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**Policy****Date of last updating**

KNOW YOUR CLIENT

02.03.2016

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**1. Purpose:**

The purpose of this Policy is to establish principles to reduce the risks of your products and services for the crimes of Money Laundering and Financing to Terrorism - "LD/FT", Social Environmental Responsibility, some foreign laws and, accordingly protect BI&P, Management, Shareholders, Employees and Clients.

The main objectives are:

- Establish responsibilities in the obtaining of information and register of the proper client's knowledge, of his income source, origin and destination of his resources;
- Establish responsibilities for monitoring the transactions carried out by the clients, identification of abnormal, atypical situations or which present signs of direct or indirect relationship with money laundering crimes;
- Establish responsibilities for the communication of transactions or proposals to the regulatory agencies, by subjective or objective criteria; and
- Comply with the legislation and applicable rules in "LD/FT" Prevention.

It aims further to institute the evaluation of the client's profile "*Suitability*", as an integrant part of the process of customer's knowledge, adopting process to collect the investors' information that allows the proper assessment of the investor financial condition, his experience with investment matters and his investment objective, enabling the definition of one profile for each client that permits the verification of the adequacy of the clients' investment objective.

**2. The Client:**

Regardless of being or not an account holder, the client should be understood as any individual or legal entity which has a relationship with BI&P, even sporadically.

The client may be classified as PERMANENT or OCCASIONAL, taking into account the peculiarities of the relationship with BI&P.

An occasional client is the one who does not hold an account with the financial institution, but sporadically conducts a financial transaction or uses the financial service of the institution. The permanent clients are those who keep a frequent relationship with the institution, including the maintenance of his file data in updated files.

The client may be classified as PEP – Politically Exposed Person, those individuals who, in the last 05 years, occupy or occupied public positions such as government employee, executive officers of governmental companies, political positions such as: president, governors, mayors, deputies, senators and others, or PEP Related which are the 1st relatives or people of close relationship.

In relation to Cayman Branch: Once the client is identified PEP, will be kept permanently in our Special attention List.

The Policy “Know Your Client” is guided to the expectation that BI&P professionals – responsible for knowing the client, accepting or rejecting his transactions or services proposals, monitoring the activity in his accounts and identifying atypical situations – have a broad knowledge of the client identity and business, and conduct this relationship in accordance with the highest ethical and professional standards, so as to preserve the legitimacy and legality of business and transactions.

If the client is part of a certain economy segment or has a certain occupation or activity, considered of higher potential risk to “LD/FT”, does not make of him a suspect individual and he cannot be treated in a discriminatory manner either.

### **3. Roles and Responsibilities:**

#### **3.1. Board of Directors and Executive Board**

- Review and approve the policy annually.

#### **3.2. Compliance Committee**

- Review the policy annually and submit it to the Executive Board and Board of Directors approval;
- Assure the means for the compliance, by BI&P, with the legislation and supplementary rules related to “LD/FT” prevention;
- Establish the institutional guidelines that assure the compliance with the legislation, supplementary regulation, internal policies and procedures, appoint managers and establish their responsibilities;
- Advise on the pertinence of communication of proposals, transactions and/or situations with signs of being, directly or indirectly, related to “LD/FT” crimes, typified in Law 9.613/98;
- Recommend to the commercial area especial attention on the establishment or maintenance of account or business relationship with PEP or with client suspect of involvement in “LD/FT”.

#### **3.3. Compliance Area**

- Submit this Policy to the Compliance Committee approval;
- Implement and monitor the fulfillment of this policy;
- Assure the compliance of products and services with the applicable legislation and supplementary regulation, as well as with the instituted Policies;
- Disseminate the internal policies, legislation, rules and procedures, prepare and conduct employees’ training and consciousness raising program;
- Inform, the Compliance Committee members, on suspect situations, to take resolution, on the pertinence of communicating or not to regulatory agencies;
- Keep records of the analyzed cases, as well as of the decision of filing or communication to regulatory agencies;
- Promote the communication to COAF of proposal or transactions that meet the purposes criteria established in regulation, as the transactions in kind;
- Periodically review the procedures and controls of “LD/FT” Prevention;
- Watch the control and verification lists updating, among them PEP, internal restrictions, delinquent contractors and others;

- Interact with the regulatory agencies;
- Monitor the activities in the clients' accounts, aiming to detect abnormal or atypical transactions and/or situations.

### **3.4. Internal Audit**

- It is responsible for the analysis of the procedures performed, checking of compliance with the legislations, supplementary regulation, policies, guidelines and internal procedures established for LD/FT" Prevention;
- Contemplate in its work the evaluation of the involved areas, with preparation of the related Internal Audit Report, which will be available for the regulatory authorities.

### **3.5. Other areas**

- Assure the compliance of the areas procedures with the recommendations of policies and procedures approved by the Compliance Committee on the matter "LD/FT" prevention;
- Together with the Compliance Area, establish procedures, criteria, methodology and comprehensiveness of the annual verification tests, that assure the adequacy of the clients file data; safekeeping of the information of financial transactions and/or services rendered;
- Promote the employees participation in training events, so as to permit a proper orientation on their duties and responsibilities in relation to "Know the Client" and to "LD/FT" prevention.

### **3.6. Training area**

- Adopt procedures to make the employees' training program feasible, so as to permit a proper orientation on their duties and responsibilities in the "LD/FT" Prevention.

### **3.7. Commercial**

- Responsible for knowing the client and adopting procedures for "LD/FT" Prevention that are in conformity with the applicable legislation and supplementary rules, as well as with the Policy of Prevention to "LD/FT" and other established procedures;
- Watch over the PPE clients to be duly identified, including their first relatives and persons of close relationship;
- Check and attest the authenticity of the documents and information provided by the client, as well as the signatures included in the File Form and in the Signatures Card;
- Know and interview the individual client, visit the legal entity client and maintain evidences and records of his observations;
- Formally justify the alerts and promptly answer the clarification requests related to the clients and to their transactions.

### **3.8. All employees**

- Communicate to the immediate superior and to the Compliance Area any proposal, transaction or situation of which they are aware and which, due to their characteristics, amount, form, origin, destination, or involved persons, present signs of direct or indirect relationship with "LD/FT";
- Adopt procedures that enable the accurate compliance with the applicable legislation and external regulation, as well as with the Policies and internal rules established;

- Participate of training programs available by BI&P, that enables to:
  - a. Know the applicable legislation and supplementary rules for the Prevention and Fight to “LD/FT”;
  - b. Identify transactions, proposals or situations considered abnormal, atypical or suspicious;
  - c. Know the best practices in order to properly apply the policy “Know Your Client”; and
  - d. Identify the attempts to deceive the internal controls and effective regulations, applicable to “LD” prevention.
- Keep absolute secrecy of all and any information of a client, his proposals, transactions and/or communications made to the regulatory agencies.

#### **4. Exceptions:**

- The beginning and/or maintenance of relationship with clients, listed below, will only be accepted with the Executive Board authorization:
  - a. Companies (related partners and executive officers) related to commercial activities whose changes in resources in kind are significant;
  - b. Companies (related partners and executive officers) merchants of antiquities or art, jewels, precious stones and design articles;
  - c. Religious organization, political parties, nongovernmental organizations and respective managers;
  - d. Persons related to the manufacture or distribution of weapons;
  - e. Duly authorized gambling entities.
- The beginning and/or maintenance of relationship with PEP clients will be decided through individual analysis, by the Compliance area together with BI&P Executive Board.

#### **5. Suitability**

##### **5.1. Concept**

Suitability means adequacy, compatibility.

It is designated to support the Commercial Manager (Bank) or Investment Advisor (Broker) on the recommendation of a certain product to the investor, which should take into account this client profile, however, it is the investor client himself who informs the institution about the income, financial condition, objective of the investment and previous experience with investments.

##### **5.2. Investor Profile**

It is the Manager/Advisor responsibility and avaluation to request the completion of the client profile form, which will permit to establish the client investment profile, according to previously defined uniform criteria of the Institution, considering, at least, the transactions made, the economic financial condition, investment objectives, tolerance to risk, knowledge and experience of the client.

In order to minimize the investment risk it is necessary that the client is well informed and know the product in which he intends to invest.

It is important to analyze the client characteristics, such as age, profession, income, objectives of investment, cash flow estimate, i.e., whether the client needs the resources in the short, medium or long term.

This provides a more accurate guideline on the investment.

#### **6. Related Regulation:**

Law 9,613 of March 3<sup>rd</sup>, 1998 with the updates of Law 12.683 of July 9<sup>th</sup>, 2012.

BC Circular Letter 3.461, of July 24<sup>th</sup>, 2009.

CVM Instruction 505, of September 11<sup>th</sup>, 2011.

CVM Instruction 539, of November 11<sup>th</sup>, 2013.

ANBIMA Code of Regulation and Best Practices.

and other related rules.

This policy was approved by the Board of Directors and the Executive Board on 03.10.2016