



**INSTITUTIONAL POLICY ON INTERNAL CONTROLS
AND COMPLIANCE**

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Version History

1st Version - Original Version - approved on 01/10/2022.

2nd Version - Periodic update, approved on 04/01/2023.

3rd Version - Change of the bank's corporate name to Braza bank S.A. Banco de Câmbio, considering the approval by the competent regulatory bodies, approved on 04/04/2023.

Normative Base

This document comprises, among others, guidance on Internal Controls and Compliance. In this sense, the legal basis for implementing and implementing this institutional policy as well as its procedures is based, but not restricted, to the following laws/regulations:

- CMN Resolution No. 4,595, dated 08/28/2017.
- CMN Resolution No. 4,968, dated 11/25/2021.

Introduction: Concepts

Concept of Internal Control Systems

They are systems developed to provide reasonable assurance to the Institution's management regarding the achievement of operational efficiency and effectiveness objectives; reliable publication and disclosure of financial, operational and managerial information; and compliance with current and applicable regulations, as well as internal rules and signed agreements, when and if they exist.

The internal control systems must be compatible with the nature, size, complexity, structure and risk profile of the Institution.

Compliance Concept

It is the duty to comply with and enforce compliance with internal and external laws and regulations applicable to the Institution's activities, as well as the principles of integrity and ethical conduct, through the implementation, execution and disclosure of rules, appropriate organizational structures, in addition to the assignment of specific responsibilities to comply with the provisions of this Policy.

The Compliance Policy must be compatible with the nature, size, complexity, structure and risk profile of the Institution.

Term and Periodicity of Review

This document enters into force on the date of its approval and will be reviewed once every two (02) years or whenever necessary, according to relevance or when significant changes occur in current laws and regulations, or in the nature, size, complexity, structure or risk profile of the Institution or its clients, ensuring its adequacy to them. The revisions and changes will be approved by the Board of Braza Bank in Minutes, which will be available for consultation by regulatory/supervisory bodies, as well as internal and external auditors.

Objectives, Establishment and Management

The purpose of this document is to establish the principles and guidelines of corporate conduct that help in the consistent and sustainable growth of the organization, mitigating possible risks inherent to the business. In this sense, the internal control and compliance systems were created to certify Braza Bank's adherence to the laws and regulations in force, as well as ensure that the strategies outlined by management are achieved.

This Policy applies to all employees, direct or indirect at all levels, branches (if any), banking and/or foreign exchange correspondents, partners, relevant service providers and employees of Braza Bank, and must receive wide internal disclosure.

General Scope and Specific Objectives

General Scope

- Braza Bank will maintain an Internal Controls and Compliance structure that is adequate and consistent with the nature, size, complexity and risk of its

business; with a sufficient number of people, trained and with the necessary experience to carry out the activities;

- Braza Bank is also committed to allocating the necessary resources for the proper performance of activities related to the Internal Controls and Compliance functions, its free access to the information necessary for the proper performance of its activities and acting independently of the internal audit function;
- The Internal Controls and Compliance area will act independently and impartially, with adequate authority and in a timely manner, with free access to the necessary information, reporting directly to the Board of Braza Bank on the results of its activities;
- The Internal Controls and Compliance department will issue reports for consideration by the Executive Board, on an annual basis, containing, but not limited to:
 - assessment of the adequacy and effectiveness of the Internal Controls and Compliance systems;
 - recommendations regarding any deficiencies in the Internal Controls and Compliance systems, with the establishment of a sanitation schedule, when and if necessary; and
 - The statement of those responsible regarding the deficiencies found in previous verifications and their corrective measures.

- The report referred to in item IV will be submitted to the Executive Board, as well as to the institution's internal and external audits and will remain at the disposal of the Central Bank of Brazil for a period of five (5) years.

Specific Objectives of the Internal Controls function

- Permanent, effective and timely conduct in compliance with the rules, policies and regulations in force, at all levels of business, aiming to avoid fraud, errors, inefficiencies, possible conflicts of interest and due control of any risks to which the Institution is exposed;
- Efficient conduct of business and decision-making, ensuring that financial and managerial resources and relevant information are used accurately and securely, preventing misuse or fraud;
- Prevention and detection of fraud, money laundering and terrorist financing or any other illegal acts or that may cause damage to the Institution's image and reputation;
- Ensure that the financial statements are accurate, complete and reported within the legal deadline, with transparency in the recording of all transactions;
- Disseminate the culture of Internal Controls and Compliance as an integral part of the daily activities of all areas of the Bank, communicating to all employees and other interested parties the content of this Policy and the Code of Ethics and Conduct, in addition to specific training, when and if applicable;
- Coordinating Internal Control activities with the Risk Management functions and Internal Audit;

- Test, evaluate and monitor Braza Bank's adherence to the legal and infra-legal framework, the recommendations of supervisory bodies, the Code of Ethics and Conduct and other obligations established in internal regulations.

Specific Objectives of the Compliance function

- Compliance with the legal and regulatory provisions applicable to Braza Bank's activities, including, but not limited to, the Prevention of Money Laundering and Terrorism Financing, Anti-Corruption, the Code of Ethics and Conduct, as well as internal rules;
- Division of responsibilities, with due management of possible conflicts of interest, mainly in the business areas;
- Support for training activities at Braza Bank;
- Preventive assessment on the Compliance of processes, products and structures and subsequently, continuous verification of their effectiveness, efficacy and suitability;
- Coordination of Compliance activities with Risk Management functions and Internal Audit, and
- Carry out the control to meet the deadline for responses of all letters addressed to Braza Bank by regulatory and self-regulatory bodies.

Structure and Responsibilities

It is the responsibility of all employees (at all levels), branches (if any), employees, banking and/or foreign exchange correspondents, relevant service

providers and partners to conduct their daily activities with honesty, ethics and integrity.

Executive Board

- Indicate the officer responsible for implementing and complying with the provisions of CMN Resolution 4,595/201;
- Indicate the officer responsible for implementing and complying with the provisions of CMN Resolution 4,968/2021, in its Article 10;
- Review and approve the rules and guidelines of the Institutional Internal Controls and Compliance Policy, as well as its subsequent amendments and updates;
- Ensure that the Institutional Policy on Internal Controls and Compliance is in line with applicable laws and regulations;
- Promote the disclosure and adherence of the Institutional Policy on Internal Controls and Compliance throughout the Braza Bank organizational structure;
- Approve the rules, measures and guidelines, of a corporate and regulatory nature, when and if any, related to Internal Controls and Compliance;
- Submit to the Board of Internal Controls and Compliance proposals for adoption or changes to policies applicable to the topic;
- Monitor the effectiveness of activities and actions related to Internal Controls and Compliance, with the establishment of direct access channels for communication between the Executive Board and related areas;

- Be aware of the attributions of all operational areas directly affected by the Internal Controls and Compliance rules, with the designation of the related responsibilities;
- Ensure the maintenance of an adequate organizational structure in terms of the number of people with technical knowledge, authority, independence and free access to the information necessary to guarantee the quality and effectiveness of the Internal Control and Compliance systems and processes; and
- Ensure adequate and sufficient resources to carry out activities related to the Internal Controls and Compliance systems, independently, objectively and effectively.

Board responsible for Internal Controls and Compliance

- Respond to Bacen for the implementation and compliance with this Policy, as well as for the necessary communications to Organs competent bodies;
- Appreciate the reports and communications issued by Organs regulatory and self-regulatory bodies, the internal audit and the external audit, determining the actions and measures necessary to meet the demands;
- Comply with the determinations of regulatory bodies to act in this Policy;
- Document and approve the Internal Risk Assessment and its due referral to the Executive;
- Monitor the Institution's adherence assessment tests;
- Approve internal manuals and procedures that ensure adherence to Braza Bank guidelines and policies; and

- Provide support to the Executive Board regarding compliance with and adherence to the Institutional Policy for Internal Controls and Compliance with infra-legal regulations, the recommendations of supervisory bodies and, when applicable, the Codes of Ethics and Conduct, keeping them informed of relevant updates regarding to the items mentioned.

Management of Internal Controls and Compliance

- Monitor and identify any and all regulations applicable to the business environment in which Braza Bank operates, as well as monitor their implementation;
- Monitor the correct and timely implementation of the new standards by the areas;
- Evaluate through adherence tests or self-assessment results of the areas to ensure that rules, procedures, controls and records in force are working properly to prevent and mitigate risks of using the institution as a vehicle for crimes or illicit acts of any nature;
- Assist in the information and training of all employees and relevant service providers, in matters related to Internal Controls and Compliance, contributing to the dissemination of this culture;
- Plan and ensure compliance with periodic training programs for employees and, when applicable, foreign exchange correspondents.
- Act and monitor the implementation of the action plans presented to meet legal requirements and improve internal processes.
- Act in the guidance and awareness of the prevention of activities and conduct that may cause image risks, sanctions or financial losses to Braza Bank;

- Review and, when necessary, update manuals and submit proposals to change internal policies so that they are in compliance with legislation, rules, regulations and internal policies dealing with Compliance;
- Meet and monitor internal and external audits and inspections related to the compliance area, according to the proposed schedule;
- Systematically and timely report the results of activities related to the Internal Controls and Compliance function to specific Boards; and
- Prepare a report containing the summary of the results of the activities related to the Internal Controls and Compliance function, containing the conclusions, recommendations and measures taken by the Board.

Other Areas

- Be aware of their responsibilities in the daily conduct of their functions and activities in accordance with the provisions of the Code of Ethics and Conduct;
- Participate in all mandatory training and also those specific to your area of expertise;
- Communicate in a timely manner to your Supervisor, who may report directly to the Internal Controls Board and/or Compliance Board, about any deficiencies or suggestions for improvements in controls and processes related to Internal Controls and Compliance Systems, enabling corrective actions to be taken by those responsible, and
- All employees are responsible for informing the Internal Controls and Compliance area of any suspected cases of illegal activities, bad faith conduct, violations of

rules, policies and internal procedures, safeguarding the confidentiality of the source.

Confidentiality of Information

All information related to customer data or privileged information is confidential and should not, under any circumstances, be made available to third parties.

Applicable Exceptions and Sanctions

For cases of exception to compliance with the rules provided for in this Policy, the applicant must submit an exception request to the Braza Bank Internal Controls and Compliance Department, clearly explaining the reasons that justify it, and the request must be approved in writing by the Officer.

Expected Sanctions

Failure to comply with legal and regulatory provisions subjects employees to sanctions ranging from administrative to criminal penalties, for Money Laundering and Terrorism Financing. Negligence and voluntary failure are considered noncompliance with this Policy and the Code of Ethics and Conduct, subject to the application of disciplinary measures provided for in internal regulations.