



SUBJECT ANTI-MONEY LAUNDERING AND COMBATting TERRORISM FINANCING	CÓDIGO CS-9.141.001
POLICY ANTI-MONEY LAUNDERING CORPORATE POLICY	ID -

Publication

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NARRATIVE SUMMARY

SAFRA is committed to the highest standards of anti money laundering (AML) compliance and requires management and employees to adhere to these standards to prevent use of our products and services for money laundering purposes. This policy establishes the guidelines of action of SAFRA regarding Anti-Money Laundering and Combatting Terrorism Financing.

IDENTIFICATION

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UPDATES

Version	Item	Summary description of update	Reason of update	Date
01	-	Update of the AML Policy - Portuguese version	Upgrade	02/02/2010
02	-	Update of the AML Policy - Portuguese version	Upgrade	25/09/2013
03	-	Update of the AML Policy - Portuguese version	Upgrade	31/10/2014
04	-	There were no changes in the period	Upgrade	29/10/2015
05	-	There were no changes in the period	Upgrade	07/10/2016
06	4	Adequacy in the item External Regulation of the AML Policy - Portuguese version	Upgrade	01/11/2017
07	-	Translate the AML Policy to English	Upgrade	22/01/2018

APPROVAL

Preparation	Reviews		Approvals	
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1. Objectives

The Management Board and the Board of Directors of Safrá Conglomerate (SAFRA), in accordance with the best practices of Corporate Governance, formalize this Policy, to be complied with by all.

This policy confirms the commitment of the High Administration with all legal and regulatory requirements applicable to Anti-Money Laundering and Combatting Terrorism Financing (AML/CTF), emphasizing the high ethics standards on conducting business, establishing and maintaining customer relationship.

Hereafter the terms "Anti-Money Laundering" and "Combatting Terrorism Financing" will be referred as AML and CTF.

The main objective of this AML Policy is to prevent SAFRA, its shareholders, managers, and employees, from from products and services for money laundering, terrorist financing or other financial crime.

This policy applies for SAFRA, including its subsidiaries, branches or international units, which must comply with local legislation and regulation.

This document confirms to be commitment of all SAFRA staff to comply with the legislation and regulation in the bank procedures, in order to avoid the risk of:

- **Image** – may affect negatively the reputation of SAFRA, its shareholders, employees and customers.
- **Legal** – occurs from non-compliance with the law and regulations. It can apply financial sanctions and financial losses.



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2. Guidelines

2.1. Current Regulation and Best Practices

Ensure that SAFRA is in compliance with legal and regulatory requirements in force, and with the best practices of Anti-Money Laundering and Combatting Terrorism Financing.

Take action with regulatory agencies, answering enquires about the compliance with "AML/CTF" legal and regulatory requirements and the mitigation of the risks of the product and services being used for Money Laundering or Financing Terrorism.

Adopt an approach based on the money laundering risk rating, both for costumers and for SAFRAproducts and services.

2.2. Costumer Relationship

Avoid any relationship with:

- Individual or corporate entities that presents evidences of operating on behalf of someone;
- Individual or corporate entities suspected of practicing or financing activities related to terrorism, or anyone that have their name on restraining lists issued by national or international Regulator Agency;
- Individuals or corporate entities sentenced, in final instance, for Money Laundering crimes;
- "Shell bank" – Financial Institution unaffiliated and not controlled by financial conglomerate, subject to Banking regulation and supervision, and that has no physical presence in the country established;
- "Shell company" – Company legally constituted and has no physical structure, also, presents contradiction in its economic-financial information, activities, share capital, and is not possible to identify the ultimate beneficial owner of the resources to be transacted or used/operated.



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Guarantee the application of enhanced procedures and special attention on the beginning and maintenance of relationship with costumers in special situations, with increased risk, in accordance with internal rules and current regulations.

Maintain strict secrecy about any information of customers, its proposals, transactions and/or communications to the Regulators.

2.3. Monitoring

Establishing adequate processes and systems designed to monitor continuously clients' accounts must be implemented to detect unusual transactions.



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2.4. Analysis

Establishing procedures and criteria of analysis of unusual or suspect cases identified through the monitoring of customer's financial activity through any other source.

2.5. Reporting of suspicious transactions:

Such transactions must be reported to the competent authorities according to local law. AML/CTF department will monitoring costumer transactions, also must be informed about all suspicious events, if not explicitly prohibited by local regulation. The purpose is to ensure that all suspicious activity and transactions will be reported to COAF (Conselho de Controle de Atividades Financeiras), when applied.

2.6. Training

Elaborate and implement AML and CTF training and awareness programs for all employees. Adherence to the Conglomerate Safrá Anti-Money Laundering Program is the responsibility of all employees.

2.7. Controlling

Establish criterias to protect and maintain historical records of customer's transactions, analysis (reports) elaborated by "AML/CTF" department, transactions reported to COAF, and documents with customer's information (customers reference files), in terms of current regulations.

2.8. Registration

Ensure that costumer's base of SAFRA complies with current legal and regulatory requirements through procedures for collecting and recording information, according with internal policies.

Develop and conduct Adequacy Tests of reference files, as established in the current regulation and in accord with the best practices, disseminated by Regulatory Authority.



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2.9. Know Your Customer (KYC)

Disseminate in the SAFRA the concept of Know Your Customer (KYC), which is considered the most important principle of "AML/CTF".

Establish criterias for classify the relationship with customer as PERMANENT or EVENTUAL, on terms of current regulation and intern policies.

Estabilish procedures risk based approach for the acceptance and maintenance of a customer relationship.

2.10. Know Your Employee (KYE)

Adopt criterias to select, to train and to monitor employees, as well training focused on Anti-Money Laundering and Combatting Terrorism Financing.

Guarantee ongoing monitoring of the employees' financial transactions and activities, the same way as in tracking customers' transaction.

2.11. Know Your Product and Services (KYPS)

Protect the SAFRA, its shareholders, Directors, Employees, Customers, from the risks resulting from improper use of its products and services.

Ensure that the products or services available are in compliance with internal regulations.

2.12. Know Your Partners (KYP)

Protect the institution from maintaining relationship with business partners, with correspondent banks or similar considered disreputable, suspected of involvement in illegal activities or that do not have appropriate controls for the "AML/CTF", through procedures and controls for proper identification and acceptance of its partners, in accordance with internal rules and regulations in force.

2.13. Know Your Supplies (KYS)



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Protect SAFRA and its shareholders, Directors, Employees, Customers, the risks of contracting suppliers without due observation of the guidelines contained in the internal procedures and the legislation applicable to "AML/CTF".

2.14. Technology

Ensure the use of technological resources to assure the automation and the sustainability of monitoring, analysis, communication, controlling, registration and training.

3. Approval Levels

Not applicable.

4. External Regulation

SAFRA is in compliance with Brazilian current legislation related to Anti Money Laundering and Combatting Terrorism Financing, such as Law 9.613/1998 and Circular 3.461/2009 of the Brazilian Central Bank, as well as other regulations, which refer to these laws. The complete framework of law, normatives, resolutions and circular letters must be consulted on the site of COAF (www.fazenda.COAF.gov.br).

SAFRA is also in compliance with the international best practices of Anti-Money Laundering, according to the FATF's 40 recommendations, which serve as a basis for international AML regulations, such as the regulations administered by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"), the United Nation Security Council and other international regulation. In addition, SAFRA has appropriate policies and procedures designed to comply with the prohibitions and restrictions mandated by OFAC as well as other applicable sanctions authorities.

5. Corporate Documents Related

Corporate Documents	Localization
"MCR de Prevenção à Lavagem de Dinheiro e Financiamento ao Terrorismo"	Intranet
"Política de Prevenção à Lavagem de Dinheiro e ao Financiamento do Terrorismo"	Intranet



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6. Glossary

Prevention

"Prepare someone, someone or something to avoid something; prevent it from being perceived; anticipating unwanted information or consequences; alert about something; warn" (adapted from the Aurelio B Holanda Dictionary).

Money Laundering – Legal Definition

Hide or conceal the nature, source, localization, disposal, movement or propriety of goods, rights or values derivated from criminal offences, direct or indirectly (as reflected in article 1º of the Law 9.613/1998).

Combatting Terrorist Financing

Terrorist financing refers to activities that provides financing or financial support to individual terrorists or terrorist groups.

7. Questions

Departament	Contact
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