

Compliance Policy



Duration: from 10/08/2019.

COMPLIANCE POLICY

Approved by the Board on 10/08/2019.

GOAL

Promote conditions to ensure compliance with external and internal standards, as well as compliance risk management, in order to strengthen the corporate governance and reputation of the ORGANIZATION.

DEFINITIONS

Uninterrupted access - access that occurs in service with 24x7 availability (twenty four hours on seven days a week);

Compliance activities - comprises actions established to ensure compliance with external legislation and standardization of operation;

Monitoring activities - comprises ongoing and independent evaluations used to verify the effectiveness of compliance activities;

Risk assessment - involves a dynamic and interactive process to identify and assess risks that may affect the achievement of objectives, taking into account established risk tolerance and providing the basis for determining how risks will be managed;

Continuous assessments - performed on business processes at different levels of the ORGANIZATION to provide timely information regarding rule breaking, inefficiencies or violations;

Independent assessments - conducted periodically to verify the effectiveness of ongoing compliance risk assessments;

Compliance - English term that means to fulfill, execute, satisfy, accomplish something imposed. It is the duty to comply, to comply, and to enforce internal and external regulations and standards;

Organizational compliance culture - awareness of each employee and manager about the importance of compliance for achieving goals and as an intrinsic part of the business;

Spontaneous compliance with all procedures and compliance rules and adoption of preventive attitudes aimed at continuous improvement in the execution of the activities under their responsibility;

Serious nature - occurrence of irregularity that exposes the ORGANIZATION to reputational risk;

Normative - set of rules and procedures related to a product, activity, service or subject to be observed by the employees of the ORGANIZATION in the exercise of their duties;

Stakeholders - Government, Society, Customers, Employees, Partners and Suppliers, ORGANIZATION's governing bodies,

Risk - possibility of an event occurring and adversely affecting the achievement of objectives;

Compliance risk - risk of legal or regulatory sanctions, financial losses or reputational losses that may impact a financial institution's results due to non-compliance (non-compliance) with laws, regulations, codes of conduct and standards ;

Segregation of duties - separation of duties of authorization, execution, control and accounting of operations, in order to avoid conflict of interest;

Risk tolerance - acceptable level of variation in achieving a given objective.

PRINCIPLES AND GUIDELINES

1st PRINCIPLE: ETHICS AND INTEGRITY

All employees and officers of the ORGANIZATION comply with the Code of Ethics and Code of Conduct in their performance and conduct their activities with integrity.

GUIDELINES

Compliance Policy



High ethical standards of conduct and integrity are promoted by the ORGANIZATION's officers and employees. The compliance culture that favors compliance with laws, rules and standards is disseminated. The risk culture that favors compliance with laws, rules and standards is widespread.

2nd PRINCIPLE: INDEPENDENCE

The compliance function is independent of business activities and the unit performing the internal audit activity so that conflicts of interest are eliminated by segregation of duties.

GUIDELINES

A permanent structure for compliance risk management is established, as well as its responsibilities clearly and formally defined.

Sufficient resources are guaranteed to conduct the activities, respecting the annual budget forecast, including access to information necessary to fulfill its responsibilities.

3rd PRINCIPLE: COMPLIANCE PROGRAM

The compliance program consists of activities established in order to ensure adherence and compliance with external and internal standards and standardization of activities, products and services.

PREMISES

All ORGANIZATION officers and employees comply with external and internal standards.

Managers of products, services and activities accompany the regulatory bodies of their affairs with the publication of external standards so that they can anticipate the impacts on the ORGANIZATION and ensure compliance with regulatory requirements before or until the effective date of the standard.

The commitment to compliance is demonstrated by the attitudes and decisions of the leaders, who serve as an example for the entire ORGANIZATION.

The ORGANIZATION provides favorable conditions for compliance with rules, regulations and codes.

Compliance is part of the ORGANIZATION's daily operations and activities.

GUIDELINES

Compliance activities are implemented to ensure timely management of the applicability of laws, rules and regulations.

Determinations of external standards that impact on ORGANIZATION activities are evaluated so that they can be reflected in the systems, standards or procedures to be complied with by ORGANIZATION employees.

Any and all rules, guidelines or procedures are contained in regulations provided that they aim at:

Minimize risk exposure;

Ensure compliance with external and internal standards of products, activities or services, including in pilot form;

Standardize the operationalization;

Ensure favorable conditions for the transfer of knowledge and preservation of the intellectual capital of the ORGANIZATION;

Avoid discontinuity and incorrect execution of activities, preserving the ORGANIZATION of financial and institutional losses.

The norms are written with clarity, objectivity, completeness and applicability.

4th PRINCIPLE: COMPLIANCE ENVIRONMENT ASSESSMENT

The compliance function identifies, documents and assesses compliance risks associated with ORGANIZATION, including the development of new products and services and the relationship with customers.

GUIDELINES

Identification and proactive assessment of compliance risks associated with the activities of the ORGANIZATION are performed.

Adherence of internal procedures and standards to external standards is assessed and, in case of deficiencies, the responsible area should immediately take the necessary measures to ensure adequacy.

Compliance Policy



Losses related to compliance risk are measured and reported in conjunction with Operational Risk.

Compliance risk events include money laundering and breach of information security crimes.

5th PRINCIPLE: COMMUNICATION CHANNEL

The communication channel gives employees access to reliable, timely and understandable information deemed relevant to their tasks and responsibilities.

GUIDELINES

The ORGANIZATION assures its employees the existence of a communication channel, according to the employee's corresponding level of performance.

External standards and regulations are evaluated and disseminated through the communication channel in the form of normative, timely, quality and appropriate to the characteristics of each distribution channel, so that they can be met.

All employees have permanent access to the communication channel for reading the regulations according to their corresponding level of performance and degree of confidentiality, and cannot claim ignorance to disclaim responsibility.

6th PRINCIPLE: MONITORING AND REPORTING

The monitoring of compliance activities aims to identify relevant and serious occurrences, which should be reported to senior management.

GUIDELINES

Compliance risk is monitored through testing, with regular reports to senior management.

Compliance deficiencies should be assessed and communicated in a timely manner by all employees to enable corrective action by those responsible, including senior management, as appropriate.

Compliance activities are subject to periodic evaluation by Internal and External Audits.

Hortolandia, October 08, 2019.

Fabio Passarella - Director

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