



1. Objective

To establish the guidelines for the Internal Audit activities of Alupar, encompassing the main aspects of the internal audit function, as well as its relation to the Board, Audit Committee, Senior Management and audited areas in order to provide the independence and objectivity required for the execution of Internal Audit work.

2. Scope and Applicability

This policy applies to all Alupar areas and employees.

This document has
indetermination
expiration date



3. Dictionary



IIA – *Institute of Internal Auditors* is an international professional association with non-economic purposes, providing education, qualification and professional certification services to its members. Its affiliate in Brazil is located in São Paulo (SP).

COSO - *Committee of Sponsoring Organizations of the Treadway Commission* is a non-profit organization, formed by AAA (American Accounting Association), AICPA (American Institute of Certified Public Accountants), FEI (Financial Executives International), IIA (Institute of Internal Auditors) and IMA (Institute of Management Accountants), dedicated to developing and studying governance, risk management and internal control matters, providing guidelines and conceptual model to organizations.



Internal Audit - It is an independent and objective assessment and consultancy activity, and aim to assist improve the effectiveness of risk management, control and governance processes.

Audit Committee - Statutory body, with the function to advise and assist the Board of Directors, on auditing matters (External and Internal).



Board of Directors - Committee responsible for establishing Alupar's business policies and guidelines, including its long-term strategy, control and performance monitoring.

Annual Audit Plan - Base document, submitted to the approval by the Audit Committee, identifying the areas and processes to be audited, according to the main risks and controls associated to the activities, operations and systems, and the recommendations from the Presidency, Board of Executive Officers, Audit Committee and Board of Directors.



Action Plans - Actions to be performed by the business areas, with establishment of deadlines and responsible for the implementation of improvements in the internal controls, as well as the correction of deficiencies identified in the reports issued by the internal audit.

Independence - Free from conditions that threaten the internal audit's capability of performing its tasks in an impartial manner.



Objectivity - Impartial mental attitude that allows internal auditors to perform their audit work in a transparent and reliable manner, with no compromise of the quality.

Control - Action taken by the management, board or other parties in order to manage the risks and increase the probability of the established objectives and targets to be met.



Risk - The possibility of occurrence of an event that may have an impact in the achievement of objectives. The risk is measured in terms of impact and probability.



Fraud - Any illegal act characterized by dishonesty, deceit or breach of confidence. Fraud is committed by parties or organizations in order to obtain money, assets or services, or to obtain personal or business advantage.

Corporate Governance - A system through which companies and other organizations are governed, monitored and incentivized, involving relationships among partners, board of directors, board of executive officers, inspection and control bodies and other stakeholders.



4. General Guidelines

The Internal Audit Policy is governed by the compliance with the mandatory elements in the International Professional Practices Framework (IPPF) and by the Code of Ethics promoted by the Institute of Internal Auditors (IIA - USA), as well as by the Code of Conduct by Alupar.

4.1 Mission

To enhance and protect the organizational value, providing assessment, consultancy and objective knowledge based on risks.



4.2 Purpose

⇒ To provide independent and objective assessment and consultancy services, created to add value and improve the organization's operations (protection and value increase concepts).

⇒ The Internal Audit supports the Board of Directors in meeting its fiduciary obligations in the assessment of risk management processes, of control, compliance and corporate governance. It acts as a third line of defense and its scope is to assess if the inherent processes, designed and described by Management, are appropriate and are working in a way that ensures that:

- Risks are identified and assessed;
- The interaction with the several governance groups occurs when required;
- The financial, administrative and operational information is accurate, reliable and timely;
- Employees are complying to the applicable policies, standards, procedures, regulations and laws;
- Resources are economically acquired, used with efficiency and appropriately protected;
- Programs, plans and objectives are fulfilled;
- The quality and continuous improvement of the organization's control process are fostered; and
- Legal or regulatory issues that impact the organization are identified and adequately addressed.



Improvement opportunities in the controls, profitability and image of the organization may be identified during audits and will be communicated to the appropriate management levels.

4.3 Authority

The Internal Audit will be accountable to the Audit Committee, which is an assistance body to the Board of Directors, and its Area Manager and staff are authorized to:

- Have unrestricted access to all functions, records, assets and personnel;
- Allocate resources, establish frequency, select themes, define work scopes and apply the required techniques to achieve the audit objectives; and
- Obtain the required assistance from the staff in all sectors of the organization where audits are performed, as well as other specialized services performed inside or outside the organization (*).

(* in the eventual contracting of external services, the internal auditors shall establish with these a written understanding of the objectives, scope, respective responsibilities and other expectations, including restrictions to the distribution of the work results and access to work records.

Internal Audit is not authorized to:

- Perform any operational task for Alupar Holding and its national and international subsidiaries. However, objectivity is not impacted when Internal Audit recommends control standards for the systems or review procedures prior to be implemented. Objectivity is considered as affected if the internal auditors design, deploy, draft procedures and operate such systems;
- Initiate or approve accounting transactions not related to the Internal Audit Area; and
- Direct activities of any employee of the organization who is not from Internal Audit, unless such employee was formally designated to auditing teams or cooperate with internal auditors.

4.4 Responsibility

The Internal Audit Manager and their staff are responsible for:

- Developing a flexible audit annual plan, using an adequate methodology based on risks, which includes all the themes of risks or controls identified by the management, and present the plan to the Presidency and Audit Committee for reviews and approvals;

- Implementing the approved audit annual plan, including, if appropriate, all the special tasks or projects requested by Management;
- Keeping the staff with sufficient knowledge, attitude, experience and professional certifications in order to meet the requirements if this statute;
- Performing consultancy services, as well as assessment services (assurance), in order to support management in fulfilling its objectives. Examples of these services may be training and process design;
- Assessing significant functions of merger/consolidation, changes or new processes, operations and controls that coincide with their development, implementation or expansion;
- Issuing frequent reports to Presidency, Audit Committee, Board and Management, summarizing the results of the Internal Audit activities (audits/action plans);
- Cooperating in the investigation of activities with suspicion of fraud within the organization and informing the results to the Audit Committee, Board and Presidency; and
- Considering the scope of work of the external auditors and regulators, if appropriate, in order to provide audit to the organization at a reasonable cost.

4.5 Accountability

The Internal Audit Manager, in the fulfillment of their function, will be accountable to the Presidency of Alupar Holding and to the Audit Committee, through frequent meetings in order to:

- Provide an annual assessment of the sufficiency and efficacy of the process at the organization to control its activities and manage the risks in the areas listed in the mission and scope;
- Timely inform about significant issues related to the control processes of the activities of Alupar Holding and its subsidiaries, including potential improvements in the processes and how those may be regularized;
- Periodically inform on the status and results of the annual audit plan / action plans; and
- Provide support to other control and monitoring functions (risk management, compliance, ethics, external audit), if required by the Audit Committee.

4.6 Independence

In order to provide independence to the department, its staff reports to the Internal Audit Manager, who administratively reports to the Presidency of Alupar Holding and functionally to the Audit Committee, in the manner described in the previous section (Accountability).

4.7 Disclosure of the Internal Audit Results

The Internal Audit Manager shall initially communicate the results to the manager of the audited area, so he/she is aware of the risks presented in the area. Additionally, they shall discuss action plans and a deadline for such action to be performed. Then the diagnosis/results shall be presented to the Audit Committee.

5. Responsibility of the Other Stakeholders

Responsibility Assignment Matrix - RACI

Process Activities	Audit Committee	Business Areas
To review and approve the Internal Audit Policy, jointly with the Board of Directors	A	
To review, approve and follow up on the execution of the Annual Audit Plan	A	
To approve eventual changes that occurred during the execution of the Annual Audit Plan, including eventual requests of new work demands	A	
To approve eventual internal audit third party services	A	
To be aware of and assess the content of the Internal Audit reports, question and request additional details, when required	R	
To coordinate the Internal and External Audit activities, Risk Management and Internal Controls and Compliance, aiming to ensure the appropriate coverage and minimization of potential duplicity of efforts	R	
To be aware of the status of the corrective actions reported by the Internal Audit and performed by Management	R	

Responsibility Assignment Matrix - RACI

Process Activities	Audit Committee	Business Areas
To provide the information and data that were requested, which are necessary to the performance of Internal Audit work		R
To assess the Internal Audit reports		R
To send the report to the responsible for the preparation of the action plan approved by the relevant Directorate and notify Internal Audit; and		R
To implement the actions provided for in the action plan within the established deadline and, if they are not implemented, justify the postpone to Internal Audit, communicating it to their relevant Directorate.		R

LEGENDA MATRIZ RACI

- R** = responsible (responsible for execution)
- A** = approver (approves the work)

6. General Provisions

The Internal Audit Manager is responsible for clarifying any existing doubt about this Policy, as well as promoting eventual required changes, excluding the matters that are of competence of the Audit Committee and Board of Directors.

7. References

- International Standards for the Professional Practice of Internal Audit – IIA;
- Code of Ethics – IIA;
- COSO - *Enterprise Risk Management – Integrated Framework*;
- Corporate Governance Best Practices Code – IBGC.

8. Revision History

Revision Number	Date (mm/yyyy)	Review Description	Approver
01	06/2020	Creation of the Internal Audit Policy	Audit Committee
02	03/2023	Revision without significant change in content	-
03	02/2025	Revision without significant change in content	-



This policy may be changed at any time without prior notice.