



**POLICY OF PREVENTION
AND FIGHTING MONEY
LAUNDERING,
CORRUPTION, TERRORISM
FINANCING AND
CONCEALMENT OF
PROPERTY, RIGHTS AND
VALUES**

**SG Brasil Gestora de
Investimentos (Asset
Management) Brasil Ltda.**

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1 INTRODUCTION

This Policy of Prevention and Fighting Money Laundering, Corruption, Terrorism Financing and Concealment of Property, Rights and Values ("**Policy**") is applicable to **SIGULER GUFF GESTORA DE INVESTIMENTOS (ASSET MANAGEMENT) BRASIL LTDA. ("SG Brasil")** and aims to promote the adjustment of transaction activities with standards regarding crimes of money laundering, corruption and terrorism financing.

The knowledge, understanding and pursuit to prevent and to detect transactions or operations that have atypical characteristics in order to fight crimes of money laundering, corruption, concealment of assets, rights and values and terrorism financing is a responsibility of all interns, trainees, employees, service renderers, independent agents and partners ("**Collaborators**"). The laws and regulations regarding these crimes, as well as this policy's rules shall be strictly enforced.

This Policy will identify the concepts of money laundering, corruption, terrorism financing, the steps that constitute these crime and the characteristics of persons and products which are susceptible to get involved with these crimes.

The knowledge of any evidence regarding money laundering, corruption and terrorism financing shall be reported to the Compliance Officer, who is responsible for ascertaining the reported information and, if applicable, communicate the regulatory agencies.

The Compliance Officer will be equally responsible for providing trainings for SG Brasil's Collaborators in order to promote awareness of crimes of money laundering, corruption and terrorism financing, and develop campaigns/activities to assist the detection of transactions with evidence of these crimes.

All mentions hereafter to the Compliance Officer refer specifically to the individual locally present in São Paulo who is responsible for the day-to-day oversight and enforcement of this Policy, the Code of Ethics and Practices, and other policies of SG Brasil. The Compliance Officer receives regular support from the Siguler Guff & Company ("**Siguler Guff**") Compliance and Legal team based in New York comprising of nine (9) professionals, including the Chief Compliance Officer ("**CCO**"), to whom the Compliance Officer reports. As such, the compliance responsibilities described in this Policy may be implemented by the Compliance Officer in conjunction with, or be the responsibility of, the Siguler Guff Compliance and Legal team.

SG Brasil undertakes itself, through this Policy, approved by its management, to develop and maintain procedures and an effective control for preventing and fighting the crimes of terrorism financing, corruption, money laundering and concealment of assets, rights and values, which reflect the best national and international practices for SG Brasil service renderers with their features. In addition, SG Brasil is a part of the global emerging

markets investment team of Siguler Guff, and benefits from Siguler Guff's Anti-Money Laundering and Account Opening Policy and Procedures (the "**AML Program**"). This Policy was developed to be consistent with the requirements of the AML Program.

2 DEFINITIONS

2.1 MONEY LAUNDERING

The expression "money laundering" consists of the practice of criminal activities aimed at making illegal money legal, in other words, it is a process by which illegally obtained money (from drug trafficking, terrorist activity, or other criminal activity) is funneled into financial institutions in order to give the appearance of having originated from a legitimate source.

2.2 CORRUPTION

The concept of corruption includes any act of improbity by an individual in relation to a public or state agent that has a deviation from the institutional goals, injuring the principles of administrative morality and causing illegal enrichment.

2.3 TERRORISM FINANCING

It consists in the raising of funds and/or capital to perform terrorism activities. These funds may arise from donations, various legal or illegal activities gains, such as drug trafficking, prostitution, organized crime, smuggling, extortion, kidnapping, frauds, etc.

2.4 POLITICALLY EXPOSED PERSON

Politically Exposed Persons ("**PEPs**") are individuals who are, or have been, entrusted with prominent public functions and their family members and close associates. PEPs can be either foreign PEPs defined as individuals who are or have been entrusted with prominent public functions by a foreign country, or domestic PEPs defined as individuals who are or have been entrusted domestically with prominent public functions.

3 STEPS OF THE MONEY LAUNDERING CRIME

The money laundering procedure involves three steps, which are: placement, layering, and integration.

The **Placement** step is the one in which the criminal introduces the illegally obtained money in the economic system through deposits, purchase of goods or purchase of negotiable instruments. It consists of, for example, the removal of the money obtained from an illegal location and its introduction in the financial market. SG Brasil would not be vulnerable to money laundering at this stage. If funds used by an investor to purchase an interest in a pooled investment vehicle were the proceeds of illicit activity, they would have already been "placed" in the financial system.

The **Layering** step is the one in which the agent performs a suspicious transaction which characterizes money laundering. In this step, different complex transactions are performed to disassociate the money's illegal source which can involve moving funds

around the financial system to create confusion and complicate the paper trail. SG Brasil is vulnerable to money laundering at this stage.

In the **Integration** step, the illegal resource is permanently introduced in the financial economic system. From this moment on, the money has a legal appearance. If SG Brasil receives funds that represent unlawful proceeds, it will likely be in the integration stage as it is difficult to identify illicit funds once they have been placed and layered into the financial system.

4 REGULATORY STANDARDS

Among the main disciplinary standards of the financial market regarding the prevention and fighting of money laundering and corruption crimes, it is worth mentioning:

- 4.1** Law No. 9,613/98 amended by Law No. 12,683/12 – provides rules regarding the crimes of money laundering and concealment of assets, rights and values, the prevention of using the financial system for these crimes and creates the Financial Activities Control Council (*Conselho de Controle de Atividades Financeiras – COAF*);
- 4.2** CVM Instruction No. 301/99, amended by Instructions No. 463/08, 506/11; 523/12; 534/13 and 553/14 – provides rules regarding the identification, the registration, the operations, the communication, the limits and the administrative responsibility provided by Articles 10, 11, 12 and 13 of Law No. 9,613/1998, regarding the crimes of money laundering and concealment of assets, rights and values;
- 4.3** BACEN Circular Letter No. 3,542/2012 – discloses the relation between operations and situations which may characterize evidence of the crimes provided for in Law No. 9,613/1998 and may be subject of communication to the Financial Activities Control Council;
- 4.4** BACEN Circular Letter No. 3,342/08 – provides rules regarding the communication of financial transactions which are related to terrorism and its financing;
- 4.5** BACEN Circular Letter No. 3,461/09 – provides rules regarding the procedures to be adopted in the prevention and fighting of the activities related to the crimes provided for in Law No. 9,613/98;
- 4.6** BACEN Circular Letter No. 3,430/10 – explains aspects regarding the prevention and fighting of the activities related to the crimes provided for in Law No. 9,613/1998,
- 4.7** Law No. 12,846/13 – provides rules regarding the administrative and civil liability of legal persons for the practice of acts against public, national or foreign authorities;
- 4.8** Rules issued by the Financial Activities Control Council.

5 ROLES AND LIABILITIES

5.1 OFFICER RESPONSIBLE FOR THE PREVENTION AND FIGHTING OF CRIMES OF MONEY LAUNDERING, CORRUPTION AND TERRORISM FINANCING

It is the Officer responsible for the Prevention and Fighting of Crimes of Money Laundering and Corruption's responsibility to:

- Carry out and monitor the fulfillment of this policy, other rules and updates;
- Comply with regulatory agencies' determinations to act in the prevention of money laundering and corruption and fighting terrorism financing.

5.2 COMPLIANCE OFFICER

It is the Compliance Officer's responsibility:

- To enforce and maintain the policies and standards regarding the prevention and fighting of crimes of money laundering, corruption and terrorism financing;
- To ensure compliance with the legislation, standards, regulations and internal policies that provide rules for the prevention and fighting of crimes of money laundering, corruption and terrorism financing;
- To develop and carry out tools and procedures to support the strategies and a money laundering, corruption and terrorism financing corporate prevention program;
- To interact with regulatory agencies;
- With the assistance of all SG Brasil Collaborators and the Siguler Guff Investor Relations team, to monitor, identify and record transactions performed by clients in order to minimize operational, legal and image related risks;
- To analyze and provide for communication with the Financial Activities Control Council regarding transactions or situations that can evidence the crimes of money laundering, corruption and terrorism financing, maintaining the confidentiality of the process;
- To periodically monitor the news reported in the media related to money laundering, corruption and terrorism financing and to verify the impacts on the list of active clients;
- To assist the Siguler Guff Investor Relations team in obtaining important identifying information about each investor by requiring completion of a subscription booklet or to provide such information when signing an investment management agreement;
- To previously analyze new products and services, from the perspective of prevention of money laundering and corruption;

- To train Collaborators and maintain records of the training materials; and
- To annually test the validation of the AML Program, including the Siguler Guff's "Know Your Client" procedures.

5.3 INVESTOR RELATIONS DEPARTMENT

It is the Siguler Guff Investor Relations department's responsibility:

- To fill out the "Know Your Client Memorandum of Procedures" for each investor, which will be used to assess the risks inherent in such investor
- To help in the collection of tax forms for all new investors;
- To conduct client risk assessments; and
- To maintain records and documentation with respect to (1) investor identification and background information; and (2) account activity details.

5.4 COLLABORATORS

It is the collaborators' responsibility:

- To report any proposal, transaction or situation considered unusual or suspicious to the Compliance Officer;
- To act with diligence and probity in support to the Compliance Officer as to requests regarding products, services and operations to ensure the implementation of the established parameters and controls in this Policy;
- To provide documentation requested by regulatory agencies;
- To provide documentation requested by auditors;
- To widespread the culture of prevention of crimes of money laundering, corruption and terrorism financing;
- To comply with the management's provisions to act on the prevention of money laundering and corruption and fighting terrorism financing;
- To participate in trainings regarding updates related to the prevention of money laundering and corruption and fighting terrorism financing; and
- To pay close attention to clients classified as PEPs or those identified in sanction lists.

6 PROCEDURES

6.1 POLITICALLY EXPOSED PERSONS

In accordance with CVM Instruction No. 463/08, Financial Activities Control Council Resolution No. 16/07, Circular No. 3,461/09 and BACEN Circular Letter No. 3430/10, SG Brasil and its collaborators pay close attention to the PEPs.

PEPs are individuals who are, or have been, entrusted with prominent public functions and their family members and close associates. PEPs can be either Foreign Peps defined as individuals who are or have been entrusted with prominent public functions by a foreign country, or Domestic PEPs defined as individuals who are or have been entrusted domestically with prominent public functions.

Upon registration, all clients of SG Brasil are required to declare whether they are or not a PEP. In addition, the system of prevention of money laundering used by SG Brasil face their clients' bases with a list of PEPs, drafted by the Financial Activities Control Council System. So, if a client is identified as a politically exposed person, although it is not self-declared, it is thus considered in the analysis of money laundering evidence.

All politically exposed clients are defined by the system as high risk. All Collaborators are required to bring any initial investment inquiries by PEPs to the attention of the Compliance Officer who would then be responsible for recording and monitoring any subsequent activities, such as additional investments and transactions.

6.2 "SPECIAL ATTENTION" PERSONS

In the money laundering prevention system, professional occupations and branches of activities considered as "High Risk" were defined due to the fact that they are incompatible with certain transactions in the financial market, or are more likely to intentional involvement (or not) in crimes of money laundering, corruption and terrorism financing.

It should be noted that people living in jurisdictions that are deemed high risk for money laundering and terrorism financing shall be deemed as having high susceptibility to participate in activities related to money laundering, corruption, and/or terrorism financing.

Finally, clients which are individuals or entities already involved with crimes of money laundering, corruption and terrorism financing, or which received any negative publicity, may be characterized as "suspicious." For control purposes, the Siguler Guff Investor Relations team takes steps to ensure that no subscriptions are accepted from, and no investment management agreements are signed with, a blocked entity, a business entity in a blocked country, or a blocked individual, as determined by the United States

Treasury Department's Office of Foreign Assets Control ("**OFAC**"), and that no distributions are made to a blocked entity or individual, in either case as a beneficiary, collateral owner, guarantor/co-signor, or receiving or sending party.

7 EVIDENCE OF MONEY LAUNDERING, CORRUPTION AND TERRORISM FINANCING

In accordance with the provisions of the regulation mentioned above, it is important that all Collaborators are aware of the operations that constitute evidence of money laundering, corruption and terrorism financing. Evidence of money laundering, corruption and terrorism financing operations include:

- Whose values seem objectively incompatible with the occupation and with the disclosed equity financial situation;
- Requests to send information to a new address that is suspicious or not easily recognized as belonging to the investor or in the case of entity investors is a personal address;
- Whose characteristics and/or developments show stubborn performances on behalf of others;
- That show sudden and objectively unjustified change regarding the operational modes commonly used by the involved;
- With the participation of resident persons or entities incorporated in countries that do not or insufficiently apply the financial action task force recommendations against money laundering and terrorism financing; and
- Frequent or unusual requests for a redemption without apparent motivation;

The following practices can also be constituted as money laundering evidence:

- Resistance to provide the necessary information for the account;
- Declare several bank accounts and/or regularly modify them; and
- Authorize attorney-in-fact who has no apparent ties.

Once identified, the cases of suspicion of money laundering, corruption and terrorism financing shall be reported to the Compliance Officer, who will be responsible for maintaining the report's confidentiality and for providing the proper facts' investigation.

8 IDENTIFICATION AND TREATMENT OF EVIDENCE OF MONEY LAUNDERING, CORRUPTION AND FINANCING OF TERRORISM

The Compliance Officer, along with other internal groups including Siguler Guff Operations and Investor Relations staff, is responsible for monitoring routines of operations to identify evidence of money laundering, corruption and terrorism financing. These routines aim to identify transactions with counterparty recurrence, unjustified transfers, transactions with equity incompatibility, and others.

The money laundering prevention system collects daily information regarding registration, operational and financial transactions of clients. In addition, SG Brasil also identifies whether the client:

- Is a politically exposed person;
- Made atypical changes of address or ownership of bank account or attorney-in-fact;
- Has been identified in sanction lists; and
- Resides/owns account/attorney-in-fact in border locations.

Once the event is created, it will be the Compliance Officer's responsibility to analyze the client and its operations, in order to confirm whether or not there is evidence of money laundering, corruption or terrorism financing.

Measures that can be taken are: the requirement of updating information, request for explanations to the client or to the client's business advisor, analysis against transaction's inconsistencies, filings of occurrences or communications of the identified atypical activity to the Financial Activities Control Council.

9 TRAININGS

The Compliance Officer provides trainings to all Collaborators, aimed at reviewing the concepts contained in this Policy and encouraging the adoption of appropriate measures related to the cases of suspicion of money laundering, corruption and terrorism financing.

SG Brasil requires that, at the time of the hiring and periodically thereafter, each collaborator receives training. This training aims to reinforce the importance of fighting crimes of money laundering, corruption and terrorism financing, as well as to develop activities that assist in the detection of transactions that characterize evidence of these crimes.

10 MAINTENANCE OF INFORMATION AND REGISTRATIONS

The Compliance Officer is responsible for maintaining records for a period of not less than five (5) years from the end of the relationship with the investor, the date of the execution of the relevant transaction or the date of the creation of the record.

