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ANTI-MONEY LAUNDERING AND ANTI-TERRORIST FINANCING POLICY

Understand the 3 bullets

1º PURPOSE – To establish the guidelines, responsibilities and measures adopted by Magazine Luiza to prevent the use of our activities for the purposes of money laundering, terrorist financing or corruption.
SCOPE - All executives and employees of Magazine Luiza

2º GUIDELINES

- All operations or proposed operations are monitored, in compliance with applicable laws, so as to identify any indication of money laundering, terrorist financing and corruption.
- When analyzing operations with suspected money laundering, terrorist financing and corruption activity, the company examines the instruments used, the operation method, the parties and amounts involved, the financial capacity and economic activity of the parties involved, and any indication of irregular or illegal activity involving the operations.
- Client Identification and Maintenance of Registry Information (Know Your Client)
- Identification of Politically Exposed Persons and red flag lists;
- Registration of operations;
- Monitoring of operations;
- Reporting to COAF; and
- Employee Training.
- Adoption of restrictive measures when doing business with sellers/clients/suppliers if there is any indication of activity linked to money laundering, terrorist financing or corruption

3º VIOLATION AND PENALTIES

- Penalties: In the event of violation of this Policy, Magazine Luiza may apply the appropriate disciplinary sanctions to the employee responsible for such violation, as permitted by law.

The company respects the confidential nature of the registry information of clients and sellers, keeping them updated in a single database and in compliance with regulations regarding the information and documents required for identification, including the characterization of high-risk persons, such as politically exposed persons.

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Change control

Review	Date	Place of Review	Description
0		-	First issue

Distribution List

Role
All executives, employees, shareholders and partners of Magazine Luiza.

Training List

Role
All executives and employees of Magazine Luiza.

Prepared/Reviewed by:

Compliance and Integrity Department

Legal Department

Approved by:

Board of Directors

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1. PURPOSE

To establish the guidelines, responsibilities and measures adopted by Magazine Luiza to prevent the use of our activities for the purposes of money laundering, terrorist financing or corruption, **in compliance with the requirements for the segment under Brazilian Law no. 9,613 of March 3, 1998, as amended by Brazilian Law no. 12,683 of July 9, 2012.**

2. TERMS AND DEFINITIONS

- **Illegal Activities** –Activities that are not permitted within our legal system.
- **COAF** – Financial Activity Control Council (*Conselho de Controle de Atividades Financeiras*) - created in the Ministry of Finance – receives, examines and identifies suspected illegal activities, reporting them to the competent authorities. Acts as Brazil’s Financial Intelligence Unit (UNI).
- **Crimes of money laundering and terrorist financing** - characterized by a group of commercial or financial transactions intended to turn the proceeds from illegal activities into apparently legal assets (“Money Laundering”).
This practice usually involves various transactions carried out to conceal the sources of financial assets and allow them to be used without compromising the perpetrators. To disguise illegal profits without compromising perpetrators, the practice of Money Laundering involves a dynamic process that requires distancing the funds from their source to prevent them from being directly associated to the crime, as well as disguising various transactions to prevent them from being tracked. The systems used in Money Laundering processes involve three independent stages, which frequently occur simultaneously:
 - Placement: introducing cash into the financial system to conceal its sources. This happens through deposits, trading instrument acquisitions or asset acquisitions.
 - Layering: hampering the tracking of illegal funds by breaking the chain of evidences in light of a possible investigation of the cash sources.
 - Integration: the assets are formally introduced into the financial system, a stage in which it becomes progressively easier to make the illegal funds legal.
- **Due Diligence** – The term refers to a risk assessment carried out on or requested from potential suppliers, sellers and clients, before signing a contract or formalizing a commercial relationship, so as to check if the applicant has any non-compliance issue that may impact service provision and/or the commercial relationship, as well as the image of Magazine Luiza, resulting in Compliance risks.
- **OFAC (Office of Foreign Assets Control) List** – a list issued and updated regularly by the United States Department of the Treasury, containing the names and associations of blocked individuals and companies due to their connection to illegal acts, such as drug dealing, money laundering, terrorist financing and others.
- **PEP** – Politically Exposed Persons –Appendix 1.
- **AML/ATF**– Anti-Money Laundering and Anti-Terrorist Financing.
- **Red Flags** – Red flags are warning signs that may indicate risks related to the purposes or guidelines of this policy. Red flags are not necessarily evidence that money laundering, terrorist financing or corruption practices are taking place, nor do they

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automatically disqualify third parties who have or wish to have a relationship with Magazine Luiza. However, they suggest the existence of signs that require close examination until the department responsible for the relationship, together with the Compliance and Integrity Department, can decide whether or not the issue at hand poses undesired risks to the company.

- **Seller** is the legal corporation registered with the Company to offer and sell products and/or services to Clients through Magazine Luiza’s Sales Channel(s);

3. ATTRIBUTIONS AND RESPONSIBILITIES

Positions	Responsible for:
Board of Directors	<ul style="list-style-type: none"> ● Evaluating and approving this Policy. ● Checking the effectiveness and efficiency of this Policy’s implementation.
Chief Executive Officer (CEO)	<ul style="list-style-type: none"> ● Establishing the business strategies of the Company and its subsidiaries; ● Knowing and securing the implementation and application of this Policy.
Board of Executive Officers and Departments	<ul style="list-style-type: none"> ● Knowing and guaranteeing that all employees of their respective departments receive the required training.
Compliance and Integrity Department	<ul style="list-style-type: none"> ● Monitoring the effectiveness of this Policy’s implementation. ● Establishing, whenever necessary, instruments to monitor any violation of the guidelines established herein. ● Suggesting, whenever necessary, preventive and/or corrective actions to guarantee the efficiency of procedures and reviewing this policy. ● Answering questions regarding the applicability of this policy. ● Providing training to employees, whenever necessary, in procedures to prevent money laundering, terrorist financing and corruption; ● Performing background checks on suppliers, sellers and clients; ● Establishing due diligence criteria; ● Performing due diligence of high-risk suppliers, sellers and clients (red flags); ● Monitoring suppliers, sellers and clients.
Marketplace Department	<ul style="list-style-type: none"> ● Prospecting sellers and clients ● Negotiating with sellers

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	<ul style="list-style-type: none"> ● Analyzing approved sellers and clients ● Registering sellers ● Monitoring transactions carried out by sellers through Magazine Luiza
Department of Finance	<ul style="list-style-type: none"> ● Guaranteeing the collection and registration of information regarding sellers and clients, in accordance with pre-established criteria, and keeping them updated and filed as per applicable laws; ● Identifying and performing financial due diligence to qualify sellers, clients and other parties involved in Magazine Luiza's operations; ● Obtaining information about the purpose and nature of the business relationships of the sellers. Confirming the registry information of sellers and identifying the end beneficiaries of transactions.

4. ANTI-MONEY LAUNDERING AND ANTI-TERRORIST FINANCING GUIDELINES

Magazine Luiza opposes all criminal activity and strives to guarantee that its activities are not used for simulating or concealing financial resources-money laundering activities-or financing terrorist acts.

As such, the company prevents money laundering, terrorist financing and corruption practices in the performance of its business, in compliance with Brazilian laws.

To record transactions and identify operations, or proposed operations, that are unusual (deemed suspicious, with signs of money laundering, terrorist financing or corruption), the company relies on the parameters established by Brazilian Law no. 9,613/98 and/or the COAF in its processes of monitoring the transactions.

When performing its services, the company adopts procedures to analyze the risks of such services being used in illegal practices linked to money laundering, terrorist financing and corruption, in addition to establishing, whenever necessary, procedures to mitigate the identified risks, according to the activity and the agents involved.

Restrictive measures are adopted in business activities and in maintaining its relationships with sellers and suppliers, and when circumstances reveal any indication of involvement with money laundering, terrorist financing or corruption activities, the company follows the guidelines established by COAF.

In preventing and fighting money laundering, terrorist financing and corruption, Magazine Luiza encourages and takes part in joint actions with its subsidiaries and affiliated companies.

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The company respects the confidential nature of the registry information of clients and sellers, keeping them updated in a single database and in compliance with regulations regarding the information and documents required for identification, including the characterization of high-risk persons, such as politically exposed persons.

Magazine Luiza already adopts criteria for commissioning suppliers that focus on preventing and fighting money laundering, terrorist financing and corruption, as provided in the Third-party Contractor Policy.

All operations or proposed operations are monitored, in compliance with applicable laws, so as to identify any indication of money laundering, terrorist financing and corruption.

When analyzing operations with suspected money laundering, terrorist financing and/or corruption activity, the company examines the instruments used, the operation method, the parties and amounts involved, the financial capacity and economic activity of the parties involved, and any indication of irregular or illegal activity involving the operations.

The processes of registering, analyzing and reporting to the competent authorities any financial transaction with suspected money laundering, terrorist financing or corruption activity are confidential and kept private from the parties involved.

Furthermore, the company adopts criteria for employee hiring and conduct, focusing on fighting money laundering, terrorist financing and corruption.

To make sure that all of these processes comply with the requirements established by Brazilian Law no. 9,613/1998, Normative Instruction no. 301/99 by the Securities and Exchange Commission of Brazil (CVM), and Circular Letters 3,342/2008, 3,461/2009, 3,430/2010 and 3,521/2012 by the Central Bank of Brazil (Bacen), the following procedures are laid out in a specific document:

- Procedure for Client Identification and Maintenance of Registry Information (Know Your Client)
- Procedure for Identification of Politically Exposed Persons and red flag lists;
- Operation Registration Procedure;
- Operation Monitoring Procedure;
- COAF Reporting Procedure; and
- Employee Training Procedure.

5. MISCELLANEA

5.1 Applicability

This Policy unrestrictedly applies to all executives, employees, shareholders and partners of Magazine Luiza.

5.2 Validity and Approval

This Policy takes force on the date of its approval and publication. It may be revised whenever necessary.

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5.3 Policy for Consequences of Violation

Any violation of this policy is subject to penalties, which may range from verbal warnings to fair dismissal and, in the event of damages, reparation of any damages caused.

The measures of consequence adopted by Magazine Luiza, whether internally or by adopting the applicable legal measures, will apply after assessing the severity of the case at hand and the impacts caused by the violation.

The Compliance and Integrity Department is responsible for investigating any reported cases and submitting them to the Integrity Committee, which will be required to ratify its decision with the Board of Directors in more severe cases.

6. REFERENCE

- Code of Ethics and Conduct; Anti-corruption Manual; Integrity Manual;
- Brazilian Federal Law no. 12,683/12, which amended the law on Money Laundering;
- Brazilian Federal Law no. 12,846/2013, the Anti-corruption Law;
- Brazilian Federal Law no. 9,613/1998 regarding Money Laundering;
- Brazilian Federal Law no. 7,492/86, which defines crimes against the national financial system;
- Brazilian Federal Law no. 6,385/76, which defines the securities market and creates the Securities and Exchange Commission of Brazil.
- Brazilian Federal Law no. 6,404/76 regarding corporations;
- CIRCULAR LETTER No. 3,461 from 07/24/2009 – Central Bank of Brazil;

8. APPENDIX

Appendix I

PEP – Politically Exposed Persons - Public agents who perform or have performed prominent public functions in the last five (5) years, in Brazil or in foreign countries, territories and facilities. In the case of Brazilian clients, this includes the following: (I) elected officials in the federal Executive and Legislative branches; (II) officials in the federal Executive Branch occupying the position of State Ministry or similar, of Special Nature or equivalent; (III) the president, vice-president and director, or equivalent, of public agencies, foundations and companies or government-controlled private companies; and (IV) High-level Positions of Guidance and Advisory (DAS), level 6 or equivalent; (V)

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members of the National Council of Justice, Supreme Federal Court, Superior Courts and Federal Regional Courts, Labor and Electoral Courts, the Superior Council of the Labor Court System and the Federal Justice System Council; (VI) members of the National Council for the Federal Prosecution Office, the Federal Attorney General, the Vice-Federal Attorney General, the Labor Attorney General, the Attorney General of the Military Justice System, the Federal Deputy Attorneys General and the State Attorneys General; (VII) members of the Federal Accounting Court and the Attorney General of the Federal Prosecution Office with the Federal Accounting Court; (VIII) national presidents and treasurers, or equivalent positions, of political parties; (IX) governors and state secretaries, state and district representatives, presidents, or equivalent, of state indirect public administration entities, and presidents of the Court of Justice, Military Court, Accounting Court or state equivalents, as well as chairmen of the state legislature and the legislative chamber; (X) Mayors and presidents of the City Council of state capitals, council members, Presidents of Accounting Courts or municipal equivalents. Politically exposed persons also include the following persons abroad: (I) heads of state or heads of government; (II) senior politicians; (III) individuals occupying senior government positions; (IV) general officials and senior members of the judiciary, legislative or military branches; (V) senior executives of public companies; or (VI) managers of political parties and public companies. (VII) senior managers of international public or private law corporations.