



Report on the Activities of the Statutory Audit Committee

February 1st, 2024





REPORT FROM THE STATUTORY AUDIT COMMITTEE



The Audit Committee ("COAUD") of TOTVS was created on May 28th, 2007, being provided for in the Company's Bylaws on April 5th, 2018. The Company's Board of Directors gave their approval on November 4th, 2021, for a new Charter for this Committee, which is now referred to as the Statutory Audit Committee ("CAE"). Under the Company's Bylaws and the Charter of the Statutory Audit Committee, the Committee's responsibilities are to ensure the suitable operation of the internal and external audit processes and management, mechanisms and controls connected to risk management, and the consistency of financial policies with strategic guidelines and the business risk profile. The CAE is also responsible for ensuring the quality, integrity, and compliance of the Company's financial statements, making recommendations to the Management regarding the approval of financial reports and any actions aimed at improving internal controls and reducing risks.

In 2023, the Committee met twelve times, with eleven ordinary meetings and one extraordinary meeting, and its Coordinator reported the Committee's activities and recommendations at all ordinary meetings of the Board of Directors.

The CAE was composed of three members. Among these members were Gilberto Mifano (Coordinator) and Tania Sztamfater Chocolat, who served as independent directors, as well as Lavínia Moraes de Almeida Nogueira Junqueira, an independent external member elected by the Board of Directors. The election of all of them took place on April 19th, 2022, and their term of office will last until the first meeting of the Board of Directors following the Company's 2024 Annual General Meeting.

Among the various subjects and topics addressed and discussed by the CAE to be recommended to the Management, the following ones are worth highlighting: **(i) Independent Auditors:** deliberating on the service agreement for retaining independent auditors, which outlines the required scope and ultimately advises the Board of Directors to renew the contract with the audit firm in 2023; discussion of the planning, scope, and main conclusions reached in the quarterly financial statements (ITRs), besides an opinion for preparing and issuing the 2023 financial statements (DFs 2023); discussion of any weaknesses, deficiencies, and recommendations for improvement pointed out in the Internal Controls Opinion, as well delving into the action plans put forth by the internal teams to address these issues and the specific topics that require correction or enhancement; knowledge of the preview and final results of the ISAE 3402/2023 report; discussion and approval of the Independent Auditors' Work Plan; review and recommendations to the Board of Directors regarding the independent auditing company's provision of additional services; monitoring of payments to independent auditors (audit fees, audit-related fees, and non-audit fees); discussions and monitoring on the notes of general information technology controls (ITGC), access profiles, and segregation of duties; and annual assessment of the independent auditors' performance. **(ii) Internal Audit:** discussion of the Company's risk matrix as it relates to the Internal Audit activities and approval of the audit work scheduled for 2023; review and discussion of the reports of the Internal Auditors' work issued for the key processes, own units and franchises, including any deficiencies found, justifications, and corrective actions; follow-up the corrective actions for the audit findings identified by the Internal Auditors; monitoring of compliance with the schedule for the year 2023, the scope of hours, as well as the results of investigations carried out in special works; review and recommendation of the 2023 Internal Auditors' Activity Report (RAINT); review of the proposed Budget for the Internal Audit area for the fiscal year 2024; monitoring and recommendations of the review process of the Corporate Internal Audit Regulation; and annual assessment process of the area and the performance of the head of the Internal Auditors department, as well as setting goals for the year 2024. The Committee has also validated the goals of the Internal Auditors team, which is accountable to the Executive Manager of Internal Audit. **(iii) Internal Controls, Corporate Risk Management, and Compliance:** assessment and discussion of the Company's priority risk matrix, which rates risks based on their impact and likelihood of occurrence, monitoring of the corresponding risk mitigation plans by those responsible for their execution, in order to update the Reference Form with updated risk factors; follow-up of the risk management monitoring cycle, recommending process improvements, establishing contact points between the Board of Executive Officers and the Board of Directors; discussion of the Internal Controls Report (CCI) issued by the independent auditors, and monitoring of the corresponding action plans, as well as submitting the document to the Board of Directors; monitoring and scheduling the execution of action plans in 2024 to ensure compliance with the Company's Management's Compliance Program; monitoring and enforcing compliance with Company policies and practices; review and provide recommendations on the conditions for contracting the Civil Liability Insurance for the Management members (D&O) and its renewal in year 2023 for approval by the Board of Directors; monitoring of the Business Continuity Plan, including the Business Impact Analysis (BIA); and taking part in anti-corruption training as part of the Company's Compliance Program. **(iv) Financial Management, Allowances, Provisions, and Indicators:** review and provide an opinion to be approved by the Board of Directors of the quarterly and annual



Financial Statements, holding joint sessions with the Company's Fiscal Council; discussing the terms and conditions outlined in the Earnings Release, which aims to inform the market about the Company's annual and quarterly results; review and provide recommendations for the approval of proposals regarding the statement and distribution of interest on stockholders' equity; discussion and follow-up of procedures adopted to review the annual impairment tests and recoverability of deferred tax assets; follow-up of the enforcement of the allowance for expected credit losses policy; follow-up of the capitalization of investments in research and development (P&D); periodic follow-up of activities and review of topics discussed by the Tax Affairs Committee and the Labor Affairs Committee; monitoring and advising the Board of Directors and the Board of Executive Officers on Due Diligence reports, valuation assumptions, and operational risks related to mergers and acquisitions (M&A), as well as the establishment of commercial alliances like Joint Ventures and wholly-owned subsidiaries, in compliance with the required procedures set forth for these transactions; follow-up of any earn-out additional payments planned for the companies purchased; monitoring of the credit risk and liquidity indicators of the subsidiary Supplier Administradora de Cartões de Crédito S.A., as well as track the progress of its Credit Rights Investment Fund (FIDC) and the Direct Credit Company (SCD). Once the joint venture TOTVS Techfin S.A. was established, the Committee began monitoring additional indicators related to this operation, in addition to those of Supplier; follow-up the NPS (Net Promoter Score) survey results, economic churn indicator, and implementing strategies to enhance customer satisfaction and retention, while considering potential financial implications for the Company; and monitoring of realized and unrealized risks of civil, labor and tax litigation, and the respective allowances for labor, civil, and tax contingencies. **(v) Information Security and Data Privacy:** follow-up of action plans to improve general information technology controls (ITGC), access profiles, and segregation of functions; monitoring and discussion events related to information security, data privacy, and cybersecurity, as well as the development and implementation of action plans; monitoring and recommendations as part of the Cyber Security insurance renewal process; and follow-up and discussion on the General Data Protection Law, and follow-up of the project of compliance with/adherence to the requirements of the Law. **(vi) Corporate Governance:** discussion, follow-up of the processes for updating the Reference Form, the Report of the Brazilian Code of Corporate Governance, and the Integrated Report, for recommending their approval to the Board; overseeing the preparation process for the 2023 Annual General Meeting, including the required documents for shareholder resolutions; provide a follow-up on the questions posed and answers received from the Management concerning official letters from regulatory agencies and self-regulatory entities; review and improvements to the standards for triggering the crisis management plan; discussion and recommendations regarding the approval and disclosure by the Board of Directors of the revision to the following normative documents: Litigation Management Policy, Information Disclosure and Securities Trading Policy, Risk Management Policy, Internal Controls and Compliance, Treasury Management Policy, Credit and Collection, Charters of the Board of Directors and Advisory Committees, Code of Ethics and Conduct, Charter of the Ethics and Conduct Committee; recommendations for the Committee's Budget approval, which include expenses related to this body, Independent Audit services, Internal Audit expenses, and budget estimate for potential hiring of external experts in accordance with CVM Resolution 23/2021; analysis and recommendation of the appointment of members to form the Ethics Committee for Board approval; monthly follow-up of complaints and activities of the Ethics and Conduct Committee's activities, as well as the investigations and actions taken by the Management, reporting them to the Board of Directors; review of the Greenhouse Gas Emissions Inventory Project Report and recommendation for approval; participation of the CAE Coordinator in the Annual General Meeting to address any queries shareholders may have; assess transactions carried out with related parties and make recommendations to the Board of Directors; and conduct the Committee's annual self-assessment process.

2023 Annual Financial Statements:

In the execution of their legal obligations and responsibilities outlined in the Statutory Audit Committee's Charter, the members of TOTVS S.A.'s Statutory Audit Committee conducted an examination and review of the financial statements, with the preliminary opinion from the independent auditors and the Management's annual report for the fiscal year ending December 31, 2023 (referred to as the "2023 Annual Financial Statements"), in consideration of the information provided by the Company's Management and KPMG Auditores Independentes Ltda., it has been unanimously advised that the Company's Board of Directors give their approval to said documents, which must be formally submitted at the Annual Shareholders' Meeting in compliance with the Brazilian Corporations Act.

Sao Paulo, February 1st, 2024.

Gilberto Mifano

Coordinator of the Statutory Audit Committee and member of the Board of Directors



REPORT FROM THE STATUTORY AUDIT COMMITTEE



Tania Sztamfater Chocolat

Member of the Statutory Audit Committee and of the Board of Directors

Lavínia Moraes de Almeida Nogueira Junqueira

External Member of the Statutory Audit Committee