

2017 Sustainability Report



cielo

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About the report

This document presents Cielo's 2017 economic, social and environmental performance, in addition to the main aspects of internal management and governance and its relationship with its various stakeholders: clients, commercial partners, suppliers, employees, representatives of contracts and commitments, communities, civil society, and users of electronic means of payment. [GRI 102-40 | 102-50](#)

To portray the context in which these outcomes were reached, this report is divided along the four major pillars that guided the Company's actions during the period: Clients, People, Digital evolution, and Cost efficiency. This report was created in accordance with GRI Standards: core option. In line with best market practices and transparency, the data presented here were audited by an independent third party. [GRI 102-52 | 102-54 | 102-56](#)

Should any questions arise and/or to obtain more information regarding this report and the practices adopted in terms of sustainability, Cielo has made available to its stakeholders the following email: sustentabilidade@cielo.com.br. [GRI 102-53](#)

Relevance matrix [GRI 102-46](#)

In order for this material to consider the most relevant issues for the Company's stakeholders – the prioritization of which considered aspects such as a relationship of dependence and an interest with regard to Cielo – a process was undertaken to revise the materiality adopted in the sustainability report referring to 2017 activities.

Based on this revision, two material issues were updated (Fraud Prevention and Control; Continuity of Business) and topics specific to the subsidiaries controlled by the Company were included (Cateno, Braspag, M4U, Stelo, and Orizon), as well as taking into consideration the current context of corporate sustainability. In order to do this, reference documents were analyzed that encompass megatrends – such as the Global Risks Report 2017, by the World Economic Forum, and the Sustainable Development Goals (SDGs) of the United Nations. [GRI 102-42](#)

This led to the selection of 11 relevant items, as follows:



(See the correlation between topics and GRI indicators in [Annexes](#)). [GRI 102-47 | 103-1](#)

Message from the CEO

GRI 102-14

I wrap up 2017 proud of the results that Cielo's employees have reached and feeling that we are merely at the beginning of a new journey. We faced a challenging year – with an increase of the number of competitors in the market – and, thanks to a lot of work, we maintained our position as the most solid and innovative accrediting entity in the Brazilian market.

I believe that happiness generates results, and People was selected as one of the four pillars of our actions. We invested in a closer management style, without barriers, with simpler – but efficient – processes based on the concept of meritocracy and recognition.

The second pillar, not in order of relevance, is the Client. The objective was for us to look outward, to continually understand better the needs of each segment and each client, in order to adjust processes, products, and services.

Cost Efficiency is another driver of activities, crucial in an ever more competitive market with smaller margins. And Digital evolution, our last management pillar, allowed us to work quickly, delivering solutions in a much shorter period of time than was previously necessary. Our time to market fell significantly, with new products delivered on substantially shorter deadlines. This makes us confident that we are going in the right direction to continue our exposure to the promising electronic payment market, which helps our clients achieve bigger and better results, with more innovative tools to manage their businesses in order to enhance their sales.

Serving the various needs of our various clients, we finished 2017 with 140,000 commercial establishments using our Cielo Control, and several thousand more using Cielo Lighthouse. We also highlight Cielo LIO, the first smart terminal on the Brazilian

market, which follows the global trend of adopting open platforms for developing retail solutions. We have more than 35,000 LIOs installed, and we see huge potential for adopting this new solution, especially with the new hardware model that we have distributed since December 2017 (LIO v2). By exploring the concept of open platforms, we want to be at the forefront of innovation, guided by the concept of mass customization to meet the widest array of business formats and sizes.

Furthermore, we have successfully complied with all regulatory requirements. As a result, we obtained a license from the Brazilian Central Bank to operate as a payment institution, and adopted centralized liquidation of our transactions carried out through the Interbank Chamber of Payments (CIP). With this robust control structure and a financial solidity unmatched in our market, we have the

security and tranquility of knowing that we will be capable of adapting to whatever change comes our way in an industry that is constantly undergoing transformation, which in turn guarantees us, as the leader in the market, the robustness that the means of payment market demands.

We have also been keeping a close eye on our socioenvironmental commitments, which should be linked to the achievement of good earnings. We are signers to the Global Compact of the United Nations and believe in companies' contributions toward sustainable development. We have invested in structured strategic planning, with a focus on the client and on profitability, and on a sustainability plan that in 2018 will guide our actions with a focus on the entrepreneurship and engagement of employees, among other issues.

All of this goes to show that we are a different kind of company. For this reason, despite Brazil's macroeconomic and political challenges, 2017 was a good year. We achieve the biggest net profit in history, R\$4.1 billion, and reported growth of 8.2%

from the previous year in terms of financial transaction volume – and that's excluding the Agro product (focused on agribusiness).

Reiterating our commitment to the market and to value generation for our shareholders, we also increased our dividend payout to 70% of profit. We believe that 2018 will bring a more opportune economic environment, as well as a more challenging – but rational – competitive environment, and we are confident about what lays ahead.

Eduardo Camposana Gouveia
CEO of Cielo



Profile

Cielo S.A. is more than a terminal – it is a technology and services company for the retail sector, a leader in the electronic payment segment in Latin America, and one of the ten largest Brazilian companies in terms of market value. The Company has a structure that keeps its clients' businesses moving. Activities include accreditation, transmission, processing, and financial settlement of transactions and capturing the main national and international credit and debit card brands. In addition, it offers products and services to all business profiles.

[GRI 102-1 | 102-2](#)

[LEARN MORE HERE →](#)

A publicly traded corporation (see the shareholding structure in the [Annexes](#)), Cielo transactions totaled R\$613.8 billion in 2017, equal to 10% of Brazil's Gross Domestic Product (GDP). With close to 1.4 million active clients, it covers more than 99% of the Brazilian territory, with cutting-

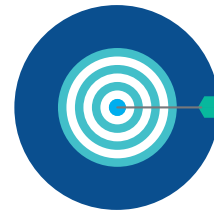
edge technology, efficient logistics, and the strictest security standards.

[GRI 102-5 | 102-7](#)

The company's headquarters are in Alphaville, in the city of Barueri, São Paulo state, and it is present in the United States since 2012, following its acquisition of Merchant e-Solutions through an overseas subsidiary.

[GRI 102-3 | 102-4 | 102-6](#)

In 2017, thanks to the contribution of 2,161 employees working in Brazil, Cielo achieved net revenue of R\$11.6 billion, and the highest net income in its history, following International Financial Reporting Standards (IFRS), of R\$4.1 billion. [GRI 102-7](#)



Mission [GRI 102-16](#)

Captivate our clients with the best solutions from a leading, profitable, and sustainable company with passionate employees.



Values [GRI 102-16](#)

- Employees with attitude, team spirit, and passion for everything they do
- Captivated customer
- Ownership attitude
- Ethics in all relationships
- Excellence in execution
- Innovation with results
- Sustainability and Corporate Responsibility



Cielo is the only Brazilian company listed among the 50 most valuable brands in Latin America, coming in at 47, according to the BrandZ Top 50 LatAm Brands 2017 study by Kantar Millward Brown.

The Company ranks 14th overall and 1st in its segment in the ranking of the most valuable companies of Brazil, according to a study by *IstoÉ Dinheiro* magazine, in partnership with Millward Brown Vermeer.

Market indexes and recognition **GRI 102-12**

Dow Jones Sustainability Index (DJSI):

Cielo was listed in 2017, for the second year in a row, on the World category of the leading sustainability index in the world, which evaluates the performance of companies traded on the New York Stock Exchange.

Corporate Sustainability Index (ISE):

the Company was listed on the Corporate Sustainability Index (ISE) for the fifth year in a row. The index of the B3 (the company that resulted from the merger of BM&FBovespa and Cetip) recognizes and highlights corporate sustainability, management, and governance of listed companies.

Euronext-Vigeo Sustainability Index, Emerging Market 70: the European stock exchange index distinguishes companies recognized for their ESG (Environmental, Social and Governance) performance.

RobecoSAM Sustainability Yearbook:

the Company was listed for the third time in a row on RobecoSAM's Sustainability Yearbook, which specializes in sustainable investments by organizations recognized by the DJSI.

- Bovespa Index (Ibovespa)
- Special Corporate Governance Stock Index (IGC)
- Special Tag-Along Rights Stock Index (ITAG)
- Brasil 100 Index (IBrX-100)
- Brasil 50 Index (IBrX-50)
- Financial Index (IFNC)
- Carbon Efficient Index (ICO2) – B3
- Mid-Large Cap Index (MLCX)
- Corporate Governance Trade Index (IGCT)
- Brazil Broad-Based Index (IBrA)
- Novo Mercado Corporate Governance Stock Index (IGC-NM)

Adoption of and participation in outside initiatives **GRI 102-12 | 102-13**

Cielo subscribes to, endorses, and contributes to initiatives and associations focused on social development and environmental protection. Since 2011, the Company and its subsidiaries in Brazil are signatories to the United Nations' Global Compact, and the Company is engaged in the Sustainable Development Goals (SDGs). Furthermore, it participates in the Corporate Initiatives of the Center For Sustainability Studies of the Fundação Getulio Vargas (GVces) – the Brazil GHG Protocol Program, Companies for the Climate (EPC), Applied Cycle of Life (CiViA), Local Development and Major Enterprises (ID Local), and Innovation and Sustainability in the Value Chain (ISCV); since 2012 it also follows the GRI directives for publishing its sustainability reports; and of the Group of Institutes, Foundations, and Enterprises (GIFE).

The commitment to mitigating the effects that result from climate change is expressed in the signing in 2015 of the open letter to Brazil about Climate Change, by the Ethos Institute, and in carrying out, since 2011, the Greenhouse Gases Emission Inventory, according to the Brazil GHG Protocol Program methodology.

In 2017, the company took part in the Pact for Sport, an initiative of Athletes for Brazil, the Ethos Institute, and Lide Esporte, with the support of Mattos Filho Advogados. The pact consists of an agreement between sponsors of Brazilian sports to encourage the professional, efficient and transparent management, in an environment of integrity among companies and sports entities. The activity is based on Article 18-A of the Pelé Law, which ties the distribution of funds from government sources, directly and indirectly, and including the Law for Sports Incentives, to a series of rules: limited terms for directors, athlete representatives on technical councils, and transparent management of documentation and accounts, such as financial data and contracts.

The Company is also associated with the Brazilian Institute of Corporate Governance (IBGC), the Brazilian Association of Credit Card and Services Companies (Abecs), the American Chamber of Commerce (Amcham) and the International Chamber of Commerce (ICC).

Strategy and management

Context

The number of companies in the electronic means of payment industry in Brazil has grown every year, especially among those focused on serving small and medium-sized retailers. In this context, there has been increasing competitiveness between players, but it has also created space to grow in sectors of the economy and in portions of society that still do not widely use credit and debit cards. According to data from the Brazilian Association of Credit Card and Services Companies (Abecs), payments using cards accounted for close to 30% of household spending in the country. Competition has also become tougher as a result of foreign companies entering the Brazilian market. [GRI 203-2](#)

During the second half of the year, the industry began operating under the fully open model – also called full acquirer or open competition – in which any terminal from the different acquirers capture, process, and settle transactions, regardless of the brand of card used. In this new environment, all the acquirers end up accepting

all card brands – such as American Express and Hipercard, which before were exclusive.

In this challenging environment, Cielo successfully secured on April 27 authorization from the Brazilian Central Bank (Bacen) to operate as an Accrediting Payment Institution (IPC). This authorization is the result of Law No. 12,865/2013 and norms of the National Monetary Council (CMN) and Bacen, responsible for the regulations applicable to payment arrangements and payment institutions that are members of the Brazilian Payment System (SPB). The regulation seeks to increase the security and efficiency of the SPB, and the application and supervision of the IPCs under the responsibility of the Bacen.

With this authorization, Cielo began to follow rules applicable to financial institutions. This adaptation requires the adoption of strict procedures and internal controls, especially those related to accreditation activities, including the development and publication of financial statements that follow the criteria and accounting rules defined in the Accounting Plan for Institutions of the National Financial System (Cosif).

Furthermore, the Company successfully complied with all the regulatory requirements that are included in Bacen Circular No. 3,765, which calls for the centralized settlement of payment arrangements via the Interbank Chamber of Payments (CIP).

The Company defends its interests at the legislative branch through Abecs, always following the internal regulations of the legislative houses. There is no fixed schedule for interacting with members of the executive branch but, if deemed necessary, meetings can be scheduled via the Institutional Relations Board, with the presence of at least two professionals. Contact with the Finance Departments at individual Brazilian states is routine, and happens thanks to bimonthly meetings with the Finance Council (Confaz) where, in addition to Cielo, there is participation by Abecs and other accreditors. [GRI 102-43](#)

New ELO

Begun in 2015 at Cielo, the New ELO Program created, from scratch, the ELO brand, with the aim of establishing a processing and operating model in order to leverage the brand's relationship with accreditors and issuers.

After coordination between leadership at Cielo and ELO of a single strategic business outlook, it was decided that the processor would be part of the ELO structure starting in January 2018.

As a result, 73 Cielo employees who took part in the development and engagement of the Program also migrated to this new partnership at the start of January, without any reductions in salary.

Strategy – Cielo 21

The revision of strategic planning carried out in 2017 was wide-ranging and innovative. To define its business priorities in the short and medium term, the Company relied especially – in addition to a specialized third-party company – on the use of its internal resources. The collaborative process engaged everyone from the Board of Directors to Company employees, with discussions based on market analyses, expanded search for profitability, strengthening of competitive advantages, and investments to shore up possible gaps in competitiveness.

The strategic plan focused its outlook to 2021, which would allow the Company to delineate its macro objectives. As a result, the Company sought to maintain its focus on activities in the various retail segments, so that Cielo becomes the first choice of clients to deliver the greatest value possible in driving the business. This means:

- Understanding each client, his/her business, and his/her specific needs.
- Going beyond payments to deliver more value to the client's business.
- Guarantee incomparable benefits and reputation that contribute to winning over client loyalty.

- Guaranteeing that Cielo's message is clear, consistent, and inspirational, and that employees have the autonomy and training they need to evolve.

Following this definition, the teams were once again engaged in the detailed designing of the actions necessary for executing the strategy, as well as defining the resources needed to carry it out. With the whole Company in line behind the strategy, it was possible to get to work in 2018, with the plans, resources, and targets established. The process also allowed for a greater understanding of the demands and expectations of clients, who were interviewed to precisely define the projects to be developed; and the recognition of the work that the employees do and the knowledge they possess regarding Cielo's business, with greater power to contribute to achieving those goals.

Therefore, there is clarity and transparency about the understanding and about the effort to create greater value for clients, shareholders, and employees. Cielo's aim is to refine its advantages so as to maintain its competitiveness. This will happen mainly through expanding its offer of solutions, products, and services for the retail sector (learn more in [Digital evolution and Clients](#)).


The pillars of management – Digital evolution, People, Cost efficiency, and Client, which guide

this report and Cielo's performance presentation – support and undergird the reach of the strategy, and thereby strengthen company values, behaviors, directives, and processes.

Strategic Sustainability Plan

By creating solutions, products, and services that in fact improve its clients' management and financial earnings, Cielo promotes not only the sustainability of its business, but of Brazilian retail. Economic sustainability is intrinsic to the Company's business model and determines its strategy, which takes into account the pillars of social development – especially through investments in entrepreneurship development and the reduction and mitigation of environmental impacts (see actions focusing on this aspect in Management of environmental impacts and [Climate strategy](#)).

To better structure its objectives, in 2017 the Company also revised its Strategic Sustainability Plan. Adhering to Cielo 21, which was approved by the executive board, the Sustainability Committee, and the Board of Directors, the plan allowed for a clearer understanding of how sustainability can effectively add value and drive the Company's business, which in turn has enormous potential to drive the Brazilian economy.



This process of revision took into account four stages: benchmarking and analyzing trends in the industry to propose initiatives to be undertaken by the Company; interviews with stakeholders inside and outside the Company to validate the initiatives that were suggested; consolidating the process through an evaluation of relevance and priorities; and detailing the activities in the Strategic Sustainability Plan. At the end of this process, the structure of the plan calls for initiatives that would accentuate market advantages and reinforce best practices already adopted by Cielo. The activities to reach this strategy will begin in 2018.

Strategic Sustainability Plan

Potential accentuation of advantages	Employee engagement Engage employees in the culture of sustainability, with the aim of ensuring the long-term success of the business.
	Stimulate entrepreneurship Stimulate entrepreneurship and become the leading partner of small and medium-sized businesses.
Reinforce best practices	Supplier management Expand the management of suppliers with an eye to sustainability by influencing the chain to adopt best practices.
	Environmental management Perfect environmental performance aligned with best practices in the market.
	Private social investment Direct the Company's social investments toward causes and initiatives that are most connected to the business.

Corporate governance

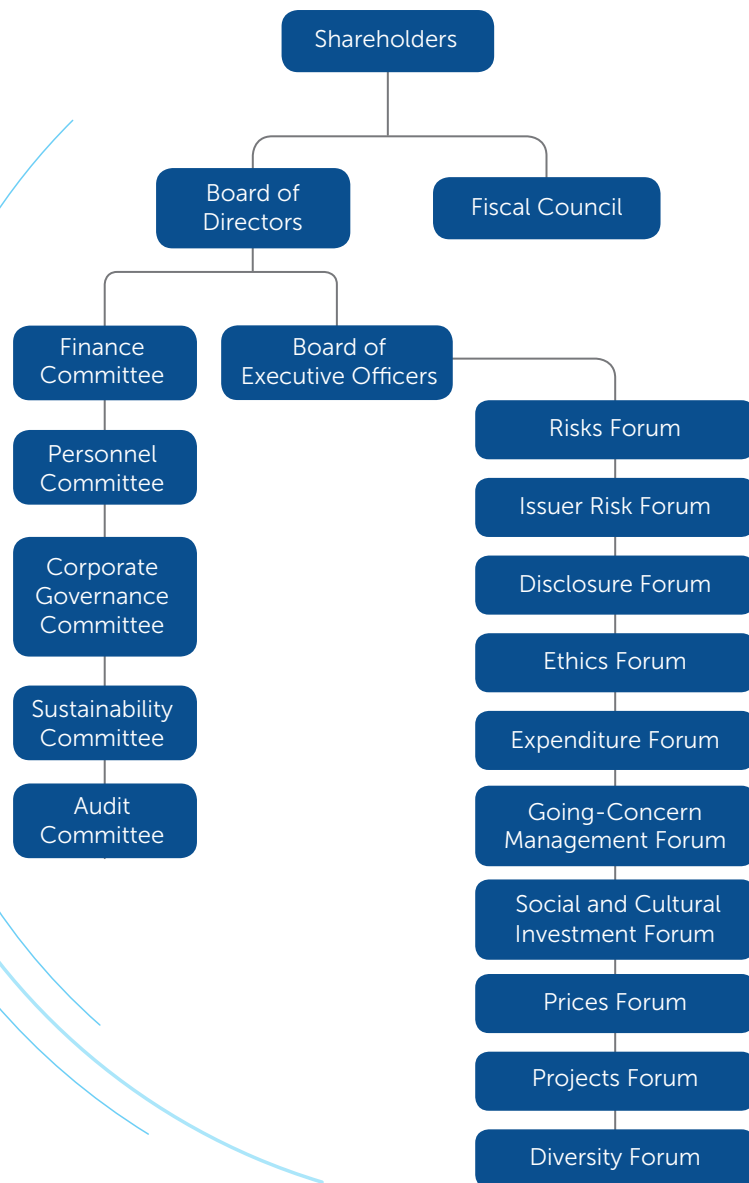
Cielo's corporate governance model is aligned with best practices and follows the determinations of the Brazilian Institute of Corporate Governance. Since 2009, the Company has been a member of Novo Mercado on B3, which is reserved for stocks of companies that voluntarily adopt additional corporate governance standards that go beyond basic legislation.

The program that began in 2010 sought to list Cielo shares, under the ticker CIOXY, on the US over-the-counter market, via American Depositary Receipts (ADRs). The issuance of ADRs is authorized and regulated by the Securities and Exchange Commission (SEC). In January 2018, the Company changed the program used to trade ADRs and began taking part in the Nasdaq International Designation Program.

The year was also marked by changes in the Company's capital structure, which was approved during an Ordinary General Assembly, increasing it from R\$3.5 billion (2,264,012,551 shares) to R\$4.7 billion (2,716,815,061 shares). [GRI 102-10](#)



Corporate governance structure and highlights GRI 102-18



- Three independent members out of a total of 11 on the Board of Directors.
- Chairman of the Board is not an executive of the Company, in accordance with rules in the Company bylaws.
- Maintenance of a Corporate Governance Secretariat that reports directly to the chief executive officer.
- Self-evaluation on a yearly basis of the Board of Directors members, with mechanisms that include collegiate and individual approaches and participation and guidance from one of the independent members.
- Periodic outside evaluation led by outsourced consultancy.
- Establishment of an estimated agenda and monitoring of time spent discussing topics, with the aim of optimizing and ensuring that strategic issues are discussed.
- Commitment to diversity in upper management.
- Revision of policies, norms, and proceedings every two years.
- Maintenance of a Policy for Transactions with Related Parties and situations that involve conflicts of interest, which should be guided by the a priori assurance that controllers do not participate in decisions that may benefit them.
- Adoption of 21 policies, revised periodically by the Board of Directors and which should be observed when carrying out activities: Anticorruption Policy, Policy for Publishing Relevant Facts and Acts and Negotiations of Securities, Proceeds Policy, Policy for Transactions with Related Parties and Other Situations Involving Conflicts of Interest, Purchasing Policy, Communication Policy, Corporate Management Policy, Human Resource Management Policy, Products and Services Policy, Information Technology Policy, Client Relationship Policy, Stakeholder Relationship Policy, Information Security Policy, Sustainability Policy, Financial Policy, Corporate Competition Compliance Policy, Tax Policy, Data Privacy Policy, Credit Risk and Liquidity Risk Management Policy, and Integrated Corporate Risk Management, Internal Controls and Compliance Policy. These policies are available on [Cielo's website](#). [GRI 102-16](#)

The Company maintains a Sustainability and Corporate Responsibility Board and a Sustainability Committee, composed of two independent members of the Board of Directors, a Statutory director, the Sustainability manager, and people responsible for various areas. This structure demonstrates the degree of relevance that Cielo confers to the issue of sustainability and to the management of economic and socioenvironmental impacts. Furthermore, activities focused on sustainability are repeatedly dealt with at Board of Directors meetings through biannual presentations that highlight the main deliveries related to sustainability, and quarterly reports by the Sustainability Committee, and through activities related to the issue.

In 2017, four meetings were held by the Sustainability Committee dealing with, among other issues, the proposal to approve the Strategic Sustainability Plan; validation of the final version of the Materiality Matrix (see [Annex](#)); performance of the Company on Brazil's Corporate Sustainability Index (ISE) and on the Dow Jones Sustainability Index (DJSI), highlighting the main advances and improvement opportunities identified; and the model for the self-evaluation questionnaire filled out by the committee itself, in observance of the New Regulations of the Novo Mercado. [GRI 102-29 | 102-31](#)

Other corporate governance distinctions, as well as attributions, functions, and information from the Statutory Board and the Company committees, are published on Cielo's Investor Relations (IR) website.



Cielo was leader for the sixth year in a row in the financial/non-banking sector, according to the 2017 Latin America Executive Team ranking, an annual ranking by Institutional Investor. The Company was ranked first in the category Best Investor Day, and ranked second in the categories Best Investor Relations Program and Best Website.

Risk and opportunity management [GRI 102-15 | 103-2 | 103-3](#)

Since June 2013, Cielo has had a Risk Management Policy, approved by the Board of Directors. This policy is updated yearly and establishes basic directives and responsibilities related to Corporate Risk Management and Internal Controls and Compliance, with special attention paid to regulations and best market practices. The application of the directives from these policies are the responsibility of the Risks and Compliance Board.

Furthermore, various normative policies are maintained, and revised annually, which discuss Risk Management, and are available for [public viewing](#) e no [Company Reference Form](#).

Over the years, the focus on risk management has mainly targeted the management of operational risks inherent to the business environment, which depends on cutting-edge technology, information security, and the uninterrupted functioning of operations. Seeking to put in place best practices, and as a result of Bacen's authorization to operate

as a Payment Institution in the modality of Accreditor, Cielo has also been improving its processes for managing credit, liquidity, and market risks, as well as minimum capital requirements.

With regard to socioenvironmental risks, the Risks and Compliance Board monitors and certifies that internal controls related to the topic are adequate and effective, as well as evaluating risk management in an independent manner, periodically reporting on them to the competent forums, accompanied by senior management. [GRI FS2](#)

Cielo's activities do not generate a significant environmental impact. As a result, the Company does not adopt the principle of precaution, which focuses on environmental impacts in scenarios of "serious and irreversible risks" and, therefore, not related to the business. However, it developed, together with an outside consultant, a study of risks and opportunities that arise out of climate change (learn more about the topic in Evaluation of impacts – 7.5). [GRI 102-11](#)

Seeking to monitor, identify, and evaluate potential risks and impacts of its products and services, the Company implemented the Products and Services Forum. One of the stages in the process of launching or updating products and services involves an evaluation and issuing of an opinion by several boards, especially by the Risks and Compliance board, which analyzes the regulatory, financial, tax, and fraud prevention and money laundering aspects.

Seeking to ensure the independent management of corporate risks, the Risks and Compliance Board is subordinated directly to the chairman, and carries out a report of the results of its operations to senior management, as follows: [GRI 102-31](#)

Name	Composition	Frequency
Risk Report (staff)	Vice-presidents, directors, Risks and Compliance Board and guests	Bimonthly 
Executive Risk Report – Executive Board	CEO, directors, Risks and Compliance Board and guests	Quarterly 
Statutory Risks Forum (Bradesco and Banco do Brasil)	Shareholders, Risks and Compliance director and guests	Quarterly 
Audit Committee	Two members named by controlling shareholders; one other member, coordinator of the Committee, chosen from among independent board members	Quarterly 
Board of Directors	Composed of at least seven and at most 11 members, 20% of whom are independent	Biannually 

Regulatory and emerging risks

Cielo is always attentive to possible changes in regulations affecting the means of payment industry in Brazil that could cause an adverse effect to its operations. The Legal Board is responsible for monitoring and communicating these changes to the areas affected by regulations that are applicable to Cielo.

In 2017, the main regulatory monitoring initiatives included bills being analyzed by Brazil's congress, which discuss limits on administration fees charged from establishments; reduction in the time given to pay commercial establishments; collection of Tax on Services of Any Nature (ISSQN) in a pulverized manner across municipalities where the equipment was installed; changes in general rules about the National Financial System; and the creation of a national data protection policy. These are topics of uncertainty in the regulatory context that will be faced in the coming years.

There is also constant accompaniment of tax risks. Cielo's fiscal strategy, and of other controlled companies, is guided by a Tax Policy with solid corporate governance pillars and which encompasses all practices, procedures, contracts, businesses, products, services, and operations that lead to any fiscal impact. The fiscal strategy is managed and accompanied by the Accounting and Tax Administration

(Comptroller Board), by senior management, and by discussions in the Finance Committee.

The Tax Policy is guided by the following pillars: Ethics, Integrity and good faith, Legality, Responsibility and Corporate Citizenship, Transparency, Reputation, Social Responsibility, Sustainable Development, and Sustainability Governance. In alignment with these pillars, the Company seeks tax efficiency by adhering to prevailing legislation, through collegiate decisions supported by opinions from outside experts, by the adoption of duly formalized operating procedures, and through well-defined review and approval processes.

The Company also actively accompanies the business and technology innovations emerging on the market, with the aim of anticipating changes and seeking to mitigate possible negative effects from changes in the competition environment. In order to do this, the Company has various specialized areas that accompany trends and innovations on the market, such as the New Business, Innovation, and Strategic Planning Administrations. The accompaniment of trends is supported by the pillars of New Business Models and New Technologies, for which the Company makes use of market studies, participation in national and international payments industry and retail events, and a vast portfolio of client surveys.

Ethics and integrity [GRI 103-2 | 103-3](#)

In 2017, to maintain and perfect its ethical and upstanding professional environment, the Board of Directors approved the revision of Cielo's Code of Ethical Conduct. Additionally, policies were revised, and required e-learning sessions that were provided to all employees, with the aim of disseminating a culture of anticorruption and prevention of money laundering, among other matters of compliance and the integrity program.

Code of Ethical Conduct [GRI 102-16](#)

In effect since 2004, Cielo's [Code of Ethical Conduct](#) serves as a reference for employees, interns, and managers, as well as for subsidiaries and other stakeholders with whom the Company interacts. With this document, the Company seeks to contribute to the creation of long-term partnerships that are compatible with society's most legitimate interests and aspirations.

The Code is constantly updated, with a view to complying with new regulations, ensure alignment with best market practices, and mitigate the occurrence of situations that may result from not complying with expected behaviors. During the 2017 revision of the document, reinforcements were made to guidelines

related to anticorruption laws, prohibitions on contributions to political candidates and parties, social responsibility, freedom of association, abuse of power/harassment, social networks, sexual exploitation of children and adolescents and child pornography, transparency, and information security. [GRI 415-1](#)

Due to its relevance, the Code of Ethical Conduct is read and signed by all new employees and by members of the Board of Directors and of the Fiscal Council. Furthermore, mandatory annual training sessions are provided for in the e-learning format for eligible employees. In addition, it covers all employees, third parties, suppliers, affiliates, and joint ventures.

Cielo maintains an Ethics Forum, composed of the chairman, the vice presidents, the executive officers, and by the director of Risks and Compliance. The Forum is coordinated by the Internal Audit director, who is tasked with constantly improving the Code of Ethical Conduct, which ensures that the precepts of the document are respected and make reference to the management process, as well as deliberating on situations identified as deviating from the principles contained in the Code.

Ethics Channel

Cielo also has an Ethics Channel, administered by a specialized and independent company, whose

Human rights

By means of its policies, employee management and the Code of Ethical Conduct, Cielo is committed to publicly supporting the International Labour Organization (ILO), which seeks to eliminate child labor and discriminatory practices, as well as the United Nations' Universal Declaration of Human Rights. The Company also has directives that seek to promote and protect human rights and fundamental rights in all its business relationships.

It also has developed a process to evaluate potential violations of human rights, through which it identified two groups that it will prioritize when adopting actions: employees and suppliers. Therefore it defined behaviors and the ways of interacting with stakeholders, in alignment with corporate values. The Code of Ethical Conduct also expresses the conduct expected from every single one of its stakeholders: banks, clients, professional associations, employees, competitors, and suppliers, among others.

services are hired and managed by the Internal Audit Office, and which reports directly to the Board of Directors. Access is possible through a [specific website](#) or by phone (0800 775 0808), with confidentiality guaranteed, as well as impartiality.

The Auditing Board is the only one that has access to the information received, and it is up to them to analyze, develop a report on, and

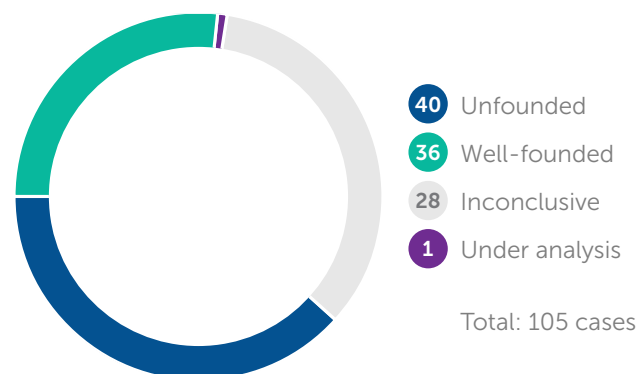
deal with the accusations received, always respecting Cielo's Consequence Management Norm, which establishes the penalties for each case of noncompliance with Company rules. Should the report be deemed well-founded and be of a more complex nature, the Ethics Forum will be called on to deliberate. Cases that are less relevant are treated internally by the responsible managers. If the information refers to any member of the Executive Board, including the chairman, the Board of Directors will be called upon to provide the proper resolution.

All the reported occurrences, as well as the investigations and monitoring, are reported monthly to the Audit Committee and, every semester, to the Board of Directors. In 2017, the Company received 142 accusations of nonconformity with the Code of Ethical Conduct. Upon analysis, it was found that 105 cases fell under the scope of the Ethics Channel (three legal cases were excluded and 34 matters were not classified as deviation from the Code of Ethical Conduct).

For those reports classified as well-founded, the proper measures were taken for each situation. In cases where fraud was detected in the use of equipment by commercial establishments, Cielo cut off the relationship with the client. Meanwhile, in those situations where harassment or abusive practices by the manager were identified and/or inadequate behavior by employees (where

there was also some benefit to the supplier), the accusations were passed along to the responsible manager who, together with the Human Resources division, provided guidance to the accused party about the undesired behavior at the Company. The more critical cases involved formal warnings or perhaps even the termination of employment of those involved. More details about the reports can be found in the chart:

Total number of reports, by classification



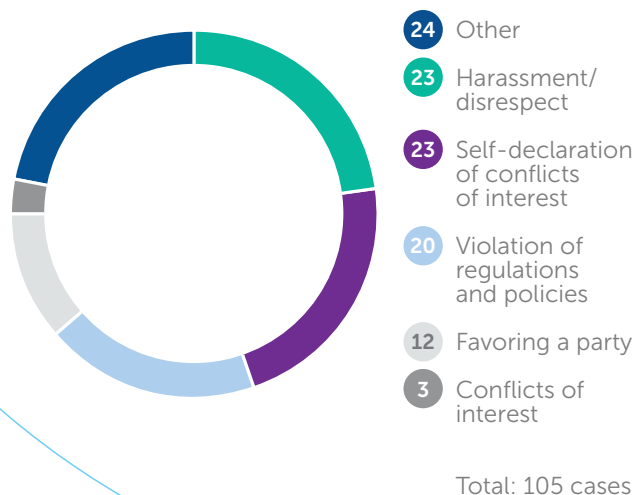
Anticorruption practices

Cielo published in 2017 the updated version of its Anticorruption Policy, with the intent of emphasizing the corporate value of Ethics in All Relationships, and especially the rejection of any kind of corruption and the support for combatting it. The policy must be read and signed by all employees and suppliers (100% accepted at the time of approval), and they are instructed to pay special attention to suspicious situations. [GRI 205-2](#)

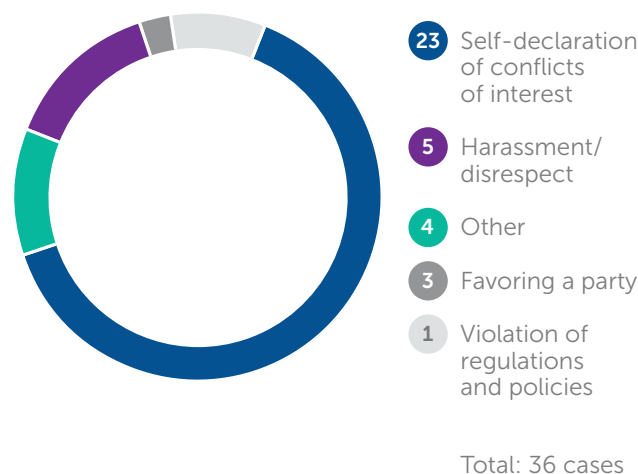
Both the policy and the Code of Ethical Conduct encompass directives that repudiate practices such as bribes, embezzlement, and granting of undue privileges. Cielo prohibits employees from offering or delivering, directly or indirectly, any undue advantage, payment, present, or courtesy with the intent of influencing the impartiality of any authority, public servant, or company employee or executive during the course of any action or decision. The new version of the Code also makes explicit the directive against accepting, directly or indirectly, any present, favor, money, or courtesy.

Client transactions are evaluated monthly (learn more in Fraud Prevention and Control) in order to ensure compliance with the Law for Preventing and Combatting Money Laundering (Law No. 12,683 of July 9, 2012) and, based on the outcome of the analyses, suspicious operations are reported to the Council for Controlling Financial Activities (Coaf). The same care is taken with suppliers, and all

Total number of reports by type of accusation



Well-founded reports



contracts include anticorruption clauses, as well as reinforcing Cielo's commitment to regulatory directives and market practices. [GRI 205-1](#)

Following the same intention of creating an Organizational culture and disseminating anticorruption directives and practices, Cielo updates and publishes at least once a year its anticorruption training, in the e-learning format, with the required participation of all employees and administrators. [GRI 205-2](#)

Cielo also provides training, in the e-learning format, about rules for filing accusations, the principal legal and regulatory aspects in effect, and situations that could be considered illicit actions related to the crime of corruption, all of which is included in the Code of Ethical Conduct. [GRI 205-1](#)

Anticompetitive practices

The company has had, since 2015, a [Policy of Competitive Compliance](#) to provide guidance for administrators and employees about the general directives for preventing infractions against the economic order, both in the context of contact with competitors and with regard to trade practices. The document also establishes general guidelines about notifying the Administrative Council of Economic Defense (Cade) about economic concentration, such as mergers, acquisitions, joint ventures, and corporate contracts. Thanks to this commitment, Cielo was not the subject in 2017 of any conclusive cases related to anticompetitive practices.

Management of affiliates

Cielo has affiliates in which it has a stake or a controlling share. These are companies that provide synergies for its business and/or allow it to reinforce financial gains.

In projects and/or businesses where there is synergy with Cielo, joint action with the affiliated companies allows for greater speed and less bureaucracy in developing products and services due to their possessing, for the most part, a specific focus on those areas of expertise.

To allow for increasing contributions from these companies to results – both in terms

of earnings and in terms of the business – Cielo created in 2017 the area of affiliate management, which focused during the course of the year on promoting the alignment of their directives and policies, with respect for the specifics of the business and the staff.

During the year, training sessions and knowledge forums were organized to improve the management of risks and to develop business policies, approved by the areas responsible for those topics at Cielo. Targets were also identified with the support of workshops, and developed during strategic planning. In 2018, the affiliates will undergo audits to assess risks and action plans, with a focus on continuous improvement.



Affiliate activities



MEANS OF PAYMENT
physical and digital

sub-acquiring



commercial establishment

sales strategy intermediary



70%

accreditors




**70% OF CAPITAL
OF STELO**



MANAGEMENT

cards
confection
availability



billing
generation
posting




operational risk




exchange rate
of credit and
debit card
transactions with
Ourocard cards




**JOINT VENTURE:
CIELO + BANCO DO BRASIL**



**ONLINE PROCESSES
SOLUTIONS**




internet banking

payment slip

on-line debit

credit cards



risk management
and conciliation of sales
(on and offline)



**CONNECTION BETWEEN
CLIENTS AND MEANS
OF PAYMENT**



**HEALTH INDUSTRY
PROCESSES AND
SOLUTIONS**

Business Process Outsourcing (BPO)



connectivity



benefits and intelligence in health and OPME
(orthotics, prosthetics, and special materials)




FACILITATED B2B FLOW



**TECHNOLOGICAL
MOBILITY PLATFORMS**

largest platform for recharging prepaid cell phone credits in the country



mobile payments




**DEVELOPMENT OF
MOBILE SOLUTIONS
FOR CIELO**

In January 2018, Cielo announced the full acquisition of Stelo S.A. The initiative is in line with the aim of diversifying the offer of client solutions and services. The conclusion of this transaction still awaits approval by the competent regulatory agencies.

Digital evolution



In a market that is constantly and quickly evolving, Cielo has been making great efforts to ensure digital evolution in order to stay competitive and respond to challenges in an environment that demands increasing agility.

Open innovation

The Company invests in the development of technology solutions and the improvement of a modern and reliable structure, which in 2017 was strengthened by the consolidation of the pillar of Digital evolution, following extensive work developed with the

aid of a third-party company that has extensive expertise on the subject. This was the guideline established by Cielo for the year in order to meet the demands of a more agile and more collaborative environment, in order to seek more engaged employees who are ready for a market that is undergoing constant and quick changes.

The evolution in the way of acting and organizing, one way to achieve this strategy, implied changes in work methods and processes, with an eye to establishing a new organizational culture. As a result, the Cielo Digital concept was structured, which states that innovation is everyone's responsibility, and is linked to five elements:

- **End-to-end digital:** real-time and automatic decision making, with the digitalization of processes.
- **Client-based focus:** clients at the center of the creation process, guiding the reinvention of products and services.
- **Agility in scale:** teams with full responsibility for delivery, continually interacting and testing with clients, and incorporating feedback.
- **Data-based decisions:** intensive use of data to make decisions.
- **Intensive use of new technologies:** use of the most recent technologies to design client experiences.

The dissemination of these elements and this management model for innovation includes methods and activities that involve participation by different areas of the Company. There is an institutional communication plan that provides for activities such as the constant exchange of information at the Bate-Bola (periodic events with senior management and all Cielo employees), Conexão Direta (periodic meetings between senior management and executive directors), and campaigns featuring influencers (representatives from the Garage – learn more below – who volunteer to be multipliers and facilitators of knowledge dissemination in order to assist in quick thinking and the evolution and perfection of the concept of innovation at Cielo), as well as members of "squads" and the Digital Evolution Working Group.

There is also an operational communication plan that includes a presentation to the vice presidents, and workshops with all areas in order to consolidate information about digital evolution and make tangible what this means, in practice, for each employee.

Furthermore, a skills-development plan was developed that includes training for all members of the Organization; for example, the Airplane Game (where concepts of the Agile method are practiced) and analytics training, which seeks to develop knowledge along the Data-based Decisions pillar. Meanwhile, for those teams directly involved in the squads, the training sessions include behavior aspects in order to implant this new culture, and technical aspects about the new work methods, with a focus on training professionals to carry out those new actions in their daily tasks.



Cielo is the only Brazilian company on the world ranking of the most innovative in 2017, according to *Forbes*.

The Company was ranked 13th most innovative, according to the Best Innovator prize, two places higher than in the previous edition.

Innovation across the entire Company

GRI 103-2 | 103-3

In order for innovation to truly be a competence among all employees – and not just the attribution of a specific area – Cielo created the Garage, which brings together tools to stimulate the concept of innovation across the entire Organization, with initiatives that support and allow for digital evolution. The aim is to generate competitive value for the Company through the delivery of never-before-seen advantages to the market. In order to do this, the activities were structured into three major spheres – Innovation with clients, Insertion into the innovation ecosystem, and Support for internal innovation – and in 2017 this involved:

- **Squads** – For the development of solutions and the rapid delivery of value, teams were put together with between 8 to 12 professionals from various areas, who work with a focus on agility, and where projects were developed in under 16 weeks, with the

first delivery taking place within four weeks. At the end of 2017, the Company had seven squads, and by the end of 2018 that number should increase, in accordance with Company needs.

- **Hackathons** (programming marathons), both external and internal – the external events allow Cielo to work closer with universities and startups in order to understand and accompany market movements. The internal events, dubbed Vacathons at the Company, seek to promote ideas that can provide efficiency and have the potential to transform processes. One example was Hack Cielo, a corporate entrepreneurship program that sought to provide resources and support for everyone's creativity in order to identify and accelerate talents. The focus is on finding business solutions that explore some of the following tools: Blockchain, Chatbots, IoT (internet of things), AR/VR (augmented reality/virtual reality) and AI (artificial intelligence).



- **Designathon** – The combination of a Hackathon with design thinking (which provides for the application of design as a creative method for other types of technological development projects and opportunities), where employees compete in a healthy way to seek solutions for real problems, in a simple and multidisciplinary way. The Company also used the Designathon in selection and recruitment processes, as well as in training sessions that benefited more than 700 professionals in 2017.

[LEARN MORE HERE →](#)

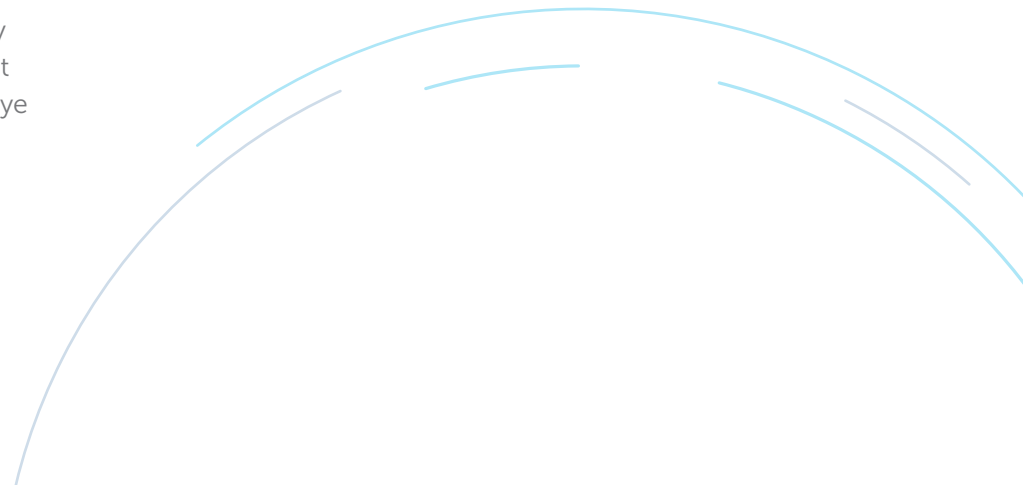
- **Design Sprints** – Session to brainstorm and make prototypes of new concepts, always focused on the client, with the aim of conceiving and testing a new product or service.
- **Concept Sprint** – Process based on design thinking and used to develop innovative solutions that meet the needs and demands of Cielo, of retailers, and – consequently – of consumers. During the activity, clients are involved so that they can point out gaps and possible improvements in the processes and products offered by the Company.

The process of Concept Sprint is important for bringing together the vision of all those involved and also to place the needs of the client at the center of the debate, which ensures greater relevance in the market and more synergy with the end user, who is served both by the general concept of the solution as well as in matters of usability.

Garage Talks was another initiative in this new model of action that also drove digital evolution. The innovative proposal provides a different format for the presentation of important topics in Cielo's business, and provides for interaction and discussion among employees. In 2017, there were two Garage Talks: the first provided teams with the opportunity to listen, learn and dialogue about how they can help the Company build its digital culture. During the second event, the Company hosted Foxbit and the Blockchain Academy! to discuss topics related to technology and new solutions, which are recurrent themes at companies that have their eye

on digitalization, such as Cielo. All of these activities are supported by influencers.

In addition to the external Hackathons, closer relationships with the ecosystem of innovation at universities, startups, and other companies was strengthened during the year in order to keep Cielo at the leading edge of development, knowledge, and technology. The Company took part in panels to evaluate startups, and established partnership with companies renowned for investing in innovation, as well promoting the topic through its Cielo LIO open platform (see more in the following page).





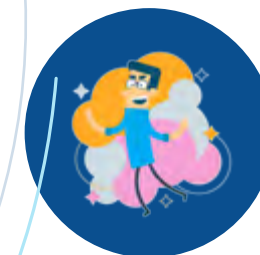
Contribution and autonomy

Fernanda Silva Antunes, a Cielo commercial development analyst, was one participant at [Hack Cielo](#). For her it was an opportunity not just to develop a product in which she believes, but to have space to defend her own project and create a prototype. "I could test my belief in a prototype that in the future, perhaps, will be used all over Brazil. Our involvement in some aspect of Cielo's business means we always have something to suggest, and it is essential to know that the Company hears us. This is vital in a market with so many entrants and fintechs focusing on the client. In order for us to be always at the leading edge, I think the Company needs to engage in collaborative work, where everyone can contribute with a piece, regardless of their area."



Cielo is the 15th most innovative company in Brazil, according to the Innovation Brazil ranking by Valor Econômico newspaper and consultancy Strategy&.

The company is the 15th most innovative in Brazil and the third most innovative in financial services, according to the Valor Innovation Brazil 2017 Yearbook.



Cielo LIO

Cielo's digital evolution is expressed by its products and services, providing solutions that drive retail and that meet the demands of the most varied industries and company sizes. The major highlight is Cielo LIO, which, much more than a terminal for payment, is a complete solution that simplifies a business's day-to-day operations and improves the client experience. In order to do this, it brings together a payment solution and business management functions in a smart terminal that revolutionizes the manner of selling and buying. One of the major differences is in the fact that the equipment includes a catalog of easily accessible products – the Cielo Store, an app store to control and manage business. Because Cielo LIO is an open platform, developers anywhere in the world can create applications. At the end of 2017, the Company had already signed 60 partnerships, and had another 90 in the pipeline, which will allow clients to do much more than receive payments from cards. The second version of Cielo LIO, launched in 2017, provides even more functions, such as the option of printing sales receipts, as well as:

- **Wi-Fi and 3G**, which ensures the full use of signals with multiple connections, so that no sale is lost.
- **Controlling stockpiles**, with Cielo LIO's integration into their automated system, clients can consult and control directly on the terminal all the products that enter and leave their stockpiles. All of it 100% digital.
- **Integrated calculator**, which cuts down on equipment, so that service can be carried out just with the Cielo LIO in hand. Calculations carried out on the terminal are automatically sent out for payment.
- **Digital catalog**, to register products and services through the integrated camera and barcode scanner, with greater mobility for sales to happen wherever the client desires.
- **Simplified sales reporting and conciliation**, to accompany and reconcile sales in a practical and optimized way. The client can verify what was sold and received, in addition to what will be received in 7, 15, and 30 days. All of this in just a few clicks, directly on the terminal.
- **Online chat**, an exclusive and real-time client service channel on the terminal screen.
- **Partial payments**, to split payments among groups or to deducting payments made directly on the terminal.
- **Line-free payment**, which makes it possible to close out an account and receive payment at any establishment.

[WATCH THE VIDEO HERE →](#)

Gains at all links in the chain



The ecosystem of commercial partners that was stimulated by the Company thanks to LIO, with apps offered via the Cielo Store, benefits the Company, developers, and clients in a win-win relationship. In 2017, this was seen in the partnership with Cerrado Pay, an automated payments services company linked to fuel stations, which developed an application to directly connect LIO to the central processing system of a Cielo client – the first one being a gas station in Goiânia, in Goiás state. With this innovation, all the sales made and paid for by the final client from inside their vehicle are integrated, without the need to reconcile accounts at the end of the day.

The solution worked so well that in a short span of time it spread to other states, clients, and industries.

DEVELOPERS

- Open platform, which allows developers to create and offer applications at the Cielo Store.
- Development opportunity for a variety of businesses, from big developer companies to small businesses and startups.
- Developers distributed across the entire country and anywhere in the world.
- Generation of knowledge, innovation, employment, and income.

produced in the Manaus Free Economic Zone

own hardware

customized solutions

+ income in the region

+ employment

domestic suppliers

SUPPLIERS

- Customized solutions developed with national suppliers: Cielo was the first acquirer in Brazil to develop its own hardware.
- Production at the Manaus Free Economic Zone, generating jobs and income in the region.

open source

+ income

innovation

present across the entire country

+ applications at the Cielo Store

cielo

- New mindset for maintaining competitiveness in an increasing business scenario.
- Culture shifting to a more agile work model.
- Innovation.

SOCIETY

- Contribution to formalization of the economy – issuing of invoices through available applications.
- Less fraud.
- Generation of employment and income.
- Socioeconomic inclusion of small businesspeople through access to new technologies, improved business management, and efficiency gains.

improved business management

inclusion via technology

+ employment

+ income

better management in retail

technology for retail

+ efficiency

- fraud

CLIENTS

- Improved management of Brazilian retail.
- Reduced fraud.
- Efficiency gains.
- Technology serving retail.

People



Cielo believes that happiness leads to profit, and that it is only possible to deal with challenges by having engaged people who are passionate about what they do. That is why People is a strategic pillar, to which the Company directs investments for training, well-being, and quality of life. That is why the Company's personnel management policy is also strongly founded on meritocracy and the culture of high-performance.

Employee data

At the end of 2017, Cielo numbered 2,161 employees under contract – 627 contracts were terminated during the year, and 512 employees were hired – of whom 1,235 are men and 926 are women (tables with information about personnel, rate of new hires, and attrition rates are available in the [Annexes](#)). [GRI 401-1 | 102-8](#)

Part of the process of development includes incentives for current employees to fill any openings, which is why they are first published internally on the Opportunity Panel. In 2017, 305 openings were filled by professionals already working at Cielo, be it through internal promotions or vertical movement, to take on new challenges. During this period, approximately one thousand raises were given at the Company.

The attraction and retention of talent also happens via **internship** (biannual selection process) and **trainee** (annual selection process) programs, as well as the various benefits offered (see topic below). This is because investment in programs focused on youths is part of the culture of the business's sustainability, and the aim is to develop professionals who have already adopted the Company's beliefs and techniques, thereby delivering results already at the start of their careers.

Development and valorization

GRI 103-2 | 103-3

The Company adopted during the year a new variable short-term payment structure, where Company earnings have a greater weight in the variable pay of each employee, and the success of each employee is Cielo's success. This has promoted an approximation between areas and personnel, which creates an environment where decision-making is more agile and efficient – one example being the formation of squads, an innovative way of working, which is more integrated and much less bureaucratic. Furthermore, the

Company developed other simple but transformative initiatives, such as the new dress code, which is more informal; providing periods of time to work from a home office; the Short Friday, when the workday is shorter; and Cielo Connects, where during the last Thursday of the month employees are invited to sign up for a happy hour on the Company's deck. These activities are part of the internal campaign **#serCieloéassim** (**#thisiswhatbeingCielomeans**), which seeks to create a more pleasant environment, capable of encouraging and engaging employees.

Among those initiatives that seek to promote an alignment of values, communicate deliveries, and engage employees, the highlight was the Bate-Bola Cielo events – monthly meetings between employees and senior management, including the chairman. The aim is to promote interactions, break down barriers, and reinforce the desire for people to have the full freedom to speak and to be heard.



Unique practices

One highlight of 2017 was the Parents at Cielo initiative. Rather than celebrating Father's Day or Mother's Day, the Company promoted an event that took place between those dates. As part of the activity, employees' parents were invited to visit their children's workplace and record a video in which they describe what they imagine their duties to be. On the day of the celebration, the trainees introduced the Company's activities and explained how the electronic means of payment industry works. The event ended with an exchange of postcards between parent and their children. Sabrina Haddad Soares, a specialist in product development at Cielo, approved of the initiative. She said that her parents were extremely curious to learn about her work and that "it was very satisfying to see how they were moved! Not to mention the glimmer in their eyes. They didn't want that day to end! They were mesmerized by the magnitude of the entire event. This was a unique experience and will be engraved in our memory and hearts!".

Cielo is among the Best Companies to Start a Career, according to the *Você S/A* magazine.

The Company ranks 11th in terms of most desired places to work in Brazil, according to the LinkedIn Top Companies ranking.



Leader in the Financial Services industry in *Você S/A* magazine's 150 Best Companies For You to Work, with special mention in the Recognition and Compensation category.



Cielo University

Cielo University is a way to disseminate values and corporate and sales knowledge, in addition to serving as an instrument of social development (learn more in the topic **Social and financial inclusion**). Because of its importance, in February 2017 the University was opened to the general public during an event that included the participation of about 550 people, including clients, suppliers, partners, family members, and other representatives of the broader society. Various kinds of content, available for free to everyone on the Cielo website, were created specifically to help develop the competencies

and skills of those who wish to develop their careers or manage an efficient business.

In the social sphere, the Company also trained and developed youths in the topics of Financial Education and Careers. Close to 200 socially vulnerable adolescents, connected to the **Instituto Ser+**, underwent training – a campaign that will continue in 2018. The training sessions were taught by volunteers working at the Company, trained to disseminate this knowledge. Learn more in the topic **Community projects and campaigns**.

In 2017, Cielo University kept up its activities through four schools of training: Leadership, Sustainability, Business and Clients, and Excellence in Execution. As in the previous period, the focus was on skills for the sales force, in alignment with the focus on Clients, which is at the center of the Company's decisions. The Leadership School, reformulated in 2017, also significantly increased its activities – which should expand again in 2018 in order to promote training sessions for all Cielo leadership.

[LEARN MORE HERE →](#)

Another innovation for 2017 was the extending of invitations to renowned speakers to talk about their specific areas of knowledge and to create a platform to disseminate that knowledge in an online environment.

In terms of methods, the use of gamification was used in the Sales division during two activities that contributed to learning: employees consolidated their knowledge about products and services by way of a question and answer game, with different phases and with competitions between participants. More than 400 professional took part, with 100,000 questions answered correctly (250 right answers per person). This

platform also allowed 99% of professionals to go through mandatory training on the topics of ethics and compliance.

In 2017, R\$5.9 million was invested in Cielo University, offering 109,000 hours of training during the year, an average of 47.66 hours per employee, – 46.65 hours for men and 49.00 hours for women (see data for each job category in the [Annexes](#)). Resources were also allocated toward educational advancement (undergraduate, graduate, and language courses), providing continuing education for professionals, and benefiting 15% of the staff – of whom 49% were women. [GRI 404-1](#) | [404-2](#)

Cielo University¹ [GRI 404-2](#)

Topic	Participants	Investment (R\$ million)	Average investment per participant (R\$ thousand)
Corporate training ²	2,794	3.4	1.2
Specific training	223	0.8	3.7
Formal and continuing education	346	1.7	4.9

1. Includes training for employees, statutory members, interns, and affiliates.

2. Includes in-person and online courses.



Performance analysis and career development [GRI 404-3](#)

Through its Talent Management Forum, Cielo evaluates 100% of eligible employees (with the exception of interns and apprentices, who receive regular feedback). Taking part in this process are direct supervisor, senior managers, and the manager's peers.

The results provide support for the definition of merit and promotions, as well as in the selection of Key People, and to support the development activities at Cielo University.

The competencies that are part of the evaluation process were revised at the end of 2015 and the beginning of 2016, and are divided into levels of complexity, providing clarity about the expected behaviors both for the current job and for the subsequent level.

On the Cielo University Portal, employees have access to the Odyssey track, which provides all the information regarding cycles of meritocracy and career management, reinforced by a guide for developing competencies. The platform also provides a form where employees can plan their individual development, with a script that provides reflections about each theme.

Reinforcement for the sales team

In 2017, the Retail Sales team saw a new format for measuring their results. Seeking to qualify and reinforce consultative sales, the targets were not based merely on financial results, but in creating client loyalty. In the Major Accounts area, expressive training also generated value. Executives showed that they were prepared to be genuine specialists in selling the most adequate product for each industry served. All the training sessions, therefore, constitute an important distinction in achieving growth in results.

Support in outplacement and for retirees [GRI 404-2](#)

Cielo promotes activities to outplace professionals at the management level and higher who have been laid off following approval by the Human Resources team. This happens with the support of three specialized consultancies, which offer outplacement support for the professionals. The action lasts between six months and one year (depending on the position) and is 100% paid for by Cielo. One unique aspect is that the professional can choose from among the three consultancies. Every two months, until the end of the process, the chosen company will send an activity report so that Cielo can accompany the process.

Meanwhile, the retired employees, who were laid off without just cause or because their position was eliminated, are offered the early concession of restricted shares with a future transfer date.

Recognition

Various activities were promoted by Cielo in 2017 – some of them innovations for the year – to recognize the contribution of employees to business development.

For the first time ever, Cielo held Meritocracy Week, a period that included various initiatives to celebrate deliveries by employees. During this week, approximately 400 employees were recognized, and one of the ceremonies included the recognition of 60 professionals with exceptional performance during the period, called Key People (see the box below), who participate in Variable Long-Term Compensation through the restricted stock option program.

Another example of recognition widely used during the year was the Be My Guest program, a R\$350.00 pre-paid gift card that can be used to make any purchase and which can be used by managers at any point to recognize an employee (from their team or from another team) who contributes in a unique way, organizing sporadic activities, and who generates effective result on day-to-day operations. All employees and interns are eligible: the only requirement is doing outstanding work.



Emotion at Key People



Key People, a campaign to recognize professionals whose performance stood out, was an innovation for 2017. Employees gathered for an event where, rather than being called directly by their manager, they had their performance, achievements, and deliveries laid out by the vice president responsible for their area. The employee's name was only revealed when a family member or person close to the employee appeared, unannounced, causing a great commotion among the crowd. In addition to public recognition, nominees received three months' worth of wages in the form of Cielo shares.

Felipe Carvalho Zulato, Digital Marketing coordinator, was one of the people recognized. According to him, "this was a day of great happiness. First for having been chosen as one of the Key People, a highly sought-after award by all Company employees. And second, because I had the honor of receiving this award from my brother, something that I couldn't have imagined, because he is from Belo Horizonte. This served as motivation both in my personal life as well as for the next steps in his professional life. Being recognized, and then sharing this moment with a family member is truly gratifying."



Remuneration and benefits

One component of Cielo's remuneration strategy and its reinforcement of the culture of meritocracy is the offer of long-term variable pay for certain job categories. Every year, these employees receive a bonus based on their salaries and in accordance with their job title, which is converted into restricted shares. The receiving of these shares requires that the employees stay at the Company – 50% are vested after 24 months, and the remaining shares after 36 months.

One innovation that was put in place in 2017 to encourage the sales force in the Retail sector to reach targets and improve client loyalty was monthly variable pay offered to those employees with standout performance during the period.

The resources directed toward employees include investments in the Private Pension Plan, which they can opt to participate in. Professionals can contribute between 0% and 7.8% of their salary, and Cielo matches between 100 and 200% of this amount, depending on the employee's age. In 2017, investment totaled R\$12 million, matched by contributions of R\$11 million from employees – close to 70% opted to participate in the pension benefit (more information in the [Annexes](#)). [GRI 201-3](#)

The Company offers salaries that are compatible with the average in the industry. In 2017, the lowest salary paid was R\$1,841.00 a month, which equal 1.96 times the national minimum wage for the year, which is R\$937.00 (see the ratios to minimum wage, and salaries of men and women in the [Annexes](#)). [GRI 405-2](#)

All employees are covered by collective bargaining contracts, with the exception of four statutory directors, elected by the Board of Directors and who have specific contracts. [GRI 102-41](#)

There is also a benefits package that varies depending on the employee's position in the hierarchy, and some benefits are extended to dependents. Benefits include meal tickets, health and dental plans, transportation subsidies, chartered transportation or parking, and quality-of-life programs.

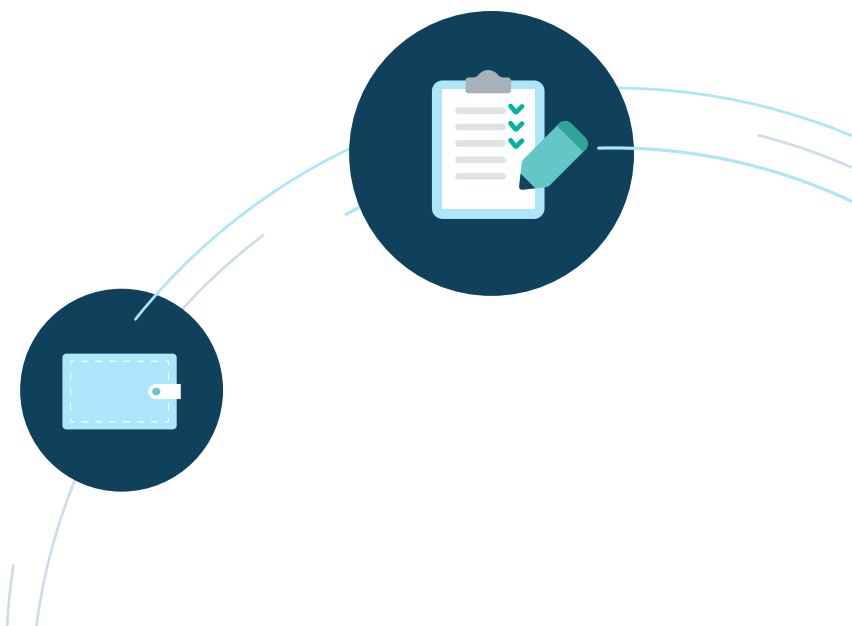
Work environment survey

[GRI 102-43](#) | [102-44](#)

Cielo seeks to maintain a culture of high performance, which it believes is essential for success and to allow for the creation of an emotional tie between employees and their work at the Company.

Since 2000, the Company has carried out a survey called *Fale o que Pensa!* (Speak Your Mind!), an important management instrument for the business that identifies opportunities for improvement of organizational norms and practices and how to improve the workplace environment. The study is organized and analyzed by a specialized third-party consultancy, and the employees fill out the survey directly on the consultancy's website.

The work environment survey also allows for the measurement, through objective indicators, of the effectiveness of Cielo's value proposition for employees. That is because the survey was designed in such a way that questions can deal with the four main pillars of the company's value proposition: Values, Culture, and Work Environment; Recognition and Compensation; Development and Career; and Institutional Brand.



All employees are invited to participate in the survey, with confidentiality guaranteed. The general conclusions are presented to the entire company during the Bate-Bola event, as well as discussed by the Executive Board, the Personnel Committee, and by the Board of Directors. By analyzing the results, a Plan of Corporate Action for Work Environment and Culture is established, which seeks to neutralize the negative aspects identified and strengthen the positives.

Furthermore, each manager analyzes and discusses the specific results from their area with their teams, and if necessary, the Human Resources department assists in this process.

Favorability rating in the environment survey, by gender (%)



Male

74



Female

75

Health and safety

Cielo's benefits package provides structured activities for the health and safety of employees. In 2017, the occupational health doctor's workday was extended to full-time. Also, care for chronic diseases, such as diabetes, obesity, cancer, and high blood pressure, among others, was reinforced by the creation of control groups. Cielo also provided psychological support and the services of a nutritionist, as well as occupational health and supporting exams, for a total of 2,294 consultations.

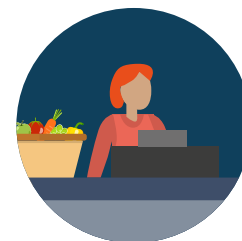
In 2017, the Internal Week for Prevention of Workplace Accidents (Sipat) was innovative, and received a favorability rating of 92%. An online version of Sipat was also provided, directed at employees at branch offices. Suppliers in the De Bem com a Vida and Benefits divisions could also display products at a sort of fair, and activities were carried out in the following categories:

Always in motion



Ecobike, boxing classes, games using Kinect, functional training, Zumba, Pilates and yoga

Health in balance



Workshops for juices and quick foods, bioimpedance, blood sugar and blood pressure readings, organic products fair, and presentations by the Barretos Cancer Hospital

Relaxation



Quick massages



Douglas Vendramini
Peixaria Pantanal Owner

[ACCESS HIS STATEMENT](#)

During the year, the focus on safety also led to the adoption of initiatives such as Emergency Exit Drills, held at headquarters; Environmental Risk Prevention Program (PPRA); Workplace Ergonomics Analysis (AET); Occupational Health Control Program (PCMSO); practical and theoretical training for the 150 fire brigade members; and the creation of the Internal Committee for Accident Prevention (Cipa) at headquarters and at offices in São Paulo, Rio de Janeiro, Belo Horizonte, and Curitiba, as well as at Braspag in Rio de Janeiro.

As a result of these activities, no workplace accidents were registered during the year, and only 31 cases of sick leave were reported (for periods of more than 15 days). Maternity leave was granted to 44 employees.

Quality of life

De Bem Com a Vida (Feeling Good About Life), Cielo's quality of life program, which has been in place since 2003 to encourage employees and their family members to adopt healthy behaviors, was reformulated in 2017, with a focus on integrated health management, and based on three pillars: Health in Balance, Ease for You, and Always in Motion. It also takes into consideration, among other sources of information, the results of periodic exams, an annual check-up report, and occasional health campaigns. Also, a survey is carried out every year to measure engagement and results.

In 2017, there were close to 16,000 instances of participation in volunteer activities – that is, those that were initiated by employees, with a 61% participation rate. The average satisfaction rate for these initiatives was 93% (for those initiatives where a favorability survey was carried out), in addition to a favorability of 80% measured in the Work Environment Survey.

The year was marked by 20 fixed activities, in addition to sporadic health campaigns and participation in the Company's corporate rituals. Cielo has set aside an entire floor dedicated to employees' quality of life, with two food areas, a place to decompress, and an open-air deck where internal events are held. Among the 2017 activities, the highlight was the Gympass, which seeks to encourage participation in gym activities, with below market prices. Other activities include:

- Everything in Order, a check up exam.
- Scram, Flu, a vaccination campaign to ward off the flu, at no cost to employees and their legal dependents.
- The Right Measure, nutritionist support.
- #prontofalei (#therelsaidit), psychological support.

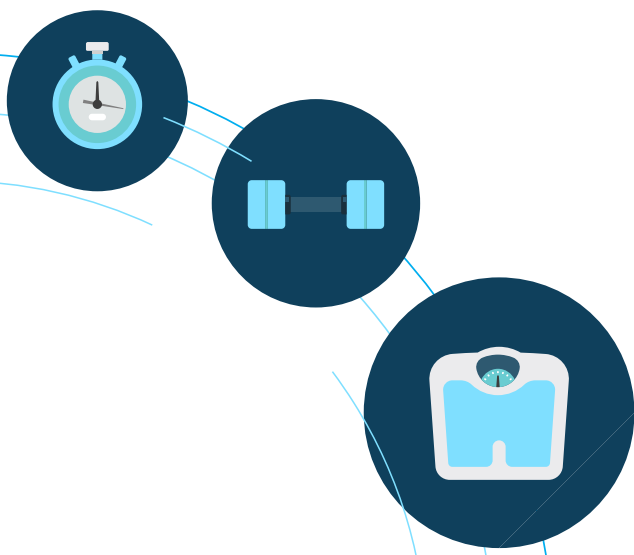
- With Tact, offered in extreme cases, such as deaths or crises, with in-person psychological support services.
- Little Seed Healthy Gestation Program, monitoring and support for pregnant employees or wives of employees.
- Health and Well-being Coaching.
- All Zen, with in-company massages.
- Futeba, rental of society soccer courts in Alphaville.
- Stretch and Pull, offering occupational exercises.
- Nails Done, in-company manicure service.
- #comdesconto (#withadiscout), a platform for discounts.

The list also includes the De Bem com a Vida Olympics, which in 2017 included the participation of 91% of staff, through eight modalities: fundraising race and walk – with funds going to an NGO –, society soccer, digital soccer, poker, go-kart, table tennis, bowling, and escape 60 – to move employees' bodies as well as their minds.

Health and Well-Being Coaching



Based on the results of periodic exams, some Cielo employees between the ages of 35 and 45 that showed signs of obesity and chronic non-communicable diseases (CNCD) were classified as a health risk group. They were invited to participate in a monitoring program called Health and Well-Being Coaching that lasted six months and included nutritional, psychological, and medical services, in addition to subsidized incentives such as Gympass and the daily distribution of fruits. The campaign led to expressive gains: one employee lost 25 kilos and another 23 kilos, with improvements in clinical results for both.



Community projects and campaigns

GRI 203-1

Movimento do Bem (Movement for Good)

Cielo encourages its employees to contribute to various campaigns through the Volunteer Program. In 2017, participation was special, with increased engagement through the creation of the Team for Good, which sought to discuss and propose, in a collaborative way, volunteer activities. Among the activities that were promoted are:

Winter Campaign | Winter of

Good: through a competition, Cielo's team of interns was responsible for encouraging employees to donate food and buy blankets for the Barueri Social Solidarity Fund. The Company matched the value of the donations that were raised by the teams.

Total number of volunteer workers:



77

(putting kits together and delivering them)

Results



Total food donated:

11 tonnes



Total bottles of cooking oil donated:

1,014



Total blankets donated:

2,730



Total number of families benefitted:

close to
1,500



Happy Meal Day: Cielo interns led yet another campaign and encouraged all the employees to participate in McDia Feliz and make donations to the children's cancer hospital fund GRAACC (Support Group for Adolescents and Children With Cancer) by selling tickets worth R\$15.50 apiece. In addition, employees donated 124 of the 1,604 tickets sold at the Company. The institution that was chosen to receive them was Instituto Ser+, a nonprofit organization that Cielo supports and which serves socially vulnerable youths between the ages of 15 and 24.

Total number of volunteer workers who participated in ticket sales:



26 interns

Results



Total tickets sold:

1,604



Total raised:

R\$24,862



Total tickets donated:

124

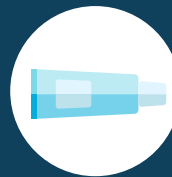
Donations at Cielo Olympics: campaign organized in partnership with the De Bem com a Vida program to encourage employees to donate, when they registered for the Olympics, one package of crackers and personal hygiene items. The materials were donated to the NGO Entrega por SP (Deliver in SP) which benefits homeless people in São Paulo.

Total number of volunteer workers:



33

Results



Total tubes of toothpaste donated:

228



Total toothbrushes donated:

271



Total bars of soap donated:

257



Total packages of sanitary napkins donated:

188



Total packages of crackers donated:

189



Total number of people benefitted: close to

200 homeless people

Visit to Cielo by the Instituto Ser+

youths served by the Instituto Ser+ were invited to visit Cielo and watch presentations about the Company's business, information security and fraud, ethics, financial management, and careers. The presentations were taught by volunteer employees, and the youths, in addition to gaining knowledge, had the opportunity to expand their vision for the future and their life goals.

Results



Total number of people benefitted:

200
youths



Total number of volunteer workers:

26



Total hours of labor donated by Cielo:

20h

Intensive Apprenticeship Program at Cepac

the Intensive Apprenticeship Program takes place at the Association for the Protection of Children and Adolescents (Cepac), which Cielo provides sponsorship for through a social project that prepares vulnerable youths for the job market. The volunteers offer training on the topics of oral and written communication, contextualization of the labor market, conscientious consumption, interpersonal relationships, professional planning, and strengthening of connections.

Results



Total number of people benefitted:

30
students



Total number of volunteer workers:

6



Total hours of labor donated by Cielo:

23h30

Coffee with Professionals at Cepac:

during one week in October, Cielo carried out conversation groups to discuss professions and careers with youths served by Cepac. The aim was to instigate in participants the desire to keep studying and expand the horizons of their professional choices.

Results



Total number of people benefitted:

60
students



Total number of volunteer workers:

7



Total hours of labor donated by Cielo:

10h30

Organization of the Project

Anchor library: Cielo promoted the organization of the layout and cataloguing of the books in the Project Anchor school library, a project supported by the company since 2016 (learn more in **Private Social Investment**).

Results



Total number of volunteer workers:

17 and their family members



Total hours of labor donated by volunteers:

140h



Total number of books catalogued: approximately

570

Christmas Campaign – Cielo Literary

Christmas: during the campaign for the Project Anchor library, volunteers of the Movement for Good received a list from the institution's students with suggested book titles to augment their studies and research. That is why Cielo chose to carry out its Christmas Campaign with the theme Literary Christmas, where employees chose from among the student indications the books that they wished to donate. On December 13 the books were delivered during a celebration.

Results



Total number of volunteer workers involved in the delivery:

8



Total hours of labor donated by Cielo:

16h



Total of books donated:

322

Typing up receipts for the Dorina

Nowill Foundation: Cielo employees typed up receipts from the Company's café and restaurant that were not assigned to a CPF tax number. The program provided the Dorina Nowill Institution for the Blind with the 20% Tax on Goods and Services (ICMS) that is charged by commercial establishments.

Results



Total number of volunteer workers:

33



Total of receipts typed up:

59,735

Other donations

As a way of contributing to social development, after carrying out renovations and changes at their offices, Cielo donates the materials that will no longer be used to social organizations, philanthropic groups, and nonprofit associations and institutions. In 2017, Cielo donated R\$137,636.56 worth of furniture.

Private Social Investment (PSI)

In accordance with its Sustainability Policy and its value of Corporate Sustainability and Responsibility, the Company supports social projects aligned with the United Nations' Sustainable Development Goals (SDGs) that have links to its business. These activities should also be aligned with the following objectives that the Company has prioritized:

- **Innovation:** guaranteed support and implementation of innovative solutions for social problems.
- **Entrepreneurship:** stimulate entrepreneurial potential in order to support the development of competencies and drive empowerment, which makes it possible to implement ideas that transform reality.
- **Movement:** expand access of socially vulnerable groups to cultural, sporting, educational and health activities, with an eye to social inclusion.

The projects receive contributions through the Incentive Laws – Rouanet, Sport, the Infancy and Adolescence Fund (FIA), and the Elderly – with the exception of the Ayrton Senna Institute, which the Company has been supporting since 2003 and which it provides with its own funds.

During the year, Cielo also signed on to the Pact for Sport (learn more in **Adoption of and participation in outside initiatives**). The company is a sponsor of the Brazilian Judo Confederation (CBJ), which is another signatory to the Pact.

During the fiscal year, the Company directed, through its Corporate Sustainability and Responsibility division, R\$22,300,663.73 to 44 projects (43 of them through incentive laws, and the other one through its own funds). These can be broken down into:

- **Investment in the communities close to headquarters:** seven social projects for a total investment of R\$2,807,614.02
- **Philanthropy:** 37 social projects, with investments of R\$19,493,049.71

The Company's Marketing department also provided incentives for 19 projects, with funding coming via the Rouanet Law, for a total of R\$26,136,145.00.

Among the projects supported by the Corporate Sustainability and Responsibility area are:

- **Project Anchor:** linked to the Innovation pillar, with resources coming from the Infancy and Adolescence Fund, this is a primary and secondary education school with an innovative educational philosophy that benefits, every month, close to 220 children and adolescents between the ages of 4 and 17 years in the city of Cotia (SP), who live in extremely socially underprivileged neighborhoods. The learning process is based on educational, cultural, artistic, and sport experiences that involve students, their family, and the community. In 2017, Project Anchor took part in the Student Spaceflight Experiments Program, an initiative by NASA that encourages students to develop innovative space experiments. The winning proposal – Space Cement – will be sent to space in 2019, and was developed by a group of that included students from Project Anchor. Out of the ten finalists, six included students from the project.
- **Burda Academy:** linked to the Entrepreneurship pillar and funded through the Rouanet Law, the initiative seeks to offer groups with low levels of education

and restricted financial means training in sewing, tailoring and entrepreneurship. The project provides all the materials needed to generate income from the activity. Because it believes in the transformative potential of the initiative, the Company allocated resources for the first and second editions of the program. The first, which was developed and concluded in 2017, graduated 82% of students, and most of them managed to open or expand their own businesses, increasing the array of products and/or services provided. The second edition, set to take place in 2018, expects to serve an increased audience – reached through the production of video content to be made available online.

- **Reaction Institute:** linked to the Movement pillar and with incentives provided via the Sports Law, the Reaction Institute project, created in

2003 by Olympic medalist Flávio Canto, seeks to promote human development and social inclusion through sport and education, in order to foment the practice of judo, starting with initiation into the sport and continuing through to high performance sport. The program, which serves close to 1,300 children and adolescents living in underprivileged communities in Rio de Janeiro (RJ), works through pedagogic projects that develop the modality of judo and the values of sport, and through the promotion of scholarships that allow students to study at private schools and universities. During the year, students involved with the project earned 589 first-, second-, and third-place medals in state, regional, and national competitions (269 of these being gold medals), in addition to 48 medals in international competitions, including 29 gold medals.



The complete list of projects supported by the Company, as well as the amounts directed toward each, the objectives and number of people benefitted, is available in the **Annexes**.

Furthermore, in 2017, in accordance with best practices for sustainable development, Cielo evaluated, with the support of a specialized consultancy, its level of adherence in terms of the central themes established via the international social responsibility norm, ABNT NBR ISO 26000:2010. The methodology adopted to analyze adherence was the carrying out of a diagnostic that contains questions that evaluate the seven central themes of social responsibility included in ISO 26000 (Governance, Human Rights, Labor Practices, Environment, Fair Operating Practices, Consumer Issues, and Community Development). The conclusion of the study, based on evidence provided and the statistical data analyzed, provided recommendations for the constant improvement of processes and showed that the Company is adhering to the principles of the norm, with a high level of maturity. For 2018, the recommendations will be evaluated and action plans carried out, with an eye to achieving the best practices in all themes evaluated.

Commercial initiatives

With the aim of contributing to the financial sustainability of the nonprofit civil society organizations, Cielo has a policy of differential charges that exempts them from paying signup fees, connectivity fees, and terminal rental, in addition to offering special prices (lower prices) on financial transactions carried out by these organizations. By foregoing the rent on terminals and providing special prices, in 2017 the Company benefited 3,688 clients, leading to a discount of about R\$9 million in terminal rentals.

Cielo also provides benefits to the Childhood Foundation by way of a commercial partnership with the Atlântica chain of hotels, and invests 0.1% of transaction volumes from DCC (Dynamic Currency Conversion).



2018 Targets

Create a room for breastfeeding employees at headquarters and offer an adequate location for pumping and storing breastmilk.

Participate in the National Quality of Life Prize from the Brazilian Quality of Life Association (ABQV).

Create an internal Quality of Life committee that seeks to create a collaborative space for discussions and ideas about different initiatives in the De Bem com a Vida program.

Implement specialized in-company medical services – such as dermatology, endocrinology, and cardiology – with the aim of providing integrated health management for employees.

Remodel the Sustainability pillar of Cielo University to offer content and initiatives to the Company's stakeholders about the theme.

Structure a Diversity Program.

Revise the pillars related to engagement in social investment through the adoption of specific causes to use funds derived from incentive laws.

Increase engagement with employees via the Movement for Good, the corporate volunteer program.

Cost efficiency



The pillar of Cost efficiency is a priority for Cielo management and translates into the expectation that costs and spending will be strongly controlled and grow at a rate below inflation. The objective is to achieve constant gains in operational efficiency in order to maintain the competitiveness of the Company's solutions.

Continuity of business

GRI 103-2 | 103-3

Cielo achieved the biggest adjusted net income in its history in 2017, of R\$4,326.1, an increase of 1.2% from the previous year. Financial transaction volume (excluding the Agro product – a card focusing on agribusiness) totaled R\$613.8 billion, growth of 8.2%. Considering the full

amount captured (including Agro), financial transaction volume reached R\$625.6 billion, an increase of 7.0%. The company captured 7.3 billion transactions during the year, an increase of 8.8% from the previous year.

We also highlight the 6.1% reduction in overall costs, which represents greater efficiency in the conducting of business and activities during 2017, in line with directives established for the period.

Consolidated net revenue was R\$11,600.3 million, a drop of R\$700.4 million (5.7%) from 2016. The reduction in net revenue from capture, transmission, processing, and settlement of transactions made with credit and debit cards was a result of the drop in average prices due to the competitive environment, the concentration on clients in the category of Major Accounts, and growth in the overall share of the debit product.

During this fiscal year, there was also a reduction in revenue from capture equipment rental (drop in the installed park), drop in revenue from subsidiary M4U (given the change in the business model that went from resale to commissioning for cellular recharge sales), as well as a reduction in revenue from subsidiary Me-S (due to the depreciation of the average dollar rate in 2017 in comparison with 2016), partially offset by the growth in revenue from subsidiary Cateno (continued expansion of business), lower incentives paid out as a result of changes in the remuneration plan for the national brand, and growth in other services from the Holding company, especially with relation to the Receba Rápido (Receive Quickly) product and revenue from licensing and processing of the Elo brand (begun in the second half of 2017).

Key information about business, financial data and taxes for the regions or countries in which Cielo operates, for the financial year ended December 31, 2017

Operation by country (R\$ thousand)	Brazil	International*	Total
Net revenue	9,993,822	1,606,519	11,600,341
Gross income (loss)	5,544,100	282,520	5,826,620
Operating income (loss) before financial earnings	4,372,242	(41,393)	4,330,849
Operating income (loss) for IRPJ (income tax) and CSLL (Social Contribution on Net Profits) purposes	6,177,226	(91,417)	6,085,809
Income (loss) for the period	4,315,882	(51,253)	4,264,629
Taxes paid	3,211,980	739	3,212,719

* Corresponds to operations carried out in the US by the companies Cielo Inc. and Merchant e-Solutions Inc. ("Me-S"). Cielo USA Inc. activities include stakes in other companies as a partner, stakeholder or shareholder, and includes 100% of Me-S, which in turn provides services related to the execution of electronic payments with credit and debit cards in the United States of America. It is worth mentioning that Cielo also has stakes in the company Cielo Cayman Island ("Cielo Cayman"), which has been inactive since its creation (has not carried out any operational, non-operational, capital, or financial activities).

EBITDA for the year totaled R\$5,277.9 million, a 4.6% drop from 2016. However, as a result of the lower net revenue and decline in overall costs, the EBITDA margin climbed 0.5 percentage point from the previous year.

EBITDA (R\$ million)

	2015	2016	2017
Net income	3,511.4	4,005.5	4,056.1
Non-controlling interest	140.0	178.0	208.6
Financial income	(1,103.1)	(1,451.3)	(1,755.0)
Income tax and social contributions	1,783.4	1,837.3	1,821.2
Depreciation and amortization	901.8	965.7	947.0
EBITDA	5,233.5	5,535.1	5,277.9
EBITDA Margin (%)	47.1	45.0	45.5

Financial income was R\$1,755.0 million, an increase of R\$303.7 million (20.9%) from 2016, as a result of:

- Financial revenue grew R\$166.1 million, ending the year at R\$410.9 million.
- Financial expenses fell R\$406.4 million (30.0%) as a result of falling overall debt with third parties and lower funding costs, due to a substantial decline in the interbank deposit rate.
- Acquisition of receivables, prior to cost of own capital and of third parties, net of taxes, carried out directly by Cielo or FIDCs (credit receivables funds), totaled R\$2,291.8 million in 2017, a reduction of R\$279.4 million (10.9%).

Reiterating Cielo's commitment to the market and generation of value to shareholders, in 2017 the Company increased dividend payouts to 70% of profit.



R\$1,755 million

Financial earnings reached in 2017, 20.9% higher than in 2016



Value Added Statement (VAS) GRI 201-1

Value Added Statement (VAS) – R\$ MLN

	Consolidated			Brazil	International
	2015	2016	2017	2017	2017
Shareholders (remuneration of own capital)	1,066	1,237	4,265	4,265	0
Employees (wages, benefits, and labor costs)	605	669	673	587	86
Government (taxes, fees, and contributions)	3,030	3,313	3,234	3,271	(37)
Remuneration of third-party capital (interest and rent)	1,403	1,363	960	906	54



Cielo was recognized for the sixth year in a row as the best company in the Financial Services category by the 2017 Época Negócios 360º Yearbook.

It was named the 10th most valuable company in Brazil, according to the Interbrand ranking.

Suppliers GRI 102-9 | 103-2 | 103-3

Suppliers are essential for Cielo's business, and the Company seeks partners who are aligned with its values and who invest in innovation. To promote the sustainable development of its business chain, relationships with these groups are guided by a transparent policy for contracting, selecting, and evaluating, in addition to the focus on constant improvements. In 2017, the Company trained its network of supplier partners in various ways. For example, it revised the strategic matrix of suppliers, dividing companies into three tiers:

- **Tier 1:** high impact on client, recurrent contracts, group of specific suppliers.
- **Tier 2:** medium impact on client, recurrent contracts; high impact on client, occasional contracts.
- **Tier 3:** low impact on client, occasional contracts; low risk of supply, recurrent contracts.

With this division, the evaluation process was intensified for tier 1 (especially critical suppliers from the point of view of Cielo clients) through an analysis that used the Heat Map tool, which evaluates the risks inherent to a supplier and their respective

supply, wherein during every quarter the Company analyzes issues related to finance, labor, and administration. There is also an on-site audit of socioenvironmental aspects, carried out by a third-party company hired specifically for this purpose. The aim is to improve business and the supply chain, in order to identify possible risks for Cielo and its clients. There is also support for suppliers to carry out improvements in the points identified by the performance monitoring program, called the Balanced Score Card (BSC). If even after this the partner does not meet the average score required by Cielo's evaluation parameters, the recommendation is made to reevaluate the relationship with the supplier.

The Company also calculated the gains achieved from the redesign, which began in 2016, of the flow of documents showing payment of supplier taxes and fees. In the previous year, the program encompassed 44 companies, and in 2017 this rose to 70 (increase of 59%). With this activity, outstanding payments that involved labor risks were zeroed out, and there was a 78% reduction in the volume of required documents that had yet to be delivered by suppliers.

Another initiative was the revision of the Purchasing Norms, which led to less bureaucracy and greater speed for suppliers. The activity encourages greater governance of Cielo's production chain and an alignment of compliance aspects. The timing of the cycle of analyzing documents was also reduced, from 28 days to 14 days.

Cielo had 939 active suppliers at the end of 2017, with whom it carried out contracts worth R\$1.9 billion (80% of this value is concentrated in 54 companies).



Paulo Saj
Owner of Magnata
Supermarket

[ACCESS HIS STATEMENT](#)

Evaluation and monitoring

GRI 308-2 | 414-1 | 414-2

During the year, 69 suppliers were evaluated under the BSC method (59 were evaluated in 2016), of whom 23 were strategic tier 1 suppliers.

GRI 102-10

Environmental and social audits were also carried out at tier 1 suppliers – of the 23, only one was not audited, due to scheduling problems, and so was rescheduled for 2018 –, and no negative environmental impacts were found. As a result, no contracts were canceled for this reason. With regard to the social dimensions, aspects analyzed include labor conditions, health and safety, salaries, work analogous to slavery or child labor, discrimination, apprenticeship, inclusion, and development of people with disabilities (PWD). Seventeen suppliers presented some potential social impact in the supply chain and, in those cases, some improvement in the analyzed aspects were recommended or required. The action plans that were the result of these recommendations were still being developed at the end of 2017, but plans outlined in 2016 were carried out at three companies, where improvements in freedom to organize unions and an

apprenticeship program had been requested, with some progress already noted. No contracts were cancelled as a result of these social evaluations, because no real impact on the supply chain was noted.

Communication for improvement

During the year, the first survey with suppliers was carried out. Internally, the Company already was consulting with the clients division in relation to partner management as a way to provide improvements in these processes. Along the same line, the companies were invited to rate Cielo using, among other methods, the BSC scale, ethics, equity, communication, payment process, and level of transparency in relationships. At the end of the year, a total of 130 suppliers had responded, which corresponds to about 15% of the total.

GRI 102-43

Face to Face with Suppliers

Engagement with partner companies also happens every year during the Face to Face with Suppliers event. The meeting with suppliers highlights Cielo's search for synergy in the supply chain as part of its digital evolution, and its effort to continue improving deliveries to end users.

Aligned with the commitment to transparency, suppliers were notified that they had been divided into tiers, and about innovations in the Monitoring Program, as well as the new aspects of the Code of Ethical Conduct for Suppliers. Reflecting the changes in the document – acceptance of which is required of all partners – they began to comply with decisions that are part of Central Bank regulations, as well as providing greater details about matters such as unfair competition, abuse of power and harassment, conflicts of interest, secrecy, and confidentiality, including with regard to information published on social networks. The Code is public and is available electronically, along with documents that suppliers must comply with, such as the Anticorruption Policy. GRI 102-16

At the end of the event, partners were rewarded. Three suppliers were recognized – one from each tier – along with three other suppliers whose partnership in collaboratively developing Cielo LIO stood out.

There was also an awards ceremony for the supplier who stood out in terms of sustainability practices. The supplier with the highest number of points in legal criteria (Sustainability Score) during the on-site audit was recognized in front of the other suppliers.

Environmental and economic gains

Cielo's partner in the reverse logistics of the terminals is Sinctronics, which has the infrastructure and technology in place to collect and transform electronic equipment into raw materials and parts for new products. To recognize and encourage these activities, in 2017 the Company obtained revenue by sending terminals to this company so that they are adequately disposed of, with no materials being sent to landfills. Cielo assisted Sinctronics in structuring their processes in a way that, upon separating the terminals, the plastic waste is sold and reutilized in production. The process of disfiguring the terminals is carried out on a production line dedicated to Cielo operations, so that there is full security and restricted access, all of it monitored by cameras. Upon completion, a technical report is filled out. As a result, the company meets the National Solid Waste Policy, as well as promoting the recycling of plastic.

As a result, between August and December 2017, of the 181,404 pieces of equipment (weighing 92,284 kilograms) sent to Sinctronics, 19,954 kilos of plastic were produced through reverse logistics, with revenue of R\$7,791.14, and savings of R\$177,584.20 for Cielo's discard budget.

Benefits from new partnership

During the year, Cielo established a new partnership in the reverse logistics process for thermal paper rolls. Based on Lean Six Sigma methods, the Logistics area, with the support of the Purchasing Board and the Sustainability Management, established a new project with the objective of triage/evaluation of paper rolls and signage material, which allowed for the shipping of unusable material directly to recycling, which previously was sent for coprocessing. The process was implemented in April 2017, with benefits such as reduced environmental impact and acquisition of paper rolls, and the elimination of processing costs for discarding paper rolls and signage materials.

Between April and December of 2017, 132,000 paper rolls were recovered, which represents R\$294,000 in avoided costs. In addition, Cielo received revenue of R\$4,000 from the sale of scraps and avoided coprocessing costs of R\$14,000.



Marcello Bandeira
Director of Operations
of Hotel Ibis





Logistics

To improve its already efficient logistics operation – which includes even the use of boats to serve clients across practically all of Brazil – Cielo inaugurated two mini-stations in 2017, in addition to operating four self-service posts (open year-round) and four stores.

This infrastructure allows the Company to service, in those regions served by the self-service units, 10% of maintenance/ exchange and installation calls, which allows clients to pick up the terminal 30 minutes after opening the request.

The major focus, however, is on the robustness of the POS terminals. For this purpose, the teams maintain a technical focus on use, configuration and triage, and on the purchase of equipment and batteries. This continuous commitment allowed the Company to reduce the number of calls during the year by 15% from 2016. The reduced travel, including travel resulting from delivery operations for terminals and paper rolls, led to a 21% reduction in indirect emissions of Greenhouse Gases (GHG) in this category.

Management of environmental aspects

GRI 103-2 | 103-3

Cielo seeks to raise employee and supplier awareness about sustainable activities. Cielo does this by:

- Encouraging the conscientious consumption of natural resources.
- Seeking to mitigate the environmental impacts that are the result of its activities.
- Annually creating a GHG emissions inventory.
- Promoting the proper management of wastes.
- Investing in innovation through widespread participation in discussions about public policies to achieve a low-carbon economy.

The commitment to the topic is expressed in the Strategic Sustainability Plan and the Sustainability Policy – which also establishes social and governance directives for its business – and the activities of the Sustainability Committee. The company invested R\$441,864.10 during the year in environmental conservation activities,

In 2017, Cielo invested more than R\$440,000 in environmental conservation



such as the purchase of furniture made from certified reforested wood, low-energy lighting, and floor covering and carpeting that could be removed and replaced so that, should the office change, it won't require coverings to be discarded and substituted. The Company did not receive significant fines or non-monetary sanctions during the year due to violations of environmental laws and/or regulations. [GRI 307-1](#)

Conscientious consumption [GRI 302-1 | 303-1](#)

Cielo seeks to stimulate conscientious consumption of natural resources by employees, in order to contribute environmentally and provide the greatest efficiency to its costs.

Currently, all the potable water consumed at Company headquarters comes from a water utility – in 2017, the Company consumed 3,595 cubic meters, about 9% less than in the previous year, due to the implementation of aerators on all taps. The water passes through a re-use and treatment system, as there is a wastewater treatment plant (WWTP) at headquarters that allows for re-use, in

conformity with rules established by the Environmental Agency of the State of São Paulo (Cetesb). There is also a rainwater collection and storage system, which is used for garden maintenance and to clean the outdoor areas (the volume is not accounted for because it does not supply internal areas at Cielo. Consumption at branch offices is also not computed, because these facilities are located in commercial condominiums, which does not permit individualized readings).

Water consumption (m³)

	2015*	2016	2017
	15,428	3,969	3,595

* Prior to 2015, totals included water and sewage.

The Company has targets for consumption at corporate headquarters, and every month it reviews data at other locations to check for any occasional distortions. It also monitors the consumption of electric energy at headquarters (including the offices of affiliates Braspag and Cateno), branches, and physical stores,

based on information supplied by electric utilities. The total in 2017 was 4,090,257.92 kWh (headquarters, branches, stores, and subsidiaries), an increase of 5.6% from 2016.

Energy consumption (GJ)²

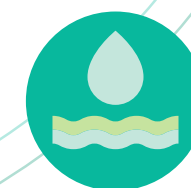
Direct energy	2015	2016	2017
Diesel oil (generator)	111.84	100.35	142.00
Gasoline	42,631.38	43,337.20	30,927.12
Total non-renewable energy	42,743.22	43,437.55	31,101.37

Indirect energy

Electricity ¹	10,908.47	14,127.58	14,724.93
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1. All energy purchased by Cielo comes from utilities.

2. Amount includes headquarters, branches, and subsidiaries located at headquarters.



Waste

To properly discard waste, Cielo complies with Brazilian legislation and best practices in environmental management. The waste generated consists basically of obsolete equipment (points of sale and terminals), marketing materials, cabling, power adapters, and recyclable and organic waste. [GRI 306-4](#)

In line with the National Solid Waste Policy, batteries used in the terminals that functioned as mobile electronic terminals (General Packet Radio Services – GPRS) are returned to their manufacturer for proper disposal. Also in compliance with the National Solid Waste Policy, in early 2017 Cielo hired a specialized consultancy to create a system that prioritizes and shares with all parties involved in the terminals' life cycle the responsibility for the proper management of solid waste.

Total weight of waste, by type and method of disposal (kg) [GRI 306-2](#)

Type of Waste	2015	2016	2017	Destination
Cielo Terminal	174,210	253,220 ¹	75,880	Coprocessing
Cielo Terminal	- ⁵	- ⁵	118,974	Recycling
Marketing materials	4,460	62,870 ²	25,170	Coprocessing
Supplies (cabling and power adapters)	139,802	276,962	171,027	Recycling
Organic waste	114,265	47,777 ³	22,343	Landfill
Recyclables	- ⁴	-	30,872	Recycling



1. The volume of Cielo terminals and supplies (cabling and power adapters) is superior to 2015 because that year the discard process was irregular. In other words, much of the material accumulated during a period of two or three months before being sent to their final destination. In 2016, the discard process began to be carried out monthly.
2. Superior volume of marketing material waste due to the implementation of an evaluation process of the material and subsequent discard of accumulated stockpiles.
3. Due to the process of moving and transition of headquarters to a new building, in 2015 waste from both sites was considered. In 2016, waste from only the new building was considered.
4. Not accounted for.
5. Process initiated in 2017.



Climate strategy

The Company seeks to mitigate its contribution to climate change by actions along four axes: Evaluation of impacts, Reduction of emissions, Offsetting of unavoidable GHG emissions, and Structuring and commitment to transparency.

Evaluation of impacts

In addition to analyzing business risks that result from climate change, the Company annually carries out a GHG Inventory, which includes its activities and those of its subsidiaries. The document follows the Brazilian GHG Protocol Program method and is audited by a third-party company. As a result, Cielo continually identifies the main sources of emissions in its operations and evaluates opportunities to reduce this impact. Its emissions are published in the Public Emissions Registry of the Brazilian GHG Protocol Program and the Carbon Disclosure Project (CDP).

In 2017, with the support of a third-party consultancy, the Company also developed a study of risks and opportunities arising from climate change. The methodology involved looking into elements inside and outside the Company and, based on this, map climate risks and opportunities. This stage was subdivided into internal environment, climate analysis, and mapping and prioritization of risks and opportunities.

The next step was analyzing the climate to define climate scenarios that apply to the Company's reality and understanding the changes forecast in the climate change patterns that are most important to the business. During this step, the Company considered the premises, uncertainties, and adhesion of scenarios to the time scope and horizon adopted by Cielo, and the most relevant potential future impacts were raised.

The last part of the diagnostic sought to evaluate the direct and indirect risks, which could be physical and operational, regulatory and legal, financial, market, and

reputational. Following that, these risks and opportunities were prioritized based on, for example, the likelihood of occurring, magnitude of their consequences, and expectations of return on investment.

Afterwards, planning began on the development of an action plan to respond to risks and opportunities considered priorities, which should provide for the actions, investments, and communications with employees and other stakeholders. This stage was subdivided into identifying and selecting the options for adaptation and development of the adaptation plan.

Upon identifying Cielo's risks and opportunities in light of the impacts of climate change, two climactic events stood out in terms of generating impact on the Company's activities: increasing temperatures and less rain.

An increase of approximately 1.5°C in the average temperature influenced a slowdown in sales (-1.4%) in Brazil's retail sector and, consequently, Cielo's revenue. The change in average temperatures

explained in part the contraction in sales in the clothing sector in 2017 in the South and Southeast regions.

Scarcer rain contributed to the drop in water levels in the Cantareira System (the reservoir level fell below 14%) in the Southeast, which unleashed a water crisis due to the lack of potable water for human consumption and increased electric energy costs.

By understanding the impacts that have already affected the Company in the past, it was possible to recognize and include potential future impacts on the mapping of the Company's risks and opportunities. In order to forecast the risks and opportunities that were generated based on climate change, we sought to establish a framework for the future climate scenario that is most adequate for Cielo's activities, which is described below.

RISKS



- Creation of a GHG emissions market or tax
- Reduction of GDP
- Extreme climate events in major cities

OPPORTUNITIES



- Change in market dynamics: possibilities for specific industries
- Technological solutions that reduce dependency on terminals for transactions, and transportation
- Improvements in socioenvironmental reputation

Emissions in Brazil (Cielo and subsidiaries)

Direct emissions of Greenhouse Gases (GHG) – Scope 1 (tCO₂e) GRI 305-1

Category	GHG Inventory		
	2015	2016	2017
Fugitive emissions	1,274.98	0.20	0.22
Mobile combustion	2,495.63	2,533.45	1,893.98
Combustão estacionária	7.87	-	-
Total	3,778.48	2,533.65	1,894.20

Indirect emissions of GHG – Scope 2 (tCO₂e) GRI 305-2

Category	GHG Inventory		
	2015	2016	2017
Acquisition of electric energy	498.07	398.52	477.16

Other indirect emissions of GHG – Scope 3 (tCO₂e) GRI 305-3

Category	GHG Inventory		
	2015	2016	2017
Transportation and distribution (upstream)	7,123.93	10,297.72	12,103.59
Purchased goods and services	-	20.73	727.85
Use of goods and services sold	-	-	463.52
Transportation and distribution (downstream)	-	-	7.00
Employee commute (home-work)	2,652.33	2,257.86	2,129.88
Waste generated in operations	60.37	106.80	15.98
Business travel	1,208.62	1,167.56	1,145.18
Total	11,045.25	13,850.67	16,593.00

Reduction of emissions

Through the emissions inventory it is possible to carry out a critical analysis of emissions and understand the opportunities for reduction. Furthermore, the Company has been mapping out new sources of indirect emissions every year. During this previous cycle, the Company mapped out goods and services sold (electric energy used in terminals) and three new sources within the category of purchased goods and services (call center, recycling of terminals, and new ISOs).

Scope 1 emissions were reduced by 25% from 2016. This reduction in the category of mobile combustion was reached as a result of reduced requests for fuel reimbursements, since in 2017 the Company adopted fuel-purchase cards, which allow for greater management and control of this resource. To use the cards for the commercial car fleet, employees need to provide current mileage and the license plate. The card has a limit of R\$250.00, with an interval of at least 120 minutes between transactions. Transactions are not allowed on weekends.

For employees who use their own vehicles, the rule establishes only a daily limit and an interval of 120 minutes between transactions – which also are not permitted on weekends.

With regard to Scope 2, rather than a reduction, there was an increase in electric energy consumption at headquarters (Cielo, Braspag and Cateno) – from 3,669,474 kWh in 2016, to 3,716,866.92 kWh in 2017. This happened due to changes in the layout at headquarters. Seeking to create a more open environment, without hierarchical distinction between directors and managers, the glass barriers were removed, and doors at

Cielo University and the restaurant were opened. These changes affected the consumption of electric energy by the air-conditioning units, since the machines were projected to work in a more segmented environment.

To calculate Scope 3 emissions, in addition to mapping new sources (goods and services purchased for call center, and new ISOs; goods and services sold; downstream transportation and distribution), there was an increase in upstream transportation and distribution.

Upstream Transportation and Distribution emissions increased as a result of the use of air travel in the purchase of terminals – a mode not used in 2016 – and reverse logistics. Emissions in the category of home-to-work commutes fell as a result of the use of a new way to calculate the different modes of transport (car, motorcycle, public transportation) and the kind of fuel used.

Cielo seeks to map out all its impacts and its contribution to climate change and, therefore, it also provides an inventory of emissions from Merchant e-Solutions, its United States subsidiary. Since 2015 it has accounted for emissions and reported them together with domestic emissions via the Carbon Disclosure Project (CDP).

US emissions (Merchant e-Solutions)

Direct emissions of Greenhouse Gases (GHG) – Scope 1 (tCO ₂ e)				Indirect emissions of Greenhouse Gases (GHG) – Scope 2 (tCO ₂ e)			
	2015	2016	2017		2015	2016	2017
Stationary combustion	0.42	0.14	3.87	Acquisition of electric energy	221.57	390.64	283.30
Total	0.42	0.14	3.87	Acquisition of thermal energy	52.18	43.95	13.02
				Total	273.75	434.59	296.32

Direct emissions of GHG – Scope 3 (tCO ₂ e)			
	2015	2016	2017
Employee commute (home-work)	547.46	458.82	515.88
Transportation and distribution (upstream)	35.16	17.86	12.99
Business travel	606.37	466.71	31.52
Total	641.53	943.39	560.39
Total Merchant E-Solutions emissions			
			860.58

Offsetting GHG emissions

With regard to 2017 emissions, the total Scope 1 and 2 emissions in Brazil and the United States were offset through the purchase of carbon credits from the Reducing Emissions from Deforestation and Forest Degradation plus the Sustainable Management of Forests, and the Conservation and Enhancement of Forest Carbon Stocks (REDD+) Project Jari Amapá, developed in the Jari Valley in southern Amapá state.

The Project encompasses an area of 220,000 hectares close to the municipalities of Laranjal do Jari and Vitória do Jari, and its main objective is to ward off the threat of squatters and invaders who are advancing into the forest to develop agricultural and ranching activities. To promote conservation, social inclusion activities are developed





with the communities in the region, through technical agricultural assistance that focuses on agroforest production and extractivism of non-wood products, seeking to generate income from standing forests. Social activities are developed by the Jari Foundation, and resources from sales of carbon credits of the REDD+ Project Jari Amapá directly assist 50 families, in addition to financing vigilance in the area, satellite monitoring of the forest cover, and studies of local biodiversity.

Structuring and commitment to transparency

By adopting transparent policies in the disclosure of GHG emissions, and due to its degree of efficiency with regard to the management of emissions, Cielo is part of the Carbon Efficient Index (ICO2) of B3. It also is a part of the Business for the Climate Platform, of the Center for Sustainability Studies of FGV, and is a signatory of the Open Letter to Brazil on Climate Change, of the Ethos Institute, a voluntary commitment that seeks to develop a low-carbon economy. Furthermore, the Company reports its emissions to the CDP and Public Emissions Registry.

The Company also is committed to annually complying with and establishing environmental targets.

2017 Targets

Target	Status	Explanation
1% reduction of direct GHG emissions – Scope 1 ¹		Adoption of fueling card for commercial fleet
1% reduction in electric energy consumption at headquarters – Scope 2 ¹		Increase use of air-conditioning due to changes in layout
Maintain water consumption below 10 liters per person/day at headquarters ²		Use of re-utilized water to irrigate garden, installation of aerators
5% reduction in mileage traveled to exchange terminals and send thermal paper rolls, contributing to mitigation of indirect GHG emissions – Scope 3 ¹		Quality activities at Service Posts; Correction of errors: blue screen and Smile; Discontinuing obsolete equipment; Improvements in service scripts (Dial Communication, Peripherals, and others); Operation Visits, with focus on improvements in Capture Solutions; and Implementation of Maserati actions (project to identify points for improvement in Operations)

1. Base year 2016.

2. Target established for headquarter building in Alphaville (Barueri).

For 2018, Cielo seeks to continue with its management of climate strategy and reduce its impact on consumption of energy and water, and its GHG emissions.

2018 Targets*

Water: maintain water consumption below 10 liters per person/day

Waste: reduce percentage of domestic waste generated by 5%

Maintain percentage of domestic waste that is recycled to 50%

Correctly dispose of 100% of dangerous waste generated

Emissions: maintain direct emissions below 2,000 tonnes/year – Scope 1

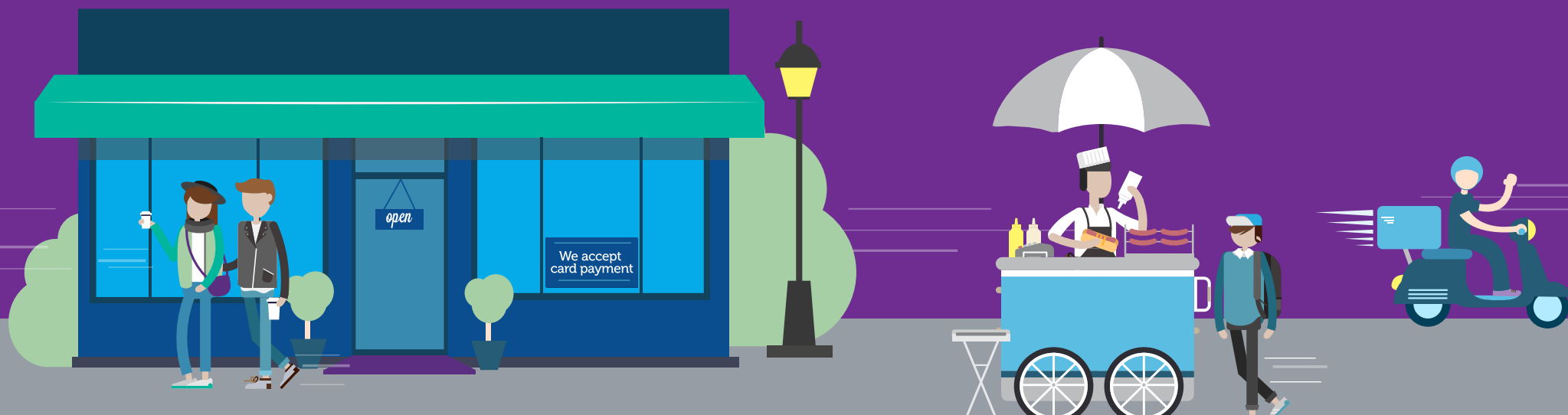
Electric energy: reduce by 1% consumption of electric energy at headquarters – Scope 2

Scope 3: reduce by 5% mileage traveled to exchange terminals and ship paper rolls

* Targets based on 2017.

Clients

GRI 203-2 | FS1



Cielo's management model puts the client at the center of its strategy. The Company stands out in the market because it invests in products and services that go beyond payment and the offer of hardware, and includes a series of advantages such as services for better business management, to a robust infrastructure that offers uninterrupted service all over Brazil and 100% availability in operations. [GRI 203-1](#)

That is why the directive is to always be ever closer to the clients, in order to deliver not only products and services, but effective and efficient solutions that truly meet the needs of retail. In order to do this, development considers the needs of clients, which is evaluated through, among other means, surveys, Concept Sprint processes

(learn more in **Innovation across the entire Company**), and a constant relationship with these groups. We also highlight the close work with startups and academia, as well as the open APIs (Application Programming Interfaces) that provide support for faster development of innovative products for the different industries served by the Company: from individual entrepreneurs to major retailers spread across all of Brazil.

Cielo's creed is to move the market, and means of payment are the entryway for various intelligent and interconnected services. The Company works so that its clients sell more, be it at a store, on the internet, or on the street.

The Company is present in more than 99% of Brazil's municipalities, and its financial transaction volume accounts for about 10% of Brazil's GDP. The infrastructure of services it maintains encourages commerce and local companies, in addition to contributing to social development by driving the economy through the creation of markets and reducing the frequency of theft – as well as defaults – thanks to the substitution of cash and money payments with electronic means.

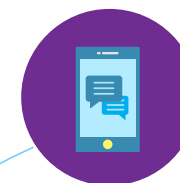
With these objectives in mind, the Company was responsible for paving the way for the acceptance of Near Field Communication (NFC) payments in Brazil. Cielo has one of the biggest parks using this technology in the world, with equipment in operation that is capable of carrying out these kinds of transactions. Furthermore, the Corporate Sustainability Policy establishes directives for the inclusion of social, environmental, and governance aspects into the business, which influence decisions about existing products and services as well as future ones. Other policies work toward the same goal, such as anticorruption, purchasing, competition compliance, and data privacy.

The Company intertwines this robust structure, secure technology infrastructure, and qualified service with the biggest sales team on the means of payment and electronic channels market. And because it serves clients from the most varied company sizes and industries, it created two vice-presidential posts: Major Accounts and Retail Sales. As a result it can better direct market demands, and predict and serve their various needs.

With this objective in mind, during the second half of 2017 the Company's service model for Retail Sales was redesigned to allow for even more segmented actions.



Cielo ranks second in its industry in terms of rates of satisfaction, according to the Escolha PME prize, created by the O Estado de S. Paulo newspaper, in the Payment Terminal category. And it ranked first in the Object of Desire category, as voted on by clients.



Products and services

To improve business at various retail sectors, Cielo keeps its portfolio of products and services constantly evolving, as well as providing made-to-measure solutions (see the unique services provided by Cielo LIO in the **Digital evolution** chapter). In 2017, the highlights were:

- **Cielo Big Data:** the product provides customized service with the data needed to help retailers make better, data-based decisions. The solution allows for a complete market vision, with analyses both on the supply side (store owners) and the demand side (consumers). The data cover the entire country, all the retail sectors, with breakdowns by macro- and micro-regions, and provide historic trends, as well as allowing for client performance to be compared with similar businesses, including analyses of purchasing behavior of consumers and an understanding of the consumer potential and profile, with breakdown by geographic regions. It is important to emphasize that all information is made available in aggregate form, which guarantees the anonymity and non-individuality of store and consumer data.
- **Cielo Lighthouse:** this product provides all the intelligence of Cielo Big Data, but made available in a standardized and modularized way through the Cielo website and other channels. Perfect for storeowners who want to use information from their market to develop their business performance by comparing it with a set of similar business in the same region. Through information such as billing, average ticket, best days for campaigns and promotions, consumer buying behavior information – including recurrence and income profile – it is possible to make decisions and create more fitting actions to increase sales. The tool itself generates insights that help the retailer with these challenges. Here, again, all the information is made available in aggregate form, which guarantees the anonymity and non-individuality of store and consumer data.
- **Checkout Cielo:** with the integration of a virtual store to the payment solution, the purchasing experience occurs with a single click, on a Cielo page, with an anti-fraud system and an exclusive area for sales management. Aimed at those who already have a website or want to sell on social networks, the product offers a configurable system that automatically allows low-risk sales and the cancellation of high-risk sales; it accepts credit, debit, and payment slips, and is accessible on a smartphone, tablet, and computer. It means greater security for online payments.

[LEARN MORE HERE →](#)

Server at a
Fran's Café
franchise



◦ **Cielo Promo:** exclusive service for carrying out promotions directly on Cielo terminals. In this way, it is possible to customize the promotion in a way that reaches the most appropriate audiences, eliminates loyalty cards, and get results reports generated daily on Cielo equipment. The merchant can print daily promotion reports, and the promotions are disclosed on the sales receipts of final consumers.

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◦ **Payment via link:** with this Cielo solution, it is no longer necessary to have a website or virtual store. Sales take place with full security via Facebook, WhatsApp, Instagram, text messages and email, to name a few. The consumer receives a link to make the payment straightaway, which can even be set for payments made in more than one installment.

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◦ **Cielo Virtual Store:** solution for creating, in three simple steps, a secure and modular virtual store with an integrated payment solution. Suitable especially for restaurants, clothing stores, vendors and markets, its unique features include: antifraud security, a control panel, online payment solutions, sales on social networks, its own virtual address, acceptance of credit and debit cards and payment slips, order tracking, and freight management.

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◦ **Cielo Control:** 140,000 clients relied on this solution in 2017. Clients pay a fixed price per month and receive the total sales value, without discounts, up to the contracted limit – and already know how much they will pay if sales exceed that value. In addition, credit card sales paid in a single installment are deposited in just two days.

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◦ **Cielo e-Commerce API:** for clients wishing to invest in the full customization of the platform and to use security and conversion features, the Cielo e-Commerce API is a complete solution. Ideal for all e-commerce segments, its main benefits are: robust and customized solution; integration and flexibility, with an interface that adapts to the needs of the business; optimized payment period for conversion; guaranteed protection without compromising the shopping experience; stability and security that keep up with the volume of sales; anti-fraud security; transparent payment page that avoids redirects; protected and encrypted information; checks that prevent suspicious card-test actions; and programmed recurrence and increased security through the replacement of confidential payment data with a single identifier.

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The Company was chosen for the third year in a row as the best company in the Services sector by the Empresas Mais award handed out by *Estadão*.

Decision-making support

Cielo offers big data solutions, a market-intelligence tool for large retailers. It has the largest database of Brazilian retail transactions, and every year measures sales revenue of more than 20 retail sectors, the results of which are included in the Cielo Broad Retail Index (ICVA). This knowledge supports the offer of big data products, providing the most diverse analyses and information.

Bob's was one of the clients that used the solution in early 2017 to gain a complete view of the market and support for its decision-making. With Cielo's service, the fast-food chain is better able to monitor its performance and obtain relevant information to develop its expansion and positioning strategies. The reliability of the data also contributed, which showed the direction that Bob's could take in marketing campaigns and in brand positioning. The client even prioritized the entry and reinforced expansion of its presence in a location where it had not originally planned to do so.



Operational capacity and availability GRI 103-2 | 103-3

The operational capacity and availability of Cielo's systems are essential for the continuity of the business and to guarantee client transactions.

The technological infrastructure ensures that all services are available to clients, from the point of view of capacity, continuity and monitoring of Information Technology (IT), networks and processing. According to the Information Technology Policy guidelines, the IT area takes care of organizational information and

effectively manages the storage, disposal, and restoration of data, as well as the physical environment in which it is maintained. Operations management includes the preventive maintenance of the devices through which the information travels. Data is protected through rigorous data center procedures.

With this commitment, the Company maintains a presence in almost the entire country, and has contingency plans to handle any interruptions. Another example of the focus on the client is the work of evaluating the most appropriate mobile network operator by region, which reduces telephone signal failures in the mobile terminals that operate through this type of communication.

Elisabete Carvalho e Raul Carvalho
Owners and partners of the
Novo Arte Salon

[ACCESS THEIR STATEMENT](#)



Rogério Muniz Salume
Founder of Wine



Contingency plan

The robustness of Cielo's technology infrastructure seeks to ensure that all services are available to clients. The Going-Concern Management division is responsible for ensuring the adoption and maintenance of activities in the Going-Concern Plan, which establishes procedures for mitigating impacts resulting from interruptions in critical processes. The plan includes: a contingency site; IT service continuity team; disaster declaration procedures; overview of the contingency infrastructure; recovery plan; activation procedures/scripts; and return of contingencies.

In addition, Cielo maintains an annual calendar of drill exercises for problems involving the business and support areas. Following each test, an effectiveness report is drawn up, which includes evidence and plans to improve the gaps found.

Service excellence GRI 103-2 | 103-3

The close relationship with clients is one thing that marks Cielo: there is regular on-site service, as well as by telephone and by virtual means, such as Facebook and Twitter social networks, in addition to technical support at physical stores.

The electronic channels accompany the Company's digital evolution and allow for clients to be served in the manner and means they deem most efficient. At the end of 2017, there were 16 relationship channels, including the field teams, with the distinction that they were always connected. Thus, all the attendants, on any channel, have access to the client's history, with centralized information to allow for greater agility and the best experience. In 2017, one innovation was the dialogue interface chatbot pilot program, which will continue to be tested in 2018.

Another unique feature is assisted maintenance. Professionals from Cielo "take over" a client's cell phone camera, taking screen grabs and pictures to indicate the procedure to be performed. This activity contributed to 76% of contacts due to terminal problems being resolved remotely in 2017, without displacement (less emission of greenhouse gases), greater agility, and increased satisfaction.

The multi-channel strategy allows the Company to serve clients in regions with low population density, which stimulates trade and businesses throughout the country and contributes to social development through new markets and the reduction of thefts and defaults, through the substitution of cash and check payments by electronic means. In 2017, the Company was present in more than 99% of Brazil's municipalities – out of a total of 5,570; Cielo had no presence in only 32 cities, with a total population of 145,000 inhabitants (an average of 4,500 inhabitants per municipality not served). [GRI FS13](#)



Call Center

Cielo's call center offers specialized telephone services (4002-5472 in capital cities and metropolitan areas, and 0800 570 8472 in all other locations), from Monday to Saturday, from 8 a.m. to 10 p.m., as well as 24-hour technical support (4002-9111 in capital cities and metropolitan areas, and 0800 570 0111 in all other locations).

Ombudsman

This serves as a means for sending suggestions, complaints, accusations and compliments, with assistance from Monday to Friday, from 8 a.m. to 6 p.m., except holidays, via the phone number 0800 570 2288, or on the [website](#).

In 2017, with the acquisition of the license to operate as an Accrediting Payment Institution (IPC), Cielo's Ombudsman began to be overseen and controlled by the Central Bank of Brazil (Bacen), which directs contacts it receives to that channel. Following regulation, the Company was responsible for issuing a biannual report that describes the treatment given to complaints filed at the Bacen, which should be presented to the Board of Directors.

Cielo improved its management and met all deadlines for responding, and obtained the level of satisfaction required by the Bacen. In addition, the Ombudsman's office has affirmed itself as a means of improving processes by documenting clients' main demands and directing them to the areas responsible for continuous improvement.

Satisfaction Surveys

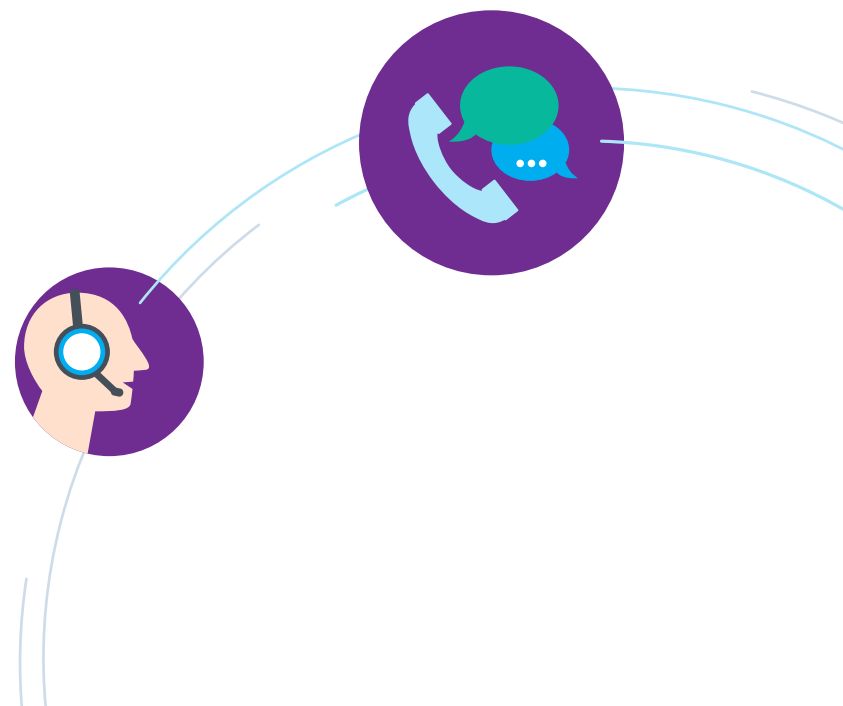
[GRI 102-43](#) | [102-44](#)

In order to gauge the needs and preferences of its clients, as well as to measure the degree of relationship, Cielo conducts satisfaction surveys. Since 2016, they have taken place in two waves to provide a larger sample, and a more complete and thorough reading of the results, analyzed in a granular way – by region and branches of activity, for example, among other variables.

At the end of 2017, there were more than three thousand establishments surveyed per wave of surveys, for a total of more than six thousand among those who accept credit cards as a form of payment. The margin of error of the survey is 2.2 percentage points for a 95% confidence interval, considering Cielo's general client base.

The interviews are carried out via telephone by a hired research institute across the country's various geographic regions and at retail establishments of different sizes.

During the second wave of 2017, in November, approximately 74% of clients rated Cielo with scores between seven and ten, which indicates satisfaction with the quality of the relationship and of products, services and solutions. Clients reported their intention of maintaining a relationship with the Company, which positions itself as a protagonist in its market.



In addition to being used to measure client needs and preferences, the survey rating is also considered when calculating employees' variable compensation. Cielo uses other means of evaluating client satisfaction at different points in the product life cycle.

Blue Wave

In line with the strategy of placing the client at the center of decisions, which calls for proximity and understanding of demands, during consumer month – celebrated in September – Cielo shook up its employees and the market with the first Blue Wave. Through this initiative, it took more than 500 employees from all company areas out into the streets of the São Paulo metropolitan area for visits to retailers, be they clients or not.

[ACCESS HERE →](#)

The Company believes that in order to deal with the challenging market scenario, which is undergoing rapid and important changes, it is necessary to maintain a more agile and efficient decision-making environment, with people who are engaged and passionate about what they do. Thus, the action allows employees to understand the purpose behind day-to-day initiatives, in order to take action on real problems. It means having the opportunity to speak directly with the client to ask questions, to understand what is working and possible areas of improvement, which qualifies their decision-making. And to support the Blue Wave, Cielo relied on an exclusive application for its internal collaborators, the Cielo Ambassadors (learn more in the box below).

The visits helped to further engage employees and make their relationship with clients even closer. The information collected, meanwhile, allowed employees to think about solutions even more precisely. Due to the excellent outcomes, the Blue Wave will continue in the coming years.

Cielo Ambassadors

In order for employees to serve clients directly and simply, the Company launched the Cielo Ambassadors application. Through the application, it is possible to register requests, suggestions, complaints, registrations, or prospecting and compliments, all of it carried out on the application itself, all the way to the conclusion of the case. In 2017, 13,760 tickets were opened by the application, of which 93% were treated in the same month. Overall, 86% are replied to within 15 minutes.

In addition, employees with the highest number of calls on the application during the month are rewarded with an iPhone. At the end-of-year celebration, there was a drawing based on the coupon passwords (each call is equivalent to a coupon with a password), with the prizes being seven iPhones and three trips to Punta del Este, Buenos Aires, and Paris. This strengthens our value of ownership with the client.



Fraud prevention and control

GRI 103-2 | 103-3 | 418-1

Cielo has fraud prevention tools for all market segments. Clients can count on a suite of products that assist with on-site and online transactions by improving sales security, reducing losses from fraud and disputes, as well as increasing adherence to international best practices for information security. These benefits and goals are achieved through a basket of security services, consisting of items such as: physical security tests and certification of client environment logic, monitoring of transactions through an integrated behavioral analysis platform, fraud prevention alerts, and tools to assist in the defense against disputes. Everything is backed by personalized consultancies, which help direct the actions and prepare trends diagnoses, market comparisons regarding fraud and disputes over electronic transactions. [GRI FS3](#)

With this robust technology system, the Company can monitor 100% of transactions and identify possible behavioral changes and occurrences of fraud, with automatic alerts to the issuing bank, which in turn contacts the cardbearer and makes the necessary arrangements. With each transaction, the card and password data are encrypted with a unique key, which

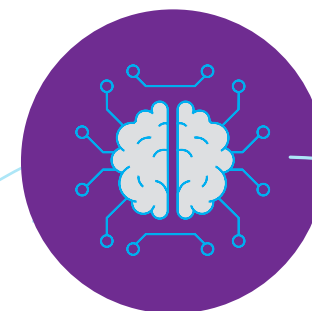
Daniela Mattar
Dentist and owner of
Miglioranza Clinic

→
[ACCESS HER STATEMENT](#)

prevents any possible attempts at gaining unauthorized access. In addition, all Cielo terminals accept chip cards, which significantly reduces the risk of fraud.

Cielo also has a fraud control platform, whose self-learning system identifies frauds and points out rules (more than two thousand) that can result in alerts depending on the transaction behavior of each monitored consumer. This system, together with the technical knowledge of the teams, means the Company registered the lowest fraud rate in the Brazilian card market.

There are solutions offered to clients in order to avoid losses from fraud. One of the highlights is the Online Alert, a solution that records information from compromised, cloned or stolen cards



Andreas Roth
Owner of Pet Center
pet shop

→
[ACCESS HIS STATEMENT](#)



in order to assist, for example, airlines in stopping improper sales or travel. Another service is Zero Authorization, a test to verify the validity of payment cards without the need for carrying out a financial transaction, and therefore without disturbing clients or making changes to the profile of use at the issuer.

The Company is also committed to raising awareness and disseminating the topic of prevention and information security among its employees, clients and suppliers through e-learning sessions, annual training and skills-building, respectively.

Information security

Cielo is endowed with the most modern information systems, which provide it with technological innovation, security and control. In line with the Information Technology Policy guidelines, it monitors organizational information and effectively manages the storage, disposal, and restoration of data, as well as the physical environment in which it is maintained. Data centers, for example, are outsourced to specialized companies, and there are contractual clauses that guarantee

the strictest security standards, with certification requirements attesting to the quality and reliability of the services.

Operations are guided by a policy based on best global information security practices, with solutions and platforms certified by organizations such as the Payment Card Industry Security Standards Council (PCI SSC) and the Brazilian Association of Credit Card and Services Companies (Abecs). The Company is also the Latin America representative at the PCI Security Standards Council's World Information Security Council, which brings together recognized security practices for commercial establishments, equipment manufacturers, acquirers, software developers, and any other entity involved in payment methods.

Cielo also monitors its internal systems through specialized teams using state-of-the-art technologies such as Security Information Event Management (Siem) and Data Loss Prevention (DLP). Thanks to this technological framework, in 2017 Cielo did not register any confirmed

cases of leakage or loss of client data, which guaranteed the privacy of the information in its custody.

Social and financial inclusion

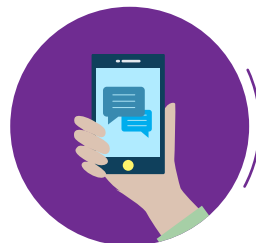
GRI 103-2 | 103-3 | FS16

Cielo maintains initiatives to promote and improve access to financial services by different groups. The commitment is part of the Company's business model, which stimulates trade and boosts the economy. In the planning and development of its products and services, the Company considers the short-, medium- and long-term social, environmental and macroeconomic impacts. In this way, with the creation of payment solutions, Cielo contributes to the formalization of the Brazilian economy by complying with government initiatives, promoting growth and social and economic development. In addition, the products and solutions have characteristics that facilitate socioeconomic insertion, such as:

GRI FS14



- **Cielo Control**, which allows for greater control of clients' business costs through single and defined billing.



- **Cielo Mobile**, an affordable rental solution that guarantees financial inclusion for small businesses.



- **Payment by Link**, a solution that allows for online sales without having to have a website, which facilitates the inclusion of small entrepreneurs who sell via WhatsApp, Facebook, and Instagram, among others.

With this focus on inclusion, in-house groups also taught English classes to two main audiences: the apprentices working at the Company, and representatives from an institution in the community around Cielo's corporate headquarters – the Association for the Protection of Children and Adolescents (Cepac) in Alphaville, Barueri (SP). In addition, during the year the Company carried out the Cielo Entrepreneurs pilot program. The modules Financial Planning, How much does my product cost, How to sell more, and Online Sales were taught to approximately 40 clients and civil society representatives. The courses were offered by trainees. The initiative will be improved and will continue in 2018.

In addition, to comply with accessibility issues, Cielo equipment is equipped with sound effects during the process of entering passwords and confirming transactions, with color codes. One highlight is Cielo LIO, which, unlike most smart terminals, makes it possible for people with visual disabilities to use a physical keyboard, with a tactile indicator on the five key. GRI FS14

Annexes

2017 Material Themes and GRI correlation [GRI 102-47](#) | [103-1](#)

Pillar	Themes	Topic	Standards	Is the aspect material at Cielo?	Is the aspect material outside of Cielo?
Market	Operational capacity and availability	-	-	Yes	Yes (clients; government; investors and shareholders; banks and suppliers; and community)
	Innovation in payment solutions	Sectorial – Financial system (product portfolio)	DMA (previously FS1): Policies with specific environmental and social components applied to business lines	Yes	Yes (clients; government and regulatory agencies; investors and shareholders; banks and suppliers; general public; community)
	Fraud prevention and control	GRI 418: Customer privacy	418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	Yes	Yes (clients; government and regulatory agencies; investors and shareholders; banks and suppliers; general public; and community)
	Ethics, integrity and anticorruption practices	GRI 205: Anticorruption	205-1: Operations assessed for risks related to corruption	Yes	Yes (clients; government; investors and shareholders; banks and suppliers; general public; Civil Society Organizations (CSO); and community and press)
			205-2: Communication and training about anti-corruption policies and procedures		
			205-3: Confirmed incidents of corruption and actions taken		
		GRI 415: Public policy	415-1: Political contributions	Yes	Yes (clients; government; investors and shareholders; banks and suppliers; general public; CSO; and community and press)
		GRI 206: Anti-competitive behavior	206-1: Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Yes	Yes (clients; government; investors and shareholders; banks and suppliers; general public; CSO; and community and press)

Pillar	Themes	Topic	Standards	Is the aspect material at Cielo?	Is the aspect material outside of Cielo?
Economy	Financial inclusion	GRI 203: Indirect economic impacts	203-1: Infrastructure investments and services supported	Yes	Yes (government; investors and shareholders; general public; CSO; community and press; clients; banks and suppliers)
			203-2: Significant indirect economic impacts		
		Sectorial – Financial Services (local communities)	FS13: Access points in low-populated or economically disadvantaged areas by type	Yes	Yes (government; investors and shareholders; general public; CSO; and community and press)
			FS14: Initiatives to improve access to financial services for disadvantaged people	Yes	Yes (government; investors and shareholders; general public; CSO; and community and press)
			DMA (previously FS16): Initiatives to enhance financial literacy by type of beneficiary	Yes	Yes (government; investors and shareholders; general public; CSO; community and press)
	Continuity of business	GRI 201: Economic performance	201-4: Financial assistance received from government	Yes	Yes (clients; government; investors and shareholders; general public; banks and suppliers; CSO; and community and press)
			201-1: Direct economic value generated and distributed	Yes	Yes (clients; government; investors and shareholders; general public; banks and suppliers; CSO; and community and press)
	Regulatory trends and risks	-	102-29: Identifying and managing economic, environmental, and social impacts	Yes	Yes (academia; clients; government and regulatory agencies; investors and shareholders; banks and suppliers; general public; and community)
		-	102-31: Review of economic, environmental, and social topics		
		GRI 419: Socioeconomic compliance	419-1: Non-compliance with laws and regulations in the social and economic area		

Pillar	Themes	Topic	Standards	Is the aspect material at Cielo?	Is the aspect material outside of Cielo?
Environment	Management of environmental impacts	GRI 302: Energy	302-1: Energy consumption within the organization	Yes	No
		GRI 303: Water	303-1: Water withdrawal by source	Yes	No
		GRI 305: Emissions	305-1: Direct (Scope 1) GHG emissions	Yes	Yes (clients; banks and suppliers; CSO; communities and press; general public; and government and regulatory agencies)
			305-2: Energy indirect (Scope 2) GHG emissions		
			305-3: Other indirect (Scope 3) GHG emissions		
		GRI 306: Effluents and waste	306-2: Waste by type and disposal method	Yes	Yes (clients; CSO; communities and press; general public; banks and suppliers; and government and regulatory agencies)
			306-4: Transport of hazardous waste	Yes	Yes (clients; CSO; communities and press; general public; government and regulatory agencies; and banks and suppliers)
Society	Employee development and valorization	GRI 307: Environmental compliance	307-1: Non-compliance with environmental laws and regulations	Yes	Yes (clients; CSO; communities and press; general public; and government and regulatory agencies)
		GRI 201: Economic performance	201-3: Defined benefit plan obligations and other retirement plans	Yes	Yes (government and regulatory agencies; community; and general public)
		GRI 401: Employment	401-1: New employee hires and employee turnover	Yes	Yes (government and regulatory agencies; community; and general public)

Pillar	Themes	Topic	Standards	Is the aspect material at Cielo?	Is the aspect material outside of Cielo?
Society	Employee development and valorization	GRI 404: Training and education	404-1: Average hours of training per year per employee	Yes	Yes (government and regulatory agencies, community, general public; and clients)
			404-2: Programs for upgrading employee skills and transition assistance programs		
			404-3: Percentage of employees receiving regular performance and career development reviews		
		GRI 405: Diversity and equal opportunity	405-1: Diversity of governance bodies and employees	Yes	Yes (general public; CSO; and communities and press)
			405-2: Ratio of basic salary and remuneration of women to men	Yes	Yes (general public; CSO; and communities and press)
	Customer service excellence	-	102-43: Approach to stakeholder engagement	Yes	Yes (clients; investors and shareholders; banks and suppliers; CSO; communities and press; and general public)
			102-44: Key topics and concerns raised	Yes	Yes (clients; investors and shareholders; banks and suppliers; CSO; communities and press; and general public)

Pillar	Themes	Topic	Standards	Is the aspect material at Cielo?	Is the aspect material outside of Cielo?
Society	Socioenvironmental criteria for monitoring partners	Sectorial – Financial services (product portfolio)	DMA (previously FS2): Procedures for assessing and screening environmental and social risks in business lines	Yes	Yes (clients; investors and shareholders; banks and suppliers; CSO; communities and press; general public)
			DMA (previously FS3): Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions		
		GRI 414: Supplier social assessment	414-1: New suppliers that were screened using social criteria	Yes	Yes (clients; investors and shareholders; banks and suppliers; CSO; communities and press; general public)
			414-2: Negative social impacts in the supply chain and actions taken	Yes	Yes (clients; investors and shareholders; banks and suppliers; CSO; communities and press; general public)
		GRI 308: Supplier environmental assessment	308-1: New suppliers that were screened using environmental criteria	Yes	Yes (clients; investors and shareholders; banks and suppliers; CSO; communities and press; general public)
			308-2: Negative environmental impacts in the supply chain and actions taken	Yes	Yes (clients; investors and shareholders; banks and suppliers; CSO; communities and press; general public)

Shareholder structure [GRI 102-48](#)

Composition	Shares	%
Controlling shareholders	1,733,918,607	63.82
Banco Bradesco	816,637,939	30.06
Columbus Holdings S.A.	778,319,884	28.65
Tempo Serviços Ltda.	38,318,054	1.41
Banco do Brasil	778,320,052	28.65
Lazard Asset Management LLC	138,960,617	5.11
Treasury	2,818,943	0.10
In circulation	980,077,511	36.07
Total	2,716,815,061	100.00

Total number of employees by employment contract (permanent and temporary), by gender [GRI 102-8](#)

	Men	Women
CLT (Consolidation of Labor Laws – Formal Labor Contract)/Permanent	1,235	926
Temporary	394	172

Total number of employees by employment contract (CLT/permanent), by region [GRI 102-8](#)

	Men	Women
Center-West	48	30
Northeast	46	50
North	17	12
Southeast	1,072	781
South	52	53
Total	1,235	926

Total number of employees (temporary), by region [GRI 102-8](#)

	Men	Women
Center-West	0	0
Northeast	1	1
North	0	0
Southeast	393	171
South	0	0
Total	394	172

Total number of employees (CLT/permanent), by race [GRI 102-8](#)

	Men	Women
Asian	52	19
White	902	695
Indigenous	1	1
Black	54	32
Mixed-Race	226	179
Total	1,235	926

Total number of employees (CLT/permanent), by age group [GRI 102-8](#)

	Men	Women
Less than 30 years old	285	218
Between 30 and 50	869	666
More than 50 years old	81	42
Total	1,235	926

Total number and rate of new employee hires during the reporting period, by age group, gender and region [GRI 401-1](#)

Region	Age Group	Number hired		Rate of new employees (%)		
		Men	Women	Men	Women	Cielo
Center-West	Less than 30 years old	4	3	0.2	0.1	0.3
	Between 30 and 50	7	5	0.3	0.2	0.6
	More than 50 years old	0	0	0.0	0.0	0.0
Northeast	Less than 30 years old	5	0	0.2	0.0	0.2
	Between 30 and 50	11	15	0.5	0.7	1.2
	More than 50 years old	1	0	0.0	0.0	0.0
North	Less than 30 years old	4	0	0.2	0.0	0.2
	Between 30 and 50	6	2	0.3	0.1	0.4
	More than 50 years old	0	0	0.0	0.0	0.0
Southeast	Less than 30 years old	113	67	5.2	3.1	8.3
	Between 30 and 50	143	95	6.6	4.4	11.0
	More than 50 years old	6	0	0.3	0.0	0.3
South	Less than 30 years old	4	5	0.2	0.2	0.4
	Between 30 and 50	7	9	0.3	0.4	0.7
	More than 50 years old	0	0	0.0	0.0	0.0
Total		311	201	14.4	9.3	23.7

Total number and rate of employee turnover during the reporting period, by age group, gender and region [GRI 401-1](#)

Region	Age Group	Number of turnover		Rate of turnover (%)		
		Men	Women	Men	Women	Cielo
Center-West	Less than 30 years old	4	1	0.2	0.0	0.2
	Between 30 and 50	13	8	0.6	0.4	1.0
	More than 50 years old	0	0	0.0	0.0	0.0
Northeast	Less than 30 years old	4	2	0.2	0.1	0.3
	Between 30 and 50	21	14	1.0	0.6	1.6
	More than 50 years old	0	0	0.0	0.0	0.0
North	Less than 30 years old	5	1	0.2	0.0	0.3
	Between 30 and 50	8	6	0.4	0.3	0.6
	More than 50 years old	0	0	0.0	0.0	0.0
Southeast	Less than 30 years old	67	49	3.1	2.3	5.4
	Between 30 and 50	226	139	10.5	6.4	16.9
	More than 50 years old	20	11	0.9	0.5	1.4
South	Less than 30 years old	1	2	0.0	0.1	0.1
	Between 30 and 50	17	8	0.8	0.4	1.2
	More than 50 years old	0	0	0.0	0.0	0.0
Total		386	241	17.9	11.2	29.0

Average hours of training¹ undertaken during the reporting period, by employee category GRI 404-1

Employee category	Average hours
Executive Directors ²	5.84
Managers/directors	18.96
Coordinators	36.05
Specialist/consultant	30.86
Sales force	50.06
Staff	35.85
Intern	40.94

1. Includes corporate and specific training.

2. Executive Directors includes the vice-presidents and chief executive.

Private Pension Plan Contributions GRI 201-3

Contribution salary – salary range	Percentage
First band: portion of salary up to 15 UR (Reference Units)	2
Second band: nominal salary minus the equivalent of 15 UR	From 0 to 7.8

Private Pension Plan GRI 201-3

Age of participant	Company match, in multiples
Up to 40 years old	1
Between 41 and 50 years	1.5
More than 51 years	2.0

Ratio of basic salary and remuneration of women to men GRI 405-2

Employee category	Base salary ¹		Overall remuneration ²	
	Men	Women	Men	Women
Leadership	1.10	0.91	1.15	0.87
Sales team	1.03	0.97	1.03	0.97
Coordinators	1.05	0.95	1.08	0.92
Specialist/consultant	1.07	0.94	1.06	0.95
Staff	1.03	0.91	1.04	0.96

1. Base salary = fixed salary.

2. Total remuneration = salary + short-term incentives + long-term incentives.

Diversity of governance bodies and employees (%) GRI 405-1

Employee category	Less than 30 years old	Between 30 and 50	More than 50 years old
Executive Director	0	86	14
Manager/director	0	75	25
Coordinators	7	85	7
Specialist/consultant	16	77	7
Sales force	21	76	3
Staff	44	53	3

Diversity of governance bodies and employees (%) GRI 405-1

Employee category	Female	Male
Executive Director	14	86
Manager/director	30	70
Coordinators	42	58
Specialist/consultant	30	70
Sales force	48	52
Staff	53	47

Private social investment

Name of the project	Institution/proponent	Objective, number benefitted, and location	Investment (R\$)	Law
Investments carried out by Sustainability area				
Lide Education	Ayrton Senna Institute	Contribute to improving the country's public educational policy, which favors the development of the potential of younger generations and helps students succeed in school and respond to the demands of different spheres: professional, economic, cultural, social and political. Benefitted: 700 children Location: National scope	84,000.00	Own funds
Professionalizing	Association for the Protection of Children and Adolescents (Associação para Proteção das Crianças e Adolescentes – Cepac)	Serve youths and empower them professionally for insertion into the job market. Benefitted: 200 youths and their families Location: Barueri – SP	507,218.89	Infancy and Adolescence Fund (FIA)
Nursing services	Support Group for Adolescents and Children With Cancer (Grupo de Apoio ao Adolescente e à Criança com Câncer – GRAACC)	To offer children and adolescents with cancer advanced nursing care through highly trained nurses and nursing technicians at a reference institution in the treatment of childhood and juvenile cancer. Benefitted: 3,100 children and adolescents Location: São Paulo – SP	1,806,000.00	FIA
Technology for Life: Professional training for youths in a technical-professional course in information technology	Social, University, and Cultural Work (Obras Sociais, Universitárias e Culturais – CEAP)	To strengthen youth leadership and the sense of autonomy of youths in social vulnerable situations in the community of Pedreira, in the district of Cidade Ademar, through the development of a methodical technical professional training course in computer science. Benefitted: 50 youths Location: São Paulo – SP	193,971.45	FIA

Name of the project	Institution/proponent	Objective, number benefitted, and location	Investment (R\$)	Law
Investments carried out by Sustainability area				
Creativity Laboratory	Tellus Institute	To enable adolescents to receive innovative, basic-level vocational education geared to the skills of the 21st century, which brings them closer to the professional practices of the future and encourages them in entrepreneurship or in seeking out their first job, as well as time to strengthen the beneficiaries' notions of teamwork, ethics and citizenship, which promotes the emancipatory autonomy of the youths. Benefitted: 240 children and adolescents Location: São Paulo – SP	529,507.10	FIA
Ideas Factory – Recycling Adolescents through Innovation (Fábrica de Ideias – Reciclando Adolescentes através da Inovação)	Reciclar Institute	To enable the professional, social and personal development of adolescents in socially vulnerable situations, through support for their choice of profession, the development of social and emotional competencies and working world skills, their technical training, and entrance into the job market. Benefitted: 60 adolescents Location: Osasco – SP	249,032.83	FIA
Innovative Social Transformation (Transformação Social Inovadora)	Project Anchor	Provide opportunities for personal development and citizenship experience to children and adolescents in situations of social vulnerability through access to basic education, while promoting a significant interaction between the institution and surrounding community, in order to prevent situations of social risk and achieve the autonomy of all those involved in the project. Benefitted: 200 children and adolescents Location: Cotia – SP	800,000.00	FIA
For the Right to Life II (Pelo Direito à Vida II)	Pequeno Príncipe Hospital	To promote the health of children and adolescents through partnerships between hospital and outpatient care, the development of scientific research, the training of professionals and the dissemination of knowledge, which contributes to the improvement of the quality of life of children and adolescents and to the reduction of infant-juvenile mortality. Benefitted: 23,000 children and adolescents Location: Curitiba – PR	360,000.00	FIA

Name of the project	Institution/proponent	Objective, number benefitted, and location	Investment (R\$)	Law
Investments carried out by Sustainability area				
Ways To Work (Vias para o Trabalho)	Pelicano Fraternal Association (Associação Fraternal Pelicano – AFRAPE)	To train adolescents with knowledge and techniques in the areas of technology and services in order to generate employment and professional conditions to enter and compete in the labor market. Benefitted: 180 adolescents Location: Botucatu – SP	227,882.00	FIA
Midiacom Project	ITEVA	Provide professional training courses and promote activities that enable access to technology and information for youths in socially vulnerable situations. Benefitted: 6,342 youths Location: Aquiraz – CE	300,000.00	FIA
Connect More (Conecte Mais)	Ser Mais Institute	To stimulate leadership among adolescents, with the objective of becoming agents of social transformation, through digital inclusion and access to the use of different technologies, as well as the inherent themes of guaranteeing rights and duties with a view to encouraging development and the culture of peace. Benefitted: 200 youths Location: São Paulo – SP	350,000.00	FIA
Professional Work Training (Capacitação Profissional para o Trabalho)	Rotary Program for Youths (Programa Rotário para Jovens – PROJOV)	To promote professional training for youths in socially vulnerable situations in the area of administration and basic information technology, for their insertion into the labor market. Benefitted: 160 youths Location: Barueri – SP	240,200.71	FIA
Preparing Youths for the Job Market (Preparando Jovens Para o Mercado de Trabalho)	Social Opportunity Institute	To prepare lower income youths from the public school system to meet the challenges of the labor market through professional training in administration and technology, and through school reinforcement. Benefitted: 432 youths Location: São Paulo – SP	250,000.00	FIA

Name of the project	Institution/proponent	Objective, number benefitted, and location	Investment (R\$)	Law
Investments carried out by Sustainability area				
Reação School for Judo and Education	Reação Institute	Promote social inclusion and human development through sport and education. Benefitted: 1,300 children and adolescents Location: Rio de Janeiro – RJ	871,466.47	Sport
Year II – Rugby Playing Together	Educational Sports Foundation for Youths and Adolescents (Fundação Esportiva Educacional Pró-Criança e Adolescente – EPROCAD)	To promote education and social inclusion through the practice of educational sports, using rugby to serve children and adolescents. Benefitted: 200 children and adolescents Location: Santana de Parnaíba – SP	300,000.00	Sport
Educational Sports Nuclei (Núcleos Esportivos Educacionais)	Janeth Arcain Sports Association (Associação Esportiva Janeth Arcain)	Through the practice of basketball, improve the physical and intellectual abilities of children and youths served by the project. Additionally, offer dietary reinforcement. Benefitted: 100 children and adolescents Location: Santo André – SP	424,440.10	Sport
Year 5 – Open Games at the Vila (Jogo Aberto na Vila)	Gol de Letra Foundation	Contribute to the integral education of children, adolescents and youths, through sports, education and social interaction, which involve their families and other actors, such as public schools and residents of local neighborhood communities. Benefitted: 646 children and youths Location: São Paulo – SP	400,000.00	Sport
Opportunity through Sport IV (Oportunidade através do Esporte IV)	De Peito Aberto	To offer sports activities in different modalities in the before or after school period, as an instrument for the socialization of youths through sports practice. Benefitted: 300 children and adolescents Location: Simões Filho – BA	575,000.00	Sport
Brazil Paralympics Talent Detection (Detecção de Talentos Paraolímpicos Brasil)	Superar Institute	Detect Paralympic talents through multidisciplinary care focusing on sports performance, health and quality of life, with psychological support. Benefitted: 100 athletes Location: Rio de Janeiro – RJ	230,000.00	Sport

Name of the project	Institution/proponent	Objective, number benefitted, and location	Investment (R\$)	Law
Investments carried out by Sustainability area				
Reação Judo and Educational School, Year II	Reação Institute	To offer judo and jiu-jitsu classes at the Reação Institute with the aim of disseminating inclusive sports practices, provided in a guided and playful way, and by integrating the socio-educational process with the education workshops. Benefitted: 1,300 children and adolescents Location: Rio de Janeiro – RJ	750,000.00	Sport
IEEA Network of Socioeducational Sports Nuclei	Sport and Education Institute	To maintain educational sports care centers that, through the educational process of sport, seek to contribute to the formation of the critical and participative citizen, as well as to favor the development of low-income communities. Benefitted: 300 people Location: Carapicuíba – SP	220,000.00	Sport
Longevity with Dignity: Care, Protect, and Promote	Torres de Melo Home	Maintain and improve the activities of the extended-stay housing at the Torres de Melo Home. Benefitted: 220 elderly Location: Fortaleza – CE	550,000.00	Elderly
Aging Young	Mão de Deus Support House	To promote humanized interdisciplinary care for the elderly living in the Mão de Deus Support House, with an opportunity to improve their physical, psychological and social conditions in a process of social inclusion, as well as ensuring that the elderly have a structure that meets their physical limitations and provides comfort. Benefitted: 80 elderly Location: Montenegro – RS	263,000.00	Elderly
Project for the Complete Protection of the Elderly in an Extended-Stay Institution and Maintenance of the Gustavo Nordlund Family Support Home for the Elderly	Gustavo Nordlund Home	Revitalize the Gustavo Nordlund Home through the funding of equipment and renovations, besides providing a better quality of life for the elderly in a more humanized, comfortable and safe environment. Benefitted: 80 elderly Location: Porto Alegre – RS	650,000.00	Elderly

Name of the project	Institution/proponent	Objective, number benefitted, and location	Investment (R\$)	Law
Investments carried out by Sustainability area				
Modern Radiotherapy for the Elderly	Angelina Caron Hospital	Acquire equipment for the Radiotherapy sector in order to streamline and provide training for radiotherapy procedures, as well as provide a more complete and efficient service and protect the patient during the procedure. Benefitted: 585 elderly Location: Campina Grande do Sul – PR	500,000.00	Elderly
Long Live Maturity (Viva Maturidade)	Conexão Social Integration Service (Conexão – Serviço de Integração Social)	Strengthen the elderly through the promotion of dance and arts activities, workshops and computer workshops, lectures on improving quality of life and income generation, and the practice of physical activities. Benefitted: 350 elderly Location: Carapicuíba – SP	491,161.59	Elderly
Expansion of the Elderly Services Program	Santa Casa of Porto Alegre	To increase the quality of treatment of chronic diseases of elderly people assisted in the Santa Casa of Porto Alegre in order to provide a precise diagnosis and offer the best practices of medicine to minimize the risks arising from these diseases, and to strengthen the health services directed at this group. Benefitted: 360,922 elderly Location: Porto Alegre – RS	400,000.00	Elderly
Support for the Elderly 2017	Pio XII Barretos Cancer Hospital Foundation	Expand and further qualify initiatives that address the treatment of the elderly and care of their families throughout the disease control process, free of charge, via SUS (Unified Health System). Benefitted: 105,000 elderly Location: Barretos – SP	2,575,780.59	Elderly

Name of the project	Institution/proponent	Objective, number benefitted, and location	Investment (R\$)	Law
Investments carried out by Sustainability area				
Project Happiness 2017	Beit Chabad of Brazil Israeli Charity Association (Associação Israelita de Beneficência Beit Chabad do Brasil)	Serve low-income children and adolescents in cancer treatment for a week, with the promotion of activities in the areas of theater, visual arts and creation of instruments from recycled materials. From the medical point of view, these cultural activities provide joy for the children and their relatives Benefitted: 16,000 people Location: São Paulo – SP	733,000.00	Rouanet
Annual Plan – Moinho Cultural South American Institute	Moinho Cultural South American Institute	Socially include children, adolescents and youths from border regions in a situation of social and economic vulnerability, with professional training in dance, music and technology, through daily before- or after-school classes. Benefitted: 390 children and adolescents Location: Corumbá – MS	600,000.00	Rouanet
Discover the Orchestra at Sala São Paulo 2017	São Paulo Symphony Orchestra (Orquestra Sinfônica do Estado de São Paulo – Osesp)	To develop musical appreciation in children and adolescents of the formal education network – elementary and middle levels of public and private schools. Benefitted: 40,000 children, youths and adults and 500 teachers Location: São Paulo – SP	420,000.00	Rouanet
Accessibility System for the Osesp Season at Sala São Paulo 2017	Osesp	Implement new processes and systems for providing access for the visually and hearing impaired to the experience of attending Osesp (São Paulo Symphony Orchestra) concerts at Sala São Paulo. Benefitted: 1,500 people Location: São Paulo – SP	280,000.00	Rouanet

Name of the project	Institution/proponent	Objective, number benefitted, and location	Investment (R\$)	Law
Investments carried out by Sustainability area				
National Brazilian Cultural Handicraft Network	Solidary Handicrafts of the Ruth Cardoso Institute (Artesol – Artesanato Solidário do Instituto Ruth Cardoso)	Promote training activities with the aim of educating artisans and productive groups from all Brazilian states about the use of technology for the development of their businesses. Benefitted: 3,000 people Location: National scope	380,162.00	Rouanet
Social Action for Music – Cycle 6	Social Action for Music (Ação Social pela Música – ASM)	Educate through music in order to integrate children, adolescents and youths into a central orchestral group, letting them experience art as an instrument of social insertion and personal growth. Benefitted: 253 youths Location: João Pessoa – PB	388,840.00	Rouanet
Orchestral Networks of Bahia – Neojibá Project	Social Action for Music Institute (Instituto de Ação Social pela Música – IASPM)	To promote the social development of children, adolescents and youths from the state of Bahia, with support for the musical initiatives in the interior of the State, which provides them with training in the area of music and management. Benefitted: 1,690 people Location: Interior of the State of Bahia	600,000.00	Rouanet
Network of Books and Inclusive Reading	Dorina Nowill Foundation	Production of books accessible for free at the online library of the Dorina Nowill Foundation, and distribution to institutions throughout the country; fortification of the National Inclusive Reading Network, which promotes activities to encourage inclusive reading in libraries, schools and social organizations in the five regions of Brazil. Benefitted: 90,000 people Location: National scope	350,000.00	Rouanet

Name of the project	Institution/proponent	Objective, number benefitted, and location	Investment (R\$)	Law
Investments carried out by Sustainability area				
Aria Social – Cultural Workshops	Aria Social	Offer free dance and music workshops with the intention of awakening the artistic and creative potential of the beneficiaries, which gives them better opportunities in their personal and professional formation, as well as in the construction of their civil identity. To also favor the professional training of dancers, musicians and dance educators. Benefitted: 420 children and youths Location: Jaboatão dos Guararapes – PE	400,000.00	Rouanet
2017 Season of Concerts by Artistic Groups of the Baccarelli Institute	Baccarelli Institute	To recoup the citizenship of youths in a socially vulnerable situations by means of contact with classical music, which allows beneficiaries, through rehearsals and music lessons, instruments and scenic expression, to perform concerts. Benefitted: 1,300 children and youths Location: São Paulo – SP	600,000.00	Rouanet
Maré do Amanhã Orchestra	Armando Prazeres Cultural Association (Associação Cultural Armando Prazeres)	Transform lives through music in order to keep children and youths in the classroom, and workshops for classical music and full-time instrumentation. Benefitted: 2,200 children and youths Location: Rio de Janeiro – RJ	400,000.00	Rouanet
Burda Academy	Hubert Burda Media	To train low-income people in the art of creating costumes for performing arts shows through a training course in sewing and cutting. After the training, the professionals are sent out into the job market. Benefitted: 230 people Location: São Paulo – SP	500,000.00	Rouanet

Name of the project	Institution/proponent	Objective, number benefitted, and location	Investment (R\$)	Law
Investments carried out by Sustainability area				
A Reign With No End (Um Reino Que Não Tem Fim)	Morumbi Social Integration Association (Associação Morumbi de Integração Social – Amis)	Provide stimulus to cultural art through before- and after-school dance classes for low-income children and adolescents. Carry out, at the end of the project, a classic ballet show with exclusive choreography. Benefitted: 230 children and adolescents Location: São Paulo – SP	350,000.00	Rouanet
Open Museum: Entrepreneurship and cultural management	Museum of Modern Art (MAM)	Prepare the entrepreneur to transform ideas into projects geared toward the creative industry chain in Brazil. Enable creative entrepreneurs to enhance their professional performance in management and businesses at museums. Benefitted: 40 people Location: São Paulo – SP	350,000.00	Rouanet
2018 Annual Plan TUCCA Music for the Cure	Association for Children and Adolescents with Cancer (Associação para Crianças e Adolescentes com Câncer – TUCCA)	Performing shows of the highest quality to benefit childhood and juvenile cancer cures. All proceeds go toward the treatment of children and adolescents with cancer, assisted by TUCCA in partnership with Santa Marcelina Hospital. Benefitted: 220 patients per month 1,200 spectators per show Location: São Paulo – SP	450,000.00	Rouanet
2017 Annual Plan – 5 Years HaHaHa	HaHaHa Institute	Transform the hostile hospital environment into a more pleasant environment for hospitalized children and adolescents, which contributes to the hospital space becoming seen as a place of culture and art. Benefitted: 31,332 children and adolescents Location: Belo Horizonte – MG	400,000.00	Rouanet

Name of the project	Institution/proponent	Objective, number benefitted, and location	Investment (R\$)	Law
Investments carried out by Marketing area				
ArtRio	Bex Cultural Events and Fairs (Bex Feiras e Eventos Culturais AS)	To hold the International Art Fair, in the city of Rio de Janeiro, with about one hundred national and international galleries, seeking to contribute to the success of the art production chain, the training of the public and the promotion of young artists. Benefitted: 371,000 people Location: Rio de Janeiro – RJ	1,450,000.00	Rouanet
Brazilian Theater Catalog	Fred Soares Gomes ME	Enable the enjoyment of cultural products and the population's access to 20 relevant and diversified theater arts shows. Benefitted: 6,024 people Location: Salvador – BA	262,000.00	Rouanet
CBJ Judo Tour and International Events	Brazilian Judo Confederation (Confederação Brasileira de Judô)	Carry out a talent search project in several cities in the North and Northeast of Brazil, as well as events that enable competition between Brazilian athletes and elite international athletes. Benefitted: 82,000 people Location: North and Northeast of Brazil	3,000,000.00	Rouanet
Ceará Show	Garis Produções Artísticas Ltda.	Produce musical spectacle that tells the story of Ceará and the people from Ceará. Benefitted: 250,000 people Location: Fortaleza – CE	600,000.00	Rouanet
City of Language	Modern Art Museum of São Paulo (Museu de Arte Moderna de São Paulo)	Exhibition that brought to Brazil the Bompas & Parr duo, known for its gastronomic creations, which provided audiences with a gastronomic experience. Benefitted: 37,042 people Location: São Paulo – SP	500,000.00	Rouanet

Name of the project	Institution/proponent	Objective, number benefitted, and location	Investment (R\$)	Law
Investments carried out by Marketing area				
Cine Pedal	Inffinito Entretenimento e Comunicações Ltda.	Event that sought to be a showcase for the promotion and diffusion of Brazilian cinema, through the outdoor exhibitions of feature films, with the energy generated by bicycles. Benefitted: 1,700 people Location: Goiânia – GO	1,499,145.00	Rouanet
Francisco's Two Sons (Dois Filhos de Francisco)	T4F Entretenimento S.A.	To assemble and produce the musical theater spectacle "Dois Filhos de Francisco," whose story – based on the Brazilian film of the same name – narrates the trajectory of the Brazilian country music duo Zezé Di Camargo & Luciano. Benefitted: 36,611 people Location: São Paulo – SP	1,200,000.00	Rouanet
Fatura 2017	Arte Projeto Promoções Ltda.	Organize a Gastronomic Festival with programming that includes instrumental music and performing arts. Benefitted: 73,000 people Location: Belém – PA, Belo Horizonte and Tiradentes – MG, São Paulo – SP and Fortaleza – CE	4,040,000.00	Rouanet
Literary Festival of Ouro Preto – Literature Forum	Ouro Preto Radio and Television Educational Foundation (Fundação Educativa de Rádio e Televisão Ouro Preto)	Provide a sample of the literary production of the contemporary world, with free activities divided into Main Programming, Letters Forum, Cycle of Journalism and Literature, Youth Space and Artistic Programming. Benefitted: 40,000 people Location: Ouro Preto – MG	100,000.00	Rouanet
FTC 2017	Parnaxx Ltda.	Carry out the 26th edition of the Curitiba Theater Festival, consolidated as the great showcase of artists and theater companies in Brazil and abroad, with approximately 400 spectacles. Benefitted: 200,000 people Location: Curitiba – PR	1,650,000.00	Rouanet

Name of the project	Institution/proponent	Objective, number benefitted, and location	Investment (R\$)	Law
Investments carried out by Marketing area				
GMIX	Parnaxx Ltda.	Hold a cultural event focusing on instrumental music, performing arts and gastronomy. Benefitted: 18,000 people Location: Florianópolis – SC, Curitiba – PR and Foz do Iguaçu – PR	855,000.00	Rouanet
Les Miserables	T4F Entretenimento S.A.	Production of the famous musical “Les Miserables.” Adaptation based on Victor Hugo’s novel about love, hope and solidarity. Benefitted: 345,000 people Location: São Paulo – SP	3,850,000.00	Rouanet
Mimo 2017	Lu Araújo Produções Artísticas Ltda.	Hold a festival dedicated to instrumental music, bringing together artists from the segment in cities that preserve historical values and features. The festival also hosts a film screening dedicated to musical cinematography, an educational section, lectures and poetry readings. Benefitted: 148,000 people Location: Rio de Janeiro – RJ, Paraty – RJ and Olinda – PE	3,000,000.00	Rouanet
Illuminated Christmas 2017	Guaimbé Bureau de Cultura Ltda.	Hold a free festival with the presentation of instrumental music, exhibition of visual arts and presentation of theater arts with a Christmas theme. Benefitted: 17,000 people Location: São Paulo – SP	150,000.00	Rouanet
Magic Christmas Circulation (Circulação Natal Mágico)	Campo Produção, Eventos e Promoções Ltda.	Carry out the second edition of the Magical Christmas Circulation project, which provides for the assembly of a Christmas show intended for the family. Benefitted: 18,237 people Location: Rio de Janeiro – RJ, São Paulo – SP and Porto Alegre – RS	2,000,000.00	Rouanet

Name of the project	Institution/proponent	Objective, number benefitted, and location	Investment (R\$)	Law
Investments carried out by Marketing area				
Risadaria	Risadaria Eventos Culturais e Produções Artísticas Ltda.	Hold the Festival and Exhibition of Comedic Arts, which gathers comedians from all over Brazil, composed of shows, panel discussions, musical attractions and children's programming. Benefitted: 1,651,098 people Location: São Paulo – SP	600,000.00	Rouanet
Roque Santeiro	Branca e Branca Produções Artísticas Ltda.	To produce a musical based on the work of Dias Gomes, "Roque Santeiro," in homage to the 50 year anniversary of the creation of the original work, written in 1963 and adapted for television, in the format of a telenovela, on the Globo Network. Benefitted: 37,204 people Location: São Paulo – SP, Campinas – SP, Curitiba – PR and Belo Horizonte – MG	350,000.00	Rouanet
Steve Jobs Exhibition	Fullbrand Brasil Produções Artísticas Ltda.	Put together an exhibition about the career of visionary Steve Jobs, one of the most influential entrepreneur in contemporary history, who has given rise to companies like Apple, Pixar, and Next, among others. Benefitted: 50,000 people Location: Rio de Janeiro – RJ and São Paulo – SP	500,000.00	Rouanet
Seasoning at the Fort	2D Comunicação, Projetos Culturais e Eventos Ltda. ME	Carry out a gastronomic event with presentations of instrumental music, exhibition of visual arts and a local crafts fair, which enables the execution of the entire production chain through cultural and artistic manifestations. Benefitted: 20,000 people Location: Salvador – BA	530,000.00	Rouanet
			Total: 48,436,808.73	

GRI

content index

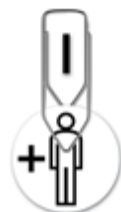
GRI 102-55



The index of GRI content indicates the page location for all the indicators mentioned in this report. It also provides a correlation between these indicators and GRI aspects with the Global Compact and the Sustainable Development Goals (SDGs), established on standard market studies*. The aim is to demonstrate Cielo's contribution to these commitments.

* Making the Connection: Using the GRI G4 Guidelines to Communicate Progress on the UN Global Compact Principles; e SDG-Compass-Linking-the-SDGs-and-GRI.

Global Compact Principles



Respect

and support internationally proclaimed human rights in your area of influence



Ensure

that your Company does not participate in any way in the violation of human rights



Support

freedom of association and recognize the right to collective bargaining



Eliminate

all forms of forced or compulsory labor



Eradicate

all forms of child labor in your production chain



Stimulate

all practices that eliminate any form discrimination in the workplace



Assume

a responsible, preventive, and proactive posture toward environmental challenges



Develop

initiatives and practices to promote and divulge socioenvironmental responsibility



Promote

the development and dissemination of environmentally responsible technologies



Fight

corruption in all its forms, including extortion and bribery

Sustainable Development Goals (SDG)



No poverty

End poverty in all its forms everywhere



Zero hunger

End hunger, achieve food security and improved nutrition and promote sustainable agriculture



Good health and well-being

Ensure healthy lives and promote well-being for all at all ages



Quality education

Ensure inclusive and quality education for all and promote lifelong learning



Gender equality

Achieve gender equality and empower all women and girls



Clean water and sanitation

Ensure access to water and sanitation for all



Affordable and clean energy

Ensure access to affordable, reliable, sustainable and modern energy for all



Decent work and economic growth

Promote inclusive and sustainable economic growth, employment, and decent work for all



Industry, innovation, and infrastructure

Build resilient infrastructure, promote sustainable industrialization and foster innovation



Reduced inequalities

Reduce inequality within and among countries



Sustainable cities and communities

Make cities inclusive, safe, resilient, and sustainable



Responsible consumption and production

Ensure sustainable consumption and production patterns



Climate action

Take urgent action to combat climate change and its impacts



Life below water

Conserve and sustainably use the oceans, seas, and marine resources



Life on land

Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss



Peace, justice and strong institutions

Promote just, peaceful and inclusive societies



Partnership for the goals

Revitalize the global partnership for sustainable development

Universal standard	Standard	Pages/Answer	External assurance	SDG	Global Compact												
GRI 101: Foundation 2016																	
Organizational profile																	
GRI 102: General disclosure	102-1: Name of the organization	6															
	102-2: Activities, brands, products, and services	6															
	102-3: Location of headquarters	6															
	102-4: Location of operations	6															
	102-5: Ownership and legal form	6															
	102-6: Markets served	6															
	102-7: Scale of the organization	6															
	102-8: Information on employees and other workers	26 74		8	6												
	102-9: Supply chain	47															
	102-10: Significant changes to the organization and its supply chain	10 48															
	102-11: Precautionary Principle or approach	13															
	102-12: External initiatives	7 Cielo subscribes, endorses, and contributes to initiatives and associations focused on social development, environmental protection, and its business sector. In 2017, the amount invested in these programs totaled R\$1,005,818.16.															
	102-13: Membership of associations	7 Cielo subscribes, endorses, and contributes to initiatives and associations focused on social development, environmental protection, and its business sector. In 2017, the amount invested in these programs totaled R\$1,005,818.16.															
		<table><tr><th>Name</th><th>R\$</th></tr><tr><td>ABECS</td><td>952,364.29</td></tr><tr><td>IBGC</td><td>6,229.87</td></tr><tr><td>GIFE</td><td>28,224.00</td></tr><tr><td>GVces</td><td>19,000.00</td></tr><tr><td>Total</td><td>1,005,818.16</td></tr></table>	Name	R\$	ABECS	952,364.29	IBGC	6,229.87	GIFE	28,224.00	GVces	19,000.00	Total	1,005,818.16			
Name	R\$																
ABECS	952,364.29																
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GVces	19,000.00																
Total	1,005,818.16																

Universal standard	Standard	Pages/Answer	External assurance	SDG	Global Compact
Strategy					
GRI 102: General disclosure	102-14: Statement from senior decision-maker	4			
	102-15: Key impacts, risks, and opportunities	12			
Ethics and integrity					
GRI 102: General disclosure	102-16: Values, principles, standards, and norms of behavior	6 11 14 48		16	10
Governance					
GRI 102: General disclosure	102-18: Governance structure	11			
	102-29: Identifying and managing economic, environmental, and social impacts	12		16	
	102-31: Review of economic, environmental, and social topics	12 13			
Stakeholder engagement					
GRI 102: General disclosure	102-40: List of stakeholder groups	3			
	102-41: Collective bargaining agreements	32		8	3
	102-42: Identifying and selecting stakeholders	3			
	102-43: Approach to stakeholder engagement	8 32 48 64			
	102-44: Key topics and concerns raised	32 64			

Universal standard	Standard	Pages/Answer	External assurance	SDG	Global Compact
Reporting practice					
GRI 102: General disclosure	102-45: Entities included in the consolidated financial statements	The Company's financial statements include all the companies in which Cielo has a stake, in accordance with accounting rules for consolidation. In the case of Servinet, Cielo USA (and its subsidiary Merchant e-Solutions), Braspag, Multidisplay (and its subsidiary M4 Produtos), Cateno, Aliança, FIDC-NP, FIDC Plus, and FIC Pegasus, earnings were wholly consolidated, that is, the holding company recognized all their assets, liabilities, revenue and costs, which made it necessary to recognize non-controlling interest. In the case of Paggo, Orizon and Stelo, the earnings are categorized as equity. There are no entities included in the consolidated financial reports or in equivalent Company documents that are not covered by the report.			
	102-46: Defining report content and topic boundaries	3 Social and environmental data presented in the Report include Cielo S.A., which represents more than 75% of the group's business operations.			
	102-47: List of material topics	3 69			
	102-48: Restatements of information	74 During the year, there was an increase in capital – from R\$3,500,000,000.00 divided among 2,264,012,551 shares, to R\$4,700,000,000.00 divided into 2,716,815,061 shares.			
	102-49: Changes in reporting	Material topics were added following a revision of materiality (in the Market pillar: fraud prevention and control; and in the Economy pillar: continuity of business).			
	102-50: Reporting period	3			
	102-51: Date of most recent report	The previous Cielo sustainability report, referring to 2016, was published on April 28, 2017.			

Universal standard	Standard	Pages/Answer	External assurance	SDG	Global Compact
Reporting practice					
GRI 102: General disclosure	102-52: Reporting cycle	3			
	102-53: Contact point for questions regarding the report	3			
	102-54: Claims of reporting in accordance with the GRI Standards	3			
	102-55: GRI content index	93			
	102-56: External assurance	3 108			
Specific topics					
	Standard	Pages/Answer	External assurance	SDG	Global Compact
Economic performance					
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	3 69			
	103-2: The management approach and its components	43			
	103-3: Evaluation of the management approach	43			
GRI 201: Economic performance	201-1: Direct economic value generated and distributed	46			
	201-3: Defined benefit plan obligations and other retirement plans	32 77			
		In 2017, Cielo used R\$75.2 million in tax benefits – R\$65.6 million related to tax incentives from the Lei do Bem (Law For Good), Rouanet Law, Sports Law, Children's Rights Fund Law, Workers Meal Program (PAT), and from Extending Maternity and Paternity Leave, as well as R\$9.5 million related to credits received from the Machinery and Equipment Financing (Finame) program and from the Studies and Projects Financing (Finep) program of the National Development Bank (BNDES), which provides special interest rates.			
	201-4: Financial assistance received from government				

Specific topics	Standard	Pages/Answer	External assurance	SDG	Global Compact
Indirect economic impact					
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	3 69			
	103-2: The management approach and its components	68			
	103-3: Evaluation of the management approach	68			
GRI 203: Indirect economic impact	203-1: Infrastructure investments and services supported	36 58		2 5 7 9 11	
	203-2: Significant indirect economic impacts	8 58		1 2 3 8 10 17	
Anti-corruption					
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	3 69			
	103-2: The management approach and its components	14			
	103-3: Evaluation of the management approach	14			
GRI 205: Anti-corruption	205-1: Operations assessed for risks related to corruption	17		16	10
	205-2: Communication and training about anti-corruption policies and procedures	16 17		16	10
	205-3: Confirmed incidents of corruption and actions taken	In 2017, no cases of corruption were found in Cielo operations.		16	10
Anti-competitive behavior					
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	3 69			
	103-2: The management approach and its components	14			
	103-3: Evaluation of the management approach	14			

Specific topics	Standard	Pages/Answer	External assurance	SDG	Global Compact
Anti-competitive behavior					
GRI 206: Anti-competitive behavior	206-1: Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	In 2017, a civil action filed by Fecomércio of Santa Catarina against Cielo which discusses the validity of certain contractual clauses signed by commercial establishments. The Administrative Council of Economic Defense (Cade) was asked to provide an opinion and stated that there was no violation of economic order, which is why it did not become involved in the suit. The case was extinguished without a ruling of the merits of the case in March 2017, due to a lack of legitimacy on the part of Fecomércio SC and the interest of the unions that were part of the suit. In December 2017, Cielo was notified about a similar proposal by Fecomércio SC, which also requested that Cade evaluate the possibility of intervening in the case. The lawsuit was filed against Cielo, Rede, and Banrisul; at the end of the year, none of these parties had presented a defense. There is also an older suit, filed by the Association of Bars and Restaurants of the State of Rio de Janeiro, which seeks to nullify the clause that allows for different prices. The case was deemed to have no validity, and part of its argument was undermined after recent changes that allowed for differentiated prices.		16	
Energy					
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	3 69			
	103-2: The management approach and its components	50			
	103-3: Evaluation of the management approach	50			
GRI 302: Energy	302-1: Energy consumption within the organization	51 The conversion of liters to gigajoules was made based on conversion factors published by the National Energy Balance.		7	7 8

Specific topics	Standard	Pages/Answer	External assurance	SDG	Global Compact
Water					
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	3 69			
	103-2: The management approach and its components	50			
	103-3: Evaluation of the management approach	50			
GRI 303: Water	303-1: Water withdrawal by source	51		6	
Emissions					
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	3 69			
	103-2: The management approach and its components	50			
	103-3: Evaluation of the management approach	50			
GRI 305: Emissions	305-1: Direct GHG emissions (Scope 1)	55		3 12 13 14 15	7 8
	305-2: Energy indirect GHG emissions (Scope 2)	55		3 12 13 14 15	7 8
	305-3: Other indirect GHG emissions (Scope 3)	55		3 12 13 14 15	7 8
Effluents and waste					
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	3 69			
	103-2: The management approach and its components	50			
	103-3: Evaluation of the management approach	50			
GRI 306: Effluents and waste	306-2: Waste by type and disposal method	52		3 6 12	8
	306-4: Transport of hazardous waste	52		3 6	8

Specific topics	Standard	Pages/Answer	External assurance	SDG	Global Compact
Environmental compliance					
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	3 69			
	103-2: The management approach and its components	50			
	103-3: Evaluation of the management approach	50			
GRI 307: Environmental compliance	307-1: Non-compliance with environmental laws and regulations	51 The Company did not receive during the fiscal year significant fines or non-monetary sanctions as a result of noncompliance with environmental laws and/or regulations.		16	
Supplier environmental assessment					
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	3 69			
	103-2: The management approach and its components	47			
	103-3: Evaluation of the management approach	47			
GRI 308: Supplier environmental assessment	308-1: New suppliers that were screened using environmental criteria	In 2017, two new suppliers were selected based on environmental criteria. The partners promoted the responsible discard of payment terminals. Cielo also continued during the year with efforts related to its participation in the Framework of Sustainable Purchases, seeking to integrate the directives and principles of ISO 20400 norms. Cielo continues to develop a pilot-project to develop a Risk and Materiality Matrix for the Supply Chain, in partnership with member companies.			
	308-2: Negative environmental impacts in the supply chain and actions taken	48			

Specific topics	Standard	Pages/Answer	External assurance	SDG	Global Compact
Employment					
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	3 69			
	103-2: The management approach and its components	27			
	103-3: Evaluation of the management approach	27			
GRI 401: Employment	401-1: New employee hires and employee turnover	26 75 76		5 8	6
Training and education					
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	3 69			
	103-2: The management approach and its components	27			1
	103-3: Evaluation of the management approach	27			
GRI 404: Training and education	404-1: Average hours of training per year per employee	26 29 75 76 77		4 5 8	6
	404-2: Programs for upgrading employee skills and transition assistance programs	29 30		8	
	404-3: Percentage of employees receiving regular performance and career development reviews	30		5	6
Diversity and equal opportunity					
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	3 69			
	103-2: The management approach and its components	27			
	103-3: Evaluation of the management approach	27			

Specific topics	Standard	Pages/Answer	External assurance	SDG	Global Compact
Diversity and equal opportunity					
GRI 405: Diversity and equal opportunity	405-1: Diversity of governance bodies and employees	78 The Cielo Board of Directors (BD) is composed of 11 members: 30% between the ages of 30 and 50 years, and 60% older than 50 years. There are seven executives: one is older than 50, one is younger than 40, and the others are all between 40 and 50 years of age. With regard to gender and race, one member of the BD is of Asian descent, and one is of mixed race; one member of the executive board is a woman. Also, bylaws of the BD and the executive board stipulate that the nomination of members should observe "the different areas of knowledge, which provides opportunities for prepared and efficient professionals, based on meritocracy, regardless of gender, age, ethnicity, nationality, and educational background." The division of the members by job title, age group, and gender (as well as for all employees) is available in the Annexes .		5 8	6
	405-2: Ratio of basic salary and remuneration of women to men	32 77		5 8 10	6
Supplier social assessment					
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	3 69			
	103-2: The management approach and its components	47			
	103-3: Evaluation of the management approach	47			
GRI 414: Supplier social assessment	414-1: New suppliers that were screened using social criteria	48		5 8 16	4 5
	414-2: Negative social impacts in the supply chain and actions taken	48		5 8 16	4 5

Specific topics	Standard	Pages/Answer	External assurance	SDG	Global Compact
Public policy					
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	3 69			
	103-2: The management approach and its components	14			
	103-3: Evaluation of the management approach	14			
GRI 415: Public policy	415-1: Political contributions	15		16	10
Customer privacy					
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	3 69			
	103-2: The management approach and its components	66			
	103-3: Evaluation of the management approach	66			
GRI 418: Customer privacy	418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	66		16	
Socioeconomic compliance					
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	3 69			
	103-2: The management approach and its components	12			
	103-3: Evaluation of the management approach	12			

Specific topics	Standard	Pages/Answer	External assurance	SDG	Global Compact
Socioeconomic compliance					
GRI 419: Socioeconomic compliance	419-1: Non-compliance with laws and regulations in the social and economic area	Due to the nature of Cielo activities and relationships with its clients, the Company is subject to legal and administrative proceedings that allege violations of laws and contracts. In 2017, the Company was subject to convictions and sanctions, including monetary and non-monetary, none of which were relevant – using the criteria of totaling more than 1% of revenue. During the year, 6,332 civil cases were concluded, with a total sentencing value of R\$6.7 million. These cases are not linked to bribery or any anticorruption legislation, nor to uncompetitive business practices. They include, for example, undue charges for equipment rental, occasional disagreements with customers (commercial establishments) related to fraud or chargebacks in transactions, among others.		16	

Sector disclosure	Information	Pages/Answer	External assurance	SDG	Global Compact
Sector supplement – financial sector					
DMA: Product portfolio	Former FS1: Policies with specific environmental and social components applied to business lines	58		10	
	Former FS2: Procedures for assessing and screening environmental and social risks in business lines	13		10	
	Former FS3: Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	66			
Local communities	FS13: Access points in low-populated or economically disadvantaged areas by type	63		1 8 10	7 8
	FS14: Initiatives to improve access to financial services for disadvantaged people	68		1 8 10	7 8
DMA: Product and service	Former FS16: Initiatives to enhance financial literacy by type of beneficiary	68		1 8 10	

Limited assurance report issued by independent auditors

GRI 102-56

To the Board of Directors, Shareholders and Stakeholders

Cielo S.A.
Barueri – SP

Introduction

We have been engaged by Cielo S.A. (Cielo or “Company”) to apply limited assurance procedures on the sustainability information disclosed in Cielo’s Sustainability Report 2017, related to the year ended December 31st, 2017.

Responsibilities of Cielo’s Management

The Management of Cielo is responsible for adequately preparing and presenting the sustainability information in the Sustainability Report 2017 in accordance with the *Standards for Sustainability Report of Global*

Reporting Initiative -GRI, as well as the internal controls determined necessary to ensure this information is free from material misstatement, resulting from fraud or error.

Independent auditors’ responsibility

Our responsibility is to express a conclusion about the information in the Sustainability Report 2017 based on a limited assurance engagement conducted in accordance with Technical Communication (TC) 07/2012, which was prepared based on NBC TO 3000 (Assurance Engagements Other Than Audits and Reviews), both issued by the Brazilian Federal Accounting Council - CFC and equivalent to international standard ISAE 3000, issued by the International Federation of Accountants and applicable to Non-Financial Historical Information. These standards require compliance with ethical requirements, including independence ones, and the engagement is also conducted

to provide limited assurance that the information disclosed in the Cielo’s Sustainability Report 2017, taken as a whole, is free from material misstatement.

A limited assurance engagement conducted in accordance with NBC TO 3000 (ISAE 3000) consists mainly of questions and interviews with the Management of Cielo and other professionals of the Company involved in the preparation of the information disclosed in the Sustainability Report 2017 and use of analytical procedures to obtain evidence that enables

us to reach a limited assurance conclusion about the sustainability information taken as a whole. A limited assurance engagement also requires additional procedures when the independent auditor acknowledges issues which may lead them to believe that the information disclosed in the Sustainability Report 2017 taken as a whole could present material misstatement.

The selected procedures were based on our understanding of the issues related to the compilation, materiality and presentation of the information disclosed in the Sustainability Report 2017, on other engagement circumstances and also on our considerations regarding areas and processes associated with material sustainability information disclosed where relevant misstatement could exist. The procedures consisted of:

(a) engagement planning: considering the material aspects for Cielo's activities, the relevance of the information disclosed, the amount of quantitative and qualitative information and the operational systems and internal controls that served as a basis for preparation of the information in the Cielo's Sustainability Report 2017. This analysis defined the indicators to be checked in details;

- (b) understanding and analysis of disclosed information related to material aspects management;
- (c) analysis of preparation processes of the Sustainability Report 2017 and its structure and content, based on the Principles of Content and Quality of the *Standards* for sustainability report of the Global Reporting Initiative - GRI (GRI-Standards);
- (d) evaluation of non financial indicators selected:
 - o understanding of the calculation methodology and procedures for the compilation of indicators through interviews with management responsible for data preparation;
 - o application of analytical procedures regarding data and interviews for qualitative information and their correlation with indicators disclosed in the Sustainability Report 2017;
 - o analysis of evidence supporting the disclosed information;
 - o visits to Cielo's operations and offices for application of these procedures, and items (b) and (c);

- (e) analysis of whether the performance indicators omission and justification are reasonable to be accepted associated to aspects and topics defined as material in the materiality analysis of the Company;
- (f) comparison of financial indicators with the financial statements and/or accounting records.

We believe that the information, evidence and results we have obtained are sufficient and appropriate to provide a basis for our limited assurance conclusion.

Scope and limitations

The procedures applied to a limited assurance engagement are substantially less extensive than those applied to a reasonable assurance engagement. Therefore, we cannot provide reasonable assurance that we are aware of all the issues that would have been identified in a reasonable assurance engagement, which aims to issue an opinion. If we had conducted a reasonable assurance engagement, we may have identified other issues and possible misstatements within the information presented in the Sustainability Report 2017.

Nonfinancial data is subject to more inherent limitations than financial data, due to the nature and diversity of the methods used to determine, calculate or estimate these data. Qualitative interpretation of the data's materiality, relevance and accuracy are subject to individual assumptions and judgments. Additionally, we have not examined data related to prior periods, evaluated the adequacy of the company's policies, practices and sustainability performance, nor future projections.

Conclusion

Based on the procedures carried out, described earlier in this report, we have not identified any relevant information that leads us to believe that the information in Cielo's Sustainability Report 2017 is not fairly stated in all material aspects in accordance with the *Standards for Sustainability Report of Global Reporting Initiative - GRI (GRI-Standards)*, as well as its source records and files.

São Paulo, March 29th, 2018

KPMG Assessores Ltda.

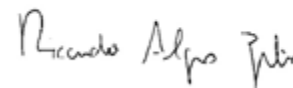
CRC 2SP034262/O-4 F-SP



Eduardo V. Cipullo

Accountant CRC 1SP135597/O-6

KPMG Financial Risk & Actuarial Services Ltda.



Ricardo Algis Zibas

Corporate information

Cielo S.A.

CNPJ: 01.027.058/0001-91

CVM Code: 02173-3 NIRE: 35.300.144.112

Headquarters: Alameda Xingu, 512 – 21st to 31st
floors, Alphaville – Centro Industrial e Empresarial.

CEP: 06455-030 – Barueri (SP) – Brazil

Investor Relations

E-mail: ri@cielo.com.br

Site: www.cielo.com.br/ri

Custodian bank

Banco Bradesco S.A.

Tel.: (11) 3684-9441

E-mail: 4010.acecustodia@bradesco.com.br

Cielo's ADR Program

Deutsche Bank Trust Company Americas

C/o American Stock Transfer & Trust Company

Peck Slip Station

P.O. Box 2050 – New York (NY) – 10272-2050 (EUA)

E-mail: DB@amstock.com

Shareholder Assistance Service (free)

(866) 249-2593

Shareholder Assistance Service

(Internacional): (718) 921-8137

Ticker: CIOXY

Cusip Code: 171778103

ISIN Code: US171778103

Credits

Independent auditors:

KPMG Financial Risk & Actuarial Services Ltda.

General coordinator:

Sustainability and Corporate Responsibility Board

GRI Consultant, editorial coordinator, design and editing:

TheMediaGroup

Content:

KMZ Conteúdo (coordination: TheMediaGroup)

Photography:

Cielo Image Bank

Publication date:

04/05/2018



Mariana Rodrigues de Camargo
Owner of Clamarroca Plus

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