ethics and integrity and of an organization culture that demonstrates and emphasizes, to all employees, the importance of internal controls and the role of each of them in the process;
- II. Assure the existence of a specific unit that acts independently and is responsible for the Internal Control duty in the organizational structure, compatible with the institution's nature, size, complexity, risk profile and business model;
- III. Make viable funds that enable the performance of the Internal Control duty by qualified professionals, appropriately trained, with sufficient experience and quantity for carrying out the activities related to the duty;
- IV. Assure the appropriate management of the POLICY and its dissemination to all employees of SAFRA;
- V. Guarantee the effectiveness of the application of the POLICY and of the corrective measures related to its breach;
- VI. Set the Internal Control's goals;
- VII. Systematically verify the adoption and following of the procedures established in view of the established Internal Control's goals.

6.3. Operational and Compliance Risk Management Committee (CGROC)

- I. Carry out its responsibility as forum that drives and make decisions on Internal Controls-related issues in SAFRA;
- II. Supervise the activities and evaluate the works of the Internal Control area;
- III. Deliberate about the points of divergence not resolved in the Regular Internal Control Committee (CCI Regular);
- IV. Deliberate about risk mapping and control methodologies;
- V. Decide on disciplinary measures in the event of breaches by internal control methodology areas.

6.4. Internal Control Area's Attributions

- I. Establish the methodology, processes and tools for managing the risks of the controls performed by the first line of defense;
- II. Work on risk monitoring in two fronts
 - a. Validate, on sampling basis, the results of control effectiveness tests run by the first line of defense in the RCSA methodology;
 - b. Apply the independent risk assessment methodology, for critical processes and that comprise the following:
 - Carry out or revise the mapping of the process and matrix of risks and controls;
 - Carry out walkthrough;
 - Run control effectiveness tests.



- Criterion for selecting processes that considers: business strategy, materialized losses and points raised by regulatory authorities.
- III. Create training aimed at disseminating the internal control management culture;
 - IV. Provide support to operational and business áreas;

 - V. Assure that the Business Areas make the revision and self-assessment of the risks and controls of their areas at least annually, so that it is possible to identify new ones, if necessary, and update the existing ones;
 - VI. Guarantee the ongoing assessment of several risks associated with SAFRA's activities that may adversely affect the attainment of the institution's objectives;
 - VII. Preliminarily assess the risks involved in the change and creation of new products;
 - VIII. Evaluate the existence of periodic security tests of the information systems maintained in electronic media;
 - IX. Prepare reports on the internal control status, to be submitted to the Board of Directors, at least annually, containing the following: a) conclusions on the audits made; b) recommendations on occasional deficiencies, establishing a timeline to correct them, as the case may be; c) opinion, by those charged with the corresponding areas, on the deficiencies found in past verifications and the measures effectively taken to correct them;
 - X. Guarantee that the reports on the status of the internal controls described in this document remain at the disposal of the Brazilian Central Bank for a period of five years;
 - XI. Monitor the implementation of mitigation actions related to the points raised by the regulatory bodies, internal controls and external audit;
 - XII. Guarantee communication channels that assure employees access to reliable, timely and understandable information considered material to their tasks and responsibilities.

6.5. Internal Control and Operational Risk Officer

Each operational or business area has an Internal Control and Operational Risk Officer, with at least Executive Superintendent position, or in the absence of such position, collaborator with a position immediately below, with the following attributions:

- I. Use the methodology, processes and tools established by the internal control area to identify, control, monitor and mitigate the risks inherent in the activities of her/his area;
- II. Reflect in the Risk and Control Matrix, which basically contains risk, the nature, cause and control associated to the assessment of the risks to which her/his area is exposed;
- III. Measure, on test basis, the effectiveness of controls, which will be validated by the second line of defense;
- IV. Detect new risks and controls, on day-to-day activities, in its monitoring, and reflect them in the risk matrix, keeping it updated;
- V. Disseminate the culture of risks and internal controls in the area on her/his responsibility;
- VI. Assure the following of internal rules and regulatory aspects, with zeal for control effectiveness and integrity.

6.6. Operational or Business Areas

- I. Apply internal control methodologies;
- II. Notify the Internal Control area about all identified control events and failures.