

Title

**MONEY LAUNDERING AND TERRORIST FINANCING
PREVENTION POLICY**
Revision
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REVISION CONTROL					
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MONEY LAUNDERING AND TERRORIST FINANCING PREVENTION POLICY

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1 OBJECTIVE

The purpose of this Policy is to establish guidelines, responsibilities and procedures aimed at combating and preventing money laundering and terrorist financing, in operations related to registration, financial operations, contract management and benefits management. It also aims to guide and establish mechanisms that promote the observance and adequacy of operating procedures by all employees, officers, directors, participants and third parties of **BLUEDGE HYDRAULICS**. **BLUEDGE HYDRAULICS** repudiates and does not tolerate acts of corruption, extortion, kickback, theft, bribery, fraud, money laundering, terrorist financing or any other unlawful act. The limits in this Policy are complementary to Law 9.613, of March 3, 1998.

2 REFERENCE DOCUMENTS

BLUEDGE HYDRAULICS Code of Ethical Conduct;
 Law No. 9,613/1998 (Money Laundering Law);
 Law No. 12,846/2013 (Anti-Corruption Law);
 Federal Decree No. 11.129/2022;

3 APPLICATION

This procedure applies to all operations related to registration, financial operations, contract management and benefits management adopted by employees, officers, directors and business partners (when they do not have a similar policy) at any hierarchical level of **BLUEDGE HYDRAULICS**.

4 DEFINITIONS AND ACRONYMS

Money laundering: this is a criminal offense aimed at converting illicit resources into lawful ones, in order to hide the true origin, movement, location, origin, consistency and ownership of assets and rights arising from criminal enterprises, either directly or indirectly;

Third Parties: Service Providers, suppliers, sponsors, Business Partners, representatives, among others.

Terrorist Financing: gathering funds and/or capital to carry out terrorist activities.

Concealment: phase that consists of hindering the accounting tracking of illicit resources. Criminals, through electronic transactions, make transfers to phantom accounts, investments in funds, aiming to break the chain of evidence.

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5 GUIDELINES

5.1 A BLUEEDGE HYDRAULICS:

5.1 Repudiates practices of money laundering, terrorist financing, financing of the proliferation of weapons of mass destruction, corruption and any other illegal acts.

5.2 Senior management is committed to the effectiveness and continuous improvement of the Policy, procedures and internal controls related to the prevention of money laundering and terrorist financing, as well as periodically forwards the reports related to this process to its Board of Executive Officers.

5.3 Adopts a governance structure aimed at complying with this Policy and the obligations to prevent money laundering and terrorist financing, as provided for in Law No. 9,613/1998.

5.4 It adopts procedures for internal risk assessment, with the objective of identifying and measuring the risk of using its products and services and conducting business in the practice of money laundering and terrorist financing, in accordance with national legislation and rules of the payment arrangements to which it is a part, according to attributions defined in internal regulations. This assessment considers the risk profiles: of customers; of the institution, including the business model and geographic area of operation; operations, transactions, products and services, covering all distribution channels and the use of new technologies; and the activities carried out by employees, partner institutions and suppliers.

5.5 It adopts procedures in the development of new products and services, as well as the use of new technologies, in order to assess the risk and prevent money laundering and terrorist financing.

5.6 Annually evaluates compliance and effectiveness of this Policy, procedures and internal controls, with regard to the prevention of money laundering and terrorist financing, in order to identify possible deficiencies.

5.7 Annually issues a report containing the results of the evaluation of the effectiveness of controls, referred to in item 1.6 of this Policy, as well as submits it, for knowledge, to the Executive Board.

5.8 Adopts action plans to mitigate risks and correct deficiencies pointed out in inspections carried out by regulatory bodies, as well as in evaluations of the Internal Controls and Internal Audit areas, aimed at investigating procedures aimed at preventing money laundering and terrorist financing.

5.9 Adopts practices to promote the organizational culture of prevention of money laundering and terrorist financing, through continuous training and specific communications on the subject.

5.10 Maintains annually updated training of employees on preventing and combating money laundering and terrorist financing according to the training matrix.

5.11 Adopts *Know Your Customer, Know Your Supplier, Know Your Partner* and *Know Your Employee* due diligence procedures to mitigate the risks of money laundering and terrorist financing, according to the activity, jurisdiction and parties involved. Such procedures include the collection, verification, validation and updating of registration information, as defined in internal procedures.



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5.12 Adopts restrictive measures regarding the conduct of business and the maintenance of relationships with customers, suppliers, partners and employees, when the circumstances indicate evidence of involvement in crimes of money laundering, terrorist financing, financing of the proliferation of weapons of mass destruction and corruption or any other illegal acts, observed in current legislation.

5.13 Adopts procedures for identifying and approving the maintenance of relationships with customers, partners, service providers and Employees who may be classified as Politically Exposed Persons ("PEP") or related to them, respecting due governance, as established in internal regulations.

5.14 Devotes special attention to operations or proposed operations involving PEPs, whether directly or related (representative, family member or close collaborator of these persons).

5.15 Adopts controls to certify that the settlement of transactions and the movement of financial values are carried out to checking accounts, savings accounts, prepaid cards and payment accounts held by customers affiliated with the Company, whose identity and veracity have been previously confirmed.

5.16 It makes use of internal systems for the registration and monitoring of transactions, which, through parameterizable rules, identifies cases with evidence of money laundering, terrorist financing, financing of the proliferation of weapons of mass destruction and corruption, among other illicit activities.

5.17 Evaluates, in the analysis of transactions, the capture solution used, the form of payment, the periodicity, the parties and amounts involved, the pattern of transactions, the economic activity and any additional indication of irregularity or illegality, involving the client or its operations, in order to detect evidence of money laundering, terrorist financing, financing of the proliferation of weapons of mass destruction and corruption, among other illicit activities.

5.18 It maintains specific channels for receiving complaints, including anonymous ones, as well as repudiates any acts of reprisal or retaliation brought against whistleblowers in good faith who choose to identify themselves.

5.19 Investigates indications and complaints of practices related to suspected money laundering and terrorist financing, by direct agents or third parties, against the Company's assets, in accordance with the legislation in force.

5.20 Communicates to the competent authorities the operations or proposed operations that, in accordance with the legislation in force, characterize evidence of money laundering, terrorist financing, financing of the proliferation of weapons of mass destruction and corruption, among other illegal acts.

5.21 Collaborates with the public authorities in investigations, when requested, related to money laundering, terrorist financing, financing of the proliferation of weapons of mass destruction and

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corruption, among other illegal acts, which result from its activities, in compliance with current legislation.

5.22 Conducts, in a confidential manner, the processes of registration, analysis and communication of operations with indications of money laundering and terrorist financing to the competent authorities.

5.23 Defines that any suspicious fact or indication of a direct or indirect relationship with a criminal offense, regardless of whether it has been the subject of the situations described above, must be reported to the Compliance and Money Laundering Prevention areas.

5.24 It is committed to the continuous improvement of monitoring, selection, analysis and communication activities, promoting the review and updating of its processes, with a focus on intelligence and technology.

5.25 Reviews the guidelines defined in this Policy annually and/or whenever changes occur in the process that impact or justify its review.

6 STAGES OF MONEY LAUNDERING

There are three basic steps that consist of the money laundering procedure, which must be properly understood by all interested parties, in order to prevent and repudiate such criminal practices as much as possible. The stages of the crime of money laundering are:

6.1 Placement: Consists of the withdrawal of financial amounts acquired within the scope of the illegality for introduction into the economic sphere. The aforementioned phase is characterized by financial transactions and contractual agreements, having as their object the assets resulting from criminal practices.

6.2 Concealment: This is the manipulation of illicit resources introduced in the economic sphere in order to achieve the dispersion or elimination of evidence of irregularities. The aforementioned phase can be characterized by complex financial transactions, as well as simulation of business relationships, aimed at mischaracterizing the illicit origin of the resources handled;

6.3 Integration: The lawful clothing of the financial resource becomes part of the financial system, and the illicit origin of the monetary amounts is apparently unrecognizable.

7 PREVENTIVE PRACTICES AND INTENTIONAL PRACTICES

7.1 Preventive practices – The following are practices that can be adopted with the objective of making the practice of money laundering unfeasible:

- Record and document information related to accounting transactions in an appropriate manner;
- Do not carry out operations with an economic, financial or equity bias outside the commercial and tax books;

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- Avoid as much as possible the making of payments in cash or by bearer document, except in cases of express authorization from the Senior Management;
- Widely avoid making and making payments in bank accounts outside Brazil, except if the recipient is proven to be based abroad;
- Never make payments in foreign accounts without identification of the recipient;
- Avoid as much as possible transacting with countries considered as "tax havens" by Brazilian law (IN RFB No. 1037/2010);
- Never make the payment in accounts of individuals, when the contract states that the contractor or contractor is a legal entity;
- Make payments only to the account held by the contractor, who must prove to have provided the service, or provided the good present in the agreement;
- Avoid as much as possible the making of advance payments, prior to the signing of the contract;

7.2 Intentional practices – These are indications that demonstrate the possible practice of money laundering:

- Payments made in cash, and not deposited in a bank account;
- Payment made to a person other than the one who holds a certain credit, or to multiple benefits;
- Payment made abroad, without proven relationship with the signed contract;
- Payments made without specifying the service provided in return;
- Payments made unjustifiably in advance;
- Payment made in consideration for services without a contractual instrument;
- Resistance to providing requested information about a given financial transaction;
- Financial operations involving amounts incompatible with the scope of the contract.

8 RESPONSIBILITY AND AUTHORITY

Direction: Comply with and enforce this policy; supervise and monitor financial transactions and report suspected money laundering and terrorist financing.

Compliance Function: It will be the compliance function responsible for monitoring and reporting the occurrences of financial transactions classified as suspicious for the legislation to prevent money laundering and terrorist financing crimes.



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Financial: Perform payments and financial control in accordance with this policy and the procedure INN PRO FIN 001 - Financial Controls

Other employees and stakeholders

It is the responsibility of all employees and interested parties to report any financial transactions that have indications of the practice of money laundering and terrorist financing crimes.