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## **POLICY OF MONEY LAUNDRY PREVENTION AND COMBATING THE FINANCING OF TERRORISM AND REGISTRATION**

### **1. PURPOSE**

Establish the main guidelines and measures implemented by Bexs Group towards the prevention on the use of its integrating institutions, Clients, Employees, Suppliers, outsource service Providers and Correspondents for the activities related to the crimes of money laundering and financing of terrorism ("**ML/FT**") and, thereby, mitigate risks of operations that identify signs of the abovementioned crimes ("**Policy**").

### **2. COVERAGE**

The guidelines of this Policy cover the institutions that integrate Bexs Group and its Employees. Also, extends to Clients, Suppliers, Partners, Outsource Service Providers and Correspondents in the country and abroad, which maintain relationships with Bexs Group.

### **3. REFERENCES**

Main regulations: (a) Law No. 9613, of March 3, 1998, with amendments; (b) Central Bank of Brazil Circular No. 3430, of February 11, 2010; (c) National Monetary Council Resolution No. 3954, of February 24, 2011; (d) Law No. 13260, of March 16, 2016 (regulates norms about terrorism); (e) Central Bank of Brazil Circular No. 3978, of January 23, 2020; (f) Central Bank of Brazil Circular No. 4001, of January 29, 2020; (g) Central Bank of Brazil Resolution No. 44, of November 24, 2020.

### **4. DEFINITIONS**

**a) Money Laundering:** describes several procedures through which is possible to conceal and disguise the "identity", "property" and "source" of the money unlawfully acquired, intending to make the source seems lawful. All the institutions that are part of the financial system may, unwittingly, be used as intermediary parties in ML/FT process.

**b) Risk Based Approach (RBA):** in accordance with Circular No. 3.978/2020 and the Financial Action Task Force on Money Laundering ("**FATF**"), RBA composes part of the Anti-Money Laundering and Combating the Financing of Terrorism procedures ("**AML/CFT**") in which procedures and control are adopted according to the risk rating of each client, product and service.

**c) Special Attention:** classification given to certain Clients, Partners, Correspondents

and/or Suppliers due to: (i) performance in high-risk activities; (ii) performance in operations with a high-risk nature; or (iii) lack of identification of the ultimate beneficial owner.

**d) Politically Exposed Person (PEP):** public servants that perform or had performed in Brazil or other countries, territories and foreign dependencies, positions, employment or relevant public functions. This qualification is addressed for five (5) years after the public servant leaves office, as well as its representatives, family members, second-degree relatives, spouse, partner, stepson (stepdaughter) and other close related people, as established in applicable legislation.

**e) "Tax Havens":** countries with favored taxation and privileged tax treatments, such as those jurisdictions listed in applicable legislation. The complete list of Tax Havens must be regularly consulted at the Federal Revenue Office of Brazil.

**f) Improving Countries:** countries or jurisdictions that require intense monitoring by FATF (Financial Action Task Force) while facing its strategical weaknesses on AML/CTF procedures and, also, financing the spread of weapons of mass destruction;

**g) Sanctioned Countries:** countries penalized with economic sanctions as listed by Office of Foreign Assets Control (OFAC), identified by commercial restrictions and prohibitions, such as Cuba, Venezuela, Iran, North Korea;

**h) Council for Financial Activities Control ("COAF"):** Brazilian Financial Intelligence Unit bound to the Central Bank of Brazil ("BCB"), has technical and operational autonomy and its activities aims to confront ML/FT practices;

**i) Ultimate Beneficial Owner:** individual that holds, directly or indirectly, (i) corporate interest in the structure of a legal entity and (ii) decision-making power, with key role in final decisions. The Ultimate Beneficial Owner also comprises the representative, including the attorney-in-fact and the representative, who exercises control in fact over the activities of the legal entity.

## **5. GUIDELINES**

Bexs Group enforces all the principles and guidelines recommended by regulations in order to avoid the use of its products and services to be an auxiliary to ML/FT practices.

### **5.1. Know Your Client – KYC**

Every Client operating with Bexs Group provides a range of mandatory data compatible to its ML/FT risk classification and in accordance with Circular No. 3978/2020, as well as analyze at the beginning of the relationship and further revisited from time to time according to their ML/FT risk classification:

### **5.2. Know Your Employee – KYE**

Bexs Group is liable to know your Employees, by follow up procedure of reputational and behavioral aspects and corresponding operational results, in order to prevent ML/FT crimes, to whom, in case of any evidence, carry out the report to the Compliance Department of Bexs Group.

### **5.3. Know Your Supplier – KYS**

Prior to the beginning of the relationship with a potential Supplier, the area in charge for negotiation must submit the duly documentation for analysis by Compliance Department, as well as following the procedures described therein, so that the researches concerning AML/CFT procedures can be carried out.

### **5.4. Know Your Partner – KYP**

Prior to the beginning of the relationship with a potential Partner or Correspondent, the Compliance Department must carry out: (i) prior analysis of the documentation provided; (ii) evaluation of the KYP form; and (iii) analysis of the Anti-Money Laundering (AML) form, according to the procedure provided in the AML/CFT Manual.

## **6. REGISTRATION**

The control of management and mitigation of ML/FT risk begin at the Onboarding of the Clients, Employees, Suppliers, Partners, Outsource Service Providers and Correspondents, and is crucial the adoption of the appropriate procedure as a toll to prevent ML/FT.

Therefore, the procedures carried by Bexs Group are compliant with the Players' risk profiles, embracing strict measures for each risk classification, according to the Internal Risk Assessment (IRA), this Policy and other internal documents of Bexs Group.

## **7. FORBIDDEN ACTIVITIES**

Bexs Group is entitled to do not accept Clients of some activity fields, classified "**Forbidden Activities**", such as: (i) casinos, gambling and similar businesses; (ii) shell banks; (iii) on-regulated charities; (iv) adult content, pornography and sex-related products or services; (v) Products trade, substances and activities that are considered illegal under local law and conventions, regulations or international agreements.

Regarding socio-environmental impacts, Bexs Group must carry out prior researches in order to ascertain whether the potential Client is involved in socio-environmental violation, inquiry, lawsuit or media concerning socio-environmental.

## **8. MONITORING**

Bexs Group adopts rules and procedures for monitoring, taking into account the RBA and the Lines of Defense model, as well as the integrated management with the other risks to which it is submitted, in order to identify uncommon operations, to prevent conducting business with unfaithful counterparties, that may characterize the existence of signs of ML/FT or that may damage the reputation of Bexs Group, liable to communication to COAF.

For each ML/FT risk category, rules and parameters are created according to each scenario and profile described in AML/CFT Manual. The description of the monitoring rules is provided in a particular document.

## **9. COMMUNICATION TO COAF**

### **Decision-making Process for Assessing Atypical Operations in AML/CFT Department**

The following proposals or operations might cause signs of ML/FT practices arising from: (i) parties involved; (ii) amounts traded; (iii) uncommon conducting procedures; (iv) lack of economic ground; (v) mislead of mechanisms for identification, control and registration.

However, communication to COAF can also originate from:

- a) prior analysis of prospects and/or proposals of operations;
- b) the analysis of alerts during monitoring of operations.

Identified signs of evidence for crimes provided in Law No. 9613/1998, Bexs Group proceeds with communication to COAF according to the applicable legislation.

## **10. OTHER COMMUNICATION**

In accordance with the applicable legislation, Bexs Group shall immediately communicate the competent authorities the unavailability of assets and attempts to transfer concerning individuals, companies or entities under investigation or accused for terrorism, sanctioned by decision of the United Nations Security Council or determination of sanction committees, under provisions of article 11 of Law No. 13810/2019.

## **11. EVALUATION OF THE INTERNAL EFFECTIVENESS**

The evaluation of the effectiveness of this Policy, the procedures and internal controls presented in AML/CFT Manual, must be documented in a specific report, annually prepared, on the base date of December 31<sup>th</sup>, which shall be to the Executive Board of Bexs Group for awareness up to March 31<sup>th</sup> of the following year.

## **12. INSTITUCIONAL TRAINING**

Bexs Group applies an annual specific training program for qualification of its employees to promote AML/CFT culture, with support of top management.

The training is applied through face-to-face, distance (e-learning), teleconferencing, audio conferencing, releases or publications, using clear and accessible language, as well as others means that may be made available by Bexs Group, resulting in a certificate of attendance and conclusion to the Employees.

## **13. LINES OF DEFENSE**

The engagement of Bexs Group in Compliance activities, establishing the appropriate distribution of functions and independence of each Department, can be achieved through the adoption of a Lines of Defense model, as follows:

### **13.1. 1<sup>st</sup> Lines of Defense: Business and Operational Activities**

The managers of Business, Support and Operational Departments are primarily responsible for identifying, evaluating, treating, controlling and informing the risks related to other departments, aligned to the internal guidelines, regulations, policies and applicable procedures.

### **13.2. 2<sup>nd</sup> Line of Defense: Compliance Activities, Internal Control and Risk Management**

These corporate units are independent from the management of the 1<sup>st</sup> Line of Defense and act as facilitators in implementing effective practices of risk management and methodology for internal controls and compliance, as well as providing support to the business and operational departments in an advisory manner.

### **13.3. 3<sup>rd</sup> Line of Defense: Internal Audit**

The Internal Audit Department has the role of providing comprehensive, independent and objective assessments to governance bodies and top management regarding the institution's risks. The independence of the performance of this line allows the systematical review of the effectiveness of the first two (2) Lines of Defense, contributing to its improvement

Lastly, the responsibilities of the departments involved in the Lines of Defense above are defined in internal documents of the Bexs Group.

## **14. MAINTENANCE OF THIS DOCUMENT**

This Policy is updated in accordance with the guidelines of the Bexs Group and the regulatory bodies to which it is subject.