

Subject: Internal Audit Regulations	Identification: REG-AI-01 Version: 04
Board in Charge: Internal Audit	Published on: 20/03/2026
Related Rules:	Review by: 20/03/2029

1. Objective

The purpose of these **Internal Audit Regulations** is to define the authority, roles, scope and responsibilities of the **Internal Audit Function**.

2. Purpose

The purpose of the **Internal Audit Function** is to strengthen **TOTVS's** (or the "**Company**") ability to protect and sustain its value creation by providing the **Board of Directors** ("**BoD**"), the **Statutory Audit Committee** ("**SAC**") and the **Executive Board** with assessments, advice, insights and forecasts, based on objectivity and professional judgement, regarding the risks to which the **Company** is exposed.

The **Internal Audit Function** enhances the following aspects of the **Company**:

- The successful and safe achievement of its goals;
- Effective governance processes, **Risk Management** and **Internal Controls**;
- Quality of the decision-making and oversight processes;
- Reputation and credibility among stakeholders;
- Ability to serve the public interest.

The **Company's Internal Audit Function** is most effective when:

- It is conducted by qualified professionals in accordance with the International Institute of Internal Auditors' ("**IIA**") international framework of professional practices, namely the Global Standards for the Internal Audit Profession ("**GSIP**") and the **Subject Matter Requirements** (available at: <https://www.theiia.org/>), which are established in the best interests of stakeholders;
- The **Internal Audit Function** operates independently within the organization and reports to the **BoD** through the **SAC**;
- Internal auditors are free from undue influence and committed to conducting objective assessments.

The **Chief Audit Executive** submits an annual statement to the **SAC**, the **BoD** and the **Executive Board** regarding the **Internal Audit Function's** compliance with the mandatory elements of a Quality Assurance and Improvement Program ("**QAIP**").

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3.Scope

The scope of the **Internal Audit** covers **TOTVS**, as well as the **Company's** franchises and other channels, subject to the limits set forth in the applicable contractual provisions.

4.References

TOTVS Articles of Incorporation: the bylaws or set of rules governing the organization and operation of TOTVS S.A.

IAAS (International Internal Audit Standards): is the set of mandatory standards issued by the IIA that establish the fundamental principles, requirements, and framework for the professional practice of internal auditing at a global level, including organizational and individual attributes, applicable to all internal audit services (available at: <https://www.theiia.org/>).

IIA Subject Matter Requirements: These are mandatory standards that establish a minimum baseline for auditing specific risks (available at: <https://www.theiia.org/>).

5.Definitions

Annual Internal Audit Plan: a set of prioritized audit topics to be addressed during the year. Prioritization is based on strategic and operational information gathered by the Internal Audit Function, as well as the considerations and concerns of the SAC, the Board of Directors, and the Executive Board, using the appropriate methodology in accordance with standards recommended by the IIA.

ARIIA: Annual Report on Internal Audit Activities.

Board of Directors or BoD: This is the Company's governing body, which makes decisions collectively and is responsible for setting the general direction of the Company's business and performing other duties provided for by law and the Company's Articles of Incorporation.

Chief Audit Executive: This is the leadership position responsible for the effective management of all aspects of the internal audit function, ensuring the high-quality performance of internal audit services in accordance with the Global Standards for the Internal Audit Profession, and reporting to the SAC.

Chief Executive Officer (CEO): Chief Executive Officer of the Company, a member of the Executive Board, responsible for the executive management of the business, the implementation of strategic guidelines approved by the Board of Directors, and the general supervision of the operations of the Company and its subsidiaries.

CODEC: This is TOTVS's Code of Ethics and Conduct.

Employees: For the purposes of these Regulations, this refers to any person who works at TOTVS, including its franchisees.

Executive Board: includes all of the Company's officers, whether statutory officers elected by the Board of Directors in accordance with the terms and deadlines established by law and in the Company's Bylaws, or non-statutory officers hired under the regime provided for in the Consolidated Labor Laws.

Internal Audit or Internal Audit Function: an independent function that, through a systematic and disciplined approach, evaluates the effectiveness of the Company's governance, risk management, and control processes, providing the CEO with objective analysis to enhance the achievement of objectives, decision-making, reputation among stakeholders, and service to the public interest, in accordance with the IIA's International Standards for the Professional Practice of Internal Auditing.

Internal controls: a set of manual and systemic activities and controls that form a protective barrier to ensure that operational activities and decision-making take place in a secure environment, and that failures, execution errors, and risks are quickly identified and addressed.

Objective analyses: These are impartial and independent analyses that enable internal auditors to

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make professional judgments, fulfill their responsibilities, and achieve the purpose of internal auditing.

QAIP: Quality Assurance and Improvement Program.

Related Parties: means, with respect to the Company and/or its subsidiaries, those persons who meet the definition established by Technical Pronouncement CPC No. 05 (R1) of the Accounting Pronouncements Committee and by PO-GC-04, the Policy on Related-Party Transactions, currently in effect.

Risk management: This is the process adopted by TOTVS, structured based on market methodologies and best practices, for the management and mitigation of the risks to which the Company is exposed (i.e., strategic, operational, financial, regulatory/compliance, and information technology risks).

Safeguards: a set of measures adopted by internal auditors to ensure that processes and activities are evaluated impartially and independently.

Stakeholders: all individuals and legal entities that have an interest in TOTVS or its activities. For example: customers; suppliers; service providers; employees; investors; creditors; among others.

Statutory Audit Committee (SAC): This is a permanent, collegial statutory body responsible for advising the Board of Directors on the monitoring and quality control of financial statements and disclosures, risk management, internal controls, and the analysis of related-party transactions, in accordance with the law and the Company's Bylaws.

The IIA (Institute of Internal Auditors): is the global organization responsible for promoting and developing the internal audit profession, including the issuance of the Global Standards for Internal Auditing (GSIA).

TOTVS or the Company: means TOTVS S.A., its wholly-owned subsidiaries, affiliates, and direct and indirect subsidiaries, with the exception of the jointly controlled entity Techfin ERP Finance (and its subsidiaries).

6. Responsibilities

6.1. Powers granted by the Board of Directors

The TOTVS **Board of Directors** grants the **Internal Audit Function** the authority to conduct independent assessment and advisory services, as well as to provide insights and risk-based forecasts, in accordance with the principles of objectivity and functional independence.

To ensure the proper performance of its duties, the **Company's Board of Directors** authorizes the **Internal Audit Function** to:

- Have full and unrestricted access to all functions, individuals, data, records, information, and physical assets relevant to the performance of **Internal Audit** responsibilities. Internal auditors are responsible for maintaining the confidentiality and security of records and information;
- Allocate resources, set frequencies, select topics, define the scope of work, apply techniques, and issue communications to achieve the objectives of the **Internal Audit Function**;
- Obtain assistance from the necessary **TOTVS** staff and other specialized services within or outside **TOTVS** to complete the **Internal Audit** services;
- To ensure the full cooperation of all **Employees** in the organization in fulfilling their responsibilities.

6.2. Independence, Organizational Position, and Reporting Structure

Internal Audit activities must be free from interference or restrictions, so as to ensure that their functional independence and technical objectivity are maintained.



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The **Chief Audit Executive** reports functionally to the **Board of Directors** through the **SAC** and, for the handling of administrative matters, to the Vice President of Administration and Finance. This role of the **Chief Audit Executive** provides the organizational standing and authority to bring matters before the **Executive Board** and, if necessary, to involve the **SAC**, while also supporting the internal auditors' ability to maintain objectivity.

The **Chief Audit Executive** confirms to the **SAC**, at least once a year, the organizational independence of the **Internal Audit Function**. If the governance structure does not support the organizational independence of the **Internal Audit Function**, the Chief Audit Executive should document the aspects of the governance structure that are objectively limiting independence, and request any **Safeguards** necessary to uphold the principle of independence.

In addition, the **Chief Audit Executive** shall report to the **SAC** any interference that he or the internal auditors encounter regarding the scope, performance, or communication of the work and its results. The disclosure includes a description of the implications of such interference on the effectiveness and ability of the **Internal Audit Function** to fulfill its mandate.

If the **Chief Audit Executive** assumes, even temporarily, roles or responsibilities unrelated to auditing, **Safeguards** must be established and formalized by him in Annex I – REG – AI – 01 – Internal Audit Regulations ("**Annex I**"), subject to review and approval by the **SAC**, with the aim of preventing or limiting any impairment of his independence or objectivity.

The **SAC** is responsible for keeping Annex I up to date, reporting any changes in roles and/or responsibilities to the **SAC** within sixty (60) days.

6.3. Changes to guidelines

Circumstances may necessitate changes to the **Internal Audit** mandate or other aspects of these Regulations. Such circumstances may include, but are not limited to:

- Significant changes to the GSIA;
- Significant mergers, acquisitions, or corporate reorganizations;
- Significant changes to the **Board of Directors** or regarding the **Chief Audit Executive**;
- Significant changes to the strategy, objectives, risk profile, or the environment in which **TOTVS** operates;
- New laws or regulations that may affect the nature and/or scope of **Internal Audit** services.

Such changes must follow the same approval and publication procedures set forth in these Regulations.

7. Supervision by the SAC

In order to ensure that the **Internal Audit Function** of the **Company** has the effectiveness, sufficient independence and authority to properly fulfill its duties, it is the responsibility of the **SAC** to advise the **Board of Directors** to:

- Discuss with the **Chief Audit Executive** whether the authority, role, responsibilities, scope, and services (assessment and/or advisory) of the **Internal Audit Function** are appropriate;

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- Ensure that the **Chief Audit Executive** has unrestricted access to, and can communicate and interact directly with, the **SAC**, including through private meetings without the presence of the **Board of Directors**;
- Discuss with the **Chief Audit Executive** other topics that should be included in the **Internal Audit Policy**;
- Participate in discussions with the **Chief Audit Executive** regarding the essential conditions, as described in the **GSIA**, that form the basis for an effective **Internal Audit Function**;
- Recommend the adoption of the **Internal Audit** Regulations, which include the mandate, scope, and types of **Internal Audit** services;
- Review / recommend the periodic approval of the **Internal Audit** Regulations with the **Chief Audit Executive** to consider changes that affect the **Company**, such as the hiring of a **Chief Audit Executive** or changes in the nature, severity, and interdependencies of risks to the **Company**;
- Approve the risk-based **Internal Audit** plan, at least once a year;
- Assess and recommend to the **Board of Directors** the approval of the human resources and budget required for the **Internal Audit Function**;
- Identify the qualifications and competencies that the organization expects of a **Chief Audit Executive**, as described in the **GSIA**;
- Recommend to the **Board of Directors** the appointment and dismissal of the **Chief Audit Executive**;
- Recommend to the **Board of Directors** that it approve the compensation of the **Chief Audit Executive**;
- Conduct a performance evaluation of the **Chief Audit Executive** at least once a year;
- Receive and follow up on communications from the **Chief Audit Executive** regarding the **Internal Audit Function**, including compliance with the **Internal Audit Plan**;
- Ensure that a **QAIP** has been established and reported annually.

In the event of the absence or temporary unavailability of the head of **Internal Audit**, the **SAC** shall appoint a person to serve in that capacity on an interim basis.

Internal Audit shall conduct only those engagements specified in the previously approved **Annual Internal Audit Plan**. The inclusion, cancellation, postponement, or non-execution of work will depend on justification and prior approval by the **SAC**.

8. Scope and Types of Internal Audit Services

The scope of the **Internal Audit Function's** services includes, but is not limited to, **Objective Analyses** of evidence, with the purpose of providing independent assessments to management and **Stakeholders** regarding the adequacy and effectiveness of governance, risk management, and **Internal Control** processes, as well as the quality of performance in fulfilling assigned responsibilities so that **TOTVS** can achieve its goals and objectives. This includes:

- Assess the reliability and integrity of the audited information and the methods used to identify, measure, classify, and disclose such information;
- Evaluate the systems, controls, procedures, and routines established to ensure compliance with internal policies, standards, and procedures, as well as applicable laws and regulations;

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- Evaluate accounting, operational, administrative, financial, legal, and corporate controls and procedures with regard to their adequacy, efficiency, effectiveness, quality, and security;
- Assess the safeguards in place for the assets and, where applicable, verify the existence of such assets;
- Assess the effectiveness and efficiency with which **TOTVS's** resources are utilized;
- Evaluate operations or processes to determine whether the results from **TOTVS** are consistent with established objectives and goals and whether the operations or processes are being carried out as planned;
- Assess the governance practices involved in the audited processes and activities;
- Assess the effectiveness of the organization's risk management processes and mitigation plans;
- When requested, provide advice on governance, **Risk Management**, and **Internal Controls**, while always maintaining independence;
- Issue reports on the audits scheduled in the annual plan, as well as the **ARIIA**;
- Report to the **SAC** any risks, errors, and control weaknesses—including fraud risks—that may have been identified during the audit or within a specific scope, as well as governance issues and other matters and risks reported by **TOTVS** executives;
- When prompted, investigate complaints received through the reporting channel or by any other means;
- Evaluate specific operations, at the request of the **Board of Directors** or the **SAC**;
- Within the scope of their mandate and responsibilities, act as requested by the **SAC** or the **Board of Directors**;
- When conducting their audit work, assess whether the risks related to the achievement of **TOTVS's** strategic objectives have been properly identified and managed;
- When conducting their audit work, assess whether the actions of **Employees** and service providers comply with the policies, procedures, and laws, regulations, and governance standards applicable to **TOTVS**;
- Assess the appropriateness of transactions with **Related Parties**.

The nature and scope of the advisory services may be agreed upon with the requesting party, provided they are approved in advance by the **SAC** and that the **Internal Audit Function** does not assume management responsibilities.

Opportunities to improve the efficiency of governance, risk management, and control processes can be identified during the advisory work. These opportunities should be reported to the appropriate level, whether it be the **Executive Board**, the **Statutory Audit Committee**, or the **Board of Directors**.

9. Roles and Responsibilities of the Chief Audit Executive

9.1. Ethics and Professionalism

The **Chief Audit Officer** shall ensure that internal auditors:

- Comply with the **GSIA**, including the principles of Ethics and Professionalism (Available at: <https://www.theiia.org/>);



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- Understand, respect, meet, and contribute to the organization's legitimate and ethical expectations, and be able to recognize conduct that runs counter to those expectations;
- Encourage and promote an ethical culture within the organization; and
- Please report any organizational behavior that is inconsistent with the organization's ethical expectations, as described in the applicable policies, **CODEC**, and procedures.

9.2. Objectivity

The **Chief Audit Executive** must ensure that the **Internal Audit Function** remains free from any conditions that threaten the internal auditors' ability to perform their responsibilities impartially, including matters related to engagement selection, scope, procedures, frequency, timing, and communication. If the **Chief Audit Executive** determines that objectivity may be compromised, either in fact or in appearance, the details of the compromise shall be disclosed to the **SAC** and the **Chief Executive Officer**.

Internal auditors must maintain an impartial mindset that enables them to perform their work objectively, so that they have confidence in their work, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or in appearance.

Internal auditors have no direct operational responsibility for any of the activities they review. Consequently, internal auditors do not implement **Internal Controls**, develop procedures, install systems, or engage in other activities that could impair their judgment, including:

- Evaluate specific processes or situations for which they had operational responsibility over the past 12 months;
- Perform operational functions for **TOTVS**;
- Initiate or approve transactions external to **Internal Audit Function**;
- Direct the activities of any employee who is not employed by the **Internal Audit Function**, except when they have been appropriately assigned to assist **Internal Audit** teams.

Internal auditors should:

- Demonstrate professional objectivity in the collection, evaluation, and communication of information;
- Make balanced assessments of all available and relevant facts and circumstances;
- Take the necessary precautions to avoid conflicts of interest, bias, and undue influence;
- Promptly disclose any conflicts of interest that may compromise their independence or objectivity—whether actual or perceived—to the **Chief Audit Executive**.

9.3. Management of the Internal Audit Function

The **Chief Audit Executive** is responsible for:

- Attend **SAC** meetings as a permanent guest member;
- Ensure that **Internal Audit** work is performed, documented, and reported in accordance with the **GSIA**, including the establishment of objectives and scope, the allocation of appropriate and adequately supervised resources, the documentation of work programs and test results, and the communication of the results of the work—including conclusions and applicable recommendations—to the appropriate parties;



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- Review the findings of the work, confirm the appropriateness of the recommendations, and report the results of the **Internal Audit** services to the **SAC** and the **Executive Board**;
- Ensure that the **Internal Audit Function** collectively possesses or acquires the knowledge, skills, and other competencies and qualifications necessary to meet the requirements of the **GSIA** and fulfill the **Internal Audit** mandate;
- Identify and assess emerging risk trends that could impact **TOTVS** and report them to the **SAC** and the **Board of Directors**, as appropriate;
- Consider emerging trends and best practice recommendations for successful **Internal Auditing**;
- Establish and ensure compliance with the policies, standards, and procedures developed to guide the **Internal Audit Function**;
- Ensure compliance with **TOTVS** policies, standards, and procedures, unless such policies conflict with these Regulations or with the **GSIA**. Any such conflicts must be resolved or documented and communicated to **SAC**, **Board of Directors** and the **Executive Board**;
- Coordinate internal auditors' activities and consider relying on the work of other internal and external providers of assessment and advisory services. If **Chief Audit Officer** has any constraint to achieve an appropriate level of coordination, the matter should be reported to the **SAC**.

9.4. Annual Internal Audit Plan, Budget and Timeline

The Chief Audit Executive is responsible for:

- Develop an **Annual Internal Audit Plan** that sets priorities for the year using a risk-based methodology, including fraud risks, recommendations, and concerns raised by the **Executive Board**, the **SAC**, and the **Board of Directors**;
- Communicate the impact of any resource constraints for compliance with **Annual Internal Audit Plan** to **SAC**. The proposed plan must be consistent with the approved budget for the year and with the estimated availability of human and technological resources, taking into account all activities to be carried out. The plan must also include a contingency fund for special projects and time allocated for training and development of the audit team, as well as for administrative activities within the department itself;
- Submit for review of the **SAC**, by the beginning of each fiscal year, the **Annual Plan of Internal Audit** for the fiscal year, accompanied by a budget proposal and schedule for the execution of the plan. The plan shall be discussed with **SAC** and submitted to **Board of Directors** for final review and approval;
- Whenever necessary, in response to any changes in business, risks, operations, programs, systems and controls, or even difficulties in mobilizing planned resources, propose duly justified adjustments to **Annual Internal Audit Plan** for approval by the **SAC**.
- Communicate with the **Statutory Audit Committee** if there are significant internal changes to the **Annual Internal Audit Plan**.

9.5. Communication and reporting of the work

When an audit engagement is completed, its findings should be discussed with the manager responsible for the process. If any significant deficiencies are identified, the **Executive Board** and the **SAC** must be notified promptly.

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If, during the course of an audit, weaknesses or deficiencies are identified that can be quickly corrected by the process manager, the manager should be advised to take the necessary steps to address them. Nevertheless, the deficiency or weakness should be included in the final report with a note stating that the issue was resolved during the audit, if that was the case.

For any deficiencies identified, the manager responsible for the area or process must submit an action plan and a deadline for completion. Once the activities of a **Internal Audit** engagement have been completed, the respective report must be published and submitted to the **SAC**, even without all the action plans and responsible persons.

Periodically, at least every six months, the **Internal Audit Function** shall report the detailed status of action plans and other relevant pending audit work not completed within the deadline stipulated by those responsible for the processes to the **Executive Board** and the **SAC**.

The **Chief Audit Executive** must submit an annual **ARIIA** report to the **SAC** and the **Board of Directors**, which must include:

- The purpose and mandate of the **Internal Audit Function**;
- The planning and performance related to the planning of the **Internal Audit Function**;
- Results of the **QAIP**, which include the **Internal Audit Function's** compliance with the **IIA's GSIA** and **Thematic Requirements**, as well as action plans to address any significant non-compliance issues and opportunities for improvement;
- Significant exposures to internal risk and control issues, including fraud risks, governance practices and other matters that require attention or have been requested by the **SAC**;
- a summary of the results of audit work or other activities carried out during the year;
- The human, financial and technological resources used to comply with the **Annual Internal Audit Plan**;
- Statement of independence of the **Internal Audit Function**;
- Any risk responses by case managers that may be considered unacceptable to **TOTVS** in the judgment of **Chief Audit Officer** and/or expectations of the **SAC**;
- Relevant opportunities to improve the efficiency of governance processes, **Risk Management** and **Internal Controls** that could be identified during the work. Such opportunities should also have been promptly communicated to the appropriate levels of the **Executive Board**.

10. General Provisions

It is incumbent upon the Chief Audit Officer to resolve any existing doubts about these Regulations, as well as to resolve on any omissions and make any necessary changes, except for the powers of the **SAC** and the **Board of Directors**.

All members of the **TOTVS** internal auditors team must be fully aware of these Regulations and sign a term formalizing their acknowledgment.

The **Internal Auditors** of **TOTVS** must be constantly encouraged by **Company** to obtain certifications compatible with the exercise of their duties.



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11. Approvals

Name / Title	Description
Mauricio Alexandre Gonçalves Executive Manager of Internal Audit	Drafted by
Marcos Bartolomei de Siqueira Corradi Executive Manager of Internal Controls, Risks and Compliance	Reviewed by
Patricia Vietri Thomazelli Magalhães Fonseca Legal Officer	Reviewed by
Dennis Herszkowicz Chief Executive Officer	Reviewed by
Statutory Audit Committee	Recommendation
Board of Directors	Approval