



Transparency Report 2023

January 2024

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Our Values

We are committed to quality and excellence in everything we do, and this helps us bring our best to clients and earn public trust through our actions and behaviors, both professionally and personally.

Our Values represent what we believe in and what is important for us as an Organization. They guide our everyday behavior, informing how we act, the decisions we make, and how we work with one another, our clients, the companies we audit and all our stakeholders.



Our Values are:



Integrity

We do what is right.



Excellence

We never stop learning and improving.



Courage

We think and act boldly.



Together

We respect each other and find strength in our differences.



For Better

We do what matters.



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Message from the Leadership

Guided by our Values, we will continue to do more and more.

We are pleased to present KPMG in Brazil's 2023 Transparency Report, which represents an opportunity to share with you the advancements and commitments that shaped our year and our vision towards the future.

First and foremost, we would like to stress that success for us goes far beyond financial performance: we also desire to be the most trusted professional services firm on Earth. Because we are not happy by simply doing many things but by doing things the right way. After all, our organization is grounded in Values that guide our initiatives: Integrity, Excellence, Courage, Together, and For Better.

Those Values not only have an impact on our beliefs as an organization, but also play a crucial role in guiding our behaviors and decisions. In other words, we always strive to do what is right, we value continuous learning, we face challenges head-on, we respect each other and we focus our efforts on what really matters.

Above all, we are committed to quality and excellence in all our activities, aiming at offering the best to our clients and winning public trust.

Our governance structure reflects this commitment to people and leading management practices, thus ensuring strategic alignment and the rendering of accounts in all areas of our firm. On the following pages, you will see how the Executive Committee works to ensure compliance with the goals aligned with KPMG's global guidelines.

Based on solid values, robust governance, and technical excellence, we always seek the best results. For this reason, in FY 2023, we continued our journey, acting in a consistent and dependable manner, and focusing on building a better future for our stakeholders, the market and society.

We achieved great results supported by rigorous quality controls, by transparency and governance policies, by investments in automation, by artificial intelligence and data analytics and by great environmental, social and governance (ESG) policies. We also credit our success to our people, who are the essence of our firm.

We also highlight our commitment to the quality of audit and assurance engagements, which is the foundation of trust in capital markets. We take this commitment seriously and present details about our "system of quality management" in this report, emphasizing our determination to provide independent and reliable assessments to all stakeholders.

Global consistency is a priority, and the **KPMG Clara** platform plays a key role in this regard, by fostering globally consistent audits through the use of emerging technologies, data science and automation. Our approach involves constant progress in terms of technologies and strategic collaborations, such as the partnerships entered into with **Mindbridge** and **Microsoft**, which support us in enhancing our data & analytics ability and help release our professionals for them to focus their efforts on much more central and critical audit topics. In 2023, we launched a globally consistent workflow for assurance engagements, including ESG ones. All this for the purpose of providing a consistent user experience and boosting innovation.

Additionally, we invested in developing our **Audit Technology & Innovation (ATI)** team to ensure that our professionals are prepared to take advantage of all the opportunities that innovation has to offer. As a result of a multidisciplinary approach and advanced technological solutions, we optimize

the auditor's and the client's experience, thus making the process more agile, safer and more technological.

In addition to our concern for our people, we have broadened the way we see society as a whole, focusing on ESG approaches and quality of ESG assurance. We actively participated in global forums and promoted interdisciplinary discussions on social and environmental issues through KPMG in Brazil's ESG Committee meetings.

This has never been so important. After all, 2023 presented some unequivocal signs that climate emergencies had to be addressed. On the one hand, it is necessary to contain carbon emissions; on the other hand, the world cannot give up energy security. Through studies and specialized work of the highest quality, we have been striving to do our part to provide guidance to our clients and lead the journey towards reducing emissions in a number of productive sectors.

Moreover, in the economic scenario, 2023 posed significant challenges to our firm and our clients, with highlights to the political uncertainties in Latin America and the consequences of war conflicts, such as the war between Russia and Ukraine and, more recently, the war in the Middle East – which, by the way, continue to generate uncertainties for 2024. Fortunately, Brazil witnessed economic growth and exchange rate stability in this period. We hope that the new year holds good surprises. On our part, we will operate with resilience and continue to offer the best to our clients, the market, and society in general.

And when we talk about "offering the best", we don't mean just business. We also want to express our social commitment through significant investments in projects and organizations that contribute to a better world. In 2023, we allocated over R\$3.3 million to a variety of initiatives and institutions, including the Serendipidade Institute, the Phi Institute, the Support Group for Children with Cancer in the state of Amazonas, the Food Bank and many other initiatives. We sponsor various social causes by means of occasional campaigns and sponsorships, by promoting topics such as social justice and education and by benefiting organizations such as Pequeno Cidadão, Enactus, Junior Achievement, Turma da Sopa, etc. We also contribute pro bono services to the Christ the Redeemer Sanctuary and the Brazil-Germany Chamber of Commerce and Industry.

This was certainly a year of many achievements. In this report, you will find more details about each of them and learn more about our commitments and Values. We take great pride in what we do and will continue to exert our best efforts to being a dependable firm, committed to excellence and sustainability. Our sincere thanks to all who accompany us on this journey!



Charles Kriek
Chairman of KPMG
in Brazil and South America



Carlos A. Pires
Head of Audit of KPMG
in Brazil and South America

Throughout this document, KPMG, we, our, and us refer to KPMG Auditores Independentes Ltda. Any references to the KPMG global organization refer to KPMG International Limited member firms, each of which is a separate legal entity. KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. No member firm has any authority to obligate or bind KPMG International Limited or any other member firm with respect to third parties, nor does KPMG International Limited have any authority to obligate or bind any member firm. KPMG International means KPMG International Limited, unless the context requires that the reference means KPMG International Services Ltd. (which provides services, products, and support to, or on behalf of, member firms or KPMG International Limited, but not services, products, or support to clients) or KPMG International Cooperative (which owns and licenses the KPMG brand). Throughout this document, references to the firm, KPMG firm, member firm, and KPMG member firm refer to member firms which are members of KPMG International Limited; KPMG International Limited (which is a public limited liability company); or entities that are wholly or predominantly held and controlled by an entity that is a member or subsidiary. The overall governance structure of KPMG International Limited is provided in the "Governance and Leadership" section of the KPMG International Transparency Report.



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1. Our system of quality management is foundational for audit quality

Audit and assurance quality is foundational to instilling confidence and public trust in the capital markets and it remains our highest priority.

Across the global organization, KPMG firms have strengthened the consistency and robustness of their system of quality management (SoQM - *System of Quality Management*) to meet the requirements of the International Standard on Quality Management 1 (ISQM 1), issued by the International Auditing and Assurance Standards Board (IAASB).

Our globally consistent approach to our system of quality management and the International Standard on Quality Management, fosters the robustness of our responses to risks we face in the course of meeting the quality objectives set out in the standard. For each component of the standard, KPMG International has established objectives, quality risks and controls for all KPMG firms.

A risk assessment process has been established and is required to be used by KPMG firms to identify quality objectives, quality risks, and the firm's particular responses. KPMG International provides

KPMG firms with requirements for testing and evaluating their system of quality management, along with guidelines, tools and models to support consistency of standard across all KPMG member firms.

The KPMG International has adopted a centralized approach that aims to promote consistency, robustness and accountability of responses within KPMG firm's processes.

We have adopted a global quality framework to better determine how we deliver quality at KPMG and how everyone at KPMG is responsible for their delivery. The principle called "delivering quality work" is the key point, together with our commitment to continuously monitoring and remediating our processes, when necessary.

In this report, we use our Global Quality Framework to describe our approach to quality.



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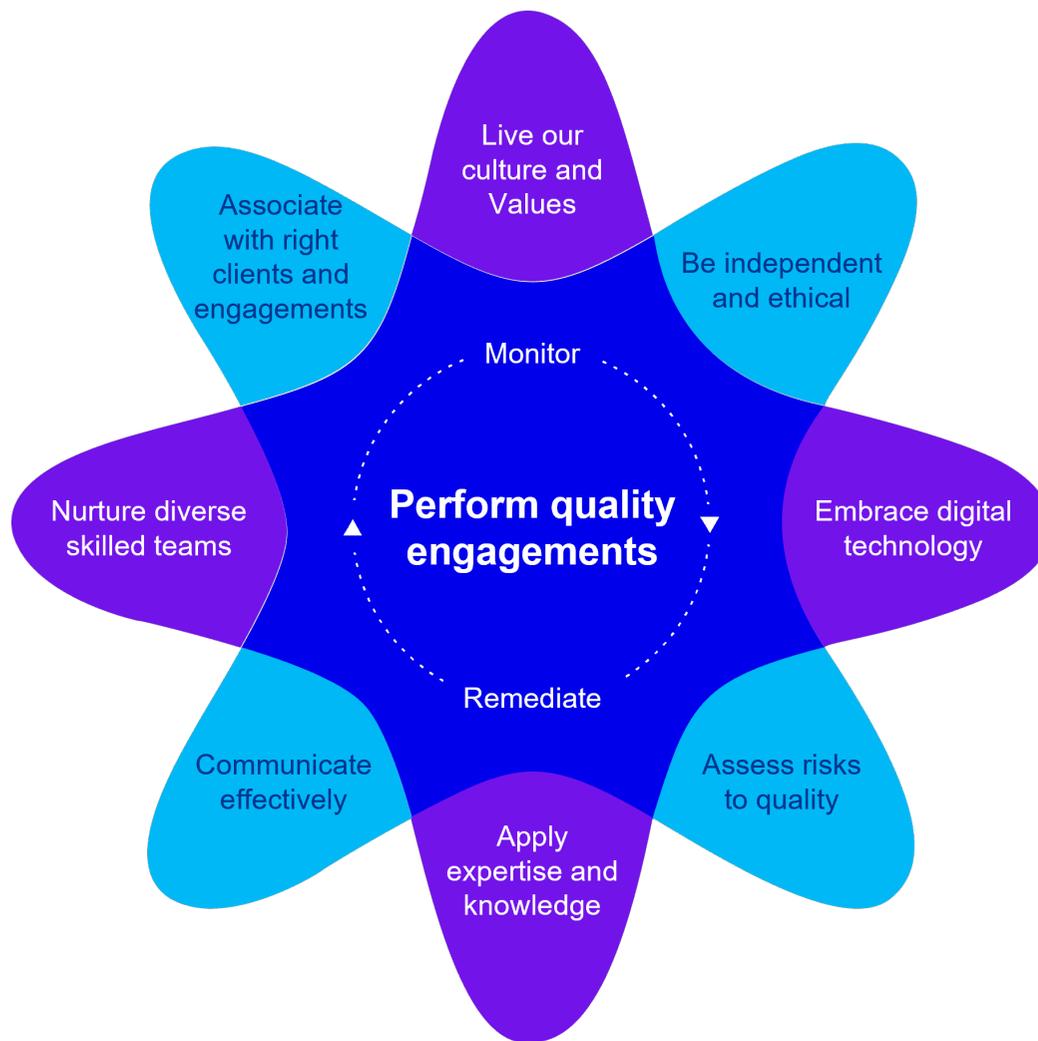
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The factors described are in line with the ten components defined in our quality system. These components meet the requirements of the International Standard on Quality Management 1 (ISQM 1), issued by the International Auditing and Assurance Standards Board (IAASB), and the International Code of Ethics for Accounting Professionals (including International Standards on Independence), issued by the International Ethics Standards Board for Accountants (IESBA), which apply to professional services firms that conduct financial statement audits.

This transparency report summarizes KPMG's approach to audit quality, and how we effectively operate each component of the Quality System in combination with the Effectiveness Statement of our Quality System. It may also be helpful for stakeholders interested in the Tax and Advisory services provided by the member firm, given that many of KPMG's quality procedures and processes are multifunctional and apply to all services offered.

2. Live our culture and Values



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It's not just what we do at KPMG that matters: we also pay attention to how we do it. Our Values are our core beliefs, guiding and unifying our actions and behaviors. Shared across all personnel and in all countries, jurisdictions and territories in which we operate, they are the foundation of our unique culture.

2.1 Foster the right culture, starting with the Tone at the top

2.1.1 Tone at the top

KPMG International's leadership, working together with regional leaders and member firms, plays a critical role in establishing our commitment to quality and the highest standards of professional excellence and ethics. A culture based on integrity, accountability, quality, objectivity, independence and ethics is essential in an organization that provides audit and other professional services in which stakeholders trust.

Our Values are at the heart of how we do things - doing the right thing, the right way, at the right time. They form the foundation of a resilient culture ready to overcome challenges with integrity, and therefore never losing sight of our primary responsibility to serve the public interest. Our Values encourage us - through our work and the example we set - as we inspire confidence and promote change globally.

In order to disseminate and reinforce the message of our purpose and Values at KPMG, we maintain a Network of Culture Champions, with more than 1,000 professionals dedicating time and energy to acting as ambassadors of our culture on a daily basis.

We are committed to the highest standards of personal and professional behavior in all we do. Ethics and integrity are key to who we are and why everyone at KPMG keeps the promise of excellence.

In our KPMG Global Code of Conduct ("the Code"), we set the responsibilities that all KPMG people have in relation to each other, to the public and to our clients. This demonstrates how our Values and purpose inspire our greatest ambitions and guide all our behaviors and actions. It defines what it means to work at and be part of KPMG, as well as our individual and collective responsibilities.

Everyone at KPMG can expect to be held accountable for their behaviour consistent with the Code and is required to confirm their compliance with it individuals are strongly encouraged to speak up if they see something that makes them uncomfortable or that is not in compliance with our Code or our Values. Everyone at KPMG is required to report any activity that may be potentially illegal or that breaches our Values, KPMG policies, laws, regulations or applicable professional standards.

To safeguard this principle of mutual accountability, each KPMG member firm has agreed to set, communicate, and maintain clearly defined channels for KPMG people and third parties to ask questions,

report their concerns, provide feedback and notify reportable issues, in accordance with applicable legislation or regulations, without fear of retaliation.

The KPMG International Hotline is an additional mechanism for KPMG people, clients and other third parties to report confidentially any concerns they have related to KPMG International's activities, to member firm activities or to those of KPMG people. Reports received by the KPMG International hotline are taken seriously, and for each of them, we consider how to respond and where necessary, investigate and take appropriate action.

All KPMG member firms and personnel are prohibited from retaliating against any individuals who have the courage to speak up in good faith. Retaliation is a serious violation of the Code of Conduct and any person who takes retaliatory action will be subject to their firm's disciplinary policy.

In addition to the processes outlined above, the Global People Survey (GPS) provides the KPMG in Brazil and KPMG International leadership with results related to the defense of KPMG Values. Our firm and KPMG International monitor the results and take appropriate measures to communicate and respond to any findings. See section 11 - Communicate effectively of this report for further details on the GPS.

2.1.2 KPMG's multidisciplinary model

Today's organizations face complex problems that require the best, most integrated thinking.

We firmly believe that our multidisciplinary model is the best way to serve our clients. This model is essential to deliver the highest levels of quality on the largest and most complex audit, tax, and advisory engagements. It enables us to be an agile and resilient from a business perspective and means we can more easily respond to market conditions, thus making us a more interesting and exciting place to work.

2.2 Clearly coordinated strategy focused on quality, consistency, trust and growth

2.2.1 Our business

We are a global network of professional firms providing Audit, Tax and Advisory services. We operate in 143 countries and territories, with over 270 thousand partners and professionals working in member firms worldwide - in Brazil, we have nearly six thousand professionals. Each KPMG member firm is an independent and separate legal entity and describes itself as such, and is legally and financially liable for its own obligations and acts.

Driven by our purpose Inspire Confidence, Empower Change, we have become a reference firm in the segments we operate in.

We have shared values and inspired confidence in the market and communities for over 100 years, transforming people and companies and making positive impacts that contribute to sustainable changes in our clients, in governments and in society.

Our audit and assurance services in Brazil are provided through KPMG Auditores Independentes Ltda. and the companies listed in [Appendix 1](#) of this report ("KPMG in Brazil").

Further details of our services can be found on our website www.kpmg.com.br.

2.2.2 Our strategy

Our strategy is defined by the Executive Committee, and it demonstrates our commitment to quality and trust. Our focus is to invest significantly in the priorities that form part of a global strategy execution.



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2.3 Functions and responsibilities related to management of quality and risks

2.3.1 Leadership responsibilities for quality and risk management

KPMG in Brazil demonstrates a commitment to integrity, quality, objectivity, independence, and ethics, and communicates its focus on quality to clients, stakeholders, and society. Our leadership in Brazil plays a fundamental role in setting the right tone and leading by example, demonstrating a firm commitment to one of the highest standards of professional excellence, championing and supporting the major initiatives. It is committed to building a culture based on integrity, quality, objectivity, independence, and ethics, demonstrated through its actions.

KPMG in Brazil has agreed to seek information from the chair of the relevant Global Steering Groups, or

their representatives, on the performance of certain leaders within the Brazil firm whose role most closely aligns with the activities of those international group. Input is sought as part of an annual performance evaluation process, which includes public interest, audit quality and risk management activity issues.

Global Steering Groups drive the quality strategy execution. Each of those global groups has its specific focus areas and works in close collaboration on quality issues with KPMG regional and member firm leadership to: (i) establish and ensure appropriate audit communication, quality policies and risk management; (ii) establish and support effective and efficient processes to foster audit quality; (iii) effect and support the implementation of KPMG’s strategy for audit functions, including audit quality standards; and (iv) assess and monitor the quality of audit engagements, including issues deriving from regulators’ reviews and quality reviews, and concentrate in leading practices to enhance audit quality.

The following individuals have leadership responsibilities for quality and risk management at KPMG in Brazil:

Chairman

As defined by the international standard on quality management, our Chairman, has ultimate responsibility for KPMG in Brazil’s “system of quality management”. Measures to ensure that a culture of quality prevails within KPMG in Brazil are taken together with the Executive Committee. For further details, see [Appendix 2 - Details of those charged with governance at KPMG in Brazil](#).

Risk Management Partner (RMP)

The Risk Management Partner is in charge of establishing general risk management and quality control policies and monitoring their compliance at KPMG in Brazil. The Risk Management Partner is a member of KPMG in Brazil’s Executive Committee and has a direct reporting line to the Chairman. The Risk Management Partner consults with the Chairman, the Regional Risk Management Partner, the resources of the Global Quality & Risk Management team, and the Office of General Counsel (OGC) Leader, if needed be

At KPMG in Brazil, the Risk Management Partner has a delegate partner who plays an active role in the operational aspects and monitoring of our firm’s internal control processes.



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Ethics and Independence Partner (EIP)

The Ethics and Independence Partner has primary responsibility for driving and executing ethics and independence policies and procedures at KPMG in Brazil and for reporting ethics and independence issues to the Risk Management Partner.



Audit, Tax, and Advisory – Function Leaders

The three heads of the client service functions (Audit, Tax, and Advisory) are accountable to the Chairman for the quality of the services delivered in their respective functions. They are responsible for executing risk management and quality control procedures related to their specific functions within the framework set by the Risk Management Partner. Those procedures make it clear that, at engagement level, risk management and quality control are ultimately the responsibility of all KPMG professionals.

Our Head of Audit is responsible for the Audit practice’s management and control effectiveness. This includes:

- Setting a strong tone and culture supporting audit quality through communication, engagement support and commitment to the highest standards of professional excellence, including professional skepticism, objectivity, ethics and integrity.
- Developing and implementing an audit strategy that is aligned with our firm’s audit quality requirements.
- Working with the Risk Management Partner to monitor and address audit quality issues and audit risks related to the Audit practice.



Audit Leadership Team

The Audit Leadership team holds regular discussions to reach a consensus on current and emerging audit quality issues arising from external and internal quality reviews, inquiries raised by engagement teams, our evaluation of system of quality management, root cause analysis procedures and other quality matters found based on various sources.

More complex issues, which may require changes to KPMG’s global audit methodology or audit tools, are escalated to KPMG International’s Global Audit Groups for analysis and development of potential solutions by the KPMG Global Solutions Group (KGSG) and the International Standards Group (ISG).

For further information on KGSG, GAMG and ISG, see section 8.1.2 of this report.



Audit Quality and Professional Practice Partner (AQPP)

The AQPP has operating responsibility and accountability for driving and supporting monitoring activities in our “system of quality management” for the audit practice.



Office of General Counsel (OGC) leader

Directly reporting to the Chairman, the Office of General Counsel (OGC) leader is responsible for the firm’s legal affairs, public affairs and the management and settlement of disputes.



Audit Quality Group

The Audit Quality Group is comprised of a senior audit leadership team to provide a strategic approach to address significant audit quality issues and the performance of the engagement that may affect the firm and its professionals.

The principal initiatives led by this group include the evaluation of:

- New and revised policies affecting the engagement’s execution and contributing to quality of the audit.
- Sufficiency of action plans to address quality issues found during the course of internal and external inspections.
- Plans and actions required to implement global and regional initiatives.
- Any other matters that may have an impact on the quality of the audit.



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2.4 Use robust governance structures

2.4.1 Our legal and governance structure

KPMG in Brazil is an integral part of the member firms in KPMG's global organization of independent member firms licensed by KPMG International Limited, a private limited company based in England.

KPMG International Limited is the coordinating entity of KPMG member firms and does not provide professional services to clients. Professional services to clients are exclusively provided by the member firms.

KPMG is a registered trademark of KPMG International and is the name by which member firms are commonly known. The rights of member firms to use the name and trademarks of KPMG are included in agreements with KPMG International.

Under the sublicensing agreements entered into with KPMG International, member firms are required to comply with KPMG International's policies, including those related to quality standards governing how they operate and how they provide services to clients and compete effectively. This includes being professional and financially stable; having a proprietary, governance, and management structure that ensures continuity, stability, and long-term success; and being able to comply with policies issued by KPMG International, adopt global strategies, share resources (inflows and outflows), serve multinational clients, manage risks, and implement global methodologies and tools.

KPMG International Limited and KPMG member firms are not the same company and do not constitute a global partnership, a multinational corporation, or a joint venture, nor is there a relationship of representation or agency between them. No member firm has any authority to obligate or bind KPMG International Limited, any of its related entities or any other member firm before third parties, nor does KPMG International Limited or any of its related entities have any authority to obligate or bind any member firm.

The complete list of audit member firms that make up the KPMG network and the EU/EEA countries where each member firm is registered as a statutory auditor or has its head office, central administration or main business place is [available herein](#).

Legal structure of KPMG in Brazil

KPMG Auditores Independentes Ltda. (the "Company") is a Brazilian limited liability company engaged in providing accounting audit and other accounting services, in accordance with article 25 of Decree-Law No. 9,295/46.

Due to the nature of the services provided, the Company is registered with the Regional Association of Accountants (CRC) and, due to the fact it serves public clients, it is also registered with the Brazilian Securities and Exchange Commission (CVM) as an independent Legal Entity Auditor (AIPJ).

Its shareholding structure is solely comprised of individuals with accounting background.

Name, ownership and legal relations

KPMG Auditores Independentes Ltda. is company solely held by individual partners, accountants, registered with the CRC and CVM. Its technical management is carried out by its partners, and it is the only responsible for its own obligations.

Responsibilities and obligations of member firms.

Each KPMG firm assumes responsibility for its management and the quality of its work. Member firms are committed to a common set of KPMG Values.

KPMG International's activities are funded by fees paid by member firms. The basis for calculating those fees is approved by the KPMG International Global Board and it is consistently applied to member firms. A firm's status as a KPMG member and its participation in the KPMG global organization may be terminated if, among other things, the firm fails to comply with policies set by KPMG International or any other obligation owed to KPMG International.

Governance structure

The main governance and management bodies of KPMG International are the Global Council, the Global Board, and the Global Management Team.

For further details on (i) KPMG International's governance structure, please consult KPMG International's 2023 Transparency Report, and (ii) those charged with governance at KPMG in Brazil, please see [Appendix 2](#) of this report.



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3. Apply Expertise and Knowledge

We are committed to continuing to build on our technical expertise and knowledge, acknowledging the key roles they play in delivering quality audits.

3.1 Methodology aligned with professional standards, laws and regulations

3.1.1 Consistent audit and assurance methodology and tools

We use the KPMG International's audit and assurance methodology, tools, and guidance to drive a consistent approach to planning, executing and documenting audit procedures about the main accounting processes. Key elements include:

- Alignment with applicable standards, including International Standards on Auditing (ISAs), Public Company Accounting Oversight Board (PCAOB) and American Institute of CPAs (AICPA) auditing standards supplemented by other standards to comply with audit standards and regulatory or local statutory requirements;
- KPMG International's interpretation on how to apply ISAs;
- Identifying risks of material misstatement and required audit responses;
- Standards used by all of our audit and assurance professionals; and
- Alignment with the International Standards for Assurance Engagements (ISAE) in response to the growth of ESG reporting.
- Consistent interpretation of how to apply ISAs and ISAEs.

Our audit and assurance methodologies emphasize the application of appropriate professional skepticism

in the execution of procedures and require compliance with relevant ethical requirements, including independence.

3.2 Standardized methodology and guidance

The KPMG standardized methodology and guidance are embedded within KPMG Clara, our smart audit platform, and assist our engagement teams in meeting the ever-changing landscape of corporate reporting.

3.3 Deep technical knowledge and expertise

3.3.1 Access to the specialists network

Specialized knowledge is an increasingly important part of today's audit and is a key feature of our multi-disciplinary model. Our engagement teams have access to KPMG's network of specialists to consult – whether in Brazil or in other KPMG member firms. Those specialists receive training to ensure they have the capabilities, abilities and objectivity to appropriately fulfil their role in audit engagements. An annual global refresher course on global quality performance issues is also delivered to them.

The need for specialists to be assigned to an audit engagement in areas such as information, technology, tax, treasury, actuarial, forensic and valuations is considered as part of the audit engagement acceptance and continuance process, as well as during the planning and conduct of the engagement.



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3.3.2 Our Commitment to the quality of the audit during significant events and external conditions

Significant external events and conditions, such as the impacts deriving from climate change and geopolitical events, volatile interest rates and elevated levels of inflation, supply chain disruption and global economic uncertainties, may have significant implications on financial statements. This may lead to increased complexity, subjectivity and uncertainty in analyzing issues such as going concern, impairment and asset valuations. KPMG International issues extensive guidance to assist engagement teams in our firm in addressing the financial reporting, auditing and reporting related matters arising from the impacts of these significant external events and conditions.

KPMG International also provides an online portal called the Financial Reporting Resource Center to assist financial statement preparers and stakeholders in understanding the potential accounting and disclosure implications arising from those significant external events and conditions. KPMG International's guidance is continually updated as new significant accounting, auditing and reporting issues emerge.

3.3.3 ESG Assurance Quality

KPMG is committed to fulfilling our public interest role in providing robust assurance that can benefit investors and other stakeholders. We believe that the same level of professionalism, quality, consistency and trust applied to financial data should be applied to environmental, social and governance (ESG) reporting. We are making (and will continue to make) significant investments to continue putting ESG at the center of our organization.

During 2023, as part of the global organization's commitments to meet both public interest and market requirements, we:

- Released a revised methodology for ESG assurance engagements designed to be flexible and scalable while enabling the delivery of high-quality and globally consistent assurance engagements that are in compliance with assurance standards required by our regulators and in line with our financial statement audit methodology. Our execution guide's scope includes more than ESG assurance engagements, and is also applicable to all NBCTO 3000 (equivalent to ISAE 3000) assurance engagements.

- Provided guidance to be used in conjunction with the methodology, supported by standardized risks and procedures for greenhouse gas (GHG)-related assurance engagements.

- Launched a learning curriculum to increase our ESG professionals' knowledge and to train our teams on KPMG Clara(our tool for formalizing and documenting audit and assurance procedures)'s new methodology and flow also for assurance engagements.

- Released cloud-based ESG assurance workflow compliant with the revised assurance methodology, built on our smart technology platform — KPMG Clara — that provides our teams, and our clients, with a consistent user experience

3.4 Quality and Risk Management Manual

A robust and consistent quality and risk management system is essential to providing quality services.

KPMG International relies on quality and risk management policies that apply to all member firms and are consistent with the International Standard on Quality Management. These are included in the Global Quality and Risk Management Manual (GQ&RM), which applies to all KPMG personnel.

KPMG in Brazil is required to establish and maintain a "system of quality management" and to design, implement and test the operating effectiveness of quality controls.



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4. Embrace Digital Technology

We are committed to serving the public interest and creating value by continuously innovating, anticipating technologies that will shape our near future and that are driving an ambitious innovation agenda. We transform the audit experience for our professionals and clients. The alliances and technologies used by the KPMG firms' global network are enhancing audit quality and increasing our ability to focus on significant issues.

4.1 Smart, standards-driven audit and assurance workflows

All our professionals are expected to comply with the policies and procedures of KPMG International and our firm, including our independence policies.

Our professionals have access to a set of tools and guidance to support them in meeting those expectations. Our policies and procedures set for audit and assurance engagements incorporate significant requirements of accounting, auditing, assurance, ethics and quality control standards, and other significant laws and regulations.

As a scalable, intuitive cloud-based platform, KPMG Clara is driving globally consistent execution across all KPMG firms. It enables delivery of KPMG audit and assurance methodologies, through data-enabled workflows, that are aligned with the applicable standards, providing an improved experience to auditors.

4.2 KPMG Clara

An intelligent audit and assurance technology platform, KPMG Clara integrates new and emerging technologies with advanced resources that take advantage of data science, audit automation and data visualization. It provides new insights, thus helping auditors visualize significant business patterns, whether by assessing risks, tracking transactions

in a complex revenue process or simply in a combination of accounts.

An approach to digital audit is an integral part of how KPMG member firms execute quality audits and assurance and interact with their clients. Policies and guidance are in place to establish and maintain appropriate processes and controls for the development, assessment, testing, installation and support of technology in our audits.

4.3 Digital data and emerging technologies

Our vision of the future

KPMG Clara was developed to be a foundational technology platform for delivering audit quality and it evolves with technologies such as artificial intelligence (AI) and cognitive and data analytics abilities, transforming the way audits are delivered.

Artificial intelligence plays an increasingly significant role in delivering audits and assurance; for example, the alliance with MindBridge (a Company that develops solutions using data science and artificial intelligence) is supporting us in designing new audit processes involving the identification of high-risk transactions and enabling us to obtain audit evidence and insights into our clients' data.



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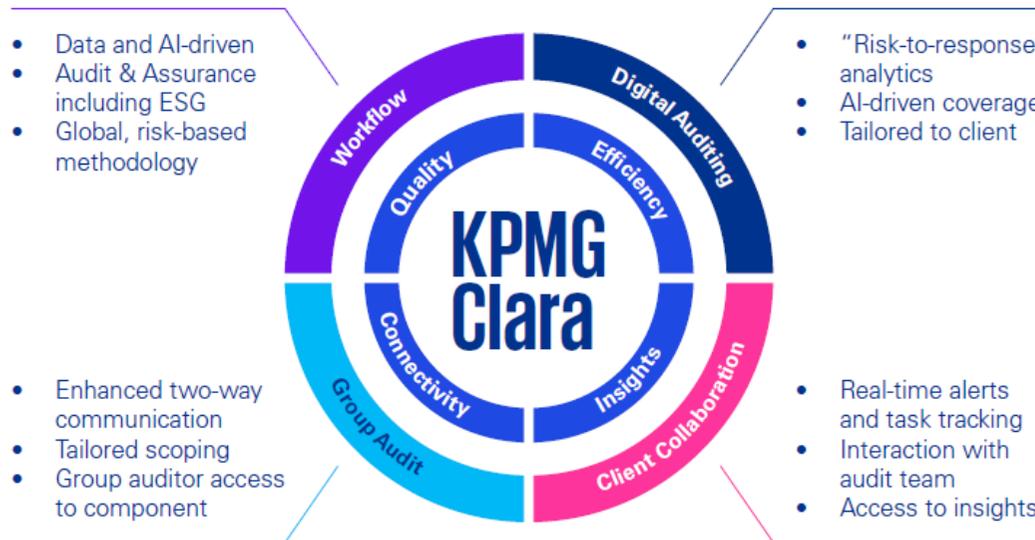
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In addition, the global alliance relationships entered into between the KPMG organization and Microsoft have been recently renewed and expanded. The agreement further integrates the use of data, automation and use of artificial intelligence on the KPMG Clara platform to develop deeper and more significant insights, thus releasing our teams to focus on areas that pose higher audit risks.



KPMG in Brazil’s auditing innovations

In Brazil, our Audit Technology and Innovation (ATI) department, connected to the Innovation & Enterprise Solutions (I&ES) committee, leads the auditing innovation processes by developing new digital solutions that, in addition to KPMG Clara, continue to add even more quality, consistency and efficiency to our audits, therefore creating an exceptional experience for the client and building a culture of continuous learning and process enhancement.

In the same manner we invest in new technological tools and resources, we are committed to equipping our professionals with the knowledge and confidence they need to fully seize the opportunities offered by innovation. Our teams have on-demand access to training and guidance when and where they need it through knowledge trails available on online platforms and apps accessible via smartphones.

Audit Technology and Innovation (ATI)

With a multidisciplinary approach and market knowledge, we use innovation to respond to local digital transformation needs, complementing the global innovation strategy.

Our goal is to leverage the experience of auditors and our clients in an increasingly agile, secure, and technological process, always focused on quality and consistency. To achieve this, the audit, through ATI, invests in innovation, technology, and efficiency in all its processes.



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In the innovation fronts of the audit and the firm, we have professionals with various specialties, from the concept formation of new products, through business design, product architecture, development, project management, homologation, deployment, maintenance, and post-implementation support. Additionally, we have specialized cells in data & analytics that support audit teams in various ways.

ATI follows the internal guidelines of the global and local firms in its approval process which are based on the KPMG global structure.

Projects are annually approved by the Innovation & Enterprise Solutions (I&ES) group and by the Audit

Innovation Committee according to an investment plan that takes into account audit automation priorities for each fiscal year and technologies that need to be developed to fulfill this purpose.

Currently, the Audit practice relies on a portfolio made up of global and market tools, in addition to 13 technology solutions developed for auditors' use totaling approximately 120 audit procedures based on data & analytics, artificial intelligence and cognitive technologies, among others.

Constant innovation is essential to raise the level of quality and consistency of audits.

Technology Menu



Analytics

Analytics tools:

- Alteryx
- IDEA
- KCw Advanced Capabilities
- KPMG Clara Analytics - AI Transaction Scoring
- ATMS



Automation

Automation tools:

- Chrono
- Cognitive
- Confirmation
- FSR
- BSR
- ISR
- DataSnipper
- IPA
- Pricing Calculator
- Document Reader
- Drone & Object Detection
- Portal Audit Data



Collaboration

Collaboration tools:

- KPMG Clara Collaboration
- Portal de assinaturas



Workflow

Workflow tools:

- KPMG Clara Workflow



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4.3.1 Client confidentiality, information security and data privacy

The importance of maintaining client confidentiality is emphasized through a variety of mechanisms, including our KPMG Global Code of Conduct.

We have policies on information security, confidentiality, personal information and data privacy.

We also rely on a document retention policy which describes the retention period for audit documentation and other files that are significant for the engagement, and are prepared in accordance with applicable laws, regulations and professional standards.

KPMG annually delivers training on confidentiality, information security and data privacy requirements to all our professionals.



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5. Nurture diverse skilled teams



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Our people make a real difference and are instrumental in shaping the future of audit at KPMG. We put quality and integrity at the core of our audit practice. Our auditors have several capabilities and skills to address complex issues.

5.1 Recruit appropriately qualified and skilled people, with diversity of specialist skills, perspective and experience

One of the key drivers of quality is ensuring that KPMG professionals have the skills and experience, and the motivation and the purpose to provide high-quality audits. This requires proper recruitment, development, compensation, promotion and retention processes, and the appropriate assignment of our professionals.

5.1.1 Recruitment

We continuously invest in understanding how to attract the talent we need now and in the future across our firm to achieve quality and mitigate risks in the profession.

This includes building an extraordinary personal experience for all current and future KPMG partners and professionals.

Our recruitment strategy is focused on screening applicants based on unique criteria, related to the engagement they will perform to ensure they have the appropriate skills and experience for excellent performance, and to ensure they are appropriately assigned to their functions.

For all procedures followed for recruiting audit professionals, different selection tools are used such

as assessments, screening and compliance checks. This process guarantees a fair and careful evaluation to ensure that applicants have the necessary capabilities and experience required to perform with excellence and comply with the profile of the functions assigned.

5.1.2 Inclusion, diversity, and equity programs

We are committed to building a diverse and equitable firm that is inclusive for all.

Inclusion, Diversity, and Equity (IDE) are essential for our existence - they help us build excellent teams with different views that represent the world we live in. They lead us to better decision-making processes, including more creativity and innovation, and encourage us to stand up, live our Values and do what is right.

We acknowledge that our positioning before clients around the world affords us a privileged position which tells us that we still have a lot of work to be done. We therefore acknowledge our opportunity and responsibility to play a leading role for a more just and equitable society.

Our Collective Action Plan for Inclusion, Diversity, and Equity has been globally co-created and outlines the guidelines and initiatives required to advance this

agenda at KPMG in Brazil and all other member firms.

The Inclusion, Diversity, and Equity Committee (CIDE) enjoys an active participation and an ample support from the leadership and works on the gender KPMG Network of Women (KNOW), LGBTQIA+ (Voices), race and ethnicity (Ebony), People with Disabilities (Buddies), and intersectionality and other topic (Synergy) pillars. Our initiatives are aimed at promoting awareness, reflection and inclusive behaviors, as well as affirmative actions towards equity.

Each pillar has goals, a budget and an action plan to increase awareness and advance in representativeness KPIs. Together, we work to make sure that each and everyone, regardless of characteristics, experiences or skills, feels safe, welcomed, praised and encouraged to be authentic and thrive at KPMG.

5.1.3 Recognition and Promotion

Compensation

We have clear, straightforward and fair compensation and promotion guidelines that are formulated based on market data and linked to performance assessments. Those guidelines help our partners and employees understand what is expected of them, including audit quality responsibilities outlined in globally consistent audit function profiles and the audit quality goal. The connection between performance and compensation is achieved by assessing the performance of professionals, and by holding collective decision-making meetings. The ones who attend those meetings are the leaders who assessed the professional, the performance manager of the assessed professional and the Business Partners, in order for a consistent, impartial and assertive assessment to be achieved.

Compensation decision-making is based on the individual performance and the firm's and department's performance.

The KPMG assessment of how our professionals feel that their performance is reflected on their compensation is also measured through the Global People Survey (GPS), including action plans developed as necessary.

Promotion

The results of performance assessments directly impact the promotion and compensation of partners and employees and, in some cases, their continued association with KPMG.

Leadership compensation

In our business model, partners' compensation is based on the distribution of dividends. The BSC performance assessment provides support to the Profit Sharing Program (PPL), which considers the overall results of KPMG in Brazil, of the business unit, and of the professionals themselves. Those same principles are used to determine partners' compensation, including the chairman, together with financial and non-financial criteria such as the firm's profitability and business, inclusion and diversity goals, among others.

5.2 Assign an appropriately qualified team

At KPMG, we have policies, procedures and controls in place to assign partners and other professionals to specific engagements based on their skills, professional experience and experience in the pertinent industry and nature of the assignment or engagement. Function heads are in charge of assigning partners, procedure which takes into account key factors related to the professionals' experience and availability - based on at least annual reviews of the partner's client portfolio - to carry out the work, in addition to the size, complexity and risk profile of the client and the type of support to be provided (i.e., the engagement team composition and specialist involvement).

Audit partners are responsible for determining their teams have the appropriate capabilities, training and abilities, and time as well to conduct the audit in accordance with our audit methodology, with applicable professional standards and with legal and regulatory requirements, situation which may include the engagement of specialists from our own firm, from other KPMG member firms and/or external specialists.

When considering the appropriate capabilities and abilities expected from the team as a whole, the partner's considerations may include:

- Understanding of and practical experience in audit engagements of similar nature and complexity through appropriate training and active participation.
- Understanding of professional standards and legal and regulatory requirements.
- Appropriate technical skills, including knowledge of the pertinent information technology and specialized accounting or auditing areas.
- Knowledge of significant industries in which the client operates.



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- Ability to exercise professional skepticism.
- Understanding of KPMG in Brazil's quality control policies and procedures.
- Results of the Quality Reviews (QPR) and inspections by regulators.

5.3 Invest in data mining, data analysis and interpretation capabilities

KPMG is strategically investing in our talent pipeline by forming partnerships with globally renowned institutions to sustain our strong leadership, while, at the same time, it expects to develop the skills and abilities that will be required in the future. We are recruiting and training professionals specialized in software, cloud technologies and AI who may bring cutting-edge technology abilities for integration with our smart audit platform. We provide training on a variety of technologies to ensure that professionals not only meet the highest professional standards, but also are qualified in new technologies. As a result of this approach, we are gathering the right people with the right skills and the right technology to perform exceptional audits.

5.4 Focus learning and development focused on technical expertise, professional insights and leadership skills

5.4.1 Commitment to technical excellence and delivery of quality services

All of our professionals receive technical training courses and the support they need to perform their roles. This includes access to internal specialists and consultation with the Department of Professional Practices (DPP). When the appropriate resources are not available at KPMG in Brazil, we access a network of highly qualified professionals in other KPMG member firms.

At the same time, audit policies require that all KPMG audit professionals have the appropriate knowledge and experience to perform the engagements to which they have been assigned.

5.4.2 Lifetime learning strategy

Formal training

Annual development and delivery training priorities are identified by the Audit Learning & Development team at global, regional and, where applicable, member firm levels.

Minimum mandatory learning requirements for audit professionals across the KPMG organization are annually set. Training is delivered using a combination of learning approaches and performance support.

Providing guidance and training on the job

The learning process is not limited to a single approach - different learning ways and experiences are made available when necessary through coaching, microlearnings and learning trails aligned with profiles of specific engagement functions.

Fieldwork guidance and experience play a key role in the development of important personal qualities for a successful career in auditing, including professional judgment, technical excellence and discernment.

We support a coaching culture across KPMG to allow our professionals to reach their full potential, and encourage a culture where each team member is responsible for training other team members and sharing experiences with the latter.

5.4.3 Licenses and mandatory requirements

Continuing Professional Education Program (PEPC)

All KPMG in Brazil's audit professionals, holding the position of supervisor and higher positions, who serve audit clients, are required to comply with the requirements of the Continuing Professional Education Program (PEPC) of the Federal Association of Accountants (CFC), following applicable professional standards, laws and regulations. KPMG in Brazil's policies and procedures are designed to facilitate and help compliance with PEPC requirements.

As the ones responsible for ensuring that our professionals are duly qualified in audit, accounting and in the industry, and have experience in the framework and in the industry the client operates in, we value behavioral skills that are significant for the success of our audit projects. For this reason, to ensure we provide excellent services, we invest in the behavioral development of our people.

Credentials and mandatory requirements for US GAAP and/or PCAOB engagements

Specific requirements apply to partners, directors, managers, supervisors and engagement quality control (EQC) reviewing partners in charge of engagements that report on financial statements or financial information prepared in accordance with the US GAAP and/or audited in accordance with the standards on auditing set by the Public Company



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Accounting Oversight Board (PCAOB) of the US, including reports on the effectiveness of the entity's internal control over financial reporting (ICOFR).

Those requirements mandate that at least all partners, directors and managers, supervisors and, if appointed, EOC reviewers assigned to the engagement have completed the pertinent training course and that the engagement team, collectively, has sufficient experience to conduct the audit or has implemented appropriate safeguards to address any deficiencies.

In order to enhance and maintain the quality of the work of specialists and specific team members in clients with the specific requirements described above, a customized curriculum was designed by the Audit L&D team in conjunction with representatives from the Department of Professional Practices (DPP) and leaders of each of the specialty areas. This customization is derived from the Global Mandatory Curriculum and tailored to the needs of each specialty area. The customized curriculum, as it is called, is reviewed annually and adjusted as necessary. We maintain the same requirement to determine who the audience is and when to deliver the training courses.

5.5 Recognize quality

5.5.1 Personal development

Our approach to performance evaluation, i.e., the "Open Performance Development" approach, is built around the 'Everyone a Leader' performance principle, which is supplemented by the global audit technical core competencies, to provide a holistic view of expectations. The approach to performance assessment includes:

- Function profiles (including specific accountability profiles and audit quality responsibilities).
- A goal library including mandatory audit quality content applicable to all professionals covered by globally consistent audit function profiles and additional optional audit quality content.
- Standardized assessment forms (with definitions of audit quality ratings).

The OpenPD tool is related to the KPMG Values and was designed to provide the required support for success - both individually and collectively. We know that by being clear and consistent in the information we provide about the behaviors we expect to be adopted and by rewarding those who effectively demonstrate them, we will continue to have a relentless focus on quality.

At the same time, we are driving a change in our performance-driven culture, supported by and promoted through cutting-edge technology provided by KPMG International, which enables us to incorporate audit quality into performance assessment and compensation decision-making, as well as to foster consistency across the global organization.

We consider quality metrics and compliance in the overall assessment, promotion and compensation of partners, directors and managers. Those assessments are conducted by Performance Managers and partners who are in a position to assess that performance.



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6. Associate with the right clients and engagements

Rigorous global client and engagement acceptance and continuity policies are vital for us to deliver high-quality professional services.

6.1 Follow client and engagement acceptance and continuity policies

KPMG International's global client and engagement acceptance and continuity policies and processes are set to identify and evaluate potential risks before accepting or continuing a relationship with a client or conducting a specific engagement.

KPMG member firms evaluate the acceptance or continuity of a relationship with a client or the performance of a specific engagement. When acceptance (or continuity) decisions about a client/engagement pose certain risks, further approvals, which may extend to regional levels, are required.

6.2 Accept appropriate clients and engagements

6.2.1 Client evaluation process

Our evaluation of a potential client includes an analysis of the risk profile and background information about the client, key personnel, directors and final beneficiaries. If necessary, the evaluation includes obtaining and analyzing historical information required to comply with applicable legal/regulatory requirements.

6.2.2 Engagement evaluation process

We consider a series of factors when evaluating each new potential engagement, including:

- Potential independence and conflict of interest issues
- Intended purpose and use of the engagement deliverables
- Public perception
- If the services would be unethical or inconsistent with our Values.

Additionally, evaluating an audit includes an analysis of the competence of the client's Finance department team and of the skills and experience of the KPMG partners and professionals. When we first provide audit services, additional independence evaluation procedures are performed, including a review of any non-audit services provided to the client and other significant business, financial and personal relationships.

Similar independence evaluations are performed when an existing audit client becomes a public-interest entity or when additional independence restrictions apply after a change occurs in the circumstances of the client.



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6.2.3 Continuance process

We undertake an annual re-evaluation of all our audit clients to identify risks in relation to continuing our association and mitigating procedures that need to be put in place (this may include the assignment of additional professionals, such as an EQC reviewing partner or the need to engage additional specialists in the audit). Additionally, clients and engagements should be re-evaluated if there is evidence that the risk profile may have changed.

6.2.4 Withdrawal process

When we come to a preliminary conclusion that indicates we should withdraw from an engagement or client relationship, we must consult internally and identify any required legal, professional and regulatory responsibilities with respect to that relationship. We also consider further communications with those charged with

governance and any other appropriate authority as required under its professional obligations.

6.3 Manage the client portfolio

KPMG International and KPMG member firms rely on policies and procedures to enable our firm to monitor the workload and availability of partners, managers and engagement teams to provide them with sufficient time to fulfill their responsibilities. Engagement partners are responsible for determining that the engagement team members collectively possess the appropriate capabilities and skills, and also have sufficient time to successfully perform the engagement in accordance with professional standards and regulatory and legal requirements.

Please refer to section 5.2 Assign an appropriately qualified team



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7. Be independent and ethical



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Auditor independence is a cornerstone of international professional standards and regulatory requirements.

7.1 Act with integrity and live our Values

We know that trust is earned by doing the right thing. We are committed to the highest standards of personal and professional conduct in our firm and in everything we do. Ethics and integrity are fundamental to who we are. Within our global code of conduct, we highlight the responsibilities that KPMG people have with each other, with our clients and with the public in general. This shows how our Values inspire our greatest aspirations and guide all of our behaviors and actions.

7.2 Maintain an objective, independent and ethical attitude aligned with the Code of Conduct and policies

KPMG International's independence policies and procedures incorporate the IESBA Code of Ethics, thus comprising areas such as independence of member firms, personal independence, member firm financial relationships, employment relationships, rotation of partners and approval of audit and non-audit services.

Local policies and procedures are added to global policies to ensure compliance with local independence standards.

KPMG in Brazil has appointed an Ethics and Independence Partner (EIP) whose primary responsibility is to drive and implement ethics and independence policies and procedures in Brazil. Our EIP is responsible for communicating and implementing KPMG's policies and procedures and ensuring that any additional local independence

policies and procedures are set and actually implemented when they are more rigorous than KPMG International's requirements.

Automated tools identify potential independence and conflict of interest issues and facilitate compliance with those requirements. Compliance of member firms with independence requirements is part of KPMG's global Quality and Compliance Assessment Program.

KPMG in Brazil's partners and employees should consult the EIP on certain matters, as determined in the Global Quality and Risk Management Manual (GQ&RM). The EIP may also be requested to consult the Global Independence Group, depending on the facts and circumstances.

We have a disciplinary policy that has been documented and disseminated in relation to non-compliance with independence policies which incorporates sanctions that reflect the seriousness of non-compliance. KPMG in Brazil's Disciplinary Committee oversees policies and procedures relating to ethical issues and requirements with respect to non-compliance with the firm's policies.

7.2.1 Independence - Personal Financial Relationships

KPMG member firms and KPMG professionals are required to remain free from prohibited financial interests and relationships with KPMG's audit and assurance clients (by definition, "audit client" includes their related companies or affiliates), their management, their directors and, when required, their significant

shareholders. All partners, irrespective of their member firms or functions, are generally prohibited from holding securities of any audit client of any KPMG member firm.

KPMG member firms use an independence compliance system based on the web to help professionals comply with independence policies on personal investments. The system facilitates monitoring by identifying and reporting non-authorized investments and other non-compliant activities (e.g., late reporting on the acquisition of an investment).

We monitor partners' and managers' compliance with this requirement as part of our audit program to ensure that KPMG's professionals are independent. KPMG International provides the necessary guidance and procedures related to the audit and inspection by KPMG member firms of personal compliance with KPMG independence policies. This includes sampling criteria, including the minimum number of professionals to be audited annually.

In 2023, over 120 KPMG in Brazil's partners and employees were submitted to those audits (this included approximately 21% of our partners).

7.2.2 Independence - Employment relationships

Every KPMG professional who provides services to an audit or assurance client, irrespective of their function, is required to notify the EIP of their member firm if they intend to begin employment negotiations with that client. For partners, this requirement extends to any audit client of any KPMG member firm that is a public-interest entity (PIE). Specific restrictions and, in some instances, cooling-off periods apply before accepting certain functions at audit and assurance clients.

7.2.3 Independence - firm financial relationships

KPMG member firms should also be free from prohibited interests and relationships with audit clients, their management, their directors and, when required, their significant shareholders.

The KPMG independence compliance system is used to register material direct and indirect investments in listed entities and funds (or similar investment vehicles), as well as in unlisted entities or funds. This includes investments held in pension funds and private pension funds.

All KPMG firms borrowing and capital financing relationships, as well as custodial, trust and brokerage accounts holding member firm assets must also be recognized.

We confirm compliance with independence requirements on an annual basis as part of the KPMG Quality & Compliance Evaluation program (KQCE).

7.2.4 Independence - Business Relationships/Suppliers

We rely on policies and procedures to ensure that our business relationships with audit and assurance clients are maintained in accordance with the IESBA Code of Ethics and other applicable independence requirements such as those promulgated by the U.S. Securities and Exchange Commission (SEC).

This includes establishing and maintaining a process to evaluate possible agreements with third parties (e.g., business alliances and joint working agreements, procurement relationships, marketing activities and public affairs) with particular attention to those that may have an impact on the auditor's independence.

7.2.5 Independence - Business acquisitions, admissions and investments (if applicable)

Any acquisition or investment in a business requires the performance of due diligence procedures to the extent considered necessary regarding the potential target to identify and address any potential independence and risk management issues before completing the transaction. Specific consultations with KPMG International are required to allow the analysis of independence and other issues in the onboarding process of business acquired into the global organization.

7.2.6 Independence - Training and confirmation of independence

All KPMG partners and professionals serving clients, as well as other individuals who do not directly serve the latter, must complete specific independence training aimed at their job category and function upon joining KPMG, and annually thereafter. They are also required to sign an annual confirmation of compliance.

We also provide all partners and employees with annual training on the Global Code of Conduct.



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7.2.7 Independence - Non-Audit Services

All KPMG member firms must, at a minimum, comply with the IESBA Code of Ethics and applicable laws and regulations related to the scope of services that can be provided to audit clients.

The KPMG mandatory system for identifying conflicts and confirming independence provides support to compliance with independence requirements. Certain information about all prospective engagements, including detailed descriptions of services, deliverables and estimated fees, should be inputted into this system as part of the service acceptance process. When the engagement is for an audit client, an evaluation of potential independence threats to independence and safeguards should also be included when submitting the request in the system.

Lead Audit Engagement Partners (LAEPS) should keep updated the organizational structures of their Public Interest Entities (PIE) clients and some other audit clients, including their related entities or affiliates. They are also responsible for identifying and assessing any threats to independence that may arise from the provision of a potential service other than an audit and the safeguards available to address those threats.

KPMG member firms are prohibited from evaluating or compensating audit partners based on sales of non-audit services to audit clients.

7.2.8 Independence - Fee dependency

KPMG member firms have agreed to consult their regional Risk Management Partner when the total fees charged to an audit client exceed 10% of the KPMG member firm's annual fee revenue for two consecutive years.

If the total fees from a public interest entity audit client and its related entities were to represent more than 15 percent of the total fees received by a particular KPMG firm in a single year, this would be disclosed to those charged with governance at the audit client. Where the total fees continued exceed 15 percent for two consecutive years, we would engage a partner from another KPMG member firm as the Quality Control (EQC) Reviewing Partner and the fee dependency must be publicly disclosed.

7.2.9 Independence - avoid conflicts of interest

All KPMG member firms and KPMG people are responsible for identifying and managing conflicts of interest, which are circumstances or situations that have, or may cause the perception of having, an impact on the ability of a member firm and/or its partners or employees to keep their objectivity and act without bias.

All KPMG member firms should use Sentinel™ to identify potential conflicts of interest so that they may be addressed in accordance with legal and professional requirements.

KPMG employees are prohibited from offering or accepting incentives, including gifts and hospitality, to or from audit clients, unless the amount is trivial and unimportant.

7.2.10 Independence - Independence breaches

All KPMG personnel are required to report an independence breach as soon as they become aware of it. All breaches of the IESBA Code of Ethics independence requirements or other external independence requirements should be reported to those charged with the client's governance as soon as possible, except when an alternative schedule for less significant breaches has been agreed with those charged with governance.

We have a disciplinary policy in respect of breaches of independence policies, which includes additional sanctions reflecting the gravity of any breaches.

7.2.11 Independence - Partner and firm rotation

Partner rotation

Our partners are subject to periodic rotation of their responsibilities for audit clients, in accordance with applicable laws, regulations and independence rules, and KPMG international policy. Those requirements place limits on the number of consecutive years



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in which partners in certain functions may provide audit services to a client, followed by a “cooling-off” period during which those partners are restricted from performing functions for that client.

Audit firm rotation

KPMG in Brazil is subject to periodic rotation as auditor of audit clients subject to the rotation rules established by the Brazilian Securities and Exchange Commission (CVM) in CVM Resolution No. 23, for a maximum period of five fiscal years, or ten fiscal years if all the provisions presented in this resolution are met. A minimum interval of three fiscal years should be observed before this audit firm returns.

We have processes in place to track and manage compliance with the audit firm’s rotation requirements.

7.3 Have zero-tolerance policy for bribery and corruption

We have a zero-tolerance policy for bribery and corruption. All partners and professionals of KPMG member firms are required to take training courses on compliance with laws, regulations and professional standards related to bribery and corruption, including whistle-blowing reports about non-compliance or suspected non-compliance.

Further information on KPMG’s international anti-bribery and corruption policies may be found on the bribery and corruption prevention [website](#).



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8. Perform quality engagements

The way an audit is conducted is as important as the result of it. KPMG partners and professionals are expected to demonstrate behaviors consistent with our Values and to comply with all policies and procedures aiming at the performance of effective and efficient audits.

8.1 Consult when appropriate

8.1.1 Encouraging a culture of consultation

KPMG International promotes a culture in which consultations are encouraged and recognized as a strength. Consultations provide support to engagement teams in the decision-making process and are a key element for the quality of audit, encouraging all KPMG professionals to consult when they encounter complex or controversial issues.

Our firm has protocols in place for consultation and documentation of significant matters, including procedures to facilitate the settlement of opinion differences on engagement issues. Additionally, KPMG's audit, assurance, quality and risk management manuals also include mandatory consultations on certain matters.

8.1.2 Technical consultation and global resources

Technical accounting, audit and assurance support is available for all member firms through various global teams, which report directly to the Global Head of Audit.

Global Audit Methodology Group (GAMG)

It develops KPMG's audit and assurance methodologies based on the requirements of applicable standards on auditing and assurance from the International Auditing and Assurance Standards Board (IAASB), the Public Company Accounting

Oversight Board (PCAOB) and the American Institute of CPAs (AICPA).

KPMG Global Solutions Group (KGSG)

It develops and implements global audit and assurance solutions, including new technologies and automation innovations.

The KGSG and GAMG teams bring several experiences and innovative ways of thinking to further develop KPMG's audit and assurance resources.

International Standards Group (ISG)

It promotes consistency in the interpretation of IFRS Accounting Standards and IFRS Sustainability Disclosure Standards among member firms and develops global audit guides responsive to emerging issues in order to promote global consistency.

PCAOB Standards Group (PSG)

It ensures consistency in the interpretation of standards on auditing issued by the PCAOB at KPMG member firms responsible for auditing components of US companies domiciled outside the US and other SEC-registered companies not domiciled in the US (foreign private issuers), as defined by SEC regulations. PSG also provides information for developing training for auditors who work in audit engagements conducted in accordance with PCAOB standards and, when feasible, is responsible for delivering such training.



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Department of Professional Practices (DPP)

The KPMG in Brazil's DPP provides support to engagement teams in addressing complex issues related to accounting and audit standards and matters.

By having specialized and appropriate resources, DPP performs one of its core activities related to enhancing and maintaining audit quality. Its primary objectives include:

- Support teams in the execution of quality engagements.
- Contribute to the quality of the clients' financial reporting.
- Drive KPMG's consistent application of standards and methodology.
- Protect KPMG's reputation by providing support to mitigate the risks posed by technical issues faced by the member firm and its clients.
- Actively participate in regional and global networks.
- Contribute to the establishment of standards and professional development.
- Add value by developing and maintaining state-of-the-art technical knowledge and translating it into value for our clients and other stakeholders.

DPP professionals formulate and represent KPMG's positions on current matters under discussion by regulatory and standardization bodies through their active participation at IBRACON (Brazilian Institute of Independent Auditors). DPP also maintains active communication with the International Standards Group (ISG) and KPMG Global Solutions Group (KGSG) regarding the implementation of our methodology in line with International Standards on Auditing.

In the event of circumstances in which the engagement team does not agree with the initial response suggested by DPP or in which the resolution of the consultation implies a decision that is highly controversial, the consultation is submitted to an escalation and conflict resolution process.

The escalation process is triggered in the resolution of technical issues raised in formal consultations submitted to DPP in relation to accounting, auditing and KPMG methodology matters. KPMG's International Standards Group and PCAOB Standards Group are also available to provide support to consultations when necessary.

Professional Practice Partner (PPP)

PPP is responsible, at regional level, for supporting audit teams in the interpretation and implementation of accounting, audit and regulatory standards and regulatory practices related to the firm in accordance with the "system of quality management" PPP professionals timely provide support to audit teams for consultations on certain matters (as set forth in the consultation matrix) with a commitment to keeping objectivity, professional skepticism, ethics and integrity.

8.2 Critically assess audit evidence, using professional judgment and skepticism

In all KPMG audits, the nature and extent of audit evidence we collect are responsive to the risks assessed by our team. We consider all evidence obtained during the course of the audit, including contradictory or inconsistent evidence. Each team member is required to exercise professional judgment and maintain skepticism throughout the audit engagement.

Professional skepticism requires a questioning mind and alertness to contradictions or inconsistencies in audit evidence.

Professional judgment comprises the need to be aware and alert to biases that may pose threats to good judgments

8.3 Direct, coaching, supervise and review

8.3.1 Incorporate ongoing coaching, supervision and review

We promote a coaching culture as part of enabling our professionals to achieve their full potential. We support a continuous learning environment where every team member is responsible for building the capacity of the team, coaching other team members and sharing experiences.

8.3.2 Engagement Quality Control (EQC) Reviewers

Reviewing EQC is an important part of our approach to quality. We have agreed to appoint an EQC reviewer for audit engagements, including any review related to



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interim financial information of all listed entities, non-listed entities with a high public profile, engagements that require an EQC review applicable accordance with applicable laws or regulations, and other engagements, including certain assurance engagements, as appointed by the Risk Management Partner or our Head of Audit.

An EQC review is an objective assessment of the significant judgments made by the audit team and its related conclusions, carried out by the EQC reviewing partner and completed on or before the report date. The EQC reviewer's evaluation of significant judgements includes an evaluation of the engagement team's assessment of significant risks, including fraud risks, the related responses and whether the related conclusions are appropriate.

The audit is completed only after the EQC reviewer is satisfied that all significant matters they raised have been resolved, although the engagement partner is ultimately responsible for the resolution of accounting and auditing matters.

Reviewers must meet the training, knowledge and experience to perform the EQC review for a certain engagement. Reviewers must be objective, cannot be members of the audit team and should be independent of the audit client.

8.4 Appropriately supporting and documenting conclusions

8.4.1 Reporting

Lead partners of the audit engagements form their opinions based on the work performed and the evidence obtained.

In preparing the auditors' reports, lead engagement partners have access to extensive guidance and technical support through consultations to our Department of Professional Practices (DPP), especially when there are significant matters to be reported to users of the auditors' report (e.g., when an audit opinion is changed or an "emphasis" paragraph or "other matters" paragraph is included).

8.4.2 Audit Documentation

Our firm's audit documentation is prepared and completed in accordance with the schedule set by KPMG International's policy and applicable standards on auditing. We have implemented safeguards to protect the clients' and the firm's information confidentiality and integrity and have reduced the time permitted to complete the audit documentation.



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9. Assess risks to quality

9.1 Identify risks to quality and implement effective responses

The quality of a KPMG audit depends on the essential “system of quality management” and our approach emphasizes the consistency and robustness of controls in our processes. KPMG International performs an annual iterative risk assessment process to determine the baseline expected quality objectives, risks and controls (responses to those risks) that all KPMG firms agree to adopt. KPMG firms also perform their own risk assessment, annually, to identify any additional quality objectives, risks or controls specific to their firm’s facts and circumstances.

The consistent global approach:

- Sets the minimum controls to be implemented in response to globally identified risks to meeting quality objectives.
- Defines the methodology used by KPMG firms in their annual evaluation to demonstrate the controls are implemented and operating effectively.

10. Monitor and remediate

Integrated quality and compliance monitoring programs enable KPMG member firms to identify quality deficiencies, carry out root cause analyses and develop, implement and report remediation plans, both in respect of individual audit engagements and of the “system of quality management”

10.1 Rigorously monitor and measure quality

10.1.1 Commitment to continuous improvement

We are committed to continuously enhancing the quality, consistency and efficiency of KPMG in Brazil’s audits. Quality and compliance monitoring programs are globally consistent across all member firms, including the nature and extent of tests and reports. In our firm, we compare the results of our internal monitoring programs with the results of any external inspection programs and take appropriate measures.

10.1.2 Internal monitoring and compliance programs

KPMG in Brazil’s monitoring programs are developed by KPMG International and applied across all member firms to identify quality issues perform root cause analysis and develop remedial action plans for both individual audits and the for their system of quality management. The programs assess:

- Engagement performance in compliance with professional standards, applicable laws and regulations and key policies and procedures of KPMG International.
- The compliance of our Firm with key KPMG International policies and procedures and the significance, appropriateness and effectiveness of key quality control policies and procedures.

Our internal monitoring and compliance programs also contribute to assessing the operating effectiveness of our “system of quality management” Those include Quality Reviews Program (QPR); the KPMG Quality & Compliance Evaluation Program (KQCE); and the Global Quality & Compliance Review (GQ&CR) program.

The results and experiences of integrated monitoring programs are communicated internally and we establish action plans to make improvements where needed. Results are also considered by KPMG International.

Audit Quality Performance Reviews (QPRs)

KPMG’s QPR audit program assesses performance at engagement level and finds opportunities for enhancing audit quality.

Risk-Based Approach

Each lead audit partner and/or director (in any member firm) has its work reviewed at least once in a four-year cycle. A risk-based approach is used for the selection of engagements.

We conduct an annual QPR (*Quality Review Program*) program in accordance with KPMG International’s QPR instructions. Reviews are overseen by an independent experienced lead reviewer from another KPMG firm. QPR results are reported to KPMG International.



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Evaluations from Audit QPR

Consistent criteria are used to determine engagement ratings and the assessments of the firm's audit practice.

Audit engagements selected for review are classified as Compliant, Compliant - Improvement Needed or Not Compliant.

KPMG Quality & Compliance Evaluation (KQCE) Program

The KQCE program encompasses the testing and evaluation requirements of the KPMG member firm's "system of quality management" required to ensure the system's compliance with the International Standard on Quality Management 1 (ISQM 1) and quality and risk management policies. All KPMG member firms must complete the KQCE requirements.

The 2023 KQCE program covered the period from October 1, 2022 to September 30, 2023, and helps support our conclusion on the operating effectiveness of our "system of quality management" as of September 30, 2023 and compliance with quality and risk management policies.

Global Quality & Compliance Review Program (GQ&CR)

Each KPMG member firm is subject to a GQ&CR conducted by the KPMG International GQ&CR team, irrespective of the member firm, at least once in a four-year cycle based on identified risk criteria, which consider a number of factors, including financial conditions, country risks, results of monitoring programs and professional surveys. The GQ&CR team is comprised of independent partners and managers of the member firm subject to the review. The GQ&CR team is objective and knowledgeable about the policies of the Global Quality and Risk Management Manual (GQ&RM). The purpose of the GQ&CR program is to evaluate the member firm's compliance with selected policies of KPMG International, including those related to governance and system of quality management.

Reports on internal monitoring and compliance programs

The results of monitoring and compliance programs are disseminated to our professionals through written communications, internal training tools and periodic meetings.

The results are also emphasized in subsequent monitoring and compliance programs to evaluate the extent of continuous improvement.

Audit engagement partners are notified of the classification of their engagements, which may be: "Compliant," "Compliant - Improvement needed," or "Not compliant."

Remediation and Monitoring

In our firm, we develop corrective action plans to respond to opportunities for improvement found through our monitoring and compliance programs. The action plans' progress is monitored and results are reported, as appropriate, to regional and global leadership.

10.2 Obtain, assess and act according to the stakeholders' feedback

10.2.1 Regulators

We consider each of the conclusions and recommendations and implement actions to strengthen policies and procedures, as appropriate.

KPMG International maintains regular and two-way communication with the International Forum of Independent Audit Regulators (IFIAR), primarily through IFIAR's Global Audit Quality Working Group (GAQWG) to discuss audit quality subject matter issues and the measures adopted to address those issues across the organization. We value the open, frank and transparent dialogue that IFIAR provides on global audit quality issues.

Each KPMG member firm is expected to establish professional and respectful relationships with applicable regulatory bodies, including proactive engagement, timely answers to inquiries and the implementation appropriate corrective measures.

KPMG in Brazil

Brazilian Securities and Exchange Commission (CVM)

The Brazilian Securities and Exchange Commission (CVM) inspects our quality control framework based on the provisions of items I, letter "e," and II of Art. 9 of Act No. 6,385, dated December 7, 1976.

The most recent CVM review started on November 25, 2021 and to date no significant issues have been reported.



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External review performed by peers

In compliance with the requirements to qualify for the Federal Association of Accountants (CFC), KPMG undergoes, every four-year cycle, an external review conducted by another audit firm of equivalent size. The last review was completed on September 29, 2023 by BDO RCS Auditores Independentes SS Ltda., whose report concludes on the quality control system of KPMG in Brazil's audit practice for the 12 months ended May 31, 2023.

The report was issued unqualified.

Review performed by PCAOB

KPMG Auditores Independentes Ltda. is registered with the Public Company Accounting Oversight Board (PCAOB) in the US and is subject to inspections at least once every three years by the latter.

Results of the last two PCAOB inspections in Brazil:

The last inspection conducted by PCAOB of KPMG in Brazil occurred in September and October 2022. The final report issued by PCAOB on October 16, 2023. KPMG in Brazil is in the middle of the remediation process regarding the matters found in order to send an answer to the regulatory agency.

PCAOB also inspected KPMG in Brazil in August and September 2019. The portion of the inspection report available to the public was disclosed on July 6, 2021, and both the report and our response are available on the PCAOB website. Responses on issues included in the portion not available to the public were submitted to PCAOB.

10.2.2 Client feedback

We proactively seek feedback from clients by holding on-site meetings and conducting satisfaction surveys submitted subsequent to the delivery of the services. Voice of Client is the area dedicated to monitoring the client's feedback.

10.2.3 Monitoring of complaints

We have procedures in place for monitoring and addressing complaints received related to the quality of our work.

10.3 Perform root cause analysis (RCA)

In our firm, our system of quality management provides the foundation for consistent delivery of quality engagements and our Root Cause Analysis (RCA) program is an integral element of the monitoring and remediation component of the system of quality management, driving enhancements to audit quality. Leveraging inputs from internal monitoring programs, external inspections and other activities, we identify audit quality issues and undertake root cause analysis corresponding to the nature and severity of the issues. Firms design their RCA program in accordance with the KPMG International's RCA guide.

Upon completion of the RCA, we design and implement corrective measures that respond to the cause of audit quality issues and subsequently monitor the effectiveness of these measures. Corrective action plans regarding RCA and monitoring results are reported to regional and global leadership.

Our lead audit partner is responsible for audit quality, including remediation of audit quality issues. The risk management partner of our firm or their delegate partner monitor the implementation of remediation plans.



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11. Communicate effectively

We acknowledge that another important factor in maintaining audit quality is obtaining and promptly acting on feedback received from key stakeholders.

11.1 Provide insights and maintain an open and frank two-way communication

We stress the importance of keeping those charged with governance informed about issues arising during the course of the audit by providing guidance and supporting resources. We achieve this by relying on a combination of reports and presentations, active participation in audit committee or board meetings and, when appropriate, continuous discussions with management and the Audit Committee's members.

Audit committees play a key role in supporting quality audits by supervising the relationship between the company and the auditor and challenging what auditors do and how they do it.

ACI Institute and Board Leadership Center

In recognition of the important role that Audit Committees, Boards of Directors, and Fiscal Councils play in capital markets, ACI Institute and Board Leadership Center (BLC), both initiatives of KPMG, aim at contributing to the continuing education of their members by means of roundtable discussions and thought leadership from those governance bodies.

The ACI Institute and Board Leadership Center operate in more than 40 countries worldwide, including Brazil, and provide audit committee and board members with advice, information and data on significant issues such as cybersecurity, ESG and corporate culture, as well as the opportunity to network with their peers during quarterly roundtable meetings and other seasonal events.

This forum is restricted to members of the Boards of Directors, Audit Committees and Fiscal Councils, and all activities and materials produced by ACI and BLC are provided free of charge.

ACI's contributions encompass a set of challenges faced nowadays by Audit Committees, boards and the business environment - from risk management and emerging technologies to global strategy and compliance.

In Brazil, ACI has been present since 2004, and has over 700 members who meet regularly at events and have access to KPMG's studies and benchmarking surveys. Further details about and insights into ACI in Brazil are available [here](#).

Global IFRS Institute

Our Global IFRS Institute provides information and resources to help audit committee members, executives, managers, stakeholders and government representatives obtain insights from leaders on updates to financial and sustainability reporting standards.

11.2 Conduct and monitor the Global People Survey (GPS)

Only by having talented and engaged people we can provide audits in accordance with our audit quality expectations.

Annually, our professionals are invited to take part in KPMG's Global People Survey (GPS) to share their perceptions of their working experience at KPMG. Results can be analyzed according to a range of factors,



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including functional or geographic area, job and gender, to provide additional focus for action.

Through of GPS, our firm measures our personnel engagement and gathers additional information on what boosts the engagement of KPMG people. GPS includes specific audit quality questions for those individuals who have actively participated in an audit in the past 12 months, thus providing us with a specific set of data for matters related to audit quality.

The survey also furnishes our leaders and KPMG's global leadership with insights into quality and risk behaviors, audit quality, maintenance of KPMG Values and attitudes of employees and partners towards quality, leadership and tone at the top.

We actively participate in the GPS, monitor the results and take appropriate measures to communicate and respond to the outcome of the survey. The GPS outcome and appropriate monitoring actions are also aggregated across the global organization as a whole and presented to the Global Board of Directors annually.

Specific audit analysis of the GPS results is also carried out, with a particular focus on audit quality. The main outcomes and topics are presented to the global audit leadership group annually for consideration of appropriate corrective measures, if necessary. A global GPS action plan is issued annually for the Audit practice.



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Total turnover of KPMG in Brazil

The KPMG Brazil total revenue from audit services for the year ended September 30, 2023 was R\$ 951.4 million. KPMG Brazil's revenue from other non-audit services for the year September 30, 2023 was R\$ 1,104.08 million, and, therefore, KPMG Brazil's total revenue amounted R\$ 2,055.5 million.

Turnover from audit services of public interest entities non-European Union (EU) and the European Economic Area (EEA), listed in regulated markets in the EU/EEA

In the year ended September 30, 2023, KPMG in Brazil's revenue from audit services of public interest entities non-EU/EEA, listed in the EU/EEA, listed below, regulated markets was approximately R\$ 14.3 million.

The combined revenue figures for the audit of financial statements of public interest entities non-EU/EEA companies listed in EU/EEA regulated markets were calculated using the average exchange rates prevailing in the 12 months ended September 30, 2023.

The list below includes public interest entities, non EU/EEA, listed in regulated markets in the EU/EEA as of September 30, 2023:

- GP Investments Ltd.
- Seacrest Petróleo Bermuda
- Gerdau S.A.

Turnover from other services (excluding audit) of public interest entities non-EU/EEA, listed in EU/EEA regulated markets

In the year ended September 30, 2023, KPMG in Brazil did not generate revenues from other services (excluding audit) of public interest entities non-EU/EEA, listed in EU/EEA regulated markets.

Total turnover achieved EU/EEA audit firms resulting from the statutory audit of annual and consolidated financial statements (*)

Aggregated revenues generated by KPMG member firms in the EU/EEA resulting from the audit of annual and consolidated financial statements was EUR 2.4 billion during the year ending September 30, 2023. The EU/EEA aggregated statutory audit revenue figures were calculated and translated at the average exchange rates prevailing in the 12 months ended September 30, 2023.

(*) The financial information presented represents combined information from KPMG member firms in EU/EEA member countries that provide professional services to clients. Information is combined here solely for presentation purposes. KPMG International does not provide services to clients nor, concomitantly, generates any revenue from clients.

13. Partners' compensation

Partners' profit sharing

Partners receive compensation based on payable profits of KPMG in Brazil (this profit is determined based on the budget approved by the Executive Committee and at the Partners' Meeting). Profit is distributed to each partner based on defined and approved policies that consider their responsibilities, seniority, financial performance and quality aspects, among others. The Compensation Committee (comprised of certain Executive Committee's partners) reviews compliance of the profit distribution with the policies and submits its conclusion to the Executive Committee for approval.



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14. KPMG network structure

14.1 Legal Structure

In many parts of the world, regulated companies (such as audit firms) are legally required to be locally owned and independent. KPMG member firms cannot operate as a multinational corporate entity. KPMG member firms are generally owned and managed locally.

Each KPMG member firm is held responsible for its own obligations and responsibilities. KPMG International and other member firms are not held responsible for the obligations or responsibilities of a member firm.

Member firms may consist of more than one separate legal entity. If this is the case, each separate legal entity shall be liable only for its own obligations and responsibilities, unless they have expressly agreed otherwise.

Our firm and all other KPMG member firms are signatories to the licensing or sub-licensing agreements whose primary impact is that all KPMG member firms in the KPMG global organization are members of or have other legal connections with KPMG International Limited, a limited English company. KPMG International Limited operates as the coordinating entity for the general benefit of KPMG member firms. It does not provide professional services to clients, directly or indirectly. Professional services to clients are exclusively provided by member firms.

KPMG is a registered trademark of KPMG International and is the name by which member firms are commonly known. The rights of member firms to use the KPMG name and trademarks are included in agreements with KPMG International.

KPMG International and the member firms of KPMG are neither a global partnership, single firm, multinational corporation, joint venture, nor are in a principal or agent relationship or partnership with each

other. No member firm has any authority to obligate or bind KPMG International, any of its related entities or any other member firm vis-à-vis third parties, nor does KPMG International or any of its related entities have any such authority to obligate or bind any member firm.

Further details about the legal and governance arrangements established for KPMG's global organization can be found in the "Governance and Leadership" section of [KPMG International's Transparency Report](#).

The name of each audit member firm and the EU/EEA countries in which each member firm is qualified as an auditor or has his own office registered, central administration or main location business cards are available [here](#).

14.2 Responsibilities and obligations of member Firms

Member firms have agreed to comply with KPMG International's policies and regulations, including quality standards that govern how they operate and how they provide services to clients. This includes having a company structure that ensures continuity and stability, being able to adopt global strategies, share resources, serve multinational clients, manage risks and implement global methodologies and tools. Each KPMG firm assumes responsibility for its management and the quality of its work. Member firms commit themselves to a common set of KPMG Values.

KPMG International's activities are financed by amounts paid by member firms. The basis of calculation of those amounts is approved by the KPMG International Global Board, and it is consistently applied to member firms.



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A firm's status as a member of KPMG and its participation in the KPMG global organization may be terminated if, among other things, the firm fails to comply with policies and regulations set by KPMG International or any of its other obligations agreed with KPMG International.

14.3 Professional indemnity insurance

Insurance coverage is maintained in respect of professional negligence claims. The policy offers a worldwide territorial coverage.

14.4 Governance Structure

KPMG International's governance bodies are comprised of the Global Council, the Global Board (including its committees), the Global Management Team and the Global Steering Groups.

Global Council

The Global Council focuses on high-level governance tasks and provides a forum for open discussion and communication among member firms. Among other things, the Global Council elects the Global Chairman and also approves the appointment of Global Board members. It includes representation from 53 KPMG member firms.

Global Board

The Global Board is the principal governance and oversight body of KPMG International. The key responsibilities of the Global Board include approving the global strategy, protecting and enhancing KPMG's brand and reputation, overseeing the Global Management Team and approving policies that KPMG member firms have agreed to comply with. It also approves the admission or termination of KPMG member firms from the global organization.

It is led by Global Chairman, Bill Thomas, and also includes the Chairman of each of the regions (Americas; Asia Pacific (ASPAC); and Europe, Middle East and Africa (EMA)) and a number of other member firm Senior Partners.

A list of current members of the [Global Board is available on the leadership page of the website kpmg.com](#).

Global Board Committees: The Global Board is supported in its oversight and governance responsibilities by several committees, including:

- Executive Committee;
- Governance Committee;
- Global Quality, Risk Management & Reputation Committee; and
- Global Audit Quality Committee.

Each of those committees are made up of members of the Global Board and reports directly to the Global Board.

The overarching responsibility of the Global Audit Quality Committee is to strive for globally consistent audit quality across all firms and to oversee KPMG International's activities in order to enhance and maintain the consistency and quality of audits, assurance engagements and the system of quality management provided by KPMG member firms. The Global Head of Audit and the Global Head of Audit Quality (the latter in charge of overseeing audit quality at KPMG as a whole for KPMG International) provide report on audit quality issues to this committee.

Global Management Team (GMT)

The Global Board has delegated certain responsibilities to the Global Management Team. Those responsibilities include promoting the global strategy by working together with the Executive Committee, and jointly recommending the global strategy to the Global Board for its approval. The Global Management Team also supports KPMG member firms in their execution of the global strategy and in the KPMG International decisions and policies executed by the member firms, including holding them accountable against their commitments. GMT promotes KPMG's commitment to being a multidisciplinary organization. GMT also oversees the activities of the Global Steering Groups.

It is led by the Global Chairman, Bill Thomas. The current list of members of the [Global Management Team is available on the leadership page on kpmg.com website](#).

Global Steering Groups

There is a Global Steering Group for each key function and infrastructure area, chaired by the pertinent member of the Global Management Team



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(GMT) and, together, they help GMT comply with its responsibilities. They operate under the authority of the Global Board and are supervised by GMT. In particular, the Global Audit Steering Group and the Global Quality & Risk Management Steering Group work closely with regional and member firm leadership to:

- Establish and ensure the communication of appropriate audit, quality and risk management policies;
- Establish and support effective and efficient risk management processes to promote audit quality;
- Promote and support the implementation of the strategy in the audit functions of member firms, including audit quality standards; and
- Evaluate and monitor audit quality issues, including those deriving from quality and regulatory reviews, and focus on leading practices that reduce audit quality findings.

The roles of the Global Audit Steering Group and the Global Quality & Risk Management Steering Group are detailed in the “Governance and Leadership” section of [KPMG International’s Transparency Report](#).

Each member firm is part of one of the three regions (Americas, ASPAC and EMA). Each region has a Regional Council comprised of a Regional Chairman, a Regional Executive Director, a representative of any sub-region and other members as appropriate. Each Regional Council focuses specifically on the needs of member firms within its region and helps with the implementation of KPMG International’s policies and processes within the region.

Further details about KPMG International, including the governance arrangements for the year ending September 30, 2023, can be found in the “Governance and Leadership” section of [KPMG International’s Transparency Report](#).



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15. Statement of effectiveness of system of quality management

The procedures and process that serve as the basis for the system of quality management for KPMG in Brasil outlined in this report aim to provide a reasonable degree of assurance that the statutory audits carried out by KPMG Auditores Independentes Ltda. comply with the applicable laws and regulations. Because of its inherent limitations, the system of quality management is not intended to provide absolute assurance that non-compliance with relevant laws and regulations would be prevented or detected. The Executive Committee of KPMG in Brasil has considered:

- the design and effectiveness of the system of quality management described in this report;
- improvements identified through monitoring and compliance programs operated by KPMG in Brasil (including the KPMG International review programs as described in section 10.1.2 and our local compliance monitoring programs); and
- the conclusions and recommendations identified by regulatory inspections and corrective action plans.

Taking all of this informations together, we confirm with a reasonable level of assurance that the system of quality management within our firm operates effectively in the year to September 30, 2023.



Charles Krieck
Chairman of KPMG in Brazil and South America

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Appendix 1 - Key legal entities and nature of KPMG's businesses in Brazil

Key legal entities and nature of KPMG's businesses in Brazil.

Entity name	Legal structure	Regulatory status	Nature of business
KPMG Auditores Independentes Ltda.	Single Limited Liability company	Registered with the CRC-SP under no.2 SP-014428/O-6 Registered with CVM under no. 4189	Auditing services and other services inherent to the accounting profession
KPMG Assessores Ltda.	Single limited liability company	Registered with the CRC-SP under no.2RJ003789/O-8 T SP Registered with the CRA-SP under no.022896 Registered with the CORECON-SP under no.6575	Services and training and/or capacity building in technical knowledge in the areas of accounting, economics and finance, and administration, and consulting and advisory services in information technology
KPMG Assurance Services Ltda.	Single limited liability company	Registered with the CRC-SP under no. 2SP023228/O-4	Auditing and other services inherent to the accounting profession, including training and/or qualification in accounting matters
KPMG Consultoria Ltda.	Single limited liability company	Registered with the CRA-SP under no.010650 Registered with the CORECON-SP under no.6344 Registered with the CREA-SP under no.1998698 Registered with the CRP-SP under no.06/1923/J	Multi-professional services in the areas of administration, economics, information technology, psychology, and engineering, among others
KPMG Corporate Finance Ltda.	Single limited liability company	Registered with the CRA-SP under no.021599 Registered with the CORECON-SP under no.4666	Consulting and business and strategic advisory services, technical evaluations of companies, financial and economic advisory, and expertise, among others
KPMG Financial & Actuarial Services Ltda.	Single limited liability company	Registered with the CRA-SP under no. 019320 Registered with the CORECON-SP under no.5982 Registered with the IBA under no.48	Services inherent to the activities of the actuarial profession, including the activity of independent actuarial auditing

Appendix 2 - Details of those charged with governance at KPMG in Brazil



Members of the KPMG Executive Committee in Brazil (from left to right): Cláudio Sertório (COO), Jean Paraskevopoulos (Head of Clients & Markets), André Coutinho (Head of Advisory), Luciene Magalhães (Head of PPC), Marcus Vinicius (Head of TAX); Frank Meylan (Head of Technology, Digital Transformation and Innovation), standing; Danilo Simões (Risk Partner Management), Carlos Pires (Head of audit), e Charles Kriek (Chairman), sitting.

Details of those charged with governance at KPMG in Brazil.

KPMG International relies on a robust governance structure in place to guide and monitor the activities of member firms. Our governance structure follows the same standards, aggregating its own bodies for coordination and monitoring management, in compliance with Brazilian laws.

The principal objectives of our governance policy are to maintain our clients at the heart of everything we do and to consolidate our position as protagonists in terms of innovation, technology and execution. At the same time, quality, efficiency and people are key cornerstones for us to achieve an efficient performance.

The Executive Committee is in charge of the annual strategic planning - in accordance with the global strategy - as well as of the overall oversight and drive of activities. The committee is comprised of the chair

and up to eight partners appointed by the latter, made up usually of leaders of the main business practices. As it refers to an executive body, which accumulates managerial and strategic determination functions, its fixed composition does not include independent members (non-executives). The Executive Committee bases itself on the General Meeting of Partners to discuss and approve strategic and management guidelines.

The Executive Committee relies on ten subcommittees: Finance Subcommittee, Partners' Rights Subcommittee, Operating Subcommittee, Inclusion, Diversity & Equity Subcommittee, Compensation Subcommittee, Human Capital Subcommittee, Innovation and Enterprise Solutions Subcommittee, Risk Subcommittee, Disciplinary Subcommittee and ESG Subcommittee.

For more details on KPMG in Brazil's governance structure, please access our 2023 KPMG Sustainability Report.



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