

26 Consequence Management Policy

Policy No.	CATALYST\HR\26
Policy Owner	Corporate Head HR
Function	HR & Admin
Approver	Managing Director
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1. Purpose

To define the process and guidelines for managing consequences when ethical principles outlined in Catalyst's Code of Conduct or other normative documents are violated, constituting misconduct.

2. Principles

All employees and administrators are expected to understand and embody the ethical principles defined in Catalyst's Code of Conduct. Misconduct—defined as a failure to adhere to these principles—must be addressed by leaders and governance bodies through appropriate consequences to deter future violations. Examples of misconduct are listed in Appendix 1.

3. Scope

This policy applies to all employees and administrators of Catalyst and its wholly owned subsidiaries. It must be adopted by direct and indirect controlled entities in Brazil and other countries, in accordance with applicable laws and constitutional documents. Adoption is encouraged in other entities where Catalyst holds a participation interest.

4. References

- Catalyst Code of Conduct
- Catalyst policies and standards

5. Definitions

- Administrators: Members of the Board of Directors, Fiscal Council, Advisory Committees, and Executive Committee.
- Conduct and Integrity Committee: Advisory body for ethical guidance and non-binding analysis of misconduct.
- Consequences: Disciplinary and educational actions resulting from confirmed misconduct.



- Employee: Includes permanent, temporary, interns, and trainees.
- Misconduct: Behavioral failure or omission violating ethical principles, regardless of impact.
- Superiors: Supervisors, Coordinators, Managers, and Directors.

6. Roles and Responsibilities

Outlined in a structured table format (see original policy for full breakdown), responsibilities span across governance bodies including the Board of Directors, Audit Committee, Conduct and Integrity Committee, Executive Committee, Compliance Department, Superiors, HR Business Partners, Legal, and Employees.

Area	Roles and Responsibilities
Board of Directors	<p>Approve this Policy and any of its future amendments.</p> <p>Monitor the application of this Policy in biannual reports from the Compliance Department on the application of consequences.</p> <p>Determine in <u>cases of disagreement the application of consequences for Employees</u> and determine the consequences to be applied to members of the Executive Committee, Counsellors and members of the Advisory Committees and Fiscal Council.</p>
Audit Committee	<p>Monitor the application of this Policy in quarterly reports from the Compliance Department on the application of consequences.</p> <p>Support the Compliance Department and the Board of Directors in cases of disagreement in the application of consequences.</p>
Conduct and Integrity Committee	

7. Misconduct Identification

Misconduct may be identified by Superiors or via the Whistleblower Channel.

- Superior-Identified: Must classify severity, apply consequences, and report to Compliance.
- Whistleblower-Identified: Investigated by Compliance, shared with Superiors post-confirmation for consequence application.

8. Misconduct Severity Table

Misconduct is categorized into five levels:

- Very Mild: Involuntary, minimal/no damage, no recurrence.



- Mild: Involuntary, remediable damage, no recurrence.
- Medium: Partially remediable, no serious impact, no recurrence.
- High: Recurring or non-remediable damage, serious criminal activity without intent.
- Very High: Impact on life or serious criminal activity with intent.

9. Consequence Table

Consequences are aligned with severity:

- Very Mild: Verbal/written warning, retraining.
- Mild: Written warning/suspension, retraining.
- Medium: Suspension, impact on incentives, coaching.
- High: Dismissal, impact on incentives.
- Very High: Dismissal for cause, legal action.

Escalation path: Conduct and Integrity Committee → Audit Committee → Board of Directors.

10. General Provisions

Disagreements in severity or consequence must be escalated. Policy to be reviewed every two years or as needed.

Appendix 1: Examples of Misconduct

Includes violations related to:

- Normative documents
- Health, safety, environment
- People (harassment, discrimination, threats)
- Integrity (conflict of interest, corruption, fraud, data privacy, etc.)

Appendix 2: Flowcharts

Visual representation of misconduct identification and consequence application processes

The Management, may its discretion, may review this policy periodically and make modifications as necessary from time to time.

