

IRB(Re) Integrity Guide

This material should be used as a reference by partners and service providers and aims to present the conduct guidelines and IRB(Re)'s position in combating fraud, money laundering and any suspected irregularities.

The IRB(Re) way of being

IRB(Re) adopts **transparent** guidelines and processes, **promoting ethics, transparency and fair competition** among all its commercial interactions.

Essence

Our identity

Transform business and society through knowledge.

Purpose

Reason for existing

Being the main agent to protect society's future.

Position statement

Our place

Contribute to the development of society by putting our knowledge at your service, taking risks with integrity and anticipating solutions, in close collaboration with customers, business partners and other stakeholders.

This tripod, associated with integrity and the principles of good faith and transparency, is the basis for sustainable, profitable, long-term growth, which generates added value and guides the development of the company's business and decision-making.

Pillars that guide the Business Vision¹



Note¹:

Green: Security; Trust; Collaboration; Looking to the future; Protagonism; Excellence.

Black: Against risk; Be a long-term partner; Build opportunity protect.

White: Transform business and society through knowledge

Money Laundering and Terrorist Financing (ML/TF)

Money laundering occurs when a resource of illicit origin is transformed into an apparently lawful act. Typically, illicit money comes from activities such as: **corruption, drug trafficking, tax fraud, terrorism, extortion, among others.**

The term "laundering" is used because the process is intended to transform "dirty" money into "clean" money, trying to break the link between resources and their origin. Money laundering in the financial system occurs in three stages: **Placement, Concealment and Integration.**

In **Placement**, funds obtained illicitly are inserted into the financial system, generally through the purchase of negotiable instruments, deposits or through the acquisition of goods.

Concealment is a stage in which the accounting tracking of illicit resources is made difficult. For example, assets are transferred to places where laws are more lenient, or they are used to hide the real ownership of the assets.

Integration is the final phase of the process, often interconnected or even overlapping the previous stage. The goal here is to reintegrate illicit funds into the financial system so that they appear to come from legitimate sources.

Politically Exposed Person (PEP)

These are natural persons who perform or have performed, in the last five (5) years, relevant public jobs or functions.

Terrorist Financing (TF)

Terrorist financing is the financial support for terrorist acts or individuals who encourage, plan or commit acts of terrorism.

Proliferation of weapons of mass destruction

The proliferation of weapons of mass destruction is the dissemination of nuclear, chemical and/or biological devices, which are capable of causing purposeful damage on a large scale.



With this in mind, it is important...

- To establish internal controls to identify and mitigate the risks of money laundering, terrorist financing and proliferation of weapons of mass destruction.
- Carry out reputational due diligence.
- Monitor and report suspicious financial activity.
- Keep registration information up to date and provide the necessary information to carry out effective identification and qualification.

Fraud

Fraud is an illicit or bad faith act that seeks to obtain undue advantages for oneself or third parties, generally through omissions, untruths, abuse of power, breach of trust, circumvention of rules, tampering with accounting and tax records, among other practices. It is always an intentional act and does not necessarily need to be linked to financial returns.

Fraud can be classified into two distinct categories:

Fraud of Internal Origin is that **committed intentionally with the participation of employees** through action or omission that aims to result in personal benefits (with or without financial return) or losses for the company.

Fraud of External Origin is that **committed intentionally and exclusively by external agents (e.g. customers and third parties) and without the involvement of employees**, which is intended to result.

We present below the elements of the **Fraud Pentagon**, which aims to identify the reasons that led to the occurrence of fraud by the agents involved.



Rationalization: This is when the individual formulates a morally unethical justification.



Pressure: It is what motivates crime in the first place, which can have a personal or professional origin.



Risk willingness: This is when, to decide whether to fraud or not, the individual evaluates the risks related to the action and, if there is not enough willingness to take the risk, the fraud will not happen.



Opportunity: It is what motivates crime in the first place, which can have a personal or professional origin.



Capacity: When the individual knows the Company and has decision-making power on issues that facilitate fraud.



In practice, it is essential...

- To establish solid internal controls to prevent fraud.
- To promote transparency in all operations.
- To check the veracity and legitimacy of documents provided in hiring processes.
- To provide clear and precise information.

Corruption

Corruption is the act or effect of corrupting something or someone, with the purpose of obtaining advantages over others, through means considered illegal or illicit.

We can highlight some agents present in the corruption cycle:



It is someone who offers some service or advantage to another person, for their own benefit, in an illicit way.

It is the one who accepts the illegal proposal in exchange for the service or advantage that benefits him. This individual also knows he is breaking the law.

Is the one who knows about the act of corruption, but does nothing to prevent it, favoring the corruptor and the corrupt without gaining anything in return.

According to the Brazilian Penal Code, corruption can be subdivided into different types:

Active corruption (Art. 333) is the act of offering or promising an undue advantage to a public or private agent, with the aim of influencing him to perform, omit or delay his duty.

Passive corruption (Art. 317) is the act of requesting or receiving, for oneself or for others, directly or indirectly, even outside the role or before assuming it, but because of it, an undue advantage, or accepting a promise of such an advantage.

To know: Anti-Corruption Law 12,846/2013

Law No. 12,846, called the Anti-Corruption Law, deals with the administrative and civil liability of legal entities (companies) for committing acts of corruption against the government, national or foreign, and complies with the international pact signed by Brazil. The objective is to prevent companies from acting in corruption schemes and thus prevent major losses from being caused to public coffers.

IRB(Re) is also committed to complying with United States anti-fraud and anti-corruption laws.

Some of the most common corrupt practices include **bribery, illegal gratuities, extortion, giving or receiving excessive presents, gifts and amenities.**

For IRB(Re) the following are considered:

- **Gifts:** items of modest value or without commercial value distributed as a brand souvenir and/or thank you (e.g. notebook, pen, calendar, among others).
- **Presents:** items with commercial value, received or offered, free of charge, to another individual. (e.g.: wines, baskets, box of chocolates or bonbons, panettone, cell phone accessories, among others).
- **Amenities:** concessions of discounts, costing or amenities received from or offered to another individual (ex.: congresses, fairs, training, qualification courses,

workshops, concert, theater or exhibitions tickets, air tickets, transportation, accommodation, among others).

We have established the following limits and criteria for offering or receiving gifts, presents and amenities:

Limits	Criteria
Public entities/public agents: up to R\$ 100.00 per year.	Not be offered/received during the contractual negotiation period.
Private companies: up to R\$500.00 per year.	They must not characterize as leisure or strictly personal, without relation to the employee's duties and area of activity.
	They must not be offered/received less than every 12 months;

Remembering that the existence of a conflict of interests does not, in itself, characterize corruption, but it can arise when one of the parties violates its obligation, acting in favor of other interests.

Conflict of interest occurs when different issues (professional, financial, family, political or personal) can interfere with people's judgment when carrying out their actions within organizations.



In that case...

- Before offering a gift, present or amenities, make sure that it complies with the limits and criteria of each company, and that it is not an attempt at favoritism or bribery.
- Commit to following anti-corruption laws and reporting suspicious practices.
- Report personal or business relationships that could be considered conflicting.
- Refrain from making decisions when there is a conflict of interest.

In summary, the absence of preventive and detective measures can cause consequences and harm to society, such as:



- Negatively affect the company's image and reputation.
- Generate discredit for stakeholders and the market as a whole.
- Loss of market value and fall of shares listed on the stock exchange.
- Possibility of sanctions by national and international bodies.
- Impossibility of carrying out business and services, as partner companies are increasingly demanding in relation to compliance standards.

Reporting Channel

Our Reporting Channel is also available to business partners and service providers and is intended to be a channel for recording alleged illegal acts, violations of ethical principles and Code of Conduct guidelines, policies and current legislation, for example.

The channel can be accessed through the following means:



Website

www.contatoseguro.com.br/pt/irbre

Telephone

Brazil: 0800 900 9992

Argentina: 0800 345 8149

London: 0800 069 8737

USA: 1 800 763 1384

IRB(Re) adopts anti-retaliation practices and guarantees whistleblower protection.

So let's remember...

1. What conduct is expected and encouraged by IRB(Re)?

We expect partners and providers to conduct themselves with integrity and ethics in all their interactions, which includes acting with good faith, transparency, professionalism and in compliance with our Code of Conduct and laws and regulations.

2. Why should companies adopt measures to combat money laundering, fraud and corruption?

The implementation of combat measures is essential to preserve and protect the integrity and reputation of the companies involved, avoid illicit activities, ensure the possibility of doing business and avoid possible sanctions.

3. Can IRB(Re) partners and service providers offer gifts, presents or amenities?

Offers from private companies cannot exceed R\$500.00 per year, while for public entities or agents the amounts must not exceed R\$100.00 per year. However, it is necessary to check other rules set out in the IRB(Re) Code of Conduct.

4. How to access the IRB(Re) Code of Conduct and Policies?

Just access the link: <https://ri.irbre.com/governanca-corporativa/politicas-e-codigos/>.

All normative instruments designed to guide its partners and service providers in preventing, identifying and combating illicit acts presented in this Guide are available at the link mentioned above.

5. When to use the Reporting Channel?

The Reporting Channel must be used to report suspected illegal acts, violations of ethical principles, atypical patterns of behavior, violations of policies and current legislation, as well as violations of the IRB(Re) Code of Conduct.

The commitment of **Partners and Service Providers**

We hope to establish business relationships with partners who prioritize integrity, who contribute to **sustainable**, transparent, long-term **operations** and who are committed to:

- Respect and adopt the guidelines set out in the Code of Conduct;
- Adopt standards of fair commercial practices, always acting with ethics and integrity in relationships with public entities/agents;
- Adopt measures to prevent all forms of corruption and financial crimes, such as money laundering;
- Report any suspicions of illegal acts, violations of ethical principles, atypical behavior patterns, violations of policies and current legislation, as well as violations of the IRB(Re) Code of Conduct;
- Adopt sustainable environmental practices;
- Provide a work environment that respects diversity and combats any form of discrimination, contributing to a safe and healthy work environment.

IRB(Re)'s commitment

IRB(Re) encourages the adoption of good management practices and the generation of **shared value for society**. To do this, we:

- Cooperate with control and inspection bodies, providing information and resources within legal limits;
- Promote information and training of stakeholders regarding conduct, compliance, fraud, corruption, conflict of interest, money laundering;
- We carry out the identification, qualification and monitoring processes of partners and service providers.
- We communicate in a timely and confidential manner to the Financial Activities Control Council (COAF) all situations that may present signs of ML/TF.

If you have any questions about the guidelines contained in this Guide,
please consult Compliance management

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