



Subject: Contracting and Relationship with Independent Audit	Identification: PO-CONTRL-01 Version: 03
Board in Charge: Planning and Controllershhip Board	Published on: 01/08/2024
Related Rules:	Review by: 01/08/2027

1. Purpose

The purpose of this Independent Audit Contracting and Relationship Policy ("Policy") is to establish general guidelines for the relationship with the Independent Auditor, the approval process for contracting audit services related to financial statements and any Extra Audit Services provided by the Independent Auditor or a Related Party, in order to ensure the quality and independence of the aforementioned service contractor.

2. Scope

This Policy applies to all TOTVS Group companies in conducting their business both in Brazil and abroad.

3. References

This Policy is aligned with the following standards and guidelines:

- Brazilian Corporate Governance Code: a document that includes a set of principles, fundamentals and recommended practices to be adopted by publicly traded companies, using the "practice" or "explain" approach.
- Internal Regulations of the Statutory Audit Committee of TOTVS S.A.: document that regulates the functioning, structure, organization, duties and responsibilities of the Statutory Audit Committee of TOTVS S.A. and its relationship with the Board of Directors and other bodies of the Company.
- CVM Resolution 23/2021: provides for the registration and exercise of independent auditing activity within the scope of the securities market, defines the duties and responsibilities of managers and audited entities in their relationship with independent auditors.
- CVM Resolution 162/2022: deals with the disclosure, by audited entities, of services provided by the Independent Auditor that are not external audits.
- CVM Resolution 80/2022: provides for the registration and provision of periodic and occasional information by issuers of securities admitted to trading on regulated securities markets.
- Law No. 6404/76: establishes the rules to be followed by corporations, including the obligation for the financial statements of publicly-held companies to be audited by independent auditors registered with the CVM.

4. Definitions

Board of Directors: The Company's statutory and non-statutory Board of Directors.

Company: TOTVS S.A.

CST: TOTVS Service Center.

CVM: The Securities and Exchange Commission of Brazil.

Extra Audit Services: services provided by the Independent Auditor that are not related to the auditing of the annual financial statements and quarterly reviews.

Independent Auditor: auditing firm hired to audit and issue an opinion on the annual financial statements and quarterly reviews of TOTVS S.A. and its subsidiaries.

Related Parties of the Independent Auditor: individuals and legal entities related to the Independent Auditor according to the independence standards of the Federal Accounting Council.

TOTVS Group: TOTVS S.A., its directly or indirectly controlled subsidiaries and affiliates.



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5. Guidelines

5.1. Services provided by the Independent Auditor

The main task of the Independent Auditor is, in compliance with the applicable rules, to give an opinion on whether the financial statements prepared by Management, for which the Board of Directors is responsible, represent fairly, in all material respects, the individual and consolidated financial position of the TOTVS Group.

The independence of Independent Auditors is crucial if they are to be able to provide their services objectively and issue an unbiased opinion, helping to create an environment of trust and credibility among managers, shareholders and other interested parties. The auditor's independence may be affected when:

- It has a financial interest in the audited entity, or another proprietary interest in that entity;
- It audits the product of its own work;
- It promotes or defends the interests of the audited entity;
- It performs management functions for the audited entity; and
- It provides another service for the audited entity in addition to auditing services, when not complying with article 17 of CVM Resolution 162/2022.

The detailed scope of the engagement must be evidenced and documented in the proposal submitted by the Independent Auditor.

Extra Audit Services that may be provided by the Independent Auditor or by Related Parties of the Independent Auditor should always be contracted on an exceptional basis and in cases where such contracting is justified.

5.2. Contract duration

Independent Auditors should preferably be contracted for a period of one (1) year.

Likewise, the renewal of an Independent Auditor contract must be preceded by a formal and documented assessment of their independence and performance in accordance with item 5.3 of this Policy.

Considering that TOTVS has a permanent Statutory Audit Committee, the consecutive renewal of the same independent audit firm is allowed for up to ten (10) fiscal years, under the terms of article 31-A of CVM Resolution 23/2021. After the end of this period, the same Independent Auditor can only have its contract renewed after a minimum interval of three (3) fiscal years, as stipulated in article 31 of CVM Resolution 23/2021.

Extra Audit Service contracts must contain a specific scope and term, to the exact extent necessary for their provision.

5.3. The process of hiring and evaluating the Independent Auditor

Whenever the need to hire a new Independent Auditor is considered, the Planning and Controllershship Board must formally invite at least two (2) independent auditing firms to participate in the selection process of Independent Auditors for the purpose of reviewing the Financial Statements.

The auditing firms participating in the selection process must be among the largest and best Independent Auditing firms serving listed companies in Brazil or abroad.



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The invited companies will have access to the TOTVS Group executives involved in the process, to understand the business and subsequently prepare and present the work proposal and fees.

The Planning and Controlling Board must send the proposals to the Statutory Audit Committee together with management's comments.

The Statutory Audit Committee is responsible for evaluating the proposals submitted by independent audit firms and recommending that the Board of Directors contracts one (1) of those firms.

The auditing company approved by the Board of Directors must include, in the final proposal, a formal declaration of independence with the TOTVS Group, in addition to informing whether there are, and which are, the Independent Auditor's Related Parties. The audit firm must include in the final proposal the schedule of presentations to be made to the Statutory Audit Committee.

Any contract with the Independent Auditor must be formalized in writing, in a contract previously analyzed and approved by the Legal Department.

In order to issue an opinion on the hiring of an Independent Auditor, the Statutory Audit Committee must assess, among other things, the following aspects presented in the respective proposals sent by the auditing companies and evidenced in the meeting minutes:

- Structure and governance of the audit firm;
- Independence of the audit firm, the partner and the team that will carry out the work;
- Adequate quality internal control processes, including those that ensure its independence and that of its members (partners and other professionals);
- Training and dedication of the team assigned to the work;
- Fees compatible with the size and complexity of the TOTVS Group;
- Experience in the industry and segment in which the TOTVS Group operates; and
- Rules and regulations that will be followed in the activities to be performed.

During the term of the contract, the Statutory Audit Committee must hold periodic meetings with the Independent Auditors in order to approve their work plan and monitor its development throughout the year, in accordance with the annual schedule of meetings established in the Statutory Audit Committee's Internal Regulations. The Independent Auditor shall be guaranteed access, whenever they deem necessary, to both the Statutory Audit Committee and the Board of Directors.

In case of charge of additional fees, either for independent audit services arising from the acquisition of companies or any other additional fee, said charge must be submitted in advance for consideration by the Statutory Audit Committee, including the composition of the fees and justifications for the additional charge. Once the Statutory Audit Committee evaluates the additional proposal, it will recommend approval to the Board of Directors.

Every year, the Statutory Audit Committee must carry out a formal assessment of the work of the Independent Auditors, to be concluded at the meeting of the month following the delivery of the annual opinion. The result of this evaluation, presented and discussed with the Board of Directors, will determine the need to carry out a new selection process with other companies or only the procedures for renewing the contract for the next fiscal year.

The Statutory Audit Committee must receive a formal declaration from the Independent Auditors on an annual basis confirming their independence throughout the course of their work. Nevertheless, the monitoring of independence aspects must be permanent.



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Likewise, the renewal of an Independent Auditor's contract must be preceded by a formal and documented assessment of their independence and performance.

5.4. Contracting Extra Audit Services

The Independent Auditor responsible for auditing the Financial Statements may be considered to carry out Extra Audit Services, either directly or through Related Parties of the Independent Auditor, and, as provided for in item 5.1 of this Policy, Extra Audit Services that may be provided by the Independent Auditor or its Related Parties may be contracted, always on an exception basis and in cases where such contracting is justified, provided that the following conditions are cumulatively complied with:

- The services must not affect the independence of the audit firm;
- The services are previously assessed and recommended by the Statutory Audit Committee and approved by the Board of Directors;
- The services are within the scope of the audit firm's professional competence; and
- Provision by the audit firm of a declaration that there is no conflict of interest in the provision of the Extra Audit Service to be contracted.

If the audit firm that offers the most competitive prices is the audit firm in office in the respective calendar year or a Related Party of the Independent Auditor, the Supplies Department – CST, which is responsible for the process of contracting third-party services, must request approval from the Planning and Controllershship Department to contract them.

The Planning and Controllershship Board is responsible for submitting to the Statutory Audit Committee and the Board of Directors the proposal for contracting Extra Audit Services, when applicable, including the scope, the amounts involved and the justification for contracting under the terms of this Policy.

5.5. Dissemination of Extra Audit Services

The Company must disclose to the market, under the terms and in the manner required by CVM Resolution 162/2022, the following information related to the provision, by the Independent Auditor or by Related Parties of the Independent Auditor, of any service other than external auditing:

- The date of the contract, the duration, if longer than one (1) year, and an indication of the nature of each service provided;
- The total amount of the fees contracted and their percentage in relation to the fees for auditing the financial statements;
- The policy or procedures adopted by the Company to avoid the existence of a conflict of interest, loss of independence or objectivity of its Independent Auditors.

6. Assignments

Board of Directors

- Approve all contracts with the Independent Auditor or the Independent Auditor's Related Parties;
- The Company's Board of Directors and Executive Board must ensure that the financial statements are audited by an Independent Auditor with appropriate qualifications and experience, which is fundamental for the reliability of this data, and ensure that the non-financial information is assured;
- The Board of Directors, with the support of the Statutory Audit Committee, must ensure that the Independent Auditors comply with the professional rules of independence, including the financial independence of the respective audit contract;



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- Evaluate the responses and actions of the Company's Board of Directors on the internal control recommendations presented by the Independent Auditors; and
- Take note of the external audit's annual plan and, if necessary, comment on specific issues of concern.

Statutory Audit Committee

- Make recommendations to the Board of Directors regarding the adequacy of this Policy;
- Make recommendations to the Board of Directors on the hiring or replacement of the Independent Auditor;
- Recommend that the Board of Directors hire additional audit services related to the Financial Statements, originally not foreseen, to be provided by the Company's Independent Auditor; and
- Recommend approval of the contracting of Extra Audit Services, under the terms of this Policy.

Planning and Controllershship Board

- Keeping this Policy up to date and ensuring that it is applied;
- Annually submit the contracting of audit services for the Financial Statements to the Statutory Audit Committee and the Board of Directors;
- Submit any contracting of Extra Audit Services to the Statutory Audit Committee and the Board of Directors, as established in this Policy; and
- Submit any contracting of additional audit services related to the financial statements to the Statutory Audit Committee and the Board of Directors, as established in this Policy.

Supplies Department - CST

- Submit any requests for the purchase of Extra Audit Services for evaluation by the Planning and Controllershship Board; and
- Submit the draft contract to be entered into with the Independent Auditor or the Independent Auditor's Related Parties for analysis by the Legal Department.

Legal Department

- Analyze and approve the contract to be signed with the Independent Auditor or with Related Parties of the Independent Auditor.

Internal Controls, Risks and Compliance Area

- Prepare, submit for approval and disclose this Policy.

7. Consequence Management

In case of noncompliance with this Policy, appropriate consequence management measures will be adopted to address the nonconformity.



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8. Approvals

Name/Position	Description
Regiane Domingos das Neves Executive Manager of Planning and Controllershship	Development
Ricardo Guerino de Souza Director of Planning and Controllershship	Review
Marcos Corradi Executive Manager of Internal Controls, Risks and Compliance	Review
Gilsomar Maia Executive Financial Vice President	Review
Dennis Herszkowicz CEO	Review
Statutory Audit Committee	Recommendation
Board of Directors	Approval