

Together, we build a better working world

EY Brazil | Ethics and Compliance Committee
Management Report

Year ended December 31, 2021



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Message from our Ethics and Compliance Committee Leader

Confidentiality and non-retaliation: permanent assumptions of the process of investigation of reports of misconduct at EY Brazil

At **EY Brazil**, we believe that confidentiality must guide the receipt and treatment of all reports involving behaviors that are or seem to be unethical or illegal. Confidentiality is one of the main requirements to consider when establishing a whistleblowing channel. Exposing whistleblower's identity and the progress of the investigation procedure compromises independence and impartiality, which are essential for any fact-finding process.

All reports submitted to the **EY/Ethics Hotline**, the **Ethics and Compliance Committee** or any other whistleblowing channel are treated with confidentiality. The guarantee given to the whistleblower that the information provided will be treated with total confidentiality represents a critical component of an efficient ethical compliance program. All **EY Professionals** who take part in the process of investigation of internal reports must sign a **Confidentiality Agreement** to ensure protection and preservation of the secrecy of the information provided and received.

Likewise, all protective measures against any type of retaliation are adopted for an impartial and fair investigation process that will encourage a safe and successful work environment.

Our **Global Code of Conduct** does not permit discrimination or retaliation of any kind due to information provided about illegal or unethical behavior. Situations that represent or seem to represent retaliations against the whistleblower, against third parties who help the Ethics and Compliance Committee understand the facts reported or any team member who conducts the investigations must be immediately reported using the whistleblowing channels.

Professionals who have presented properly proved retaliating behaviors will be subject to investigation and disciplinary measures will be subsequently applied.

We are all individually responsible for the environment where we work. All together, believing and behaving in accordance with our values and in line with the **EY Global Code of Conduct**, we can help build better relationships, with more harmony, sympathy, understanding and inclusion.

We count on your involvement and commitment. **EY Brazil Ethics and Compliance Committee** is always by your side. ■



Alexandre Hoepfers
Ethics and Compliance Committee and Risk
Management Leader - EY Brazil

Introduction

Compliance: is it essential or desirable?

Being compliant is to follow what has been defined in internal and external laws and regulations, representing, above all, an obligation of each **EY Professional**. It is a key condition for everyone to be able to develop their careers and for EY to evolve in a sustainable manner, creating social and financial values.

EY Brazil Ethics and Compliance Committee (ECC) is a strategic body that supports the dissemination of a culture of compliance based on laws, ethics and internal controls within the scope of **EY Brazil**, being responsible for the **Ethical Compliance Program**. ECC's mission is to ensure compliance with laws and ethics, following the applicable rules, specially Federal Law 12846/13, and to develop mechanisms to prevent, detect and respond to ethical non-compliance incidents, in order to mitigate risks related to corruption, money laundering and any other ethical incident that may compromise EY Brazil's activities.

All **EY Brazil Professionals** must follow **EY Global Code of Conduct**, internal policies, laws, rules, procedures e regulations in force, reporting behaviors that are not or do not seem to be in conformity with **EY Policies**. By doing so, we send a clear message to those we work with about our commitment to ethical behavior, quality, trust and inclusive working practices.

EY Global Code of Conduct helps us think about how we live our values - both in how we make decisions and through our behaviors. But how do we put our Code into practice? How can each one of us ensure compliance with our commitments under the Code? How do we behave if we have a problem or suspect of some behavior that does not comply with the principles in the Code?

Some questions can help us determine how to act properly.

Did I consult the individuals properly?

Did I show clear commitment with quality in services offered? Do I act legally and in conformity with the rules of our profession?

Am I compromising my integrity or EY's integrity, as well as that of EY clients?

Am I defending EY's values?

Am I respecting the different perspectives and experiences of others?

Among the possible alternatives, is my conduct the most ethical? Do I feel good with my choice?

If I document my decision, would a reviewer agree with the conduct that I adopted?

Did my actions have a negative effect on EY's reputation?

No **Code of Conduct** includes all the contingencies that may arise in our daily life. Anyone of us may need advisory and support from other individuals to deal with some situations.

At **EY**, we hear and have a supporting network available for consultation and advisory, which helps us meet our commitments, in accordance with the Code.

At global, area, regional and country levels, we have:

- ▶ **Risk Management.**
- ▶ **Independence.**
- ▶ **Legal Department Team.**
- ▶ **Service Lines Quality Teams.**
- ▶ **Professional Practice Team.**
- ▶ **Talent.**
- ▶ **EY Leaderships.**
- ▶ **Ethics and Compliance Committee.**
- ▶ **Ethics hotline.** ■

EY Brazil Ethics and Compliance Committee

Emphasis on communicating our values

EY Brazil Ethics and Compliance Committee believes that communicating and discussing matters related to our values will always be the most appropriate manner of having closer relationships, at any time and whatever condition we are living in.

The COVID-19 pandemic, which started in 2020, continued in 2021 and left traces, sequels and important lessons learned: social distancing; remote hiring and training of new talents; projects fully designed, developed and served remotely; and mainly distance excellent personal and professional relationships.

Lack of physically closer relations lead to significant psychological, cognitive, sensory and, consequently, emotional deficits. Everyone, without distinction, is personally responsible for the values in which we believe: relationships built based on mutual respect; always honest and transparent attitudes; teams involved by the spirit of togetherness and mutual support; and inclusion of all particularities that make us unique.

At **EY Brazil**, we are thousands of Professionals with different origins, education, desires and characteristics. No matter the service line we work, we must always undertake to build relationships that evolve and strengthen our bonds of friendship, trust and mutual learning.

The experience we want and need to build at **EY** is based on our attitudes: every action, reaction, question made, answer given, advice, technical orientation, look and listening.

To guide us, we trust in our values, our purpose and the **EY Global Code of Conduct**.

Our values represent the beliefs of our global organization and guide our actions and behaviors, being an influence in how we work with each other and with our clients and how we engage with the communities.

This **EY Brazil Ethics and Compliance Committee Management Report**, available for reading on the **EY website**, intends to share some actions that were driven during 2021. ■



Opening

Reports on non-compliance: how to submit reports and how are they verified at EY Brazil?

Conceptually, whistleblowing is reporting acts potentially contrary to the habits and customs, standards, policies and, on a corporate basis, the Codes of Conduct.

EY Brazil Ethics and Compliance Committee is committed to verifying the facts reported through **EY** whistleblowing channels, searching for robust elements that serve as an assurance and guarantee an impartial, timely and transparent understanding.

The **Whistleblowing Investigation Policy** applies to all **EY Brazil Professionals**, whenever potential incidents are identified, which are contrary to the **EY Global Code of Conduct**, our internal policies and legal rules.

Issues arising from daily activities, which may be treated locally, although relevant, do not need to be reported directly to the **Ethics and Compliance Committee**. Our managers, office leaders, service line leaders and *Talent Team* are committed to the resolution of day-to-day conflicts, respecting the values of the firm.

Procedures to receive and investigate reports

All reports are formally received by the EY Whistleblowing Channel

► Through the website

If a report is made on the website www.eyethics.com, the information necessary to understand the facts will be requested. The whistleblower can opt for remaining anonymous or providing their name and contact information. No sooner is the report completed, the whistleblower will receive an access key and must create a password, which allows them to access the website at any time after sending the report, to update it, using their access key and password. The report is immediately received by **EY**. **EY** receives the report in up to 5 business days and can also send answers about it, so that the report can be widely investigated.

► By phone call

For reports made from Brazil, the access follows the steps below:

From an external line, dial the direct number:
Brazil (Mobile) 0-800-888-8288 | Brazil (Land line) 0-800-890-0288 | When the prompt command appears, dial Brazil's hotline: **877-393-8442**.

The call will be answered in English, by a qualified specialist of the **NAVEX Global call center**. If requested by the whistleblower, the *call center specialist* can transfer the call to a colleague who speaks their language or request an interpreter to join the conversation. **EY Ethics Line** accepts all languages.

During the call, the whistleblower is asked whether they want to remain anonymous. The whistleblower has the following options:

- Provide their identity and contact information to **EY**, without restrictions
- Provide their identity and contact information only to **EY** employees responsible for the investigation of ethical issues, who must preserve the confidentiality of the information
- Remain anonymous

NAVEX Global will ask the whistleblower the relevant information. At the end of the call, the whistleblower will receive an access key and will be requested to create a password. If the whistleblower wishes to return the call later, the access key and password will allow **NAVEX Global** to access the information about their report.

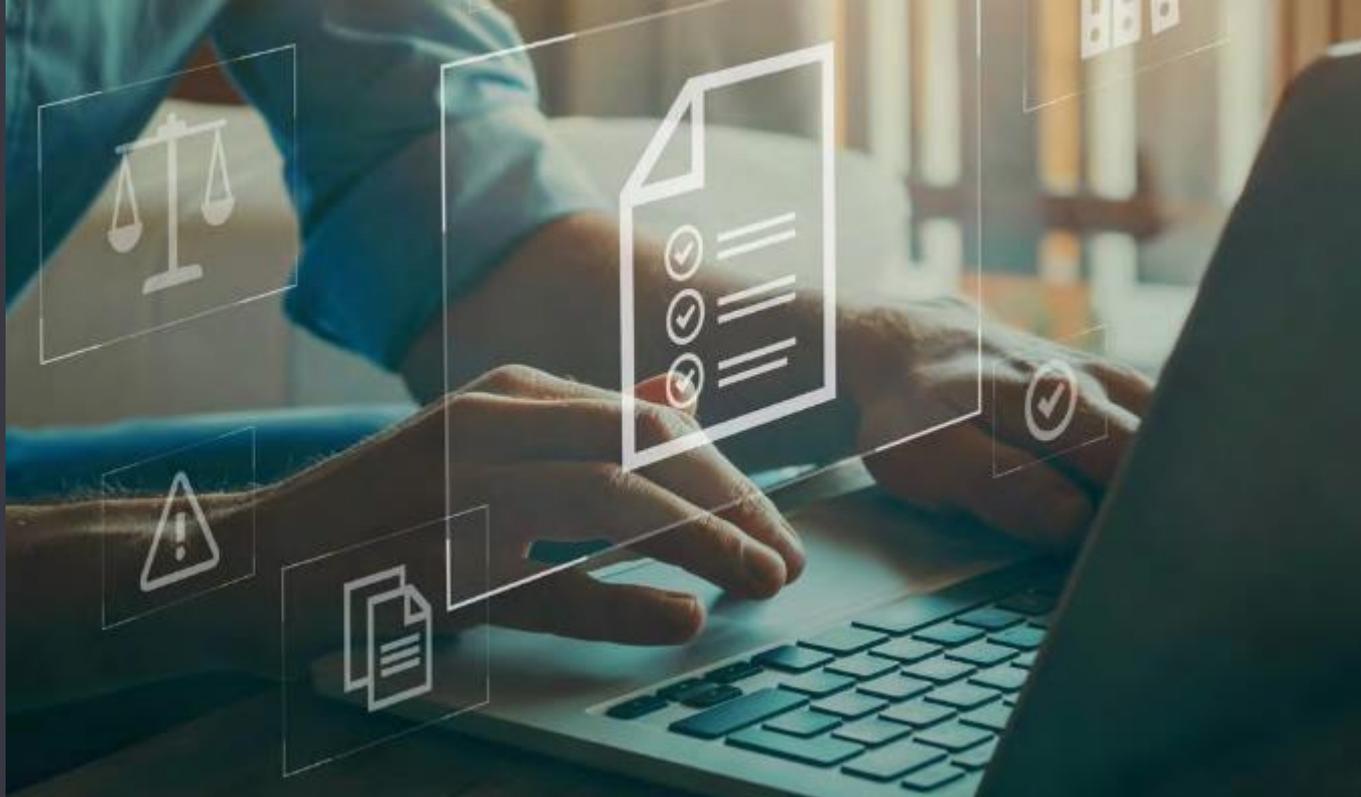
Whether the report is received through the website or by phone, its content will be sent to the **Ethics and Compliance Committee**, so that investigations be launched.

Distributing reports

Each report is distributed among the members of the **Ethics and Compliance Committee**, ensuring that everyone will have a proportional participation in the investigation process.

If one of the ECC members is accused, including its Leader, the **LAS Ethics Committee** will be responsible for conducting the investigation; however, ECC members who are also part of the **LAS Ethics Committee** will not participate in the investigation. The understanding obtained from the investigations will be shared with CEO of EY Brazil. The removal from the positions at ECC may be one of the applicable consequences, being necessary an agreement, by simple majority, of the members of the **LAS Ethics Committee**, and EY Brazil CEO approval.

As regards reports about Partners or Officers of **EY Brazil**, at least two members of ECC, who are also Partners or Officers, must participate in the investigation and application of consequences, when appropriate.



In the cases of reports involving Professionals of the same Sub-line of Service of which a member of the **Ethics and Compliance Committee is part**, this member will neither participate in the investigation nor give their opinion on the recommendations and processes thereof.

At least two members of the **Ethics and Compliance Committee** must participate in the investigation of each report, always with the support of the Professional who provides administrative support to the **Ethics and Compliance Committee**.

If the wrongdoer repeats the behavior, one of the **Ethics and Compliance Committee** member, responsible for the investigation, must be changed to preserve impartiality in the process.

Understanding the report

It consists in the construction of logical understanding of the facts reported, seeking to establish a correlation between the content of the report and the **Internal Policies** and legal rules applicable, to define, in advance, whether there are indications of wrongdoing or not.

Defining the investigation strategy

It involves identifying the best approach to be adopted in the investigation process, in order to ensure transparency and objectivity in analyzing the facts. Interviews, reading of documents and of messages sent through and received by the **EY** corporate email, among other investigation measures, may be considered during the process of understanding of each report, always preserving the confidentiality of every information received.

Communicating the leadership

For each report, it will be assessed whether it is necessary to communicate the respective leadership,

which must treat the subject with absolute secrecy, undertaking not to interfere in the process of understanding of the report.

For investigations related to the suspicion of an illicit act provided in Federal Law 12846/13, the **EY Brazil** Professional accused will be temporarily removed from their regular functions, while the internal process of investigation lasts, without loss of pay. This is a preventive measure and does not reflect any value judgment.

Gathering data

Every information necessary to solve the incidents reported will be gathered, being ensured the application of the adversary principle and the opportunity to be heard.

Analyzing risks

It represents the identification of the risks inherent to the scenario described in the report.

Summarizing the facts

It provides the logical organization of the data included in the report and those obtained during the data gathering, aiming to construct the understanding of the facts reported by the whistleblower.

Report

It contains the formal presentation of the analyzes made, supported by the data gathered during the investigation phase and organized logically.

It will also include the recommendation of applicable consequence, which will be defined by majority of the votes of the members of the **Ethics and Compliance Committee**, and that consequence may be validated by the leader of the **Service Line**, together with the CEO of **EY Brazil**. The consequences,

due to non-compliance duly proved and, therefore, confirmed in a collective recommendation, may be gradually applied, including: process improvement, advisory, monitoring, warning, final warning and termination.

The consequence applied is not shared with the whistleblower, being communicated to the wrongdoer. When necessary, the consequence applied will be shared with the Adviser of the wrongdoer and their immediate leadership, for monitoring purpose.

If no robust elements are identified, which are capable of convincing that the facts reported are true, the “*In dubio pro reo*” principle will be applied, which is based on the presumption of innocence.

Term expected for the conclusion of the investigation

All reports will be thoroughly investigated, until the **Ethics and Compliance Committee** be convinced that it was able to gather all necessary information for an impartial and fair understanding. The term estimated for the conclusion of the investigation process depends on the complexity of the matters reported in each report. On average, the **Ethics and Compliance Committee** has been able to conclude most of the processes within 45 days, but this term may be extended depending on the approach to be employed in the investigation process. Interviews, reading of documents and of messages sent

through and received by the **EY** corporate email, among other investigation measures, may demand more than 45 days.

Additional recommendations

The **Ethics and Compliance Committee** may suggest additional recommendations to avoid new similar incidents, always in a reasonable manner.

Forwarding reports to competent authorities

If indications of behaviors defined as crime, according to the Brazilian legislation, are identified, the **EY Brazil Ethics and Compliance Committee**, with the support of the legal area of **EY**, must report them to competent authorities, considering all details verified, including reports and evidence, if any.

EY Brazil Ethics and Compliance Committee will cooperate actively with competent authorities, providing all information and documents obtained during the internal investigation process.

See some statistics of EY Brazil's Whistleblowing Channel

- ▶ **119 reports** receive by the **EY Ethics Hotline**, in calendar year 2021.
- ▶ On average, **44 days** were necessary to conclude the investigation processes in 2021. ■

Investigation Status vs. Result



Highlights of the period

Training courses and webcasts about EY Global Code of Conduct and related topics

We are all responsible for maintaining the integrity and the personal and the firm's reputation. In order to support you in doing the right thing, aligning your own purpose and values with those of EY, the **EY Brazil Ethics and Compliance Committee** has held meetings so that we can learn more about the EY Global Code of Conduct.

In 2021, we interacted with many **EY Brazil Professionals** during the debate sessions about the **EY Global Code of Conduct**. We had the opportunity of reaching nearly 3,200 Professionals of all categories and offices of EY in Brazil. We shared the principles, presented practical examples and fostered the exchange of experiences. **EY Brazil Ethics and Compliance Committee** believes that communicating our values is the most effective manner of preserving an appropriate and healthy environment.

In addition to the debate sessions about the **EY Global Code of Conduct**, in 2021 the **Ethics and Compliance Committee** also presented two series of *webcasts*: in one of them, the topics addressed were moral and sexual harassment with our *Affinity Groups Unity, Women Network, Women in Tech, EY Able and Black Professional Network*; with our *Talent Consultants*; and with all the Partners and Officers of **EY Brazil**; in the second *webcast*, topics such as integrity, trust and intellectual capital were addressed, with approximately 1,268 trainees and staff from all offices of **EY Brazil**.

2021 Trace International Anti-corruption Certification

Since 2017, EY has been certified in Anti-corruption *Due Diligence* by TRACE International, a not-for-profit organization that recognizes socially and economically responsible ethical companies all over the world. This certification entity works in compliance with prevailing anti-corruption rules, including the Foreign Corrupt Practices Act (FCPA).

Being certified by **Trace International** means that we have completed a comprehensive anti-corruption due diligence process

that is internationally accepted. This certification provides us with a valuable compliance credential, which is a competitive advantage widely recognized in the international business community. EY was included in **TRACE Intermediary Directory**, a publicly available database of potential business partners for multinational companies.

Recognition in the 2020-2021 Pro-Ethics Company Program

Once again, **Ernst & Young Auditores Independentes S/S** was recognized in the **Pro-Ethics Company Program**, now in its 2020-2021 edition. We are the only large audit firm recognized in the Program in four editions.

The award publicly recognizes the commitment of EY to implementing measures to prevent, detect and remedy corruption and fraud, helping to build a more upright, ethical and transparent corporate environment in Brazil.

The **National Register of Companies Committed to Ethics and Integrity (Pro-Ethics Company)** is an initiative of **Ethos Institute and the Office of the Federal Controller General (CGU)**, which **assesses and announces companies that are voluntarily engaged in building an environment of integrity and trust in business relationships, including those that involve the public sector.**

EY publicly and voluntarily undertook, before the Government and the society, to adopt measures to prevent and combat corruption for a more ethical business.

The **2020-2021 Pro-Ethics edition** had the participation of **327 companies, 236 of which** completed the assessment questionnaire, **195 were admitted** and only **67 won**.

► [Click here to see the list of companies approved.](#) ■



Training courses on Ethics and Compliance

The Ethics and Compliance Committee (ECC) has been strengthening its relations with our Professionals, restating the values and principles provided in our EY Global Code of Conduct and holding discussions about matters that interest all of us.

See the actions taken during calendar year 2021:

Interactive training via Teams on the **EY Global Code of Conduct**

-  **Sponsor** Ethics and Compliance Committee
-  **Instructor** Raul Memória
-  **Duration** 2 hours
-  **Support tool** Teams
-  **Theme** Global Code of Conduct : concepts, cases and exchange of experiences

3,200 

Professionals of all *ranks* from all EY Brazil offices

Interactive webcast via Teams about **Moral and Sexual Harassment**

-  **Sponsor** Ethics and Compliance Committee
-  **Instructor** Raul Memória
-  **Duration** 1 hour
-  **Support tool** Teams
-  **Theme** Moral and Sexual Harassment: concepts, cases and exchange of experiences

1.540 

Professionals of the Affinity Groups *Unity, Women Network, Women in Tech, EY Able and Black Professional Network; Talent Consultants; and Partners and Officers* of EY Brazil

Interactive webcast via Teams about **Integrity, Trust and Intellectual Capital**

-  **Sponsor** Ethics and Compliance Committee
-  **Instructor** Raul Memória and Camila M. Ribeiro
-  **Duration** 1 hour
-  **Support tool** Teams
-  **Theme** Integrity, Trust and Intellectual Capital: concepts, cases and exchange of experiences

1.268 

Trainees and Staff

Results and Conclusions

Goals achieved in 2021

With the support and commitment of all **EY Professionals**, we achieved the following key goals:

- ▶ We made periodic and preventive monitoring, on a sampling basis, of ethics and compliance matters, addressing aspects of our internal policies and **Global Code of Conduct**.
- ▶ We provided internal training courses to our Professionals.
- ▶ We held *webcasts* for our Professionals, discussing topics such as **moral harassment, sexual harassment, integrity, trust** and **intellectual capital**.
- ▶ We obtained the **2021 Trace International Anti-corruption Certification**.
- ▶ We were recognized in the **2020/2021 Pro-Ethics Program**, by the **Office of the Federal Controller General**.

Main actions to be developed in 2022

In 2022, the main initiatives of **EY Brazil Ethics and Compliance Committee** are as follows:

- ▶ Provide internal training courses on ethics and compliance to our Professionals.
- ▶ Continue monitoring companies investigated by official authorities due to the practice of acts of corruption, in order to mitigate risks relating to **EY** relationships with third parties.
- ▶ Make periodic and preventive monitoring, on a sampling basis, of ethics and compliance matters, and address aspects of our internal policies and **Global Code of Conduct**.
- ▶ Improve the **Ethics Compliance Program**, keeping it constantly updated and effective.
- ▶ Seek to obtain the **2022 Trace International Anti-corruption Certification**. ■

2021 Management

Composition of the Ethics and Compliance Committee - EY Brazil | 2021



Alexandre Hoepfers
Ethics and Compliance
Committee Leader - EY
Brazil



Tatiana da Ponte
Ethics and Compliance
Committee Vice-leader - EY
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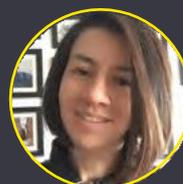
Carla Correia
Ethics and Compliance
Committee Member - EY
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Raul Memória Neto
Ethics and Compliance
Committee Member - EY
Brazil



Camila Mendes Ribeiro
Ethics and Compliance
Committee Member - EY
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Patrícia Fecho
Ethics and Compliance
Committee Member - EY
Brazil

EY | Building a better working world

About EY

EY exists to build a better working world, helping create long-term value for clients, people and the society and building trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

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