



# 2021 Integrated Report





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# ABOUT THE REPORT

We present below our **2021 TOTVS Integrated Report** (“**Integrated Report**”), with the primary objectives of portraying our essence, our performance and sharing with our stakeholders, the market, and society the continuity of the evolution in the Company’s Sustainability/ ESG Agenda in terms of sustainability initiatives, strategy and business results, as well as projects, programs and value creation actions. Thus, we continue the process of communication and accountability with stakeholders and society, started in 2016 (base year 2015).

In the Report, we emphasize the key features of 2021, reinforce who we are, highlight our performance and management strategy and show how we generate value for shareholders, investors, employees, customers, suppliers and other audiences, in addition to society. [\[ GRI 102-40, 102-42, 102-50 \]](#)

We remain firm in our trajectory and in our continuous growth, and we pride ourselves on maintaining our direction and achieving significant results even in a year as challenging as 2021, with the worsening of the Covid-19 pandemic and the difficulties posed by challenges in the global socioeconomic scenario.

This Integrated Report, which is also part of our Global Compact Communication on Progress (CoP), contains financial and non-

financial information, and it was developed under the guidelines of the **Global Reporting Initiative (GRI)**, in the GRI Standards version, Core option. The assumptions of integrated report were also considered, in line with the guidelines of the **International Integrated Reporting Council (IIRC)**, and the principles of the United Nations **Global Compact and Sustainable Development Goals (SDGs)**. [\[ GRI 102-54 \]](#)

The development of this document is coordinated by the Investor Relations Department, and involves the engagement of a large number of areas of the Company, which are dedicated to the management and measurement of GRI indicators and comply with the guidelines of the International Integrated Reporting Council, and participate in the annual cycle of data collection and construction of editorial content. Its approval process includes the (i) recommendation stage, with the participation of the Statutory Audit and Governance and Nomination Committees, bodies that advise the governance structure, and (ii) the approval stage, in which the Board of Directors ratifies the document for publication to the market.

The markings related to the GRI indicators are highlighted in the Report, in the format of the number of each indicator. At

the end of the document, we have the consolidated GRI Table, with all the indicators. Throughout the document, there are also data regarding the capitals of our integrated report and our correlations with the Sustainable Development Goals (SDGs) and Global Compact Principles. [\[GRI 102-46\]](#)

In addition, and as a way to make the understanding and analysis of certain specific subjects easier, the text has some links referring to external content or other content in the Report itself, complementing the reading experience.

Finally, it is important to point out that the Report was submitted to external verification conducted by KPMG, in order to assess the adherence of the Report to the GRI aspects and guidelines, as well as to the assumptions of the Integrated Report. The financial information included herein comprehends the Company’s consolidated operations and underwent an external audit, also of KPMG, upon the disclosure of TOTVS’s 2021 complete financial statements. [\[GRI 102-56\]](#)

For any comments, questions or suggestions and contributions on the Report, please contact us via email: [ri@totvs.com.br](mailto:ri@totvs.com.br). [\[ GRI 102-53 \]](#)

**Have a good read!**

Our Integrated Report is released annually. This Report comprises the period from January 1 to December 31, 2021. All our operations in Brazil and abroad are covered. The digital version of this Report is available on our Investor Relations website, [click here](#) and at CVM website. [\[ GRI 102-50, 102-52 \]](#)







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# MATERIALITY

[ GRI 102-40, 102-42, 102-43, 102-44, 102-47, 103-1, 103-2, 103-3 ]

Our material topics make up a fundamental compass in our strategic performance. Our current material topics were defined in the first half of 2021, when we renewed the **process of defining priority topics (materiality)**, which had been carried out previously in 2018.

**These themes are linked to our Sustainability/ESG Agenda**, considering aspects related to the social, economic, environmental and corporate governance dimensions, besides the impacts inherent to the Covid-19 pandemic. Thus, in 2021 we advanced in our Sustainability/ESG Agenda, with the formation of working groups and committees more focused on the topics and the SDGs that were a priority for the Organization. [ GRI 102-26 ]

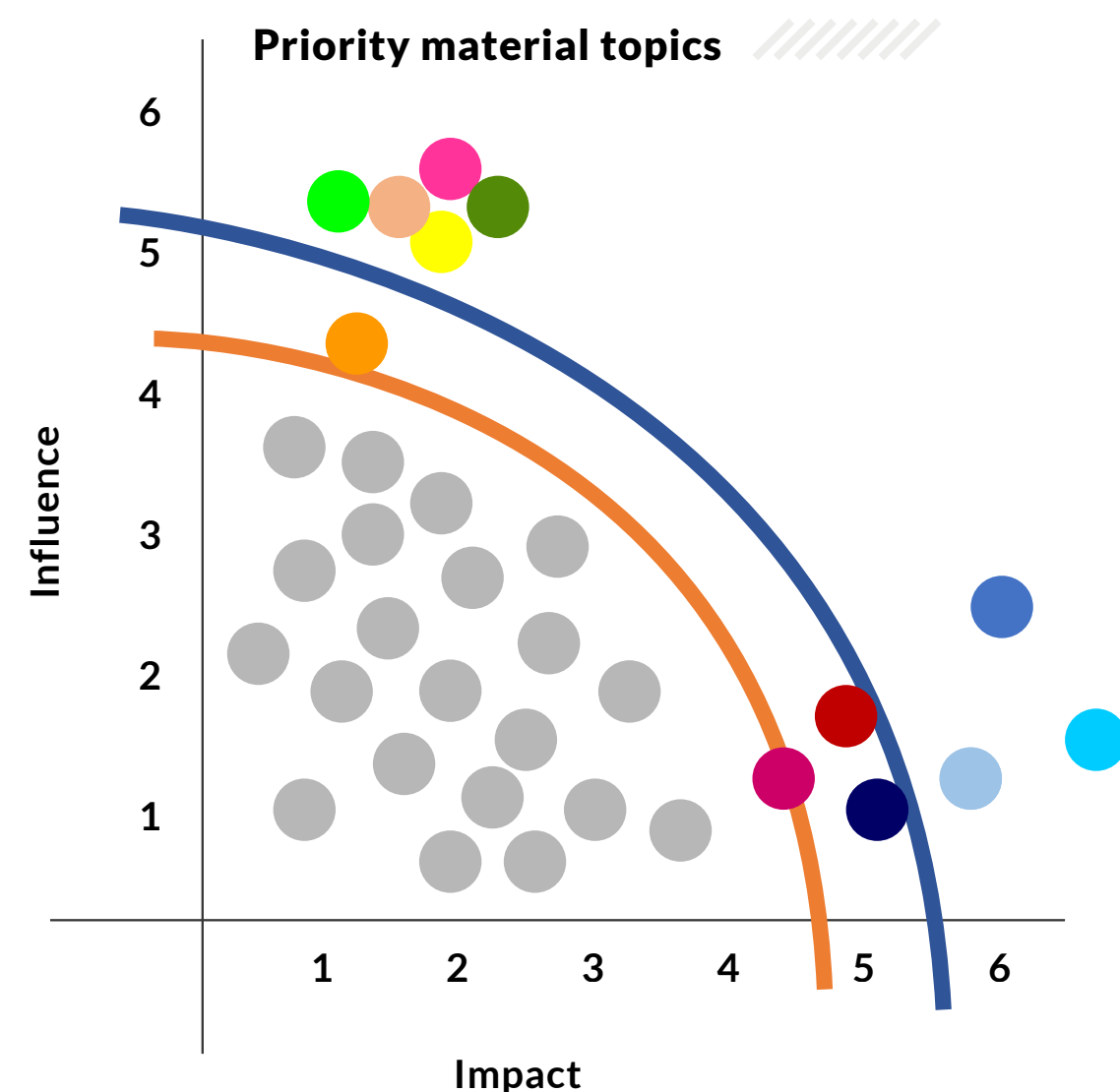
The **priority themes** are defined from the intersection of the perceptions of our internal audiences and the different views of external stakeholders considered strategic, captured through quantitative surveys and qualitative interviews. The results are also based on the analysis of the ability of our response to stakeholder expectations, to manage our positive and negative impacts, and to generate value to different stakeholders.

Our **stakeholders** are identified from consultations with internal areas. They are defined as strategic according to the intensity of the activities and the relationship with the Company, as well as depending on the degree of impact on the performance of our operations.

The topics are grouped in a **Materiality Matrix**, which reflects the degree of importance of relevant and/or emerging topics for the technology industry sector, considering both current and future scenarios, their challenges and opportunities, as well as topics related to business strategy and global agendas, such as the UN Sustainable Development Goals (SDGs) and Global Compact, to which we have been a signatory since 2014. The impacts of the Covid-19 pandemic were also considered in this review of material topics.

[ GRI 102-15, 102-33 ]

Because of the stakeholder consultation process, **12 material topics** were defined, which were approved by our Board of Directors and have been developed through preparing action plans and the formalization of commitments of our Sustainability/ESG Agenda. [ GRI 102-44 ]



## Priority material topics

[ GRI 102-44, 103-1, 103-2, 103-3 ]

- |                                                     |                                                     |
|-----------------------------------------------------|-----------------------------------------------------|
| WORKING CONDITIONS AND QUALITY OF LIFE              | NEW WAYS OF WORKING                                 |
| DIVERSITY AND INCLUSION                             | DIGITAL TRANSFORMATION AND NEW BUSINESS MODELS      |
| TALENT ATTRACTION AND RETENTION                     | RELATIONSHIP AND CUSTOMER SATISFACTION              |
| EDUCATION AND COMMUNICATION                         | SOCIAL INVESTMENT                                   |
| ETHICS, RESPONSIBILITY AND TRANSPARENCY IN BUSINESS | TECHNOLOGY, DIGITAL INCLUSION AND SOCIAL INEQUALITY |
| INNOVATION AND TECHNOLOGY SOLUTIONS                 | CLARITY OF PURPOSE                                  |

**INFLUENCE:** influence of external stakeholders in TOTVS' assessments and decisions (view of consulted external audiences + analysis of sectoral studies and national and international trends, in addition to assessment reports from rating agencies).

**IMPACT:** impact of the organization on the themes, through policies and business decisions (vision of the Executive Board, leaders of advisory committees to the Board of Directors of TOTVS, TOTVERS, ESG WG, policy analysis and other internal documents).

**Topics Zone 1** (topics considered to have the greatest influence and impact)

**Topics Zone 2** (topics considered to have influence and impact)

**Topics Zone 3** (themes that were not considered material, in the current context and within the consultation carried out in this cycle)





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MATERIALITY (2021) AND CORRELATION WITH THE SDGS [SDG 4, 5, 8, 9, 10, 12, 17]

Topics	Description of topics	Importance for TOTVS	Impacted audiences	Related GRI indicators	Correlation with SDGs
1 WORKING CONDITIONS AND QUALITY OF LIFE	Health and safety, quality of life, fair and industry-compatible wages. It also considers general working conditions and fair working hours, encompassing employees, suppliers and third-party workers.	The well-being and quality of life of its employees, inside and outside the office, is essential for employees to be more willing to accomplish their duties. Due to the pandemic, TOTVS started to pay even more attention to the physical, mental and emotional health of its employees, finding new ways to bring people together and cooperate remotely.	TOTVERS Franchisees Suppliers	102-41 401-1 401-2 401-3 403-9 403-10	
2 DIVERSITY AND INCLUSION	Diverse and inclusive workforce, with greater representation of gender, race, ethnicity, sexual orientation, among other factors.	Promoting human rights, diversity and inclusion are part of TOTVS' culture and values. The importance of diversity and inclusion (D&I) led the Company to build a program based on this value, divided into four pillars: gender, LGBTI+, people with disabilities, race and ethnicity. The program was officially launched in March 2020, after conducting a wide survey with our internal audience. Fun and inclusion is also one of our strategic pillars to retain and attract the best talent. We believe that a more diverse and inclusive workforce is important for innovation and for understanding the needs of an increasingly diverse customer base.	TOTVERS	202-1 405-1 405-2	
3 TALENT ATTRACTION AND RETENTION	Employer brand strength and ability to attract and retain the best talents.	TOTVS aims at selecting professionals in the market who are most adherent to the Company's opportunities, considering the potential, the required knowledge and the candidate's suitability for the Company's Culture (#WEARETOTVERS). We adopt people management practices as elements of competitive support in attracting and retaining the best talents, positioning ourselves in a competitive way in relation to the market. To this end, we invest in our employer brand strength, and apply a compensation and benefits model compatible with the market, in addition to providing an environment of continuous professional development.	TOTVERS	202-1 202-2 401-1 401-2 401-3 404-2 404-3	
4 EDUCATION & COMMUNICATION	Investment in training, communication, education and qualification of the workforce in new tools and technologies.	Understanding the importance of quality training and the huge challenge of training and qualifying professionals for the technology sector, TOTVS has developed a program called 'Network University', in which TOTVERS themselves produce and share content on a collaborative platform available to any employee. Also, the Company engages with other agents in the ecosystem to support the development of new professionals in Brazil. The Company is the founder and maintainer of the Social Opportunity Institute (IOS - Instituto de Oportunidade Social), through which it offers training for socially vulnerable young people for the labor market, with the purpose of providing access to technology and employment of qualified professionals for the economy of the future. And, in partnership with the Government of the State of São Paulo, it participates in the Minha Chance (My Chance) Program, which trains young students from State Vocational Schools ("ETECs") and State Technology Colleges ("FATECs").	Customers Investors Partners Innovation ecosys- tem - universities, colleges, research centers, startups Civil society TECH sector TOTVERS Government	404-1 404-2	  





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5 ETHICS, RESPONSIBILITY AND TRANSPARENCY IN BUSINESS	Maintain the highest level of discipline and financial management, ethics and responsibility, transparency of business practices and communication of results. Continuous improvement of accountability of the value generated by the business to its audiences.	We value ethics, responsibility and transparency in business when relating and communicating with stakeholders throughout TOTVS' value chain. We understand that monitoring, management and communication of economic, social, environmental and governance performance must be carried out in a clear and transparent manner, based on structured management and reporting processes, and with the guarantee that practical commitments are made for the evolution of the sustainability agenda integrated into the business.	TOTVS Senior Management and Leadership TOTVERS Franchises Customers Suppliers Investors Government Partners Innovation ecosystem - universities, research centers, startups Civil society TECH sector	102-16 102-17 102-25 102-37 205-3 414-1 418-1	
6 INNOVATION AND TECHNOLOGY SOLUTIONS	Innovations in products and services: for cities, smart transport, health, education, etc. Technology as an inducer to improve the quality of life. It involves partnerships for the development of sustainability solutions.	Market leader in Brazil and one of the three top players in Latin America, TOTVS generates income and royalties for the country and move the national economy forward through investments in research and development and new technologies applied to 12 strategic segments of the economy. It also promotes the development of technologies and solutions related to the most modern trends such as Big Data, Mobile, Social Media, Cloud, Artificial Intelligence, Computer Vision, Virtual Reality, Augmented Reality, among others, and the training of highly qualified professionals, contributing to the advancement of Brazil's innovative activity. We believe in the role of technology as a provider of solutions for contemporary social and environmental challenges.	Customers Investors Partners Innovation ecosystem - universities, colleges, research centers, startups Civil society TECH sector TOTVERS	102-2 201-1 203-1	 
7 NEW WAYS OF WORKING	Remote work; migration of professionals to teleworking (home office).	Due to the health crisis scenario due to the Covid-19 pandemic, teleworking was implemented throughout the Company. In order to enable staff migration, TOTVS offered courses via network university and live sessions through an e-learning platform and infrastructure availability for TOTVERS. Another important factor was the breaking of geographic barriers in relation to attracting talent. Flexibility and hybrid working models are the "new normal".	TOTVERS Customers Suppliers Franchisess	102-41 404-1 404-2	





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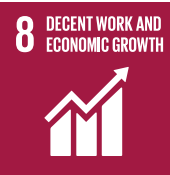

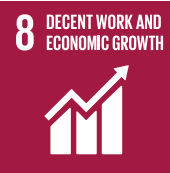

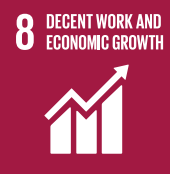


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Topics	Description of topics	Importance for TOTVS	Impacted audiences	Related GRI indicators	Correlation with SDGs
8 DIGITAL TRANSFORMATION AND NEW BUSINESS MODELS	The company's investment in infrastructure, digitization, in its management software and digital product development processes. Adoption and offer of new technologies.	The evolution to new business models has been successful. New services and integrated models (licensing and subscription) contribute to greater business profitability, considering the constant changes in technological, market, legislation and behavioral aspects. The digital transformation was further accelerated by the context of the Covid-19 pandemic. With accelerated digitization due to the isolation imposed by the Covid-19 pandemic, we have even more widely adopted online sales channels and teleworking models: our remote project deliveries went from 25% to 90% and cloud solutions to new customers increased from 65% to over 85%.	Customers TOTVERS Franchises Investors	102-2 404-1 404-3 418-1	 
9 CUSTOMER RELATIONSHIP AND SATISFACTION	Continuous improvement of customer service and relationship processes and management of satisfaction and retention rates.	With a base of nearly 40,000 customers and presence in over 40 countries, one of the Company's main characteristics is the capillarity of its distribution model, which translates into its strong presence, close relationship, loyalty and partnership with its customers. The business model focuses on the customer, directly understanding the particularities and needs of their business (B2B - Business to Business) and also considering the needs of their final consumers (B2C - Business to Consumer), with the purpose of increasing the efficiency and profitability of its customers through technology and innovation that generate results and value to their business.	Customers Franchises Investors TOTVERS	102-43 418-1	
10 SOCIAL INVESTMENT	Investment of the company's financial resources in projects and organizations that demonstrate commitment to sustainable development and the social and digital transformation of the country.	As a national Company with the responsibility of being the largest technology Company in Brazil, TOTVS believes that it is part of its legacy to promote the development of the technology sector, especially among young people, so that they may invest in careers for the future, but who may also have the skills to understand dilemmas and propose solutions, as techs, but also as citizens, capable of intervening positively in their own realities and communities. Therefore, among the various initiatives on social and environmental responsibility it promotes, there is the Social Opportunity Institute (IOS), of which it is founder and maintainer.	TOTVS senior management and leadership TOTVERS IOS Governments Civil Society Organizations (CSOs) Society	102-12 102-13 201-1 203-1	   





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Topics	Description of topics	Importance for TOTVS	Impacted audiences	Related GRI indicators	Correlation with SDGs
11 TECHNOLOGY, DIGITAL INCLUSION AND SOCIAL INEQUALITY	Company support to expand access to technology in poor regions and underdeveloped countries with little or no Internet connection.	Technology is a great agent of transformation and companies in the sector can train people so that they assume new roles in the future. TOTVS, as the largest national Company and with its capacity for political, economic and social influence, understands its role in contributing to the digital inclusion of Brazilians and, therefore, to the reduction of social inequalities in the country.	TOTVERS IOS Government Civil Society Universities, colleges and vocational schools Startups Society (especially children and young people from socially vulnerable families)	102-12 102-13 201-1 203-1	   
12 CLARITY OF PURPOSE	Clear expression of the company's solutions to economic, environmental and social issues. Create value for all stakeholders	We are committed to the development of a sustainable agenda, which reflects the purpose and vision of the TOTVS Group on how our businesses can positively influence and impact society, as an employer and social agent. We believe in the transforming power of technology, in the ability to contribute to building an increasingly digital, prosperous, productive, inclusive and sustainable ecosystem. Our Sustainability Policy and our ESG Agenda reflect our commitment to the integration of economic, environmental, social and governance (ESG) aspects and the quality of our relationship with our stakeholders.	TOTVS Senior Management and Leaders TOTVERS Franchises Customers Suppliers Investors Government Partners Innovation ecosystem - universities, research centers, startups Civil society	102-12 102-13 102-16 102-29 102-30 102-32	   





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# MESSAGE FROM THE BOARD

When we decided to stop and reflect on the meaning of the year 2021 for the world, at first, the most obvious conclusion would be to say that it was exactly the same thing as 2020, that nothing had changed, and that the COVID-19 health crisis continued to rule over the global spotlight, again. It is an undeniable fact that the challenges surrounding the global COVID pandemic have remained and have expanded as we have seen new variants emerge, but we have gone much further: amidst uncertainties and so many priceless losses, we have tested our capacity for resilience as never before and we watched the infinite ability of human beings and organizations to reinvent themselves and adapt faced with a period as adverse as the one we are currently experiencing.

The legacy is positive: we have fully adapted to this new reality. We are adaptable. With science and technology, we created vaccines; we challenged the limits of logistics by distributing them globally; we changed the work dynamics to a hybrid and flexible model; we called on the world to take a new look at the global challenges at COP26, among many other adjustments that had to be made. We didn't stop at any time; rather, we worked hard and responded quickly to it all.

For TOTVS, entrepreneurship and digitalization are must-have ingredients of this journey. All TOTVERS are nonconformists and don't get used to less than what they're actually capable of delivering. It is not just a striking motto; rather, it is something that permeates our culture and was translated into our daily attitudes and deliveries of that period: we turned the 3D Ecosystem into reality (3 Dimensions - Management, Business Performance, and Techfin); we created disruptive alliances such as the partnership with B3; we structured innovative investment models through the Corporate Venture Capital as a Service mechanism. In common with these and many other achievements, we have the "technology" factor, which is the most genuine thing we have.

The world is talking about regionalization, a new repositioning of the economic order, digital transformation and ESG (Environmental, Social and Governance). As to ESG, our performance was marked by significant progress, driven by implementing the ESG Sustainability Policy guidelines. About the E pillar, we developed the first inventory of GHG emissions - Greenhouse Gas - from TOTVS operations as an important step in our environmental agenda. As to the S pillar, we continued strengthening our relations with the community by creating partnerships with the government and society to promote training to achieve skilled labor; we contributed to the employability of many young people through the Social Opportunity Institute (IOS); we continued promoting our Diversity and Inclusion Program; and we structured and implemented the flexible work model, besides the planning and feasibility of other health and safety measures, as part of TOTVS'S contribution to achieve SDGs 4, 5, and 8, respectively. About the G pillar, we renewed our business' ESG materiality matrix by engaging our stakeholders, and reinforced our commitment to the highest level of ethics and transparency in business relationships, with emphasis on the approval of the Audit Committee's Charter and its conversion into a Statutory Audit Committee, besides the approval of the new Data Privacy and Indemnity Policies for the Management members.

Eventually, to top it all off, we bid farewell to 2021 by celebrating our 15th anniversary of IPO at B3. From the first unicorn to the largest technology company in Brazil, our almost 40-year trajectory has always been marked by hard work, overcoming and determination, and when we had to look back, it was to better understand the present and shape the future. We made the right choices and the best decisions at every moment in the face of Page 3 of 98 (A free translation of the original in Portuguese) each challenge. We rejuvenated, made progress on this journey, and all this was achieved alongside our clients, partners, TOTVERS and our investors who believed in our legacy and invested in us, in our strategy, in our vision of the future.

This energy that has been our daily fuel, which moves us and drives us towards business disruption, transformation of the value chains of the segments in which we operate, and increase in our clients' results.

To keep moving forward, we have in 2022 the challenge of local elections in Brazil. Whatever the path, it will be important to be open as a country to carry out the tax, administrative, and labor reforms that we so desperately need. They will be critical for Brazil's competitiveness in the global gear and to generate high value-added jobs, in a scenario of intense competition and demand for science and workforce.

TOTVS remains firm in its purpose, democratizing technology in everyday life as an element of social and economic transformation and supporting its Ecosystem to conquer the future. Despite all challenges TOTVS delivers with mastery the defined purposes for 2021. Congratulations to all participants of our Ecosystem.

TOTVS REMAINS FIRM IN ITS PURPOSE,  
DEMOCRATIZING TECHNOLOGY IN EVERYDAY  
LIFE AS AN ELEMENT OF SOCIAL AND ECONOMIC  
TRANSFORMATION AND SUPPORTING ITS  
ECOSYSTEM TO CONQUER THE FUTURE. DESPITE ALL  
CHALLENGES TOTVS DELIVERS WITH MASTERY THE  
DEFINED PURPOSES FOR 2021. CONGRATULATIONS  
TO ALL PARTICIPANTS OF OUR ECOSYSTEM

LAÉRCIO COSENTINO,  
CHAIRMAN OF THE BOARD





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# MESSAGE FROM THE CEO

[ GRI 102-10, 102-14, 102-15 ]

2021 was an extremely challenging year both for business and companies in Brazil and worldwide, as we had the continuity of the Covid-19 pandemic scenario. The progress of the Brazilian population vaccination allowed us to close the year within the gradual process of resuming face-to-face activities, while holding health measures and the concern for life as a top priority in our work.

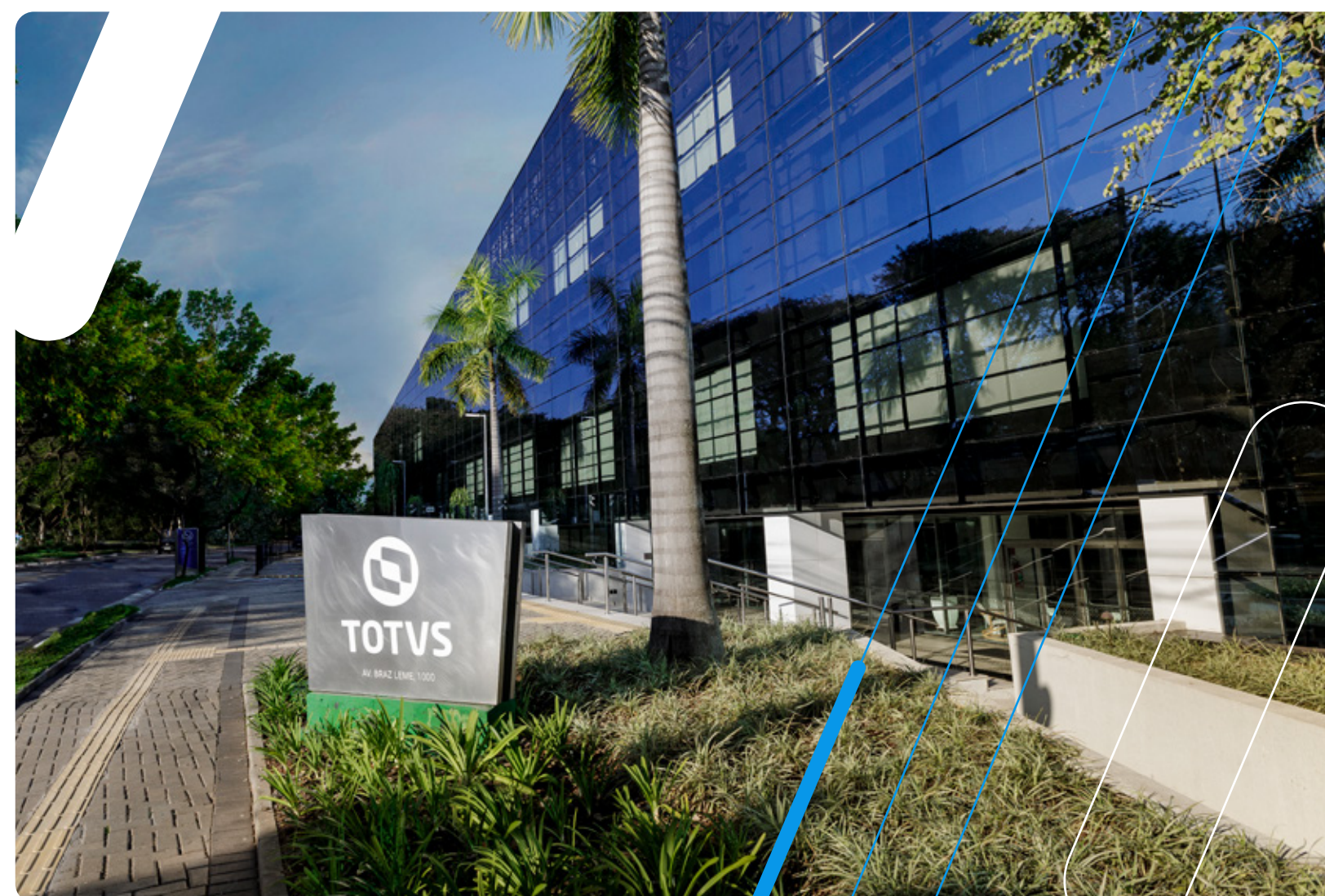
At TOTVS, with the solidity of our model and the aspirational strength of our brand combined with the discipline of our business strategies, we delivered another year of many achievements. Our 3D ecosystem (3 Dimensions: Management, Business Performance, and Techfin) is a stable reality, where our clients access a broad portfolio that goes far beyond ERP, increasingly diversified, of products, services, and solutions that enable us to speed up the digitalization and modernization journey. Our value proposition has been expanded, and nowadays it is meant to increase our clients' profits.

We achieved very positive financial and operational results, which show that our strategies are right, in addition to the Company's resilience towards its challenges. We built new and powerful engines that multiply our addressable market by over 7 times, accelerate the development of new models, build value for the Company, increase its competitive advantages, and potentiate value generation for all our stakeholders.

The management software market is far from mature. Companies from all industry sectors are realizing that investing in technology and seeking digital transformation is a critical need nowadays. We are attentive and prepared for this scenario, reaching high NPS scores in recent years, having achieved a record-breaking score in 2021, which shows that satisfied and well-served customers in their needs generates new business. For our part, we have been investing in the modernization, improvement, and expansion of our portfolio, besides working on

strengthening the sales and service structure, which has enabled us to expand our business possibilities and the capillarity of the distribution model through a robust platform of own units and franchises, with local and digital presence.

All of those progress made put us in a great positioning: in 2021, a 24% growth rate in Net Consolidated Revenue, and 33% growth in



Adjusted EBITDA (the Adjusted EBITDA Margin was 24.7% on net funding revenue), which resulted in an increase of 13 percentage points in the "40 Rule" that reached 48% in the period. The balance between accelerated growth and high margin is a unique differential in the Brazilian technology market and is an ideal condition for us to face any type of scenario. We are and will be constantly on the move, seeking to find innovative ways to generate and unlock value and to perpetuate our business.

One of our vectors in this regard has been the capture of opportunities through M&E and partnerships. The establishment of Dimensa, which now has dedicated resources besides more focus and autonomy, in addition to counting on B3 to be the major B2B technology option for the financial sector; and the acquisition of RD Station, which represents an ultimate step in consolidating the Business Performance dimension, which is essential in the strategy of building a B2B technology ecosystem, also composed of the Management and Techfin dimensions, are practical examples in this direction. The construction of this ecosystem aims to increase the addressable market, as well as the take rate and also our customers' loyalty by making progress in the value chain.

We have gained efficiency and productivity by improving processes, and our costs are under control. We have been investing continuously in research, innovation, knowledge generation, and new developments. And we count on a skilled and extremely engaged team. Our 2021 Engagement Survey showed that 94% of TOTVERS are satisfied with their autonomy and 95% believe in the future of TOTVS. At the end, our clients also show, in practice, the importance of our strategic partnership: in the ABAD/Nielsen Ranking released in May 2021, clients in the Distribution segment pointed out to have achieved an average growth 24% higher than their peers in the segment. Some industry sectors were obviously more affected than others with the economic impacts arising from the pandemic, but we noticed that, on average, our clients experienced a good performance.

It is also essential to emphasize that we have been getting all our achievements through a responsible and sustainable agenda. Even before the ESG acronym came to exist, we had been prioritizing these subjects in our performance for a long time. We have been a signatory to the United Nations Global Compact since 2014. In that same year, we joined the Instituto Ethos' Business Compact for Compliance and Against Corruption. We are in line with the UN Sustainable Development Goals





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# MESSAGE FROM THE CEO

[ GRI 102-10, 102-14, 102-15 ]

(SDGs) and have been listed in B3's "New Market" segment for 16 years, which represents the highest level of corporate governance.

ESG is the premise of our business and we continue to engage TOTVERS, also building a strong sustainability culture that permeates all our activities and operations in a transversal way. In 2021, as to the E pillar, we started efforts to map the greenhouse gas emissions of our operations. As to the S pillar, we contributed to the training and employability of young people through the Institute of Social Opportunity (IOS)–our partner for over 20 years. We expanded the work regarding diversity and inclusion, and we worked with the subject of mental health and flexible working models. As to the G pillar, it is worth emphasizing the launch of our Data Privacy Policy. Technology has always played a very relevant role in generating a positive impact on people's lives and society, and we know we are also responsible for contributing to economic progress, business productivity, and the well-being of the population, and this is the aim that our Sustainability Agenda and ESG will pursue.

In 2022, we will continue to focus on our growth and transformation journey, deepening the integration between our three business dimensions. We have seen companies rushing consistently into new technologies, seeking to expand and recover investments to speed up the digitalization process. Accordingly, the search for a strong partner, capable of solving most problems and that enables us to keep focused on our core business, becomes even more relevant, especially among small and medium businesses. We want to show that TOTVS can be this great partner of companies. The partner that will deliver the contracted value proposition and help them improve their results. In other words, we will increasingly become the "Trusted Advisor" for our clients. We know the path is not simple, but we have the resources, the skills, and the capacity for that.

We are ready for new jumps, with eyes on the present and the future, always. New businesses have enormous growth potential, and we believe in the continued growth of our industry sector. The future is fully interconnected, and that is why we will go on making progress and investing to continue to be the partner our clients know they can count on. **This is what we exist for: to improve business results. Always believing in a Brazil that gets things done!**



“THE FUTURE IS FULLY INTERCONNECTED, AND THAT IS WHY WE WILL GO ON MAKING PROGRESS AND INVESTING TO CONTINUE TO BE THE PARTNER OUR CLIENTS KNOW THEY CAN COUNT ON”

DENNIS HERSZKOWICZ,  
CEO





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# 2021 KEY HIGHLIGHTS

[ GRI 102-7, 102-13 ]



We have a portfolio of over

## 70 thousand customers

customers of all sizes in Brazil and abroad.



We achieved a **24% growth in Revenue Net of Funding**, reaching

## R\$3.2 billion.



Our **Adjusted EBITDA** was

## R\$782 million,

an increase of **33%** compared to the previous year, and the **Adjusted EBITDA Margin** was **24.7%**.

- Consolidation of our **3-Dimensional ecosystem (Management, Techfin and Business Performance)**.
- In the area of M&A and partnerships, we highlight the **acquisition of RD Station**, a digital marketing automation software company, and the **partnership with B3 for the creation of Dimensa**, dedicated to the financial services segment.
- The risk rating agency Fitch Ratings raised our Long-Term National Scale rating, **from “AA(bra)” to “AA+(bra)”**, with a stable outlook.
- We reached the level of **48.2% in the “Rule of 40”**, cgrowth of 12.8 percentage points over 2020, with a **balance between sped up revenue growth and maintaining profitability at healthy levels**.
- We achieved **record levels of NPS (Net Promoter Score)**, an indicator used to measure customer satisfaction.
- We launched **new products and solutions**, such as for example TOTVS Instant Payment, cashback in the payment of educational tuition, new tools to increase the productivity of HR areas, new features in the hospitality industry sector and in the educational industry sector, among others.
- The 2021 ABAD/Nielsen Ranking, released in May 2021, showed that **customers in our Distribution industry sector achieved an average growth 24% higher than their peers in such industry sector**.

- We held the **5th edition of our Engagement Survey – “Speak, Good People!”**, with our employees, with great results.
- We launched the **leadership development program, Next**.
- We conducted the second edition of our **Diversity and Inclusion Survey**.
- We created and structured the **mental health + Balance program**.
- We made progress in our internal **governance efforts of the Sustainability/ESG Agenda at all levels**, and we strengthened the implementation of projects and initiatives related to the SDGs (Sustainable Development Goals)
- Externally, through our consulting arm (TOTVS Consulting), we have been working **to encourage and support the client companies to follow ESG concepts and practices**.
- We released our **Privacy Policy**.
- We launched a specific page with our actions aimed at training and qualification of professionals for the technology market; besides the actions of the IOS, the page presents a **“Talent Showcase”**, qntroducing the market young students trained to operate our software.
- We developed our first **inventory of greenhouse gas (GHG) emissions**, following the CDP (Carbon Disclosure Project) model.



## AWARDS AND RECOGNITIONS

The awards and recognitions received in 2021 show that our Sustainability/ESG Agenda remains an important business premise:

- We were recognized, in Brazil, as the **Best ESG Company in the Technology Sector, in the “Best of ESG” ranking, from Exame magazine. More information at [here](#).**
- We were included, in Brazil, in the group of the **the 100 Most Responsible Companies and with Best Corporate Governance in the Merco (Corporate Monitor) ranking of Corporate Reputation – ESG Responsibility**, in the 7th edition of the ranking, released in March 2021. Learn more at [here](#). And in the 8th edition of the ranking, published in March 2022, we are again on the list! Information [click here](#).
- Our Diversity and Inclusion Program received the **Seal of Human Rights and Diversity**, an initiative of the city of São Paulo government. Learn more: [click here](#).
- We were listed for the second consecutive year in the Great Place to Work (GPTW) **ranking of the best IT Brazilian companies to work for**, released in November 2021. It was the 16th edition of the survey. In the evaluation, qualitative survey and analysis of the internal culture practices of the competing companies are considered. Further information:, [click here](#).
- As a result of the recognition in the GPTW ranking, in January 2022 **TOTVS (TOTS3) shares became part of the first composition of B3's GPTW Index**, which comprehends companies recognized by the Great Place to Work ranking in 2021. The IGPTW B3, which comprises 45 companies, aims to be an indicator of the average performance of the quotations of GPTW-certified companies listed on the B3, and complements the family of indexes focused on ESG, reinforcing the role of these companies and their leaders in promoting best practices in the labor market. Learn more: [click here](#).
- We were elected as the **best company in the technology, media and telecommunications (TMT) industry in Latin America, in “The Latam Executive Team 2021” ranking of Institutional Investor Research**. The ranking was prepared from the votes of the investment community, with the engagement of about 765 investors and market analysts from Brazil and abroad, who chose the best ones in 16 sectors of the economy. Other information: [click here](#).
- We are described in **XP Investimentos' ESG Radar as “the company best positioned in the technology industry”**, as disclosed in October 2021. According to XP, this is because of the solid commitments made, with emphasis on the Sustainability Policy, besides a high level of disclosure of ESG data, putting the Company ahead of its peers regarding transparency. For the technology sector, XP sees the S pillar as the most important factor in its ESG analysis, followed by the G and E pillars, respectively. Learn more: [click here](#).
- We were included in **BTG Pactual's first recommended ESG portfolio**, For the financial institution, the purpose of the portfolio is to assist its clients in the investment processes. Several fronts related to ESG topics are taken into account. More information at [here](#).
- We were among the **Best Companies on the Stock Exchange in 2021, according to the InfoMoney ranking**, published in June 2021. InfoMoney annually awards the best companies on the Stock Exchange in Brazil, based on an exclusive ranking made by the financial services provider Economatica and the Ibmec business school. We were recognized as the best company in the technology industry. Learn more at [here](#).





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# TOTVS

We are TOTVS, a publicly traded corporation, the largest technology company in Brazil in the development of business management software. We deliver productivity through the digitization of business, going far beyond ERP, with offers of management software, financial services, business performance solutions, technological platforms, as well as consulting services for companies of all sizes, with direct sales to customers or through an exclusive chain of franchises. [\[ GRI 102-1, 102-5 \]](#)

**Our major business goal is to deliver products, services and solutions that make a difference and contribute to the greater efficiency and productivity of our customers**, helping them in their performance and growth strategies. Thus, we support the growth and sustainability of thousands of businesses and entrepreneurs through our technology, creating innovative solutions to transform the daily lives of companies and help them overcome the challenges of their operations.

We have a portfolio of **over 70 thousand customers** of all sizes in Brazil and abroad, delivering efficiency and productivity through the digitization of business and with products, services and technology solutions. [\[ GRI 102-2, 102-7 \]](#)

In terms of **geographic markets**, the major focus of our operations is in Brazil, where we are leaders in the ERP market, with 48% of market share, according to Gartner's study "Software Market Share Enterprise Application 2021". In Latin America, we are one of the three largest players in the region, with over 27% market share. [\[ GRI 102-4, 102-6 \]](#)

We have a **solid and strong reputation in the market**, which we believe to be a valuable asset and that strengthens our ability to aggregate professionals of excellence, partners and customers

around us, in an open ecosystem, capable of monitoring and integrating the evolutions of current demands and anticipating future trends. It also allows us wide access to various industry sectors of the market in which we operate and enables the offer of various products in a vertical way, both for new and current customers.

Our trajectory began in 1983 when Laércio Cosentino, then a director of the data processing company Siga, joined Ernesto Haberkorn and created Microsiga, with the aim of providing integrated and accessible business management solutions to small- and medium-sized companies. In 1990, we started a pioneering system of exclusive franchises to sell and implement management solutions, and sped up our expansion in the Brazilian market. In 1997, we began our international operations. In 2005, we changed our name and became TOTVS. In 2006, we were the first information technology company in Latin America

to make IPO (Initial Public Offering), going public at B3 (Brasil, Bolsa, Balcão), in the Novo Mercado (highest level of corporate governance), and we paved, mainly, from there, a great journey of continuous growth.







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## Our brand

[ GRI 102-2, 102-7, 103-1, 103-2, 103-3 ]

Our **business strategy** based on a 3-dimensional ecosystem (Management, Techfin and Business Performance) was widely disseminated in the market throughout 2021. In this regard, marketing actions supported the dissemination of this strategy, positioning the Company as a true strategic partner for the evolution of its customers' business.

Through a brand rejuvenation process, we also assumed the stance of an **even more innovative, young and lightweight company**, with a renewed and vibrant culture.

In our **brand positioning**, we highlighted the message that **"TOTVS believes in a Brazil that GETS THINGS DONE"**. With our products, services and solutions, we seek to support and boost the markets in which we operate, delivering cutting-edge technology to our customers so that they are more productive. We do it together. We are proud to be part of the history of companies that believe in their dreams and move forward in their challenges, helping them to be more efficient and to perpetuate the business.

### Marketing highlight –new positioning campaign

Besides the awards and recognitions mentioned in the chapter "2021 key highlights", we can add:

#### In Brazil:

- *Top Of Mind HR 2021.*
- *TOTVS CEO in the Forbes ranking of the 10 most admired CEOs.*
- *Among the "Best of ESG" – Exame Magazine.*
- *Aberje's 2021 Award (regional stage), in the "Brand" category.*
- *2021 Transparency Trophy*
- *2021 Informática Hoje Yearbook.*

#### In Latin America:

- Seven awards at Institutional Investor – a relevant recognition of the technology industry in Latin America – in the category "MidCap, Best ESG Metrics".

### Marketing highlight –new positioning campaign

As the largest technology company in Brazil and with almost 40 years in the market, we rejuvenated our image and language, without losing the recognition already achieved. The purpose was to convey the scope of the portfolio in a light and young way, supporting the approach and interaction with the new generations, and making the Company even more attractive as an employer brand.

Since then, in 2021, the new positioning was consolidated and reflected in a redesigned visual identity and a simpler and more informal brand voice. The key action of the plan was the release of a series of three videos with the use of humor as a central narrative element. Each video addressed an important attribute of TOTVS: branding (who TOTVS is), presence (capillarity, performance throughout Brazil and the international market) and share (present in the operations of companies from all industry sectors of the economy). The videos were posted on our official channels on digital platforms (social media and YouTube). The new positioning campaign won the regional stage of the Aberje Award, from the Brazilian Association of Business Communication.

## Brand growth data

**+ 10%** of articles published in the press about TOTVS vs. 2020.

**+ 15%** of sessions on [TOTVS.com](https://www.totvs.com) vs 2020.

**+ 101%** of sessions in the product portal vs. 2020.

**+ 33%** of sessions on the TOTVS Blog vs. 2020

**+ 45%** sessions on the TOTVS Store page vs. 2020

**70%** of the volume of opportunities are digital.

**66** published landing pages.





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## TOTVS in continuous expansion

[ GRI 102-2, 102-10, 103-1, 103-2, 103-3 ]

Since 1983, we have carried out over 40 companies acquisition transactions, a powerful lever to achieve our strategy of strengthening the core business and expanding to new markets. We continue in a permanent expansion of our business, always attentive to new M&A opportunities, with a strategy that combines resilience with innovation and growth, generating value for shareholders, and aiming to strengthen our B2B technology ecosystem based on three business dimensions–Management, Techfin and Business Performance–and in the industry sectors in which we operate.

In the 2021 period, we can highlight the following recent operations:

### ▲ TOTVS acquired 92% of RD Station

As announced in early March 2021, we agreed to buy **RD Station**, a company of marketing automation programs. The arrival of RD Station meant the fusion of the knowledge and expertise of two pioneering companies, with winning trajectories in their respective markets and leadership and innovation DNA, which together will support their customers to sell more and be increasingly competitive, leveraging their results and performance. In addition, the sum of RD Station's competence and 100% digital business model with the robustness of operations and the Company portfolio represents the acceleration of the exponential business growth and the increase in delivery capacity, service, innovation and agility in product development.

With this acquisition, we now have an important arm to support the creation of programs and marketing strategies for our clients business and, consequently, for our business. The major focus of action should be on small- and medium-sized companies, the target audience of RD Station operations since the startup was founded in 2011.

This transaction represented a definitive step to establish the Business Performance dimension, and it is fundamental in the

development of a B2B technology ecosystem, aiming to increase the addressable market, the take rate and also customer loyalty, through the advancement in the value chain in which they operate, supporting them to sell more and to be increasingly competitive. Know more about RD Station at [here](#).

### ▲ The creation of Dimensa, a company focused on B2B technologies for companies in the financial industry

In July 2021, we announced the creation of Dimensa, through a partnership between TOTVS and B3. Dimensa is a new company dedicated to the financial services industry sector, with a renewed management, total autonomy and focus on the effervescent segment of B2B technologies for the financial and fintech markets, seeking to expand investments in innovation and increase the portfolio of solutions and customers through organic developments, partnerships and acquisitions, with the objective of being the main B2B technology option for the financial industry.

The company was created from a carve-out operation of the TFS (TOTVS Financial Services) operation, which gained as a partner B3 – Brasil, Bolsa, Balcão, the main stock exchange and infrastructure platform of the Brazilian financial market. B3 made a primary contribution of R\$600 million and now holds 37.5% of the new company. The equity of the new company was valued at R\$1.6 billion, in the occasion of the deal.

Therefore, Dimensa was created as a company already a leader in technology for the management of financial institutions. The arrival of B3 as a partner brings an even greater knowledge about technologies to the financial sector, along with the good relationship with the major players in this market.

The new company is fully focused on infrastructure for financial entities and institutions, with the aim of being the

main B2B technology option for the financial industry. It is not a company that provides financial service to customers. It develops technologies that institutions use to provide financial services to third parties. Three areas of activity now have greater attention. The main offer is of systems for investment fund management, especially to calculate shares. The other priority services are the development of systems for core banking and card management. With a focus on more digital operations and with an emphasis on customer service innovation, Dimensa presents systems that are scalable and adaptable to the size of each business. Know more about Dimensa at [here](#).







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## WHERE WE ARE

Our headquarters are in São Paulo, State of São Paulo. We are present **all over Brazil** and have customers in about **40 countries**. This broad capillarity is the outcome of our expansion strategy through exclusive subsidiaries, channels and franchises, which allows us to always be close to our customers and get to know better their business and the particularities of the region where they operate, which contributes to establishing lasting and reliable relationships.

[ [GRI 102-3, 102-4, 103-1](#) ]

We believe that our distribution platform is a strong differential, with a local and digital presence that is able of serving companies of all sizes.

**We are present all over Brazil** through a robust distribution network comprising **15 subsidiaries, 52 franchised territories and 10 technological development centers**, which cover the major business centers, exploring the potential and different economic vocations.

Abroad, we have **six subsidiaries** (Argentina, Chile, Colombia, USA, Mexico and Portugal) and **two development centers** (United States and Mexico).

[ [GRI 102-6, 102-7](#) ]







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# CORPORATE GOVERNANCE

## Guidelines

[ GRI 102-11, 102-17 ]

Our corporate governance is guided by the best practices in the market and we are recognized as a benchmark in the technology industry and in the market in general, by **good governance practices**.

We follow the guidelines of the **Code of Best Corporate Governance Practices**, of the Brazilian Institute of Corporate Governance (IBGC), as well as the **“Novo Mercado” Regulations of B3**, the Brazilian stock exchange.

We have been listed on the **“Novo Mercado”** since 2006. We were the first Brazilian software company to adhere to this modality, which comprises the best corporate governance practices of B3 S.A. – Brasil, Bolsa, Balcão. It is the segment of the B3 covering companies that adopt and commit to practices that go beyond what Brazilian legislation requires for corporate governance.

For TOTVERS and other audiences that relate to us, we have the Code of Ethics and Conduct, an important tool for orienting behavior and relationship guidelines, which has the adherence of 100% of the Company’s employees and managers, besides specific and mandatory training programs for all TOTVERS. More information on the Code of Ethics and Conduct is discussed below, in the section on “Ethics and integrity”. [GRI 102-16]

In addition to the Code of Ethics and Conduct, we have a solid set of **corporate policies** that consolidate our institutional framework:

- Independent Audit Engagement and Relationship Policy
- Contribution, Donation and Sponsorship Policy
- Relevant Information Disclosure Policy
- Policy for the Preparation and Publication of Normative Documents
- Risk Management, Internal Controls and Compliance Policy
- Treasury, Credit and Collection Management Policy
- Litigation Management Policy
- Policy for Indemnification
- Policy for Nominating Members of the Board of Directors, its Advisory Committees and Statutory Executive Board
- Securities Trading Policy
- Data Privacy Policy
- Human Relations and Compensation Policy
- Policy for Business and Institutional Relationship with Public Entities
- Corporate Information Security Policy
- Sustainability Policy (ESG)
- Related-Party Transactions Policy

The policies establish the corporate guidelines and responsibilities of each governance area or body in the Company. Organizational policies are approved by the Board of Directors, and are reviewed at least every three (3) years. The standards, procedures and controls are reviewed annually, and updates may occur at any time, because of changes in the rules, processes, and risk scenario.

Many of these policies are available to all stakeholders and the general public through the CVM website and our Investor Relations website at [here](#).

## TOTVS SHARES BECAME PART OF THE B3’S GPTW INDEX

Since January 4, 2022, TOTVS (TOTS3) shares have been part of the first composition of the B3’s GPTW Index. This index includes companies recognized by the consultancy Great Place to Work (GPTW) in 2021, within the scope of the best companies to work for.

The B3’s GPTW Index aims to be an indicator of the average performance of the quotations of GPTW-certified companies listed on the B3, and complements the family of indexes focused on ESG, reinforcing the role of these companies and their leaders in promoting best practices in the labor market.

GPTW is a global consultancy that supports companies to achieve better results through a culture of trust, high performance and innovation, with people at the center of the business. The consultancy also certifies and recognizes the best work environments around the world.

For us, being part of the composition of the world’s first GPTW Index is an important indication of our focus on ESG practices.





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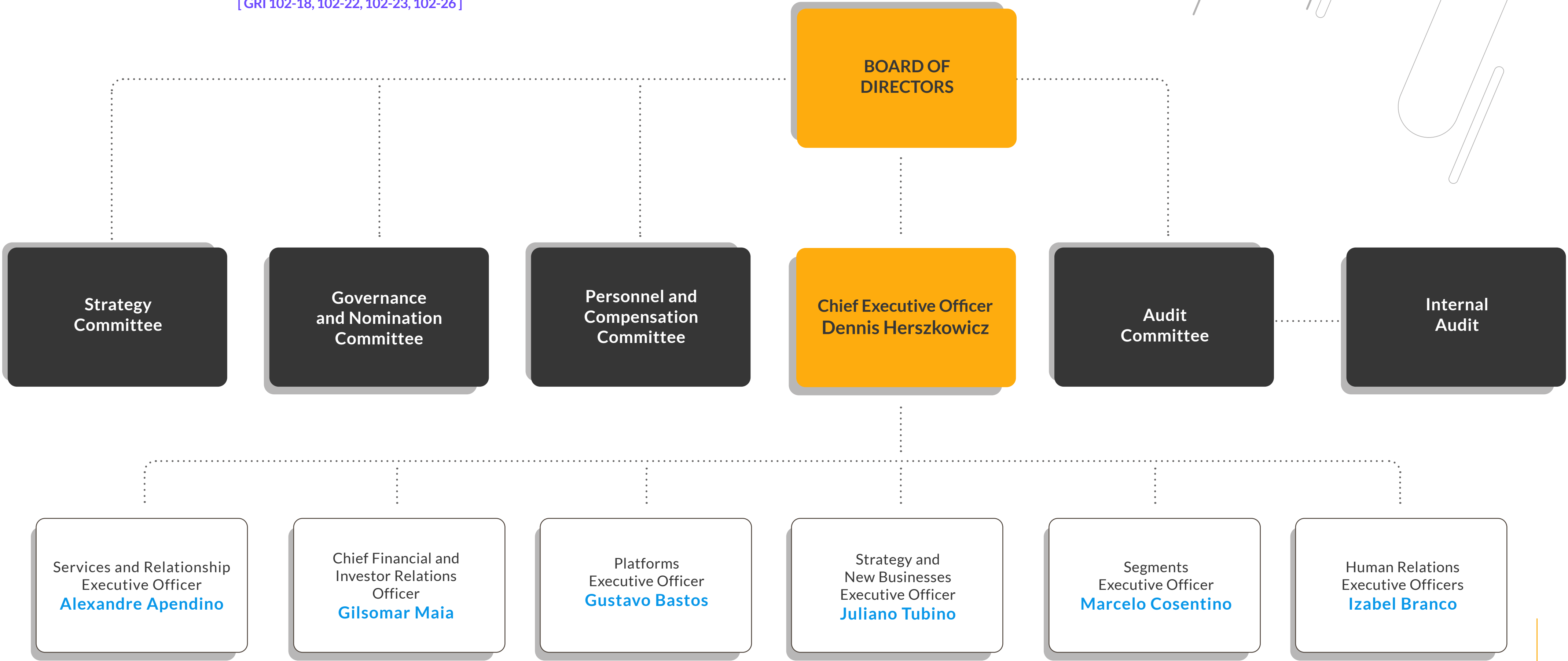
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# Corporate Governance Structure <sup>(1)</sup> <sup>(2)</sup>

[ GRI 102-18, 102-22, 102-23, 102-26 ]



<sup>1</sup> Corporate governance structure in force on 12/31/2020.

<sup>2</sup> On February 8, 2021, with a favorable recommendation from the Personnel and Compensation Committee, the Board of Directors approved the reelection of the Executive Board members.



Board of Directors

[ GRI 102-10, 102-22, 102-23, 102-26, 102-29, 102-30, 102-31 ]

The Board of Directors is the highest governance and collective decision-making body of TOTVS, being responsible for the formulation and monitoring of the implementation of general business strategies and policies. It is responsible for designating and supervising the management of Company officers, among other duties. And, in line with the Brazilian Corporate Law, the Board of Directors is also responsible for hiring independent auditors.

According to our Articles of Incorporation, the Board of Directors must have a minimum of five (5) and a maximum of seven (7) members. The directors are elected at a General Meeting of Shareholders, with a unified term in office of two fiscal years. Fiscal year is the period between two Annual General Meetings, and they can be reelected and dismissed at any time by TOTVS shareholders holding a General Meeting. According to the Novo Mercado rules, at least 20% of the members of the Board of Directors must be independent directors. The term of office of the present directors extends to the Annual General Meeting of 2024.

Current composition of the Board of Directors:

Name	Position	Election
Laércio José de Lucena Cosentino	Chairperson of the Board	04/19/2022
Maria Letícia de Freitas Costa	Vice-chairperson of the Board and Independent Member	04/19/2022
Eduardo Mazzilli de Vassimon	Independent Member	04/19/2022
Gilberto Mifano	Independent Member	04/19/2022
Guilherme Stocco Filho	Independent Member	04/19/2022
Sylvia de Souza Leão Wanderley	Independent Member	04/19/2022
Tania Sztamfater Chocolat	Independent Member	04/19/2022

Under the Brazilian Corporate Law, the members of the Board of Directors are prohibited from voting at any Shareholders' Meeting, or from acting in any transaction or business that has a conflict of interest with TOTVS.

As provided for in the Bylaws, we have a performance evaluation process for the Board of Directors, the Advisory Committees and the directors, which is conducted by a specialized external consultancy, in the years prior to the General Meeting of Shareholders for election of the Board, or it is carried out internally, in the years that do not precede the election of the Board.

The Development Trail for members of the Board of Directors and Advisory Committees is a program created aimed at raising the level of knowledge about the Company's business, besides providing updating and improvement in particularly relevant topics such as governance, technology, and innovation.

Percentage of composition of the Board of Directors <sup>(1)</sup>

[ GRI 102-22, 405-1 ]

Per gender	2019	2020	2021
Men	67%	71%	71%
Women	33%	29%	29%
Per age group	2019	2020	2021
Between 30 and 50 years old	22%	29%	29%
Over 50 years old	78%	71%	71%

<sup>1</sup> It considers the compositions of the Board of Directors on December 31, 2021, 2020 and 2019.

Advisory Committees of the Board of Directors

[ GRI 102-29, 102-30, 102-49 ]

The Board has the support of four Advisory Committees, namely: **Statutory Audit Committee, People and Compensation Committee, Governance and Nomination Committee**, and Strategy Committee. The first three committees are statutory.

Statutory Audit Committee

It aims to provide the Board with advice on the monitoring and quality control of financial statements and information, risk management, internal controls, and the analysis of transactions with the Company's related parties, in improving internal policies, and compliance with corporate demands. It consists of at least three members, the majority of whom are board members, all of them being independent. At least one of them must have recognized experience in corporate accounting matters.

People and Compensation Committee

Among other duties, it is responsible for assisting the Board of Directors to establish the terms of compensation and other benefits, evaluate candidates to be appointed to the Executive Board, examine recruitment and hiring practices adopted by the Company, identify potential leaders and monitor the development of their careers, follow up the preparation and implementation of a succession plan for the Company's executives and monitor the annual evaluation process of the Organization's executives. The People and Compensation Committee must consist of at least three members, all directors, and at least two of them must be independent.

Governance and Nomination Committee

Among the main functions, we can highlight: recommending and monitoring the adoption of good environmental, social, and governance ("ESG") practices in the Company, establishing the processes for interaction between long-term shareholders and the Board and selecting and appointing members to the Board of Directors and the Executive Board, as well as candidates to form the





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Committees. It must comprise at least three members, all directors. The chairperson of the Board of Directors must be a permanent member of the Committee, and at least two of them independent directors.

• **Strategy Committee**

In charge of analyzing and discussing topics that enable the Company's vision of the future and strategic planning, evaluating Executive Board proposals on potential mergers and acquisitions and issuing an opinion on Executive Board proposals, addressing them to the Board of Directors.

The Strategy Committee must consist of up to four members, with at least three board members, most of them independent. The Company's Chief Executive Officer attends the meetings as a permanent guest, without the right to vote.

▲ **Executive Board** [GRI 102-26, 405-1]

The Executive Board is in charge of implementing strategies and the daily management. The executive officers are the Company's legal representatives, mainly responsible for the daily management

of TOTVS and implementing the general policies and guidelines established by the Board of Directors. The executive officers are elected by TOTVS Board of Directors with a unified term in office of two fiscal years. Fiscal year is the period between two Annual General Meetings (this period does not always correspond to 12 months), and they can be reelected and removed by the Board of Directors at any time. Under the B3 "Novo Mercado" rules, the officers must sign a term of consent of the managers with "Novo Mercado" regulations.

Currently, in addition to the chief executive officer, we have six vice presidents, as follows.

We implemented an **evaluation process of executives**, following the practices recommended by the Brazilian Code of Corporate Governance. It is the responsibility of our Board of Directors, with the assistance of the People and Compensation Committee, to conduct the annual evaluation process of the Company executives, based on the achievement of financial and non-financial performance goals, in line with the Company values and ethical principles. [GRI 102-29, 102-31, 102-35, 102-36, 102-37, 103-1, 103-2, 103-3]

The latest evaluation process of the chief executive officer and the other officers, based on the achievement of individual goals and corporate goals and the detailing of the rules for accelerating or slowing down the achievement of the Company goals, was conducted by the People and Compensation Committee in 2021, and it was completed and approved by the Board of Directors, under the Chairman coordination, at a meeting held on March 16, 2022.

The People and Compensation Committee follows up the annual evaluation process of the Company's executives based on the verification of the achievement of their performance, financial and non-financial goals (including environmental, social, and governance aspects), in line with the Company ethical values and principles.

Regarding **succession plans**, we are also adhering to the practice recommended by the Brazilian Code of Corporate Governance. The succession plan for our Executive Board is approved by the Board of Directors, and it is reviewed annually, to assess any need for adjustments or updates. The latest update was made in 2021.

**Executive Board:**

Name	Position	Election
Dennis Herszkowicz	Chief Executive Officer	Feb. 8, 2021
Alexandre Haddad Apendino	Vice President Chief Service and Relationship Officer	Feb. 8, 2021
Gilsomar Maia Sebastião	Vice President Chief Administrative and Financial Officer, and Investor Relations Officer	Feb. 8, 2021
Gustavo Dutra Bastos	Vice President Chief Platform Officer	Feb. 8, 2021
Izabel Cristina Branco	Vice President Chief Human Relations Officer	Feb. 8, 2021
Juliano Tubino	Vice President Chief Strategy and New Business Officer	Feb. 8, 2021
Marcelo Eduardo Sant'anna Cosentino	Vice President Chief Business Officer for Industry Sectors	Feb. 8, 2021

**Percentage of composition of the Executive Board<sup>(1)</sup>** [GRI 102-22, 405-1]

Per gender	2019	2020	2021
Men	86%	86%	86%
Women	14%	14%	14%
Per age group	2019	2020	2021
Between 30 and 50 years old	100%	100%	100%
Over 50 years old	0%	0%	0%

<sup>1</sup> It considers the compositions of the Executive Board on December 31, 2021, 2020 and 2019.





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## Compensation of the Top Management

[GRI 102-35, 102-36, 102-37, 103-1, 103-2, 103-3] [SDG 8]

The compensation of the members of our Board of Directors comprises a fixed monthly compensation, with the purpose of rewarding the directors for the duties and responsibilities pertinent to the position held and in line with market practices. And, since 2019, the compensation of the Chairman of the Board has been also composed of a variable portion of the Long-Term Incentive (stock plan), based on performance, under the terms and conditions established in the Stock-Based Incentive and Retention Plans in force, approved by the General Meetings of 12/15/2015 (and amended on 04/05/2018 and 04/18/2019) and 04/20/2021. The grant of restricted shares is subject to fulfilling predetermined long-term targets (approved by the Board, without the Chairman's vote), that reflect the assertiveness of the contribution and performance of the Company's medium- and long-term strategy with the purpose of generating value for shareholders.

In addition, the Chairperson of the Board of Directors is also eligible for the following benefits: life insurance, medical plan and dental plan, no longer being eligible for the vehicle with driver benefit since May 2021. These forms of compensation are intended to recognize the differentiated role that the chairperson of the Board plays in TOTVS and in the market, since he was elected for this position on 11/26/2018, considered similar to the role of an expanded chairperson, including, among others, goals with three-year cycles related to the Company's strategy, long-term performance, institutional performance and CEO mentoring.

According to the main market practices, the members of the Board of Directors who are part of committees receive a fixed monthly compensation in addition to the compensation

they are entitled to as directors of the Company, with the purpose of rewarding them for the dedication to the work in the committees. External members also receive fixed monthly compensation for their participation in committees. On the other hand, members of the Company's Executive Board do not receive additional compensation for their participation in committees, if any.

According to Law No. 9457/1997, the compensation of the Fiscal Council cannot be less than ten percent (10%) of the fixed amount assigned on average to each statutory officer, not including benefits, representation funds and profit sharing.

The composition of the compensation of the Statutory and Non-Statutory Executive Board has a mix of short- and long-term variable incentives based on performance, besides a fixed base salary, as detailed below:

### Fixed Compensation:

- it refers to the amount received every month by professionals, with the purpose of compensating them for the duties and responsibilities inherent to the position held.

### Variable compensation:

- **Short-term incentive (Semiannual Bonus):** it refers to the variable amounts received every six months by professionals with the purpose of rewarding them for their individual results and for the overall results of the Company and of each business. The Semiannual Bonus is bound to overall financial indicators for each business and to the individual performance depending on the achievement of objective performance metrics that include a combination of (strategic and operational) measures with financial and non-financial content..

**Long-term incentive (Stock Plan):** it refers to the value of the common restricted shares issued by the Company that are delivered to eligible participants, based on individual performance and, in the case of the LTI Performance Program, also on long-term indicators of the Company, strictly under the terms and conditions established in the Stock-Based Incentive and Retention Plans in force, approved by the General Meetings of 12/15/2015 (and amended on 04/05/2018 and 04/18/2019) and 04/20/2021, with the objectives of: (i) increasing the medium- and long-term alignment between the interests of executives and shareholders, expanding the sense of ownership and commitment of participants through the concept of investment and risk; (ii) strengthening the incentives for long-term permanence and stability of participants, within the context of a publicly held corporation; (iii) serving as a fundamental tool for retention and attraction of talents, in an industry that suffers from global competition and has compensation above the average of other industries; and (iv) stimulating the increase in the long-term performance of Company, as determined by business indicators. The number of shares to be granted annually to each participant is based on the assessment of individual performance measured based on the "9 Box" method, which considers the effective deliveries of each executive throughout the fiscal year, adherence to TOTVS core competencies and the future potential of contribution to the Company. Assessments are carried out by the executive's manager, with subsequent calibration by a group composed by the Statutory Executive Board, in the case of the assessment of non-statutory officers; by the People and Compensation Committee; and by the Board of Directors, in the case of assessment of statutory officers. The number of restricted shares to be granted to each nominated participant is recommended by the People and Compensation Committee and decided by the Board of Directors.





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**Benefits:**

it refers to the set of benefits granted to executives, such as health plan, dental plan, meal vouchers, private pension, life insurance, car, and fuel vouchers. The benefit package aims to be in line with the best market practices by adopting the most prevalent types of benefits in the market. Such a set of benefits is the same for all executives. However, there may be differences in the amounts of benefits granted depending on the position and the region in which each officer works.

More information regarding management compensation is available in section 13 of our 2021 Reference Form ([click here](#)), as well as in the Human Relations and Compensation Policy and the Stock-Based Compensation Plan. ([click here](#)). Such materials are also available on the Brazilian Securities and Exchange Commission (CVM) website. [ GRI 102-23 ]

[ GRI 102-35|102-36 ]

Proportion of each item in the total compensation of the Statutory Executive Officers	2019	2020	2021
Fixed	29%	27%	26%
Variable	60%	68%	70%
Benefits	11%	5%	4%

Proportion of each item in the total compensation of the Board of Directors	2019	2020	2021
Fixed	82%	64%	50%
Variable <sup>1</sup>	14%	31%	45%
Benefits <sup>1</sup>	4%	5%	5%

<sup>1</sup> Applicable only to the chairperson of the Board of Directors.



Members of the Executive Board hired in local communities  
[ GRI 202-2, 103-1, 103-2]

We encourage the hiring of professionals from the communities close to our operations, whenever possible. However, there is no formalized procedure that gives preference to hiring leaders, for Top Management, from local communities.

Shareholding composition and structure  
[ GRI 102-7, 102-10, 102-25, 102-45]

We ended 2021 with a **Capital Stock of R\$2.963 billion**, consisting of 617,183,181 common shares, of which 84.2% are free float

Risk management and internal control environment

▴ Risk management

[ GRI 102-11, 102-15, 102-17, 102-25, 102-29, 102-30, 102-31, 102-33, 103-1, 103-2, 103-3] [SDG 8, 9, 12, 17]

- Risk management is part of the decision-making process at all levels and in all our activities and projects. We categorize the risks to which we are exposed as follows:
- Operating risks.
- Information technology risks.
- Financial risks.
- Strategic risks.
- Compliance and regulatory risks.

The **Board of Directors** has a fundamental role as a defining body of strategic objectives that guide the Company’s risk management cycle. The Board is responsible for approving the Risk Management, Internal Controls and Compliance Policy and the risk management methodology to apply, as well as the levels of appetite for and tolerance to the risks proposed by the Board and recommended by the Statutory Audit Committee.

Once the Risk Matrix (more information below) is determined based on the established guidelines, it is up to the Board of Directors to approve its annual review, taking note of the planned mitigation actions and the respective status of adoption of these actions, as well as the Key Risk Indicators (KRIs) to be monitored, in order to ensure their adequacy to the internal and external scenario, upon prior assessment and recommendation of the CEO and the Company’s vice presidents and the Statutory Audit Committee.

After the completion of this stage of review and assessment of the results, the Board of Directors monitors, through periodic reports made by the Internal Controls, Risks and Compliance area, the evolution of actions to mitigate the risks mapped, the KRIs calculated and the level of exposure to risks. As the case may be, the Board of Directors, with the recommendation of the Company’s Chief Executive Officer and the Statutory Audit Committee may decide to assume risks classified as “high” and “critical”.

We have the **Risk Management, Internal Controls and Compliance Policy** to standardize risk management activities, which establishes the principles, guidelines and responsibilities to observe in the management of corporate risks, internal controls and compliance of the Company. The document comprises all stages of the risk management cycle, namely: context establishment, identification, analysis, assessment, treatment, monitoring and reporting of corporate risks, in order to ensure the proper process and effectiveness of risk management. The policy comprises:

Distribution of the shareholding composition: //////////////////////////////////////

Shareholder	QTY. SHARES (DEC. 31, 2021)	%
LC EH Participações e Empreendimentos S/A	80,282,970	13.01%
Constellation Investimentos e Participações Ltda.	42,914,618	6.95%
GIC Private Limited	39,308,774	6.37%
Canada Pension Plan	32,754,201	5.31%
Laércio José de Lucena Cosentino	6,631,704	1.07%
CSHG Senta Pua Fia	144,800	0.02%
Other	406,041,238	65.79%
Outstanding shares	608,078,305	98.52%
Treasury Shares	9,104,876	1.48%
Total shares	617,183,181	100.00%

To learn about its current composition. [access here](#).

\* As of December 31, 2021.



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» **Governance and risk management culture**

The risk management culture consists of the set of ethical standards, values, attitudes and behaviors accepted and practiced and the dissemination of the risk management as part of the decision-making process at all levels of the Company. The **Managers** are primarily responsible for the daily management of the risks associated with their area or business process and for the dissemination of this culture among their subordinates, as well as for establishing and executing adequate controls and action plans for risk management, under the supervision of the Internal Controls, **Risks and Compliance area**, responsible for the periodic reporting of the risk and control environment to the Executive Board, the Statutory Audit Committee and the Board of Directors.

» **Risk, strategy and definition of goals**

Risk management comprises the evaluation of internal and external factors and the impacts that may affect the strategic direction defined by the Company and the achievement of business goals. To this end, risks are periodically identified, assessed, prioritized, and documented in a structured manner, so that they can be addressed properly.

» **Risk management methodology**

The methodology we apply is supported by the components of the Committee of Sponsoring Organizations of the Treadway Commission—Enterprise Risk Management Framework (COSO ERM) and the guidelines of the ISO 31000 Standard and comprises, besides aspects of culture, structured steps aimed at the effectiveness of risk management.

Initially, the context is established, comprehending the capture and understanding of short-, medium- and long-term strategic objectives, considering the internal and external environment. The risks are identified from the context through specific tools, such as process mapping and interviews with the managers in charge of each business area/segment. The risks identified, and the respective associated risk factors are evaluated according to their probability and impact, resulting in a final

risk classification, to be framed in one of the levels established in the methodology. We have a **Risk Matrix** for an overview of the risks and management support (more information below).

The risks mapped and classified are subject to treatment, that is, they require the preparation and implementation of one or more action plans to mitigate risk events by the respective areas in charge. Risk monitoring occurs through the constant monitoring of the internal control environment, the key risk indicators (KRIs) created and the actions of response to the identified risks.

» **Risk Matrix**

[ [GRI 102-11](#), [102-15](#), [102-16](#), [102-17](#), [102-25](#), [102-29](#), [102-30](#), [102-31](#), [205-1](#), [205-3](#), [103-1](#), [103-2](#), [103-3](#) ] [ [SDG 8](#), [9](#), [12](#), [17](#) ]

As provided for in the risk management methodology we use, we have a **Risk Matrix**, which is updated periodically, in line with the strategic guidelines of the business and the changes in internal and external scenarios.

Based on strategic business guidelines and changes in internal and external environments, as well as interviews with risk owners and the Executive Board our Risk Matrix is updated, at least, annually. In 2021, the update considered the analyzes of the 2020 cycle, in view of the effectiveness of the action plans adopted to mitigate risks and also, the identification of eventual new risk factors.

In order to ensure the adequate governance of the risk management process, the Risk Matrix was validated by the vice presidents and the chief executive officer, as well as assessed and recommended by the Statutory Audit Committee, responsible for submitting the matter to the approval of the Board of Directors, in order to provide adequate visibility to the Company's risk management process, ensure the impartiality of the results and allow analysis of the impact on the addressing of our business decisions and strategic initiatives.

**STRENGTHENING THE INTERNAL CONTROLS, RISKS AND COMPLIANCE AREA**

The Internal Controls, Risks and Compliance area's main duties are to conduct and establish guidelines for work related to internal controls, risks and compliance, as well as to certify the correct functioning of the internal control environment, seeking to mitigate risks according to the complexity of our business and aiming to ensure good governance and market practices, besides complying with laws and regulations in force, as well as the internal regulations. All this foundation also seeks to ensure reasonable security for protecting assets, the accuracy and reliability of accounting information, operating efficiency and adherence to policies, standards and procedures. As part of the continuous efforts to raise our levels of corporate governance, in 2021 the area, which previously reported to the Planning and Controllershship Board, began to report directly to TOTVS's CEO. This change reinforces our commitment to the highest standards of governance, ethics and conduct, and further strengthens the independence and autonomy of the area.





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Internal control environment

[ GRI 102-15, 102-16, 102-17, 102-25, 102-29, 103-1, 103-2, 103-3 ] [ SDG 8, 9, 12, 17 ]

The internal control structure verifies the efficiency of existing internal controls and potential impacts arising from changes in the internal and/or external environment. In order to assess the effectiveness of internal controls, the business areas responsible for the processes annually carry out the **Control Self-Assessment** and make available the evidence of performance of the controls.

In order to evaluate the correct application and operating efficiency of controls to prevent or detect relevant distortions, the Internal Audit uses the data and documentation of the process generated by the Internal Controls, Risks and Compliance area as input to carry out their effectiveness tests (control tests).

The entire process of mapping, review of controls and their respective results are periodically reported to the Statutory Audit Committee.



ADVANCES IN ESG  
RISK MANAGEMENT

(one of the internal committees within the governance of our Sustainability Agenda/ESG, please see the organizational chart on page 36), a specific project to identify new risks related to ESG aspects, besides providing greater visibility to the risks currently mapped, thus expanding the ESG scope handled within the scope of risk management. The risk owners are to take mitigating actions based on the mapping and approval of these risks by the Board of Directors, further contributing to strengthening the ESG agenda in the Company





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# ETHICS AND COMPLIANCE/INTEGRITY

[GRI 102-11, 102-16, 102-17, 102-25, 205-2, 103-1, 103-2, 103-3]

[[SDG 8, 9, 12, 17]] [GLOBAL COMPACT 1, 2, 10]

Ethics and integrity are non-negotiable principles for TOTVS, and guide our conduct and relationship with customers, business partners, suppliers, investors, public entities and agencies and other stakeholders in our ecosystem.

## Compliance Program

[GRI 102-11, 102-17, 103-1, 103-2, 103-3] [SDG 17]

[GLOBAL COMPACT 1, 2, 10]

We have an **Compliance Program** that supports our commitment to compliance and integrity, together with our Risk Management, Internal Controls and Compliance structure and in line with our corporate governance guidelines.

The program disseminates our guidelines regarding the aspects of ethics, transparency and elimination of corruption, through a methodology aimed at the prevention, detection and remediation of unlawful and unethical conduct. Our methodology is structured in five pillars:

1. **Compliance culture:** strengthening the ethical and compliance culture through the engagement and constant support of the Company's main leaders.
2. **Risk Assessment:** identifying, assessing, and addressing the key compliance risks to which TOTVS is exposed in conducting their activities.
3. **Code of Ethics and Conduct, corporate policies and procedures:** establishment and formalization of internal guidelines, rules and procedures that must be followed by TOTVERS and third parties within the scope of the Compliance Program.

4. **Communication and training:** permanent awareness-raising so that everyone knows the guidelines, rules, and responsibilities to be met within the scope of the Compliance Program.

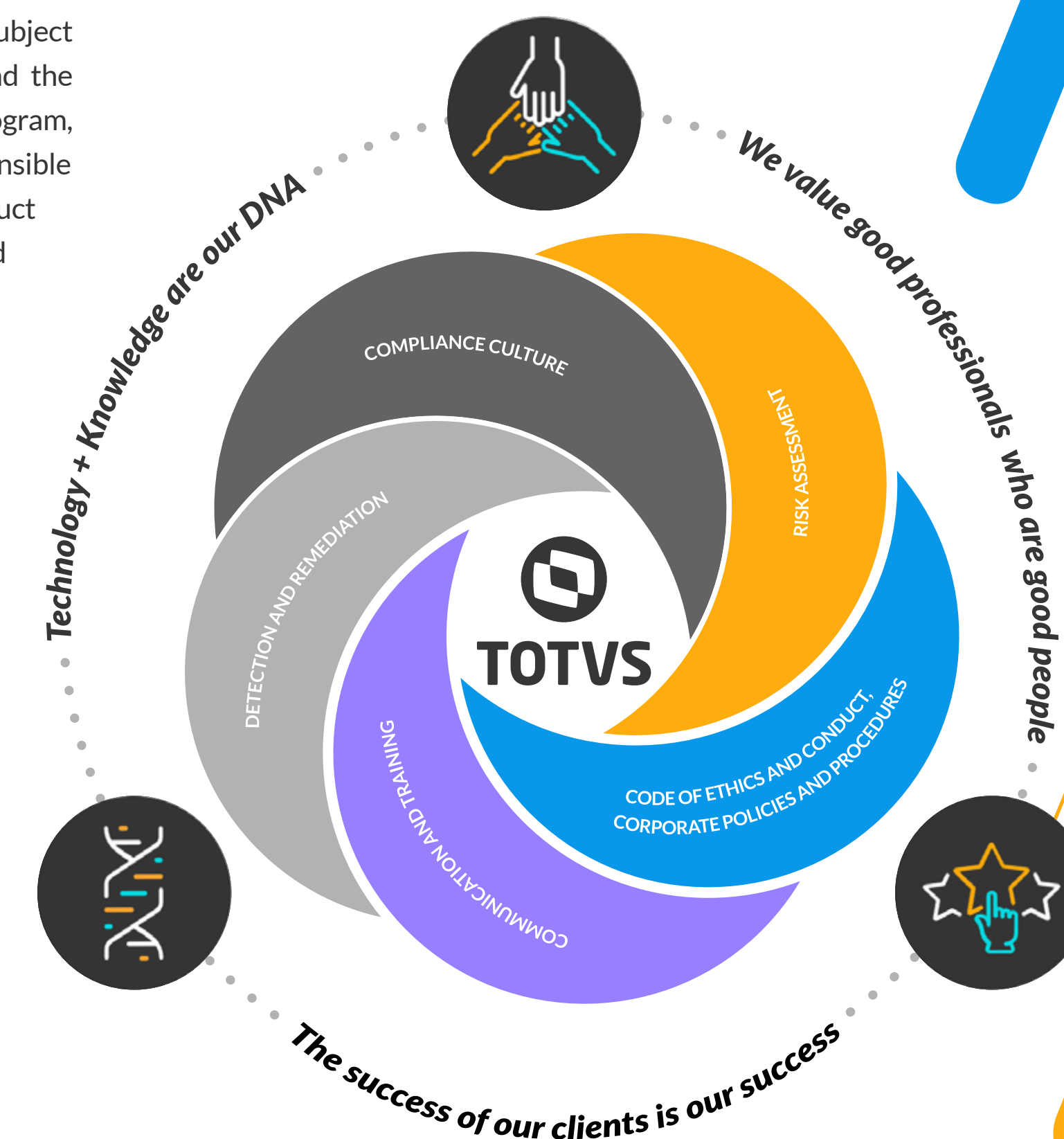
5. **Detection and remediation:** identification of any conduct that violates the law, applicable regulations, and the Company's ethics and conduct guidelines. Consequently, it ensures that any unethical conduct is discontinued and disciplinary measures are enforced.

The prevention and elimination of corruption practices are fundamental goals of the Compliance Program, which is the subject of periodic reporting to the Statutory Audit Committee and the Board of Directors. In addition, within the scope of the Program, the Internal Controls, Risks and Compliance area is responsible for developing and updating the Code of Ethics and Conduct and Corporate Policies, which define expected behaviors and conducts. Likewise, we expect ethical conduct consistent with these guidelines from all third parties with whom we establish and maintain relationships.

It is also part of the program to carry out third-party compliance due diligence procedures, focusing on the identification of domestic and international government sanctions and any media investigations related to cases of corruption, fraud, money laundering, among other illicit acts. This process is even adopted for

the base of active suppliers and philanthropic entities, and allows the identification of integrity risks, backing the decision-making process.

The Compliance Program is audited periodically, allowing the independent evaluation of the results achieved for each pillar and, when necessary, the establishment of improvement actions.







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### ▲ Code of Ethics and Conduct

[ GRI 102-16, 102-17, 102-25, 103-1, 103-2, 103-3 ]

[ SDG 8, 9, 12, 17 ] [ GLOBAL COMPACT 1, 2, 10 ]

Our **Code of Ethics and Conduct** is a guide to principles and practices that orient TOTVERS 'daily interactions and decisions, including business integrity and internal and external relationships. It is applicable to all directors, shareholders who take part in the control of the Company, employees, service providers, franchisees, suppliers, and partners.

In order for the guidelines, rules and updates of our Code of Ethics and Conduct to be known to everyone and to be absorbed as part of the corporate culture, we carry out a permanent work of communication and training/qualification with the target audience.

To access our Code of Ethics and Conduct, [click here](#).

### ▲ Ethics and Conduct Channel

[ GRI 102-16, 102-17, 102-25, 205-3, 103-1, 103-2, 103-3 ]

[ SDG 8, 9, 12, 17 ] [ GLOBAL COMPACT 1, 2, 10 ]

We have a direct channel, which is the **Ethics and Conduct Channel**, so that anyone who relates to us can communicate, confidentially or not—at their discretion—situations that may characterize a violation of the TOTVS Code of Ethics and Conduct or any other act that violates or may violate laws and/or regulations in force.

The channel is operated by an independent external entity, specialized in the management of statements and complaints. In 2021, 126 complaints were received, duly analyzed and addressed (in 2020, 129 cases were reported). There were no corruption-related complaints on the channel in 2021.

[ GRI 205-3 ]

### ▲ Ethics and Conduct Committee

[ GRI 102-16, 102-17 ]

To promote the guidelines of the Code of Ethics and Conduct, we have an **Ethics and Conduct Committee**, a group consisting of employees appointed by the CEO and approved by the Board of Directors. This Committee, which integrates the Company's

executive structure, is responsible for analyzing possible violations of the Code of Ethics and Conduct, other internal guidelines or current laws. In the event of a violation, the Committee shall determine the appropriate disciplinary measures.

We also have the **Consequence Management Standard**, which includes the rules and criteria to be observed in the process of enforcing disciplinary or legal measures because of infringements.

### ▲ Constant training and awareness-raising

[ GRI 205-2 ] [ SDG 8 ] [ GLOBAL COMPACT 1, 2, 10 ]

On a daily basis, we widely disclose our anti-corruption policies and procedures, both to the internal public—through training and via intranet—and to the external public, by making information available on the Company website. Several initiatives were performed in 2021 as part of the ongoing training in ethics and anti-corruption:

- **New training on the Code of Ethics and Conduct:** in e-learning format and developed to all employees, the training was made available to all our areas and units, besides the franchises. The training reached an adherence rate of 95% of TOTVERS in 2021. The understanding of the training content is tested through ethical questions and dilemmas that must be answered under the principles and rules of the Code of Ethics and Conduct, requiring a minimum of 70% to complete the course and obtain the certificate.

## How to access the Ethics and Conduct Channel:

The channel can be accessed via telephone:

**0800 721 5966** in Brazil

**55 11 3232 0766** in other places

Monday-Friday, from 9 am to 5 pm.

Or on the web:

[www.canalconfidencial.com.br/totvs](http://www.canalconfidencial.com.br/totvs)

- **Anti-corruption training for Franchises:** in order to strengthen awareness about the forms of corruption and the risks of illicit practices, specific training was carried out for the CEOs of our franchises. Franchise employees and business partners, in all Brazilian regions, were 100% informed about anti-corruption procedures.
- **Compliance training for new employees:** as part of the ethics training actions, in 2021 a compliance onboarding was implemented on a monthly basis in virtual format for new employees. In the training, ethical, compliance, and integrity principles and elimination of corruption are addressed, and the Compliance Program, the major guidelines and standards of the Code of Ethics and Conduct, and the Ethics and Conduct Channel are presented.
- **Anti-corruption training for employees who work with procurement and partnerships:** training on the importance of the due diligence process to identify compliance risks and the impacts of the Anti-Corruption Law on the relationship with third parties and, in the Facilities area, on precautions in any interaction with public entities and bodies. Employees who are part of the structures that potentially relate to public agents were trained through e-learning of the Policy for Business and Institutional Relationship with Public Entities.
- **2nd Compliance Week:** performed between December 6 and 10, 2021 remotely, it had live shows led by experts, who addressed several topics such as General Data Protection Law (LGPD); ESG and UN Sustainable Development Goals (SDGs); conscious use of social media and the danger of fake news; and the role of individuals and companies in the elimination of corruption. In addition, there was a live show on the prevention of moral and sexual harassment aimed at employees in leadership positions.



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Employees trained in 2021 in Brazil, per position and per region (%)\* [ GRI 205-2 ]

Employees trained per position and region (%) <sup>1</sup>	South		Southeast		Midwest		Northeast		Norte <sup>2</sup>	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Executive Officers and Managers	86%	100%	90%	92%	50%	100%	-	-	-	-
Managers	81%	100%	87%	93%	86%	100%	100%	100%	-	-
Coordinators	92%	97%	89%	93%	100%	96%	100%	89%	100%	-
Experts	93%	97%	84%	94%	100%	95%	91%	96%	100%	-
Analysts	89%	97%	89%	96%	94%	93%	91%	95%	71%	-
Technicians and Assistants	85%	93%	86%	90%	92%	94%	71%	100%	100%	-
Total per region	88%	97%	87%	93%	87%	96%	91%	96%	93%	-

<sup>1</sup> Training intended for all TOTVS own units, franchises and those acquired already merged (the RD Station and Dimensa units were not considered).  
<sup>2</sup> Employees in the Northern region are part of Dimensa, which is in the process of adequacy of the management and was not considered for this indicator in 2021.

Employees trained in 2021 in Brazil, per position and per region [ GRI 205-2 ]

Employees trained per position and region <sup>1</sup>	South		Southeast		Midwest		Northeast		North <sup>2</sup>	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Executive Officers and Managers	6	3	93	123	1	3	-	-	-	-
Managers	25	18	167	208	6	4	3	4	-	-
Coordinators	58	65	274	376	24	23	10	8	1	-
Experts	161	252	579	1,007	31	37	21	26	3	-
Analysts	1,023	779	3,003	3,608	245	241	74	92	10	-
Technicians and Assistants	164	97	563	496	23	29	5	6	1	-
Total per region	1,437	1,214	4,679	5,818	330	337	113	136	15	-

<sup>1</sup> Training intended for all TOTVS own units, franchises and those acquired already merged (the RD Station and Dimensa units were not considered).  
<sup>2</sup> Employees in the Northern region are part of Dimensa, which is in the process of adequacy of the management and was not considered for this indicator in 2021.

[205-2] - Regarding the members of the Board of Directors provided with reports and/or trained in anti-corruption procedures, per region, in 2021, 7 board members (100%) received reports, and 5 (71.42% of the total) were trained, all in the Southeastern region of Brazil.

Employees trained in 2021 outside Brazil [ GRI 205-2 ]

International market – employees trained in 2021						
Place	2020			2021		
	Announced	Trained	% Trained	Announced	Trained	% Trained
Argentina	116	41	35.34%	100	85	85%
Chile	2	-	-	2	2	100%
Colombia	17	4	23.52%	14	14	100%
Mexico	90	49	54.44%	98	94	95.91%
USA	9	1	11.11%	5	4	80%
Total	234	95	40.59%	219	199	90.86%

Partners reported in 2021 in Brazil [ GRI 205-2 ]

Commercial partners (franchises) reported	South	Southeast	Midwest	Nordeste	North
Total per region <sup>(1)</sup>	586	1,062	149	196	74

<sup>1</sup> TOTVS' business partners are the franchises. The totals presented in the table represent 100% of these partners in each of the regions of Brazil.







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## ▲ Conflict of interest and anti-corruption

[ GRI 102-16, 102-17, 102-25, 103-1, 103-2 ] [ SDG 8, 9, 12, 17 ]

[ GLOBAL COMPACT 1, 2, 10 ]

We have several rules and procedures to prevent potential conflicts of interest and to promote ethical and responsible conduct towards the government and other stakeholders.

Our **Policy for Business and Institutional Relationship with Public Entities** is mandatory for all TOTVS employees and managers, and it is also valid for franchised units. This policy establishes guidelines and rules of conduct to be followed in our relationship with public agents. We expect and encourage that third parties, subcontractors, representatives, consultants, suppliers and service providers also base their actions on the provisions of said policy, when in their relationship with or representing TOTVS.

Regarding corruption, we prohibit any illicit attitude under Anti-Corruption Law 12846/13 and other anti-corruption laws applicable in the countries of operation, and under the guidelines and rules determined in said policies. We have an **Anti-Corruption Standard**, which establishes the anti-corruption and anti-bribery guidelines and minimum standards to be followed by all TOTVS employees and managers. The document has clear rules on the relationship with public agents and Politically Exposed Persons (PEPs), contributions, donations and sponsorships, relationship with suppliers and service providers, giveaways, gifts and hospitality, accounting books and records and the express prohibition to facilitation payments.

In 2021, within the scope of this concern, the risks related to compliance and corruption/fraud in the process of hiring suppliers and service providers were mapped, in which it was possible to identify that the controls currently adopted for the process are adequate to mitigate risks, reinforcing that we act proactively, selecting only suppliers and business partners that are in line with our principles and values.

In addition, in order to prevent and manage situations of potential conflict of interest, our **Related-Party Transactions Policy** determines the monitoring of registration of related parties and the management and control of such information. Annually, it is verified with the directors and other key members of the Company Management and their close relatives the existence of ties related to participation as members of other boards, accumulation of positions and mandates and equity interests in other companies.

In order to improve the controls to identify and monitor situations of conflicts of interest and as part of the actions of the Compliance Program, we have, in addition, a **specific rule on Conflicts of Interest**, which determines rules to identify and address situations involving potential conflicts of interest and related parties. We also use a new version of the **Identification Form for Related Parties and Conflicts of Interest** to report any situations of conflict by TOTVS's directors and executives. [ GRI 102-25, 102-29 ]

Regarding anti-corruption guidelines and best compliance practices, we also highlight the Policy of Jurisdictions, which establishes levels and powers for decision-making processes in the Company, and the Contribution, Donation and Sponsorship Policy, which determines the rules to be followed to make any type of contribution, donation or sponsorship, defining the responsibilities and governance necessary for the process.

In order for these guidelines to be effectively complied with, we established **internal controls in the processes for approving expenses and granting any contributions, donations and sponsorships**. These controls are subject to periodic review by the Internal Audit.

The topic on identification and repairing conflict of interest is informed to all TOTVERS through communications and Training of the Code of Ethics and Conduct, besides specific training for certain areas. We also have a structured process for

approving expenses and granting contributions, donations and sponsorships, in order to monitor and ensure that the guidelines are being duly complied with.

To disseminate the relationship guidelines with agents, entities or the public bodies, TOTVERS acting in interaction with such audience make an e-learning training on the **Policy for Business and Institutional Relationship with Public Entities**. And in order to support and give transparency in this type of relationship, we have a mandatory internal tool to monitor and record the interactions of TOTVERS with public agents.

In 2021, as in the previous year, we were not target of lawsuits (ongoing public investigations, actions or closed cases), nor were there cases reported to the Ethics and Conduct Channel, referring to cases of corruption against the Organization or its employees.

## ▲ Public commitments to eliminate corruption

[ GRI 102-12, 102-16, 102-17, 205-2, 103-1, 103-2, 103-3 ]

[ SDG 4, 8, 9, 10, 12, 17 ] [ GLOBAL COMPACT 10 ]

We are signatories to anti-corruption compacts, by which we seek to contribute to strengthen the governance and compliance agenda and to keep up to date with the best practices adopted by the market.

**UN Global Compact:** the signatory organizations are committed to aligning their strategies and operations with ten universal principles in the fields of Human Rights, Labor, Environment and Anti-Corruption, and to develop actions to



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face the challenges of society. The principles derive from the Universal Declaration of Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Convention Against Corruption.

**Business Pact for Compliance/Integrity and Against Corruption, with the Ethos Institute:** the pact seeks to promote a more honest and ethical market and eradicate bribery and corruption. We also participate in the Ethos Institute's **Compliance/Integrity Working Group**, which promotes debates and exchange of experiences regarding the implementation of integrity and anti-corruption policies and actions.

## INFORMATION SECURITY AND DATA PRIVACY

[ GRI 418-1, 103-1, 103-2, 103-3 ] [ SDG 8, 9, 17 ]

Our priorities are to protect, preserve and respect the privacy and rights of personal data subjects. We adopt the best corporate practices and focus on ethical conduct, aiming at maintaining and continuously making progress in compliance with data protection processes, in order to meet the needs of our customers, partners, suppliers and employees. Our franchises have to follow the guidelines we have defined for information security.

We process the personal data of our customers, TOTVERS and other stakeholders with responsibility. In the products and solutions offered to our customers, we have resources that aim to assist them in maintaining and strengthening their compliance with legal requirements, and under best management practices and processes related to protecting personal data.

We emphasize that the use of the resources we provide to protect personal data in our products and solutions is always a decision to be made by customers, at their sole discretion and full responsibility. Our customers can decide—under applicable laws—on the best way to process the personal data of their users, customers and suppliers.

### ▲ Management of data security and privacy risks

Our Information Security area manages possible data security and privacy risks of people and customers with whom we relate, and identifies incidents associated with the compromise of corporate data.

### ▲ Adequacy to the General Data Protection Law (LGPD)

[ GRI 102-11, 102-33, 102-49, 103-1, 103-2, 103-3, 418-1 ]

To ensure compliance with the Brazilian LGDP law, in 2021 we carried out training sessions and conducted a specific internal communication plan, in order to inform and guide employees about the impacts of the Law on the Company's daily operations. There were webinars and the creation of a mandatory e-learning for all employees in the phase of adjustment to the new rules.

In addition, in 2021 we promoted:

- The provision of an additional package for encryption services in SQL and Oracle databases for environments hosted in our cloud.
- Maintenance of the ISO 27001 Certification in cloud.
- The expansion of the Information Security team dedicated to protecting our cloud.
- The availability of our cloud whitepaper in the Trust Center, demonstrating our layers of information security.

## ADOPTION OF PRIVACY BY DESIGN AND SECURITY BY DESIGN PRACTICES

In view of the changes in the external environment, we seek to anticipate ourselves to comply with LGPD requirements. In this regard, we adopted the concepts of Privacy by Design in the relationship with customers, that is, tools and processes that are born from a perspective of respect for privacy, as well as the principles of Security by Design, which establish mechanisms to mitigate security risks. We also have a model of responsibility and confidentiality in client information and we made all adjustments to comply with the requirements of the new Law.





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Besides these topics, we are developing the **Data Privacy Governance Program**, in which the privacy processes implemented in the Company are managed, also encompassing the companies that were recently acquired and the operations carried out in the international market. We also have an **Information Security and Corporate Privacy Incident Response process**.

#### ▴ Privacy Policy

In May 2021, we published and disclosed our **Privacy Policy**, a document that reflects the commitment to security in the services provided related to the processing of Customer data. It aims to show the Company's commitment to the transparency with which it processes the personal data of the subjects of those data, as well as to express our commitment to the security, preservation and respect for the subject when processing personal data.

This policy applies to all areas and companies of the TOTVS Group, including third parties that, in any way, process personal data on behalf or at the request of the Company, and reflects the governance applied to personal data protection topics at TOTVS. The compliance with this policy is mandatory and also reflects the applicable laws and regulations related to the LGPD. To learn more about the policy, [click here](#).

#### ▴ Security of corporate information

We continue to enhance our controls regarding the security of corporate information. In 2021, we changed the Identity and Access Management solution, improving access management controls in TOTVERS hiring, removal, transfer and dismissal events.

In addition, access reviews by managers have become more frequent, reducing the risk of improper access to corporate systems. Another action was the advancement of the works of segregation functions to more systems, with the review of all profiles that presented potential conflicts and the resolution in a systemic way or by compensatory controls in the business area.

In the scope of cybersecurity, we structured cyber incident response processes; deployed a security gateway to our web collaboration suite, including information leakage prevention technologies; changed anti-malware technology for a behavior-based one; and monitored the cyber risk score of the group as a whole, using calculation tools established in the market and implementing a process to prioritize the correction of identified risks.

To improve the security of our products, we created a squad dedicated to improving safe development processes, training developers in the concepts of Privacy & Security by Design and conducting internal and external security tests in the prioritized product environments.





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## COMMITMENT TO SUSTAINABILITY

[ GRI 102-12, 102-16, 102-17, 103-1, 103-2, 103-3 ]

[ SDG 4, 5, 8, 9, 10, 12, 17 ] [ GLOBAL COMPACT 1, 2, 3, 4, 5, 6, 7, 8, 9, 10 ]

We are committed to the development of a **Sustainability/ESG Agenda** that reflects TOTVS's purpose and vision on how we positively influence and affect society as an employer and economic and social agent.

Our commitment to sustainable development is present in a transversal way in our performance, comprehending our management, business, and the day-to-day operations.

This Sustainability/ESG Agenda is updated periodically based on our materiality matrix, considering the most relevant topics for our relationship audiences and those that we believe have the greatest potential for positive impact. More information on our material topics can be found in the chapter "About the Report".

Since the end of 2020, we have been following a **Sustainability Policy**, which defines guidelines that orient our actions towards sustainable development.

We have been signatories to the **United Nations Global Compact (UN Global Compact)** since 2014, and annually inform the results and advances on the topics that make up our commitments through this Integrated Report. We take part in Global Compact working groups, including the statement of the ten universal principles derived from the Universal Declaration of Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Convention Against Corruption. We were the first Brazilian technology company to sign the Global Compact's UN Call to Action, which recognizes corruption as one of the biggest obstacles to economic and social development worldwide.

We are also aligned with the **UN Sustainable Development Goals (SDGs)**, a global agenda adopted during the United Nations Summit on Sustainable Development in September 2015, consisting of 17 goals and 169 targets, to be achieved by 2030.

And we are in the process of joining the **Carbon Disclosure Project (CDP)**, with emphasis on environmental impacts and climate change issues.

In 2014, we joined the Ethos Institute's **Business Pact for Integrity and Against Corruption**, which aims to mobilize, raise awareness and help companies manage their business in a sustainable and socially responsible manner, as well as promote a healthier, more ethical market and eradicate bribery and corruption. Among the functions of the Pact, we have those of assisting in the implementation of policies to promote integrity and eliminate corruption and to mobilize companies and business entities.

Also within the scope of external initiatives, **we take part in the Ethos Institute Integrity Working Group**, a space for exchanging experiences between companies to discuss integrity issues involving business practices and the implementation of policies to promote integrity and eliminate corruption, related to the Business Pact.

2021 was a year of **evolution in our ESG governance efforts and increased engagement in favor of ESG topics**, with new work fronts and greater focus on our ESG Working Group—more information, then, on governance. We also had the recognition of the market, with improvements in the ISS ESG Corporate Rating, inclusion in the "Best in ESG" of Exame magazine and entry into the ESG portfolios of JP Morgan and BTG Pactual.

### ▲ More about our Sustainability/ESG Agenda

We believe that there are many opportunities to expand the generation of value to our stakeholders, with the evolution of the strategy performance and the maturation of reflections around the strengthening of the ESG pillars as part of our sustainability culture, expanding our ability to incorporate the demands of our strategic audiences and to generate shared value in all our relationships.

Thus, as **complementary goals** of the Sustainability/ESG Agenda we have:

- Enhance the performance of TOTVS as an agent of positive change, through the connection of business, people and technology, including sustainability as a value proposition.
- Strengthen the integration of economic, environmental, social, and governance (ESG) aspects in the business strategy and model, investment decisions, products, services, innovation and technological development processes of the Company.
- Foster the development of the sustainability culture at TOTVS, expanding our ability to incorporate the demands of strategic audiences and generate shared value in all relationships.

All of this generates a powerful lever so that we can continue to contribute more and more to national development, through the democratization of technology, with impact solutions that generate results and make our customers more productive and competitive in their industry sectors.





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In terms of **governance**, our performance in sustainability/ESG is supported by a solid structure, together with the Code of Ethics and Conduct, institutional policies and the most advanced corporate governance practices, valuing the transparency, ethics and integrity that guide the relationships established with our audiences, and displayed through the commitment to the development and continuous improvement of the organization's governance practices.

[ GRI 102-11, 102-29, 102-33, 102-44 ]

The governance of the Sustainability/ESG Agenda involves the following planning, execution and management spheres:



Among our major initiatives developed in the Thematic Committees encompassing the SDGs, we highlight:

- Portfolio of ESG products and services for customers
- Carbon footprint and development of GHG emissions inventory
- Promotion of diversity and inclusion
- Training of qualified, technical workforce
- Positioning, engagement and communication strategy
- ESG risk management





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# HOW WE GENERATE VALUE

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# MANUFACTURED CAPITAL

Manufactured Capital is the sum of the physical, material and technological structures made available to produce or provide services. It consists of manufactured physical objects (other than natural physical objects) available for the Organization to use in the production of goods or in the provision of services, including: buildings, machinery, equipment and infrastructure (roads, ports, bridges, etc.).

## OUR PERFORMANCE AND MANAGEMENT STRATEGY

[GRI 102-2, 103-1, 103-2, 103-3][SDG 8, 9, 12]

Over time, we have stood out in the industry and in the market for developing technology to support the productivity, efficiency, competitiveness and results of our customers. Guided by a great capacity for transformation and adaptation, managing with flexibility and balance the combination of different business dimensions, we have achieved **continuous growth** based on three main levers: **organic development, partnerships and acquisitions**.

As a technology company, we are always building the tools for new businesses, new demands. We know that the future is interconnected, interdependent, and challenging, and so we want to remain as the **partner that our customers know they can count on**, the trusted partner. We have combined attributes and have a team of trained and engaged experts who support us in this direction. And always believing in a Brazil that GETS THINGS DONE!

TOTVS is an originally Brazilian company. We believe in a “**Brazil that GETS THINGS DONE**” and we support the sustainable growth of thousands of businesses and entrepreneurs across the country through our products, services and technology solutions.

Since the beginning of our history, we could witness the profound changes in Brazilian companies and industries, the strengthening of economic industry sectors and the emergence of new demands and needs. In a **world in constant transformation**, technology is a high value-added asset that can contribute decisively to the development of people, companies, organizations and countries, covering the production chain of virtually all sectors.

Today, people consume products and services in different ways, which led companies and organizations to rethink their business models and their performance strategies. Those who do not incorporate digital aspects into strategic planning and work and business formats will be left behind. The world’s speed of transformation

requires increasingly rapid responses, especially from governments, companies and organizations.

An increasingly digital, prosperous, productive, inclusive and sustainable Brazil. These are the directives that guide the development of our business solutions. In this context, **transformation** is the word that best summarizes the current moment. Technology has been supporting and enabling major transformations in society, business and our lives. It is directly present and reflected in the aspects of economic, social, educational, environmental, work, business, finance, leisure, culture and entertainment development, that is, in the daily life of human beings.

In the companies’ rush for new technologies, we place ourselves as a powerful partner, with the ability to solve problems and that allows customers to focus on their core business. In order to put this positioning into practice on a daily basis, we rely on a strengthened internal culture that drives us towards continuous improvement.

## CORPORATE STRUCTURE

[GRI 102-1, 102-2]

- The largest technology company in Brazil.
- About 70 thousand customers in 41 countries.
- 15 subsidiaries, 52 franchised territories and 10 technological development centers in Brazil and 6 subsidiaries and 2 development centers abroad.
- Physical and digital presence, based on a high-capillarity distribution model.
- Business solutions for companies of all sizes.
- Management Software, Techfin and Business Performance, productivity, collaboration and innovation and consulting platforms for companies in 12 strategic industry sectors of the economy.
- Absolute leader in the market of small- and medium-sized enterprises (SMEs) in Brazil.



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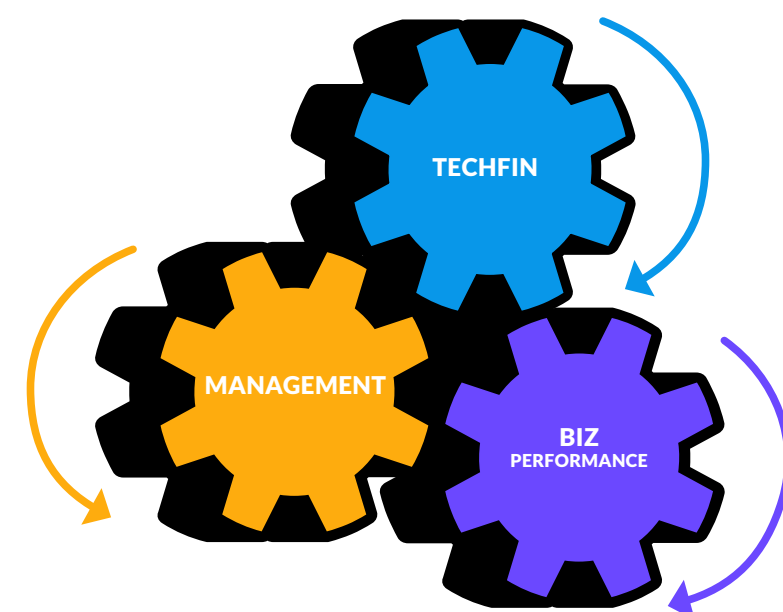
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## DIMENSIONAL ECOSYSTEM

[ GRI 102-2, 103-1, 103-2, 103-3 ] [ SDG 8, 9, 12 ]

To meet the business guidelines, our operations are built on an ecosystem of B2B technologies, based on three business dimensions:

- *Management*
- *Techfin*
- *Business Performance*



Our 3-dimensional ecosystem has allowed us to enhance the competitive environment and boost business productivity, as well as the competitiveness of customers' digital businesses and services in 12 strategic economic industry sectors in which we operate. Adding the Techfin and Business Performance dimensions to the already consolidated Management dimension has enabled us to offer a broader platform of products, services and solutions. All of this leads us to increasingly be trusted partners of our customers, supporting the acceleration of their digitization journey.

### Profile of the 3 Business Dimensions

#### Management

It is the dimension in which data and integrations are generated, thus being the basis that enables the other dimensions of our ecosystem. It comprises: ERP solutions for companies (data registration, integration, and control, enabling an easy and reliable access); HR solutions for human capital management and development and payroll processing; specialized solutions for the economic industry sectors in which we operate; open innovation platforms that integrate and enhance ERP, HR solutions and specialized solutions; and solutions directed to micro and small businesses.

#### Business Performance

It aims to support customers in various industry sectors to increase sales, competitiveness and performance, leveraging the results, performance and relationship of their different business areas. It consolidates the digital marketing platform, consisting of RD Station and Tail Target, and the sales support solutions, constituted by the e-commerce suite and the simultaneous and interconnected use of different channels (omnichannel).

#### Techfin

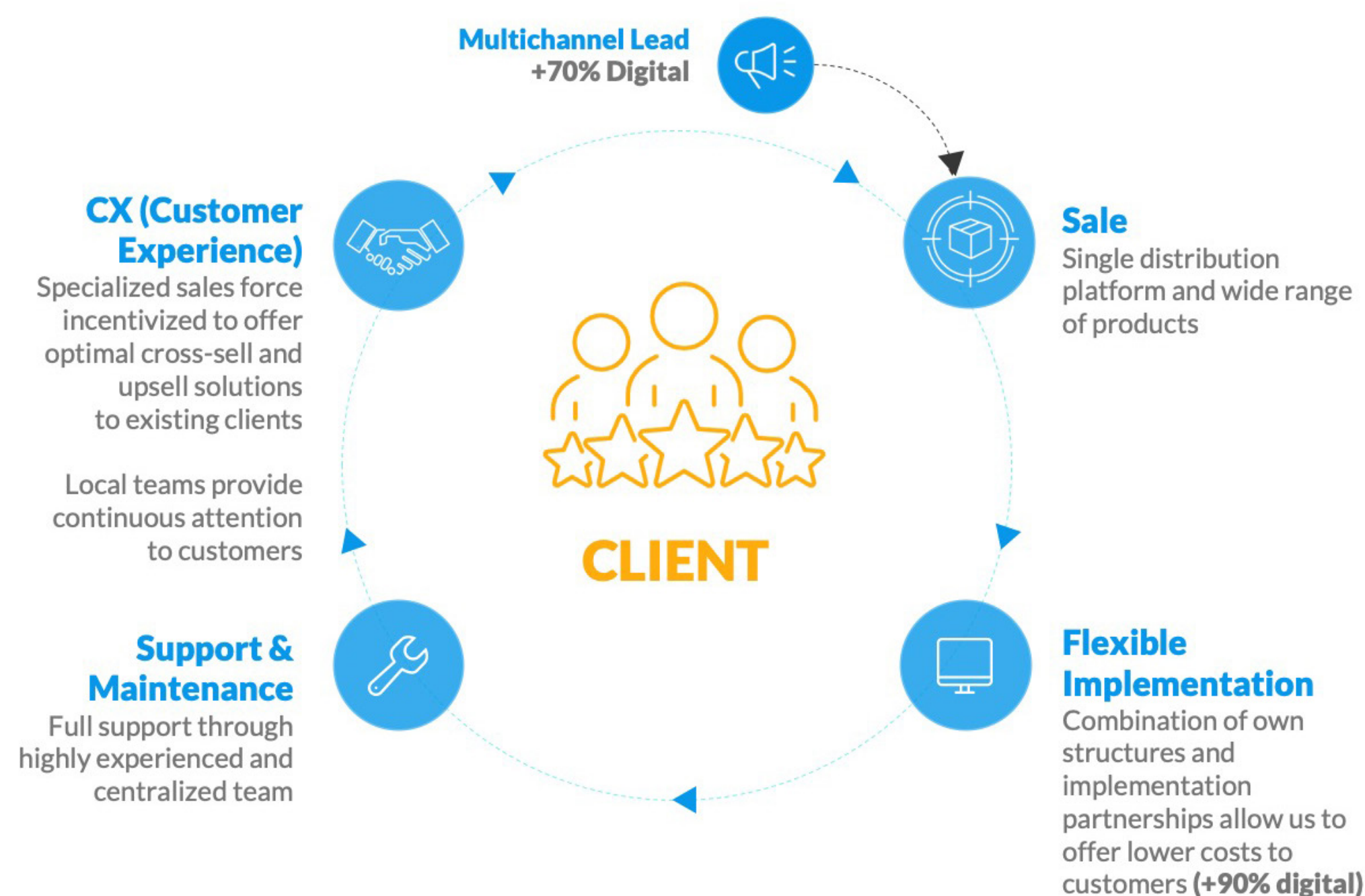
It seeks to simplify, expand and democratize access to a wide range of financial products and services in the B2B market through the intensive use of digitization, artificial intelligence and Big Data. Currently, it covers credit solutions and new products (such as *Antecipa*, *Consignado*, *Mais Negócios*, *Mais Prazo*, *Painel Financeiro*, *Pagamento Instantâneo* and *eduConnect Pay*), and we continue to work to increase this portfolio.

## BUSINESS MODEL

[ GRI 102-2, 103-1, 103-2, 103-3 ] [ SDG 8, 9, 12 ]

**Our business model is integrated**, seeking to take full advantage of synergies and opportunities arising from the interconnected performance between our three business dimensions, both in service and in the relationship as well as in the development of products, services and solutions.

We are present and close to our customers, working at all stages of their journey, from sales, deployment, support and maintenance, and Customer Experience (CX). Our business model has a customer-focused approach, offering a broad product portfolio, flexible deployment model, specialized teams that understand the customer industry sector as well as it does. In this way, we continue to support the daily operations of thousands of companies and organizations of all sizes and sectors, and contributing to the digitization and productivity of the business.







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# SEGMENTS IN WHICH WE OPERATE

[ GRI 102-2, 103-1, 103-2, 103-3 ] [ SDG 8, 9, 12 ]

We offer the deployment of technological tools and platforms with specialized solutions for customers from **12 strategic industry sectors of the economy and for customers of all sizes:**

- **Agribusiness**

It comprises the entire operation and agricultural activities, from end to end, providing cost reduction and better management.

- **Construction**

For construction companies, project companies and developers; it allows control of deadlines, costs, contracts and documentation, as well as greater speed and efficiency in planning and performance.

- **Distribution**

It enables complete management of procurement, warehouse and delivery processes, optimizing the operation.

- **Educational**

For elementary, higher and continuing education; it enables complete administrative and academic management, in line with the legislation of such industry sector, and allows simple and easy interaction among institutions, teachers, students and guardians.

- **Financial services**

It ranges from the management of financial aspects of customers (individuals and legal entities) to credit operations and accounting, for an accurate, bottleneck-free operation (Dimensa's portfolio).

- **Hospitality**

For hotels, resorts and inns; makes the management of check-in and check-out operations easier, as well as distribution channels, time sharing and other fronts.

# TECHNOLOGIES FOR THE CHALLENGES OF 12 STRATEGIC SEGMENTS



Agribusiness



Logistics



Manufacturing



Distribution



Retail



Services



Educational



Hospitality



Construction



Healthcare



Legal



Financial  
Services

- **Legal**

For legal departments/areas and law firms; provides process monitoring and automatic reading of court data, as well as financial, accounting, time, and document management.

- **Logistics**

For carriers, logistics operators and ports/bonded premises; it comprehends receipt, storage, management of yards and fleets, planning and more integrated and fluid logistics processes.

- **Manufacturing**

Complete technology, with integrated end-to-end system, through automation, "industry 4.0", cost reduction and inventory control.

- **Service providers**

Emphasis on service pricing and resource control.

- **Healthcare**

For providers and suppliers in the Healthcare industry; focus on management, interoperability, accessible information, and cost control.

- **Retail**

So that stores provide the best experience for their customers and reach the true omnichannel (simultaneous and interconnected use of different channels).

We incorporate the best competencies into our portfolio and have specialized products, services and solutions for each industry sector. The production chains are integrated from end to end. Each industry sector has the service of teams of experts, consisting of professionals trained to meet the needs of both direct customers (B2B) and end consumers (B2C).

# FINANCIAL CAPITAL

Financial Capital comprises the set of resources that is available for the Organization to use in the production of goods or in the provision of services or that is got by means of financing, such as debts, shares or grants, or generated through investments.

## ECONOMIC AND FINANCIAL MANAGEMENT

[ GRI 102-10, 102-11, 103-1, 103-2, 103-3, 201-1 ] [ SDG 9, 10, 12, 17 ]

In 2021, we continued to advance in our **financial and operating results**, even in a challenging year, with the worsening of the Covid-19 pandemic and instability in the Brazilian economic scenario. This shows once again the assertiveness of our direction of action and the resilience, reliability and sustainability of our strategic guidelines and our business model.

For some years now, a great process of transformation has been underway in the priorities of performance and relationship of companies, which seek to go digital more and more, and also in the consumption behaviors and habits of consumers. We are aware of this context and we are protagonists in this process, supporting our customers towards digital transformation.

Thus, we had **consistent results** in our recurring businesses and we made new businesses in corporate management platforms, HR solutions and vertical solutions in our fields of operation. So, we have increasingly consolidated our position in the Management dimension, which still has room for growth and is far from its maturity. We achieved vigorous growth in the Techfin dimension mainly with credit solutions, with a wide horizon ahead still to be explored. And in Business Performance we also had important advances in digital marketing solutions and support for e-commerce, and the acquisition of RD Station creates new, great opportunities, representing a definitive step in the consolidation of this business dimension.

Our operational efficiency, supported by our way of being, by the excellence of our team, by structured processes of risk management and discipline in cost management, besides the constant search for improvements and innovation in our portfolio of products and services, is also a basic aspect for obtaining consistent results.

In financial and operating management, we have consolidated a high cash generation capacity and we have a position of strong liquidity. Our level of indebtedness is “real”, that is, totally appropriate for a company with our economic and financial profile, without leverage.

To reinforce our cash position towards the various challenges that have been presented, in May 2021 we **issued simple debentures**, not convertible into shares, in the amount of **R\$1.5 billion**. These debentures will mature on May 21, 2024, and can be redeemed in advance, at the sole discretion of the Company. The purpose of this issue was to raise funds to be used mainly in the achievement of our strategic business planning. We also carried out a public offering of shares (Follow-on) that raised the amount of R\$1.44 billion, focusing on potential acquisitions that can contribute to carry out the strategy of building a 3-dimension (Management, Techfin and Business Performance) B2B technology ecosystem.

### *Fitch Ratings raises TOTVS rating to “AA+(bra)”*

In March 2022, the risk rating agency Fitch Ratings raised TOTVS's Long-Term National Scale rating from “AA(bra)” to “AA+(bra)”, with a stable outlook.

According to Fitch, this rating increase reflects: the growing capacity of our cash generation, strengthened by our strategy of growth through acquisitions; the expectation of preserving operating margins, with a continuous increase in recurring revenue; the greater diversification of the Company's business, with the addition of the Techfin and Business Performance dimensions; and the high growth potential of our operations.





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## PERFORMANCE - MAIN RESULTS

[ GRI 102-10, 102-11, 103-1, 103-2, 103-3, 201-1, 203-1 ]

[ ODS 4, 8, 9, 10, 12, 17 ]

### Key Financial Performance Indicators (R\$ thousand)

	2020	2021	Variation
Net Revenue GAAP	2,596,077	3,258,863	25.6%
Consolidated Recurring Revenue	1,954,093	2,470,920	26.4%
Annualized Recurring Revenue (Consolidated ARR)	2,219,320	3,074,249	38.5%
Adjusted EBITDA	589,716	781,956	32.6%
Adjusted EBITDA Margin (in %)	22.7%	24.0%	130 pb
Adjusted Net Income of the Controllers	290,486	373,985	28.7%

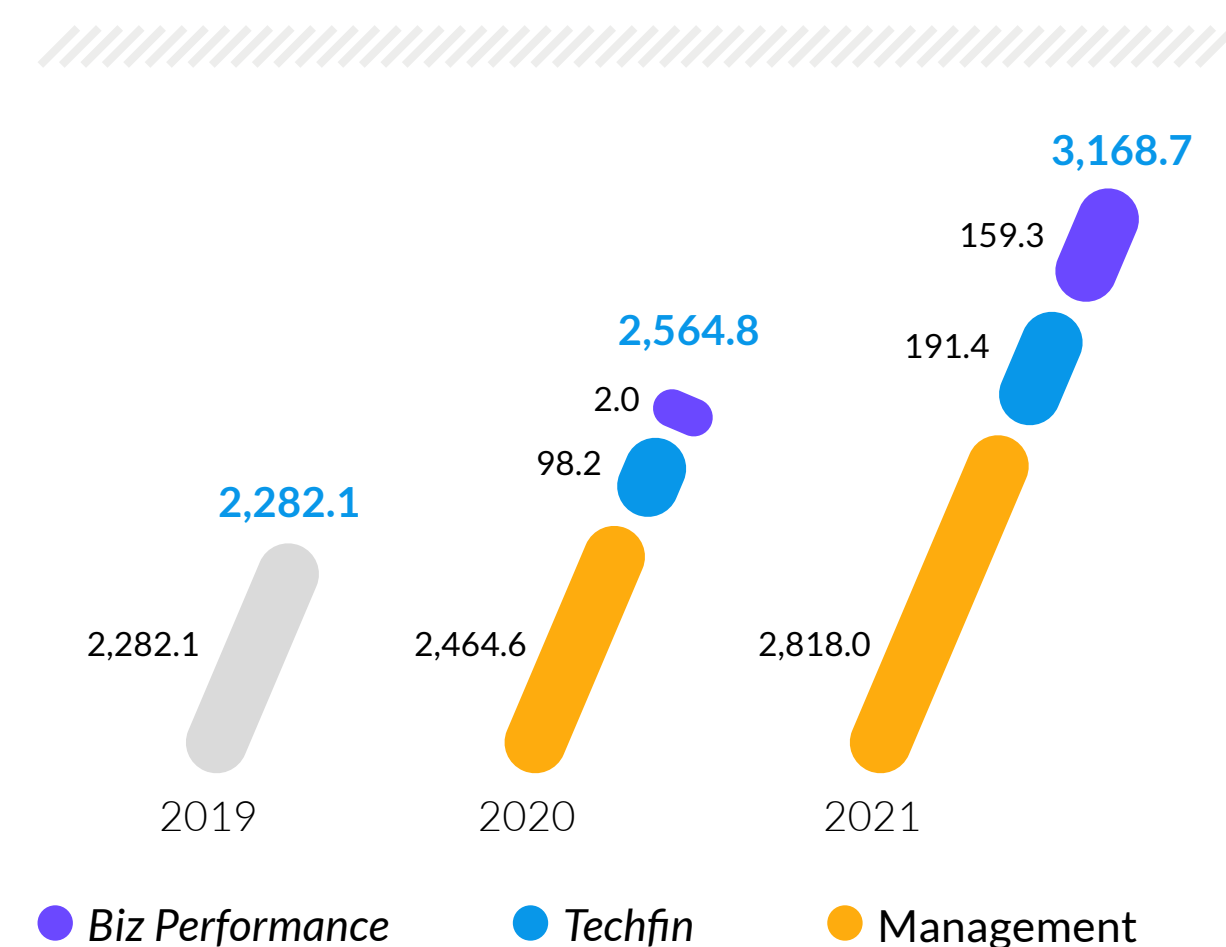
### Highlights in the year

As announced in February 2022, and thanks to the consistency and assertiveness of our strategies, we achieved consistent advances in our financial and operating results in 2021, among which we can highlight:

- **24% growth in the Consolidated Revenue net of Techfin's funding cost** compared to 2020, reaching **R\$3.2 billion**. The Revenue Net of Funding (Non-GAAP), which employs the concept of Techfin Revenue net of funding cost, was driven by our new growth locomotives-SaaS (Software as a Service), Business Performance and Techfin-which represented 40% of total Net Revenue and 68% of the 2021 growth. The Revenue Net of Funding (Non-GAAP) became part of Techfin Revenue net of funding cost in the consolidation of the Company revenues, to align the performance analysis to the form most adopted by the market to evaluate the profitability of credit businesses.

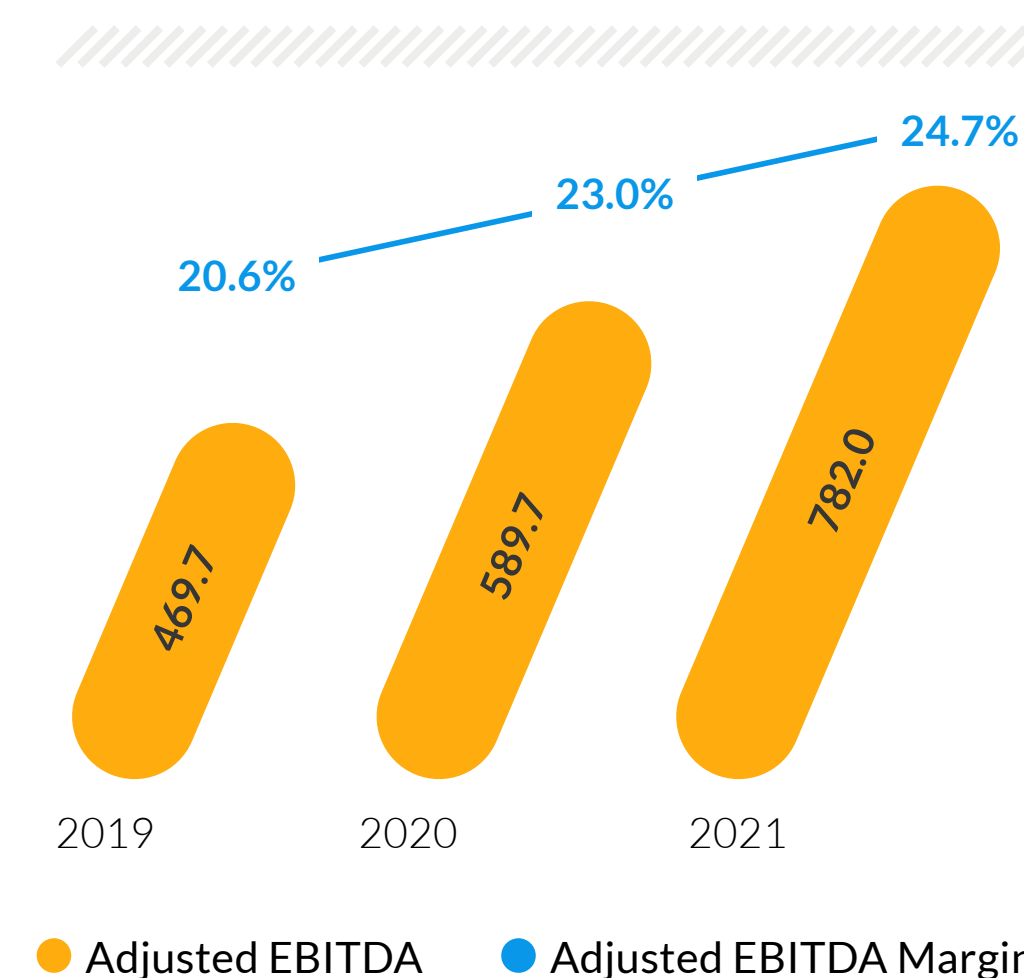
- The **Adjusted EBITDA** was **R\$782 million**, an expressive growth of **33%** compared to the previous year, and the **Adjusted EBITDA Margin** was **24.7%** on the Revenue Net of Funding.
- As a result, in 2021 we reached the level of **48%** in the “Rule of 40”, with a **balance between sped up revenue growth and maintaining profitability at healthy levels**, a unique milestone in the Brazilian technology market. We remind you that the “Rule of 40” is a concept developed by analysts and investors, that analyzes the balanced combination of growth and profitability resulting in a sum greater than 40 percentage points and that is rarely found in longer-lived companies, as is our case, with almost 40 years of existence.
- The **Consolidated Net Income** was **R\$374 million**, an increase of **26.8%** over the previous year.

### Revenue Net of Funding<sup>1</sup> (in R\$ MM)



<sup>1</sup> The Revenue Net of Funding (Non-GAAP) incorporates the concept of Techfin Revenue net of funding cost in the consolidation of the Company revenues.

### Adjusted EBITDA and EBITDA Margin





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### ▲ Net Revenue

The consolidated Net Revenue grew 24% in 2021, compared to the previous year, reaching R\$3.2 billion, with the following highlights.

- The Recurring Management Revenue sped up, growing 18% in 2021, driven both by the increase in volume (new signings) and by the pricing power of the Company's recurrence model.
- The consolidation of RD Station, as a definitive step in building the Business Performance dimension, which reached 7.4% of pro forma revenue in 2021 and 15% of revenue growth in 2021.
- Techfin Credit Production of almost R\$10 billion, 48% above 2020 and 51% above 2019.

### ▲ Recurring Revenue

Throughout the year, there was a significant growth in the ARR (Annual Recurring Revenue), which was possible mainly because of the evolution of the sales volume, comprising new signings and the price effect, resulting from contractual adjustments.

The increase in volume reflects the combination of factors such as:

- Management software market expanding and far from maturity, demonstrated by sales to new SaaS customers, which accounted for 27% of the total.
- - NPS (Net Promoter Score) at a record level, being decisive for new sales.
- - Evolution in productivity and business efficiency, particularly in franchises.
- - Rejuvenation of the TOTVS brand.
- - Expansion of the solutions portfolio.
- - Migration to the cloud, reducing the total cost of ownership for the customer.

These factors made the new SaaS signings grow 30% in 2021, when compared to 2020, with emphasis on the new Cloud signings, which grew 48% in the same period. Such performance, combined with the Company's price adjustment capacity (price power) and the maintenance of low churn levels (turnover), demonstrated by the renewal rate running above 98% in the year, caused the SaaS Management Revenue to grow 30% in the year.

### ▲ Non-Recurring Revenue

The License Revenue decreased by 4.7% year-over-year, below the inflation for the period, mainly because of the strong acceleration in signings and recurring SaaS revenue, generating a natural and healthy deceleration in license revenue.

The Non-Recurring Services Revenue also grew below inflation year-over-year, as a consequence of the evolution of the product portfolio and migration to the cloud, which lead to a reduction in the initial investment and the total cost of ownership of customers.

### ▲ Adjusted EBITDA Margin

In the year-to-date view, there was an increase of 170 basis points in the Adjusted EBITDA Margin. Such growth is mainly associated with:

- The growth of 220 basis points in the percentage of the Management Contribution Margin, due to the acceleration of revenue growth and the reduction of the Provision for Expected Credit Losses
- The dilution of General and Administrative Expenses and Others, both because of revenue growth and increased efficiency, as well as the 28% reduction in the Provision for Contingencies. It is worth pointing out that this margin gain was possible even with the increase in the representativeness of the Business Performance and Techfin dimensions, which have different moments and mandates, with a focus especially on the accelerated revenue growth, besides the Selic rate increase cycle, which also generates a temporary impact on the Techfin margin.

### ▲ Gross Margin

In the year to date, the Management Gross Margin reached 71.6%, 140 basis points above 2020. Such expansion is mainly explained by the following factors:

- Expansion of the SaaS Model.
- Modernization and digitization of software products and services, with the Company offering more and more products that require less deployment services and customizations.
- Advance in product quality, with record levels of NPS and, consequently, lower demand for support.
- Maintenance of remote deployment levels above 90%.

Further information about our financial results can be found on our Investor Relations website at [here](#).





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# DVA

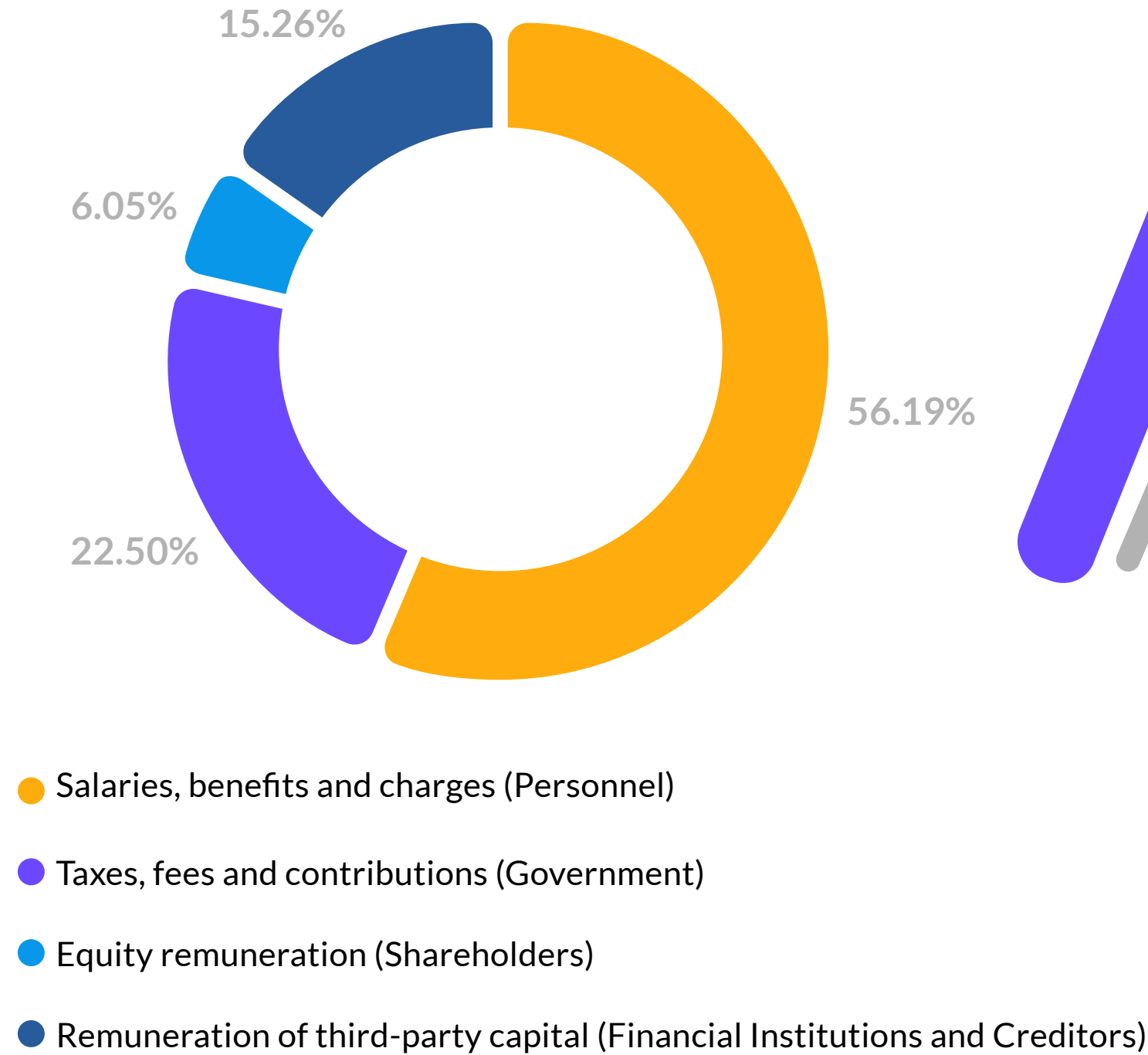
[ GRI 201-1, 103-1, 103-2, 103-3 ] [ SDG 8 ]

In 2021, our wealth distribution totaled R\$2.45 billion. The amount, which is 27.56% above the total distributed in the previous year, was as follows: 56.19% employees, 22.50% government, 15.26% shareholders and 6.05% interest and rents.

Distribution of Value Added (in R\$ thousand) [ GRI 201-1 ]

	2020	2021	DVA (em % 2021)	Variation 2020 X 2021
Total DVA	1,921,181	2,450,689	100%	27.56%
Salaries, benefits and charges (TOTVERS)	1,106,293	1,377,030	56.19%	24.00%
Taxes, fees and contributions (Government)	458,841	551,401	22.50%	21.7%
Interest on third-party capital (financial institutions and creditors)	61,088	148,221	6.05%	59.00%
Interest on the stockholders' equity (Shareholders)	294,959	374,037	15.26%	28.60%

Distribution of Value Added (in %)



# INTELLECTUAL CAPITAL

Intellectual Capital is formed by knowledge-based organizational intangibles, including: intellectual property—such as patents, copyrights, software, rights and licenses—and “organizational capital”, which includes tacit knowledge, systems, procedures and protocols.

## KNOWLEDGE AND INNOVATION

[ SDG 4, 8, 9, 10, 12, 17 ]

We value **innovation and the constant generation of knowledge**. We continually seek to be in the forefront of technological developments. We have invested about **R\$2 billion** in research and development in the last five years.

As for the internal environment, boldness and transformation are part of our routine. Sameness and comfort zone are not part of our reality. Our employees are free to dream and make it happen in a dynamic environment, with the best technologies to carry out large projects and deliver impact solutions to our customers.

Specifically with regard to research and development initiatives, we have sought to meet the constant market demand for software, platforms and other technological products and services, and this reflects in a permanent research and development effort, aiming to develop cutting-edge solutions and/or improve existing products and services.

Our major objectives **in the research, innovation, and development** of software, solutions and services are:

- Creation of new products, services and solutions with or without disruptive bias, as the case may be, and focus on innovation, intending to expand business volumes, enabling specialized services or developing new markets.
- Improvement of the technical fundamentals of our software and other products and services, in order to increase efficiency in the development of solutions.
- Adoption of new technologies and assessment of their impacts.
- Implementation of technological alternatives that keep the operation of our products safeguarded and protected.
- Constant improvement of concepts, functionalities and usability of products.
- Development of special, customized products to meet customer needs.

- Search for new development methodologies, in order to get more agility and quality in software and other products and services.
- Greater integration with third-party tools.
- Evaluation of new organizational models and their applicability.

### ▲ Framework for research, development and innovation activities

[ GRI102-7, 102-13, 103-1, 103-2, 103-3, 203-1 ]

To identify which products should be developed, improved or customized, research is a key tool, along with sales channel analysis, technical assessments and customer interactions. Our current framework for research, **development and innovation activities comprises:**

#### • R&D Centers

Specialized in the 12 strategic industry sectors in which we operate. The centers have experts who understand the specific needs and challenges of each industry sector, translating them into innovative solutions aligned with our customers' core business. Each center is structured with teams specialized in product and solution development, support, service, relationship and services (including deployment, among others).

#### • UX Lab

Located in São Paulo, State of São Paulo, Brazil, it is our **User Experience Laboratory**. In a space of approximately 200 sq. m, it has a team of researchers and designers exclusively dedicated to exploring opportunities for innovation, market trends and improving the experience of using our solutions and services through constant research, validation with customers, and collaboration. In the laboratory, projects are conducted using the Design Thinking approach, and involve empathy, cooperation and creativity, aiming at discovering new solutions based on our





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customers' needs, constantly improving processes, revising the interfaces and the navigability of our products, the unification of the identity and unique experience of our solutions, and the dissemination of the Design Thinking culture to employees and customers.

#### • IDEXO

It is the open innovation front and connected with the Company's startups. It has over 80 startups, serving the economic industry sectors in which we operate. IDEXO allows us to expand our portfolio of offers to the market, generating innovation, cost reduction and process optimization for all involved: TOTVS, customers and startups.

#### • TOTVS Labs EUA

Innovation Center located in Raleigh (North Carolina, USA), close to Research Triangle Park (RTP), the largest scientific research park in the USA, and in a region with a thriving technological environment and a significant supply of talents. TOTVS Labs USA's focus is on creating disruptive solutions, in line with the most modern technological trends related to Big Data, Mobile, Social Media and Cloud. It also works to find new business models and startups, establishing strategic partnerships and transferring knowledge to other business units of the Company. The key technologies worked at the Labs involve Artificial Intelligence, Computer Vision, Natural Language Processing, Machine Learning, and UX Design.

#### • Agile development process

Connected to the main global trends in software development, we have made significant progress in agile processes and tools, implementing the agile software development process in all areas of the Company in the software development teams (Innovation, Maintenance and Testing). The initiative made up a relevant disruption in the software development process, as it radically transformed the way we think and develop our products,

generating important reflections not only on our processes, tools, and technologies, but also on the people involved and their corresponding roles, who became more integrated and more decisive in the quality of the end product, regardless of their hierarchical level or activity that they perform during the creative process. It is based on this principle that we integrate all the professionals from the Innovation, Maintenance and Testing teams, end-to-end.

In the agile model, with integrated teams, we built a highly collaborative process of professionals with an interdisciplinary vision who are dedicated to developing the best solution, with greater freedom of creation. We also started to plan more what will be developed, allowing the product objectives to be better absorbed with the deployment to the squads, generating a more consistent process, with mitigation of the chance of errors and rework in products and deliveries of higher quality and added value to the end customer.

#### ▲ CNI working group

[ GRI 102-13, 103-1, 103-2 ]

Externally, it is also worth mentioning that we actively take part in the **CNI (Brazilian National Confederation of Industry) Innovation Indicators Working Group**. It is a group led by Laércio Cosentino, chairperson of our Board of Directors, aimed at creating innovation indicators for Brazil, in order to understand the current status of this environment in the country compared with developed countries, such as the USA, China and 15 countries in Europe, besides providing data and input to create or improve public policies that enable progress in this agenda.

#### ▲ Certifications

[ GRI 102-13, 103-1, 103-2, 103-3 ]

We have technical certifications that attest to our excellence and are also an important tool to stimulate continuous improvement in our management of processes and controls, namely:

#### • TIER

It effectively evaluates the structure of data centers in terms of business requirements for system availability based on the performance or expected uptime of the website infrastructure. We currently hold the TIER III Certification.

#### • MPS BR

Process reference model that includes good software development practices, aiming to increase competitiveness and improve software development processes in the Brazilian market.

#### • ISO 9001

Standardization certificate that specifies a set of requirements aiming to guide companies in the quality management system, in order to satisfy customers, seek continuous improvement and ensure competitiveness and quality in companies.

#### • ISO 27001

ISO/IEC is the international standard for information security management. It describes how to put in place an information security management system, and it allows confidential and sensitive data to be protected, minimizing the likelihood of being accessed illegally or without permission, and to be available when necessary.

#### • ISAE 3402

It is a formal report used by service providers and prepared by an independent audit. It aims to describe the development, deployment and operational effectiveness of the organization's controls, ensuring the quality and control of the services provided and mitigating risks to customers.

# HUMAN CAPITAL

Human Capital encompasses people's competencies, skills and experiences and their motivations to innovate, including: their alignment and support for governance structure, risk management, and ethical values; the ability to understand, develop, and implement the Organization's strategy; and loyalty and motivation to improve processes, goods, and services, including the ability to lead, manage, and cooperate.

## PEOPLE MANAGEMENT ASSUMPTIONS AND GUIDELINES

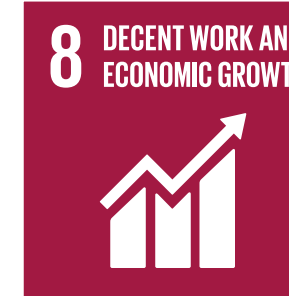
[ GRI 102-16, 102-17, 103-1, 103-2, 103-3 ] [ SDG 8, 9, 12, 17 ]

We seek to maintain a humane, inclusive, collaborative, and innovative work environment in our daily operations. We have structured policies, guidelines and processes, and at the same time we encourage employee autonomy.

To guide the daily management, we have a **Human Relations and Compensation Policy**, which aims to establish the guidelines and responsibilities to be followed in the people management process at TOTVS, at all stages of the **People Management Cycle** – Attraction, Development and Engagement –, aligned with the attributes of our **internal culture** (#SOMOSTOTVERS) and under the concept of meritocracy in our actions. [ GRI 102-16 ]

Our people management is conducted based on the following **guidelines**:

- **Ethical principles:** we follow the guidelines established in our Code of Ethics and Conduct, the attributes of our #SOMOSTOTVERS culture, in addition to being adherent to the labor laws of the countries in which we operate, as well as to the collective labor and bargaining agreements, respecting union and labor relations and the Declaration of Human and Citizen Rights. [ GRI 102-16, 102-17 ]
- **Diversity and inclusion:** we promote attraction and development actions for specific audiences, respecting and valuing diversity and inclusion among TOTVERS. We do not perform or admit discriminatory acts, whether due to race, culture, age, religion, gender and sexual orientation or any other nature. [ GRI 103-1 ]
- **Attraction:** in the attraction processes, we seek to ensure alignment between the needs of the business with people who adhere to the attributes of our culture and the technical requirements of the positions, considering the internal and external audiences.



## IMPLEMENTATION OF A FLEXIBLE WORKING MODEL

With the worsening of the Covid-19 pandemic, we began to operate mainly under the remote working model. As of the second half of 2021, we began to gradually implement a flexible working model. With this, since March/2022 we have been operating with a new, hybrid working model, in which employees started working three days a week in the office and two days remotely. Other TOTVERS, still, continued working exclusively remotely, in the “Predominant Remote”, according to the type of function and under pre-established criteria that we defined to show to whom this model should be made available. Over time, we will monitor the progress and evolution and, if there is any need for adjustments, we will make adjustments. This initiative focuses on the quality of life, inside and outside the office, and the evolution of the work environment, promoting more interaction, union and connection between employees.

*“We are convinced that this form of work will make it possible, even more, to have an open, fluid and collaborative environment, where TOTVERS can learn, unlearn and relearn all the time, without borders to dare and transform” – Izabel Branco, Vice President Chief Human Relations Officer.*





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- **Compensation and benefits:** we seek to ensure fair, competitive compensation models aligned with market practices, enhancing the attraction and retention of professionals. Our Compensation and Benefits Policy is aligned with the Company's strategic objectives and risk management, and considers the medium and long terms, so that practices and metrics that encourage inappropriate conduct and that compromise the sustainability of the business are not adopted. [GRI 102-35, 103-1]
- **Development:** we provide opportunities for professional growth and guarantee the performance of the meritocracy cycle, composed of annual performance assessment, with formal stages of feedback, construction of an individual development plan (leader and subordinate) and definition of semiannual goals aligned with the Company strategies.
- **Careers:** we believe that TOTVERS are protagonists of their careers. Therefore, we develop processes and tools, such as career paths, that support TOTVERS in the management and development of their careers.
- **Engagement:** we continuously adopt actions to engage TOTVERS in the Company, building a work environment that stimulates innovation and the creation of simple solutions, thus making TOTVS an increasingly better place to work.

Regardless of the standards and performance guidelines, we work on a daily basis towards continuous improvement in our people's management efforts. The market and TOTVERS themselves have recognized this, because for the second consecutive year we were included in the Great Place to Work (GPTW) ranking of the best IT companies to work for, published in November 2021. More information in the chapter "2021 Key Highlights".

#### Internal audience

[GRI 102-7, 102-8, 103-1, 103-2, 103-3]

We ended 2021 with **9,021 employees** (it does not include statutory personnel, trainees, apprentices, or directors). Brazil concentrates most of its employees, especially in the Southeast region. There are TOTVERS also allocated in other Latin countries, such as Argentina, Chile, Mexico and Colombia, in Europe and in the USA, in units that are considered operational in the international market.

#### Total number of employees per country or region <sup>(1)</sup> [GRI 102-7]

Localidade	2019	2020	2021
Brazil	6,716	7,612	8,745
Other Latin countries	242	239	265
USA	9	11	7
Europe	4	4	4
<b>Total</b>	<b>6,971</b>	<b>7,866</b>	<b>9,021</b>

<sup>1</sup> Does not include statutory members, interns, apprentices and directors.

#### Total number of employees per gender and type of work <sup>(1) (2)</sup> [GRI 102-8]

Contract by unspecified term	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
<b>Total %</b>	<b>4,622</b>	<b>2,349</b>	<b>6,971</b>	<b>5,219</b>	<b>2,647</b>	<b>7,866</b>	<b>5,771</b>	<b>3,250</b>	<b>9,021</b>

<sup>1</sup> Does not include statutory members, interns, apprentices and directors.

<sup>2</sup> TOTVS does not have fixed-term contracts.

#### Number of employees per type of job <sup>(1) (2)</sup> [GRI 102-8]

	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full time	4,613	2,346	6,959	5,206	2,631	7,837	5,757	3,235	8,992
Part time	9	3	12	13	16	29	14	15	29
<b>Total</b>	<b>4,622</b>	<b>2,349</b>	<b>6,971</b>	<b>5,219</b>	<b>2,647</b>	<b>7,866</b>	<b>5,771</b>	<b>3,250</b>	<b>9,021</b>

<sup>1</sup> Does not include statutory members, interns, apprentices and directors.

<sup>2</sup> TOTVS does not have fixed-term contracts.



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## Market presence

We encourage the hiring of professionals from communities close to our operations. However, there is no formalized procedure that gives preference to hiring leaders, for Top Management, from local communities.

## Number of employees per region <sup>(1)</sup>

[ GRI 102-8 ]

Region	2019			2020			2021			2021		
	Men	Women	R.R*	Men	Women	R.R*	Men	Women	R.R*	Men	Women	Total
South Region	65.0%	35.0%	21.5%	66.5%	33.5%	21.1%	60.84%	39.16%	25.22%	1,384	891	2,275
Southeast Region	66.6%	33.4%	70.3%	66.2%	33.8%	72.4%	64.67%	35.33%	66.27%	3,866	2,112	5,978
Midwest Region	67.2%	32.8%	6.0%	67.4%	32.6%	4.5%	67.85%	32.15%	3.76%	230	109	339
Northeast Region	70.7%	29.3%	1.7%	69.1%	30.9%	1.6%	71.63%	28.37%	1.56%	101	40	141
North Region	69.2%	30.8%	0.3%	65.0%	35.0%	0.2%	58.33%	41.67%	0.13%	7	5	12
International market	66.3%	33.7%	-	66.6%	33.4%	-	62.32%	37.68%	3.06%	172	104	276
Total per gender	66.3%	33.7%	100%	66.3%	33.7%	100%	63.9%	36.1%	100%	5,760	3,261	9,021
Total employees	6,971			7,866			9,021			9,021		

<sup>1</sup> Does not include statutory members, interns, apprentices and directors.

\*RR = Representativeness per region

## Turnover

[ GRI 401-1, 103-1, 103-2, 103-3 ] [ ODS 5, 8 ]

## Turnover and hiring per gender <sup>(1) (2)</sup>

[ GRI 401-1 ]

	Turnover rate			Hiring
	2019	2020	2021	2021
Masculino	13.85%	11.50%	17.69%	1,633 (63%)
Feminino	6.99%	5.04%	9.15%	949 (37%)
Total	20.84%	16.54%	26.84%	2,582 (100%)

## Turnover and hiring per age group <sup>(1) (2)</sup>

[ GRI 401-1 ]

	Turnover rate			Hiring
	2019	2020	2021	2021
Abaixo de 30 anos	8.93%	6.06%	10.79%	1,136 (44%)
Entre 31 e 50 anos	10.95%	9.64%	15.11%	1,364 (53%)
Acima de 50 anos	0.95%	0.85%	0.93%	82 (3%)

## Turnover and hiring per region <sup>(1) (2)</sup>

[ GRI 401-1 ]

Region	Turnover rate			Hiring
	2019	2020	2021	2021
South Region	3.40%	3.12%	7.52%	686 (27%)
Southeast Region	15.24%	12.00%	17.29%	1,701 (66%)
Midwest Region	0.95%	0.62%	0.75%	62 (2%)
Northeast Region	0.33%	0.19%	0.45%	48 (2%)
North Region	0.26%	0.11%	0.08%	3 (0%)
International market	0.66%	0.50%	0.74%	82 (3%)

<sup>1</sup> Does not include statutory members, interns, apprentices and directors.

<sup>2</sup> Does not consider USA and Europe.





## WHAT IT MEANS TO BE A TOTVER

[ GRI 102-43, 103-1, 103-2 ]

Being a TOTVER means going beyond the ordinary. **It is to make technology and knowledge our DNA.** Valuing our legacy and that of our customers, to live the culture of innovation without being afraid of making mistakes. And, together, thinking how technology can drive the new. TOTVS is made by people and for people. Here, we're all TOTVERS.

We are always talking, discussing, looking for new ways to improve or do differently, for better results or more benefits. Our permanent invitation for each TOTVER is “dare and transform”.



Our internal culture **#SOMOSTOTVERS** – is a core element for defining, identifying, and positioning the essence of being a TOTVER. It is defined by three pillars: **Technology + Knowledge are Our DNA; Customer Success is Our Success; and We Value Good People Who have a Good Character.** The pillars are elements that, individually, translate the core aspects of the people who make up our human capital, which are the drivers of their attitudes.





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## THE SUCCESS OF OUR CLIENTS **IS OUR SUCCESS**

We anticipate the needs of our customers. We deliver quality in simpler, more agile and essential solutions for their business. We are present and always close.

- We practice empathy in our relationships and do our best in every delivery.
- Our attitudes are directed to generate a better experience for customers.
- Physically and/or digitally, we are present and close, taking care of the entire journey of customers.



## TECHNOLOGY + KNOWLEDGE **ARE OUR DNA**

We build legacies in a world of change. We think how knowledge and technology can drive innovation today and forever. We're creative, not afraid of making mistakes.

- We know where we want to go and we have built a journey that creates consistent value along the way.
- We seek and apply knowledge in technology and business in the development of innovative, necessary and viable solutions.
- We take risks responsibly and have a lot of autonomy to make it happen.
- If we are right, we speed up! If we are wrong, we admit it, correct it quickly, learn and evolve.



## WE VALUE GOOD PROFESSIONALS WHO ARE **GOOD PEOPLE**

Curious, collaborative, digital and result fanatics. We have attitude, our own style and we are restless. We're TOTVERS.

- We are curious: we pursue learning and development.
- We are collaborative: we work in cross-functional teams productively, dealing with differences of opinion and personality.
- We are digital and intuitive; we think simple and use technology as part of our daily lives.
- We are fanatics for results, and "how" we do is as important as "what" we do.
- We like living in a dynamic environment that constantly challenges us with evolution and overcoming.
- We are guardians and disseminators of the #SOMOSTOTVERS Culture. We're proud of what we are.





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## ENGAGEMENT SURVEY

[ GRI 102-43, 102-44, 103-1, 103-2, 103-3 ]

The “**Speak, good people!**” survey seeks to understand the level of satisfaction and engagement of TOTVERS on issues such as compensation, hybrid work, benefits, leadership, diversity and culture. It includes quantitative and qualitative analysis with affirmative and multiple-choice questions, eNPS (employee Net Promoter Score, a method that allows organizations to measure the level of loyalty of their employees) and NPS analysis.

From the analysis of the results, action plans and initiatives are created to make TOTVS an increasingly better company for everyone. The actions implemented from the survey carry a “Speak, good people!” stamp, helping TOTVERS identify it.

Since 2019, the survey has been conducted twice a year. In 2021, in its fifth edition, it was in June—covering all TOTVERS active and hired until April 5, 2021—and in November, for all those active and hired until September 13, 2021. The results show we are on the right track:

- 95% believe in the Company’s potential.
- The result in the question “Pride of Working in the Company”, with a significant approval index (92%), shows the **high degree of engagement and commitment of TOTVERS**.
- Our eNPS continues at 73%, reinforcing the light, fun and healthy environment to work in.
- 94% consider that they work for a company that makes a difference to Brazil’s economic development and also realize that their deliveries are relevant and have impact on the Company.
- 94% of TOTVERS’ satisfaction rate on the autonomy gained through daily learning and leadership encouragement.
- 93% say we have a diverse environment where all people are respected.
- 94% of TOTVERS recognize the ethical values of their leaders and the Company policies and actions.
- 93% agree that TOTVS operates under clear principles and has measures to curb actions taken in disagreement.

### Key highlights of the 2021 Engagement Survey (over 90%)

	TOTVS		
	November/21	June/21	Difference
Future Success	95	95	=
Impact / Status	94	94	=
Relevant Deliveries	94	94	=
Daily Learning	94	93	1
Leadership Aligned with Ethical Values	94	-	New*
The Leader Offers Autonomy	94	93	1
Diversity	93	-	Reactivated*
Ethics	93		New*
Remote Cooperation	92	91	1
Orgulho de Trabalhar na Empresa	92	92	=

(\*) In some topics, there is no difference recorded because either it is a “new” question, that is, a question that had not been addressed before, but that started being asked in November/2021, or it is a “reactivated” question, that is, a question that was addressed in previous survey(s), ceased to be at some point and was included again in November/2021.

The data of the latest edition were released in January 2022. Between January and April 2022, after analysis and discussion of the results, action plans, the Engagement Committee and projects to be monitored were defined.



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## ATTRACTION AND SELECTION

[ GRI 103-1, 103-2, 103-3 ]

We strive to select the market professionals who are most adherent to the opportunities we offer, considering the **potential, the knowledge required and the candidate's suitability to our culture (#SOMOSTOTVERS)**. Our people management practices operate as competitive support elements in attracting and retaining the best professionals, positioning us competitively in relation to the market. To this end, we invest in our employer brand, apply a model of compensation and benefits compatible with the market, in addition to providing an environment of continuous professional development.

The processes of attraction and selection are governed by assumptions of ethical posture and respect for professionals. We are concerned to convey to candidates our image of transparency and integrity, thus strengthening our employer brand.

As for employees hired recently , we have a 90-day journey, which includes from the moment of welcoming and beginning of activities, to the content and information so that such TOTVER feels part of the Company's daily routine.

OUR ATTRACTION AND SELECTION ACTIVITIES INCLUDE ACTIONS AIMED AT THE RELATIONSHIP WITH THE MARKET, TRAINING PROGRAMS, INTERNAL AND EXTERNAL RECRUITMENT PROCESSES, AS WELL AS ATTRACTION PROJECTS FOR CERTAIN AUDIENCES. IN 2021, WE LAUNCHED OUR TALENT BANK #ELASNATOTVS, WHICH IS AIMED AT PEOPLE WHO IDENTIFY THEMSELVES WITH THE FEMALE GENDER, WITH THE AIM OF ENCOURAGING AND STIMULATING THIS AUDIENCE TO ENTER THE TECHNOLOGY MARKET.

Likewise, we have a very careful and respectful approach with employees who join the Group and come to contribute, coming from companies acquired by TOTVS. In these cases, we endeavor to build comprehensive and inclusive **integration processes**.

## COMPENSATION AND BENEFITS

[ GRI 102-35, 102-36, 102-37, 103-1, 103-2, 103-3, 201-3, 401-3, 405-2 ]  
[ SDG 5, 8, 17 ] [ GLOBAL COMPACT 1, 6 ]

Our compensation and benefits model consists of fixed compensation, short- and long-term variable compensation and benefits. Our compensation strategy aims to contribute to the internal and external balance of wage management, to ensure competitiveness in relation to the market, ensuring the power of attraction, engagement and retention of employees, besides recognizing TOTVERS with differentiated performance and behaviors.

### Compensation

[ GRI 102-35, 102-36, 102-37 ]

To define our **compensation** strategy, salary surveys and specific studies are carried out with the support of specialized independent consultants in Brazil and abroad, considering the seniority and skills for each career level. The entire composition of compensation strongly respects the criteria of meritocracy and applicable labor laws, aiming to stimulate competitiveness and the adoption of the best market practices.

As for the Executive Board and other eligible career levels, the portion of **variable compensation** is linked to the Company's financial results and to the achievement of corporate and individual goals that we have established, as detailed in the table below. In addition, we adopt the **Long-Term Incentive (LTI)** practice, which provides the eligible public-subject to certain conditions—with

the right to receive Company shares, making them partners, as a way to reinforce the long-term commitment to TOTVS and the sustainability of the business. The program also evaluates the performance related to employee retention following the 9 Box methodology, which is carried out with all employees, annually. We also have “**LTI Features**”, in which employees are chosen to enter this program for their performance and/or outstanding achievements.



Variable Compensation Models

	Goals and metrics
Business and service variable compensation	<ul style="list-style-type: none"><li>Individual quantitative targets on a monthly, quarterly, or semi-annual basis.</li><li>Encouragement to overcome sales and delivery challenges.</li><li>Recurrent liquid stacking: addition of ARR – Churn, with a greater focus on the recurrent SAAS.</li></ul>
Short-Term Incentive - STI and bonuses	<ul style="list-style-type: none"><li>Semiannual model with annual recovery.</li><li>Company level: trigger in EBITDA + growth of Recurring and Transactional Revenue.</li><li>Area level: Contribution Margin view + Recurring Revenue growth.</li><li>Individual level: Strategic map + specific projects.</li></ul>
Long-Term Incentive (LTI) - Stock-based compensation	<ul style="list-style-type: none"><li>The plan seeks to recognize, engage and retain TOTVERS in the long term (three years), reinforcing TOTVS's culture of meritocracy and valuing those who stand out not only for their delivery, but mainly for the way they act towards day-to-day challenges.</li><li>Calibrated by 9 Box: Result (50%) and Competencies + Potential (50%).</li></ul>

In 2022, in order to evolve the accomplishment of the different goals of the eligible audience, we updated the Long-Term Incentive (LTI) Plan, as identified below:

The overall compensation of the Management (statutory officers and directors) is proposed by the Management itself and approved annually at the General Meeting of Shareholders.

For more detailed information on our compensation guidelines and practices, please refer to section 13 of the Reference Form by [click here](#).

PROGRAM	Goals	Summary
ILP PERFORMANCE	<ul style="list-style-type: none"><li>Market competitiveness;</li><li>Talent retention (pay for stay);</li><li>Medium/long term (future) performance (pay for performance), based on collective goals.</li></ul>	<ul style="list-style-type: none"><li>Eligible: TOTVS executives.</li><li>Grace period: 3 years.</li><li>Periodicity of the grant: annual.</li><li>Type: performance shares.</li></ul>
ILP MASTER	<ul style="list-style-type: none"><li>““Shield” the executives critical to the future of TOTVS – those who will take the company to the “next level”;</li><li>Focus on retention, alignment with shareholders (pay for stay).</li></ul>	<ul style="list-style-type: none"><li>Eligible: Defined annually by the Board of Directors.</li><li>Grace period: 5 years.</li><li>Periodicity of the grant: annual.</li><li>Type: restricted shares.</li></ul>
LTI FEATURES	<ul style="list-style-type: none"><li>Recognize TOTVS talents;</li><li>Dissemination of the culture of ownership.</li></ul>	<ul style="list-style-type: none"><li>Eligible: not included in the other programs – 3% of highlights per area.</li><li>Grace period: 3 years.</li><li>Periodicity of the grant: annual.</li><li>Type: restricted shares.</li></ul>



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**Relation between compensation and gender**  
[ GRI 202-1, 405-2, 103-1, 103-2, 103-3 ] [ SDG 5, 8, 17 ]  
[ GLOBAL COMPACT 1, 2, 6 ]

In 2021, the difference in the lowest wage paid by the Company in relation to the local minimum wage was 20.11% higher for men and 8.94% higher for women, that is, R\$1,377.00 and R\$1,208.00, respectively (the reference of the minimum wage in Brazil used for the calculation was R\$1,100.00 in 2021). Some states where we operate have a regional minimum wage value. The lowest wage paid by the Organization considers only employees working for over 180 monthly working hours.

There are also wage differences between units, but currently there are no rules to differentiate wages per diversity indicators. The wages follow the **Company's Compensation and Benefits Model**, which is composed of fixed, variable compensation and benefits, considering seniority and competencies for each career level.

**Ratio of basic salary of women to that of men per job category (%)** <sup>(1) (2)</sup>  
[ GRI 405-2 ]

Job category	2019	2020	2021
Executive Officers	-5%	-4%	-4%
Managers	-7%	-1%	-6%
Coordinators	-9%	-11%	-13%
Experts	-7%	-7%	-8%
Analysts	-14%	-8%	-15%
Technicians and Assistants	-9%	-8%	-11%
Interns	-	-	-

<sup>1</sup> Statutory personnel, trainees, apprentices, directors, CEO, and vice president were not considered.

<sup>2</sup> The International Market was not considered.

We recognize that there are wage differences between genders ranging from 4% to 13% in 2021 in several TOTVS positions. The variations between women's wages compared to men's wages occur because of the distribution of compensation within the TOTVS structure, once the wage table is unique and it is not defined per gender. Although wage variations between genders are not intentional, this is a point of attention for the Company.

**PARENTAL LEAVE**  
[ GRI 103-1, 103-2, 103-3, 401-3 ]

TOTVS is part of the federal government's Citizen Company program, through which companies offer extended six-month maternity leave (compared to the four-month leave, under the law), and paternity leave extended to 20 days (compared to five days, as set forth in the law).

For adoption cases, the program provides for 180 days of maternity leave and the extension of paternity leave to up to 120 days (in the case of unilateral custody of the child for adoption purposes).

Our retention rate, that is, TOTVERS who returned to work after maternity/paternity leave and remained employed 12 months after their return to work, in 2021, was 86% for mothers and 81% for fathers.

**Parental Leave** [GRI 401-3 ]

Return to work and retention rates after maternity/paternity leave per gender in 2021 <sup>(1) (2)</sup>	Gender	2019 <sup>(3)</sup>	2020	2021
Total employees on parental leave	Men	120	159	170
	Women	125	144	147
Total number of employees who returned from parental leave	Men	120	159	165
	Women	125	144	144
Total number of employees who returned to work after the end of maternity/paternity leave and remained employed 12 months after their return	Men	109	131	137
	Women	104	122	127
Retention rate of employees who returned to work after the end of the leave (%)	Men	100%	100%	97%
	Women	100%	100%	98%
Retention rate of employees who returned to work after 12 months (%) <sup>(4)</sup>	Men	91%	82%	81%
	Women	83%	85%	86%

<sup>1</sup> The base of active employees of December of each year was considered to define the total number of employees who were entitled to enjoy the leave in 2019, 2020 and 2021.

<sup>2</sup> All own units acquired until December/2019, December/2020 (with the exception of Consinco S/A, Supplier S/A and Wealth Systems, which were not included in the program in 2020) and December/2021 (with the exception of Tail, which was not included in the program in 2021) were included in the program.

<sup>3</sup> The maternity and paternity leave extension program began in the first quarter of 2019, justifying the smaller number of beneficiaries in 2019.

<sup>4</sup> The data on the retention rate of female employees in 2019 was adjusted in relation to our Integrated Report of the previous year, because of the adjustment of calculation of the decimal places.





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### Benefits

[ GRI 401-2, 103-1, 103-2 ]

Regarding the benefits, we seek to be in line with market practices and offer benefits in order to provide a better quality of life to our employees, according to our attraction and retention strategies.

Among the major benefits, there are:

- **Health insurance, which provides medical, laboratory and hospital care, available to all participants and their direct dependents.**
- **Dental plan, available to participants and direct dependents.**
- **Private pension plans.**

### Pension Plans

[ GRI 201-3, 103-1, 103-2, 103-3 ]

We offer employees two types of plans:

**a) VGBL (Free Benefit Generating Life):** recommended for those who make the Income Tax return in the simplified model, as it has no tax incentive. In addition, taxation is levied only on income at the time of redemption or receipt of income.

**b) PGBL (Free Benefit Generating Plan):** recommended for those who make the Income Tax return in the complete model, as it has a tax incentive up to the limit of 12% of the gross taxable income. Another characteristic of the PGBL is that taxation is levied on the total amount (contributions + income) at the time of redemption or receipt of income.

We do not have a defined benefit plan. Contributions made by TOTVS on behalf of the participant are always credited to the PGBL plan.

### Basic monthly contribution with 100% consideration of TOTVS:

**GROUP I** – CEO, vice presidents and officers: contribution from 2% to 5% of the gross fixed salary, defined by the TOTVER (it does not affect the 13th Salary).

**GROUP II** – Other positions: contribution of 2% of the gross fixed salary, defined by the TOTVER (it does not affect the 13th Salary).

### Voluntary contribution without consideration of TOTVS:

**Monthly:** TOTVERS contribute monthly with the basic contribution and can make voluntary contributions of up to 10% of their gross base salary, respecting the minimum amount of R\$30.00.

**Sporadic:** TOTVERS contribute monthly with the basic contribution and can make contributions in the minimum amount of R\$50.00.

## DEVELOPMENT AND TRAINING

[ 103-1, 103-2, 103-3, 404-1, 404-2, 404-3 ] [ SDG 4, 5, 8, 9, 10, 17 ]

We continuously invest in the development and training of TOTVERS, seeking their permanent evolution and meeting the Company's daily challenges, so that we can maintain our relevance to customers and our leading role in the technology sector. We are also talent trainers.

This characteristic is even more essential because of the high turnover in the sector, considering the enormous market demand for the development of technology solutions and the low availability of professionals to meet this demand. Reinforcing this statement, from the sectoral perspective of the Brazilian economic scenario, one of the highlights in 2021 was the extension of the exemption of companies' payroll until 2023, an important economic measure for the global competitiveness of 17 sectors of the Brazilian economy, among which Information and Communication Technology (ICT), an intensive macro-sector in highly skilled and high value-added labor, which employs over 1.5 million workers, with a demand for 797 thousand new talents in technology by 2025 and whose compensation of its professionals is about three times higher than the domestic average, according to the Association of Information and Communication Technology (ICT) and Digital Technologies Companies - Brasscom.

### Average hours of training per year, per employee and gender <sup>(1) (2)</sup>

[ GRI 404-1 ]

	2019		2020		2021	
	Total hours	Hours per employee	Total hours	Horas por colaborador	Total hours	Horas por colaborador
Men	108,487	19.2	138,505	24.6	155,475	22.52
Women	49,151	16.8	50,863	18.3	73,903	20.71
Total	157,638	18.4	189,368	23.5	229,378	21.90

1 For purposes of calculation, we considered the active and inactive employees of the year in question; third parties were not considered.

2 All TOTVERS from own, acquired and international units (which were already on the staff until December 2019, 2020 and 2021) were considered.



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Average hours of training per year, per employee and job category, in 2021 <sup>(1) (2)</sup>

[ GRI 404-1 ]

Job category		Hours	Hours per employee
Executive Officers and Managers	Total	680	3.70
	Men	519	3.65
	Women	161	3.83
Managers	Total	3,391	10.03
	Men	2,223	9.58
	Women	1,168	11.02
Coordinators	Total	11,593	14.90
	Men	7,136	15.51
	Women	4,457	14.02
Experts	Total	20,938	14.60
	Men	16,547	14.93
	Women	4,391	13.47
Analysts	Total	146,125	23.03
	Men	99,882	23.76
	Women	46,243	21.61
Technicians and Assistants	Total	30,889	29.76
	Men	17,939	32.86
	Women	12,950	26.32
Apprentices and interns	Total	15,756	44.26
	Men	11,226	52.95
	Women	4,530	31.46

<sup>1</sup>For purposes of calculation, we considered the active and inactive employees of the year in question; third parties were not considered.

<sup>2</sup>All TOTVERS from own, acquired and international units (which were already on the staff until December 2019, 2020 and 2021) were considered.

▲ Performance evaluation

[ GRI 103-1, 103-2, 103-3, 404-3 ] [ SDG 8, 9 ]

We evaluate our employees annually with the purpose of developing individual and team competencies that are aligned with Company expectations. In 2021, we evaluated 92% of employees, of which 92% are men and 91% are women.

This allows us to have a dimension of the potential of our human capital in the short, medium and long term, promoting meritocracy through feedback dialogues and succession design. Meritocracy-based management paves the way for initiatives that promote participation in recognition programs, salary actions, promotions, observation and support for performance recovery, as well as exit strategy. Employees, on the other hand, have the possibility to know themselves, identifying strengths and points to develop, which can lead them to improve their performance.

The cycle evaluation is done through the 9 Box tool (Nine Box Matrix), which considers three parameters: results, competencies and potential. In a Cartesian plan, the result and adherence to the most potential strategic competencies are placed, so that the relation between the individual's competencies, his/her duties and goals and the result achieved is evidenced, constituting the performance evaluation.

The indicator on performance evaluation and career development is managed by our Performance team, responsible for organizational development, which is linked to our People area.

At the Company, we value transparency. The employee receives in his/her feedback the information on which Box was evaluated and is, and from the feedback received he/she is encouraged to build his/her individual development plan (IDP), which is also registered in the online tool and the employee can update his/her status of completion. In 2021, we closed the Performance Cycle with 99.6%





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of feedback from the leader and validated by the employee. A great differential is that the leader, when recording the feedback, signals the “emotion meter” of how the conversation went with his/her subordinate, and such subordinate, when validating the feedback received, also signals the “emotion meter” with his/her leader. Thus, we can see over 80% match between the leader and the subordinate.

It is worth mentioning that, even outside the performance evaluation process, we encourage continuous feedback, which can be given by anyone as a recognition action or a development action, through spontaneous feedback in the online tool. The employee can still use the tool by sending a “Thanks!”, as a way to encourage the culture of recognition in the Company. When this occurs, the employee who receives the “Thanks!” receives a notification via email to view it.

▲ **Universidade TOTVS em Rede**  
[ GRI 103-1, 103-2, 103-3, 404-1 ] [ SDG 4, 5, 8, 9, 10, 17 ]

Driven by our essence of knowledge and technology and aiming at permanent cooperation and learning, we have a corporate university – Universidade TOTVS em Rede – which is oriented to meet the strategic challenges of training and qualification and to stimulate TOTVERS in their self-development.

Universidade TOTVS em Rede is a collaborative educational platform, in which TOTVERS themselves produce content and share their knowledge with colleagues. The platform is available to all employees. The university, launched in 2020, underwent a consolidation process in 2021 and currently has over 500 TOTVERS producing content.

With a collection of over five thousand collaborative items, from topics related to behavioral competencies to technical matters, such as UX, technological innovations, programming, sales and others, the materials are produced in video format, enabling TOTVERS to learn, teach and enhance their development.

Percentage of total employees who received performance and career development analysis (%) <sup>(1)</sup> <sup>(2)</sup> <sup>(3)</sup> [ GRI 404-3 ]	2019		2020		2021	
	Men	Women	Men	Women	Men	Women
Total employees	5,892	3,065	5,216	2,648	5,556	2,998
Number of employees submitted to performance and career development analysis	4,877	2,561	4,724	2,372	5,137	2,714
% per gender	83%	84%	91%	90%	92%	91%
% leadership positions	85%	89%	93%	91%	92%	88%
% other positions	82%	83%	90%	89%	93%	91%
% Total	83%		90%		92%	

<sup>1</sup> The consolidated data for 2019, 2020 and 2021 consider all units in Brazil, Argentina, Colombia, Mexico and the USA and do not include franchises.

<sup>2</sup> For 2021, the following were not considered: RJ Consultores, RD Station, Supplier and Tail Target.

<sup>3</sup> For the “leadership” job category, lead analysts, coordinators, managers, executive managers, officers and vice presidents are considered. And for “non-leaders”, apprentices, interns, assistants, technicians, analysts and experts are considered

In 2021, more than 229 thousand hours of online courses were carried out, 21% more than in 2020, reaching 10,472 TOTVERS trained. The increase occurred because of the participation of a greater number of employees and the availability of new content. On average, each employee had 21.9 hours of training in 2021.

We keep records of uses and recognize TOTVERS that stand out as content producers, as well as the best students, in a ranking of relevance and content.



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## Scholarships

[ GRI 404-2 ] [ SDG 4, 5, 8, 10, 17 ]

To foster the development of TOTVERS, we offer scholarships for undergraduate, postgraduate/MBA, master's, doctorate and language courses.

We have not included new grants in the last two years, only renewals of those already granted. In addition, we had a reduction in face-to-face training because of the pandemic. Thus, there was a decrease in the amount invested in training and scholarships, partly motivated by the revision of the investment strategy. As a result, we strengthened in 2021 the initiatives of user gamification, investing in the production of internal content for Universidade TOTVS em Rede, thus expanding the modalities of training offering, in a collaborative way and with continuous stimulus to the sharing of knowledge and expertise of TOTVERS, which act as multipliers disseminating rich content so that everyone can learn and apply it in practice in their daily operations in the Company.

### Amount invested in training and education (R\$ million<sup>1</sup>) [ GRI 404-2 ]

	2019	2020	2021
Training	R\$ 4,090	R\$ 2,816	R\$ 3,335 <sup>(4)</sup>
Scholarships awarded <sup>2</sup>	R\$ 1,061	R\$ 722 (3)	R\$ 184 <sup>(3)</sup>

<sup>1</sup> All TOTVERS from own, acquired and international units (which were already on the staff until December 2019, 2020 and 2021) were considered.

<sup>2</sup> Scholarships for undergraduate, language, immersion, postgraduate, MBA, master's and doctorate courses are considered.

<sup>3</sup> Amount invested in education (R\$ thousand).

<sup>4</sup> Includes users gamification, who produce content for Universidade TOTVS em Rede

## Leadership development program

In 2021, we continued to advance and improve the process of training and developing our leaders, and thus created the **Next leadership development program**, focusing on working on any gaps (points to be developed) from the strengths (strong points) identified in the diagnosis made with the leaders. We established four pillars for this program: sustainable productivity – “not living only at work peak”; diversity; mental health; and new working models.

## RECOGNITION AND INTERNAL ENGAGEMENT

[ GRI 102-43, 102-44, 103-1, 103-2, 103-3 ]

To show how important TOTVERS are to the Company, we took several recognition and engagement initiatives:

▶ **Recognition program “You make a difference”**: it happens annually and recognizes the actions of TOTVERS linked to the pillars of #SOMOSTOTVERS culture. Everyone can register their actions or nominate initiatives of their colleagues. The stories are evaluated by a committee, and the chosen ones are voted by the entire Company. Winners win prizes and are recognized by their peers and leaders. In 2021, 341 stories were registered, including Brazil and the international market. There were 48 finalist cases in the open vote, with 20 winners who were recognized as those featured.

▶ **IT Professional's Day (10/19)**: to celebrate this day, we created an online game called “Pulo do Gato”, in which TOTVERS deviate from obstacles, learn, unlearn and relearn, like in their daily operations in the Company. In addition, on October 21 and 22, 2021, we held the TOTVS Tech Week, a virtual event with 12 hours of content, including webinars, workshops and panels, totally free of charge. The event gathered great IT professionals and reinforced the presence of the female audience in the technology market, with classes, workshops and lectures led by women.



## INTERNSHIP AND YOUNG APPRENTICE PROGRAMS

As for the young, we offer three early career programs, with structured development and follow-up actions. The Internship program lasts 12 months, and in 2021 there were 83 participants, who completed 10,791<sup>1</sup> hours of training. The Young Apprentice program lasts 16 months and in the most recent edition had 111 participants, with 2,418<sup>1</sup> hours of training in the year. In addition to the courses available on the Alura and LMS platforms, participants also had monthly meetings to develop specific topics. The Tech Internship program, in turn, is aimed at training in the areas of Development, CX and Technical Support (teams of experts in industry sectors). In 2021, the program had an initial training of two months but, in its normal format, has a duration of 12 months. In 2021, 146<sup>2</sup> students took part in this internship modality, totaling 66 hours of training each, on topics such as Onboarding and TOTVS Culture, Soft Skills, Introduction to Programming Logic and others of technical training, according to the needs of the area of operation.

<sup>1</sup> January-December 2021

<sup>2</sup> October-December 2021





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▲ **Programmer's Day (10/13):** in 2021, we launched the "What I say!" challenge, as a way to celebrate the date. The action consisted in the presentation of a relaxed video, in which there is a programmer telling his friends and family about the daily routine in his profession and what these people understood about his job. To foster the action, we asked TOTVERS to share their stories on the intranet publication, besides the presentations on the Company's social media. In all, we had over 45 posts. Participants competed for the raffle of 20 kits, containing a set of illustrations made in partnership with comic artist Luke Ross, a Beer for Devs mug and a t-shirt with the sentence "We are the largest technology company in Brazil".

## SUCCESSION

We believe that a well-structured succession process is the guarantee of the continuity of the Company's development and the increase of the responsiveness against foreseen and unforeseen changes.

Thus, we carry out a process of **mapping successors** annually, in the same period of the performance management cycle (performance evaluation), with evaluation and approval of the Company Management.

The potential successors of executives are nominated by the own TOTVERS holding these positions. The People Area, together with the Company's executives and the People and Compensation Committee, validate the nominations, aiming to identify and speed up the development of the competencies necessary for the nominated position, through closer monitoring of leadership and the creation of real and planned career opportunities, considering the aspirations, desires and competencies of TOTVERS.

## DIVERSITY AND INCLUSION

[ GRI 102-22, 102-26, 103-1, 103-2, 103-3, 405-1 ] [ SDG 5, 8, 10, 16 ] [ GLOBAL COMPACT 6 ]

We deem diversity as the set of differences and similarities that characterizes us, in every way. And, for us, inclusion is to make all people feel welcomed in their singularities, so that they can contribute to the Company goals.

The word TOTVS comes from Latin and means EVERYTHING, EVERYONE, TOTALITY. That says a lot. We are a company made by people and for people. That's TOTVS. Being a company of EVERY MAN, EVERY WOMAN and EVERY PERSON means being open to diversity in all its forms, valuing people who, day by day, create and recreate paths to success from their different stories and perceptions of the world.

We have had a **Diversity and Inclusion Program** since March 2020, which works on actions focused on four minority groups, namely:

**Women**

**LGBTQIAP+**

**People with Disabilities**

**Ethnic-Racial**

**= GÊNERO; [ LGBTQIAP+ ] < PcD / > { ÉTNICO-RACIAL }**





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Among the various initiatives already implemented, we have an Inclusive Recruitment and Selection Guide, which is intended for the Recruitment & Selection team and also for the leading people and managers involved in selection processes. Its content has the function of mitigating the “unconscious bias”, that type of behavior that, even unintentional, can generate gaps in judgment due to preconceived convictions. Thus, the content of the Guide encourages TOTVERS to question their patterns of thought and evaluation, without biases based on pre-established beliefs and making room for more fair, diversified and inclusive selection processes.

We also included parameters and guidelines on diversity and inclusion in the Company’s **internal policies** and in our **Code of Ethics and Conduct**. In our **Recruitment and Selection Operational Standard**, this topic is treated with parameters that aim to promote the actual application of the principles of diversity and inclusion.

In 2021, we had the launch of the **Gender Affinity Groups, people with disabilities, ethnic-racial and LGBTQIAP+**. It is a space for TOTVERS to reflect, exchange experiences and also think together about what can be done to make the Company advance every day towards a more equitable and inclusive environment for all.

The key agendas on diversity and inclusion have space at **Universidade TOTVS em Rede**, with the availability of training trails dedicated to such topic:

- **The importance of diversity in business**
- **Female leadership in times of uncertainty**
- **Inclusive culture and representativeness**
- **Unconscious biases**
- **LGBTQIAP+: concepts beyond the acronyms**
- **Recording of 20 live shows on the diversity topic with different speakers**



## GENDER

[ GRI 405-1 ] [ SDG 5, 8, 16 ] [ GLOBAL COMPACT 6 ]

In view of the potential and the need for growth of **women’s participation** in technology areas and in line with SDG 5 – Gender Equality, we focus on the gender pillar with the # ELASNATOTVS program, aiming to attract more women to the technology sector and empower female leaders.

The program has initiatives both inside and outside TOTVS, such as:

**Benefits:** extended paternity and maternity leave.

**Training:** qualification of women and girls in administrative courses and in Tech, from the Institute of Social Opportunity (IOS), in which TOTVS is the main sponsor.

**Education:** promotion of dialogues, training and events on the gender equity topic. In 2021, the female leadership topic was a mandatory content of the Next Leadership Training Program.

Safe spaces: affinity group focused on the topic of gender equity between women and men.

**Women’s community in Tech:** to celebrate and connect gender diversity in technology, we sponsored the PrograMaria Summit in 2021. A four-day

conference designed for women who work or want to work in technology, filled with technical content and opportunities for participants. Also, to break the stereotype that technology is only for men and encourage more women in the sector, we organized a two-day event in celebration of IT Professionals Day, where the second day had 100% female TOTVERS speaking. We even had a live code, where they programmed live.

**Attraction:** we have a specific talent bank for women #ELASNATOTVS, with monthly monitoring of indicators for hiring women.

**Selection:** policy that 50% of the applicants in the final stage of the selection process are women.

We also seek to contribute to equal opportunities, with practices that encourage, inspire, educate and connect women in the technology career. Since the end of 2020, we have been a signatory to the **Women’s Empowerment Principles** (WEPs), promoted by the UN Women and the UN Global Compact. Thus, we assumed the public commitment to this agenda and we are part of a global and local network of the United Nations, which shares information, publishes booklets and manuals and promotes forums, events and webinars.





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## Employees per position and gender <sup>(1) (2)</sup> [GRI 405-1]

	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executive Officers and Managers	74%	26%	99	76%	24%	126	76%	24%	155
Managers	68%	32%	232	67%	33%	267	68%	32%	294
Coordinators	67%	33%	436	63%	37%	442	60%	40%	532
Experts	77%	23%	766	77%	23%	939	73%	27%	1,373
Analysts	66%	34%	4,614	66%	34%	5,270	64%	36%	5,102
Technicians and Assistants	55%	45%	824	55%	45%	822	50%	50%	797
Interns	-	-	-	-	-	-	-	-	-
Apprentices	-	-	-	-	-	-	-	-	-
% per gender	66%	34%	100%	66%	34%	100%	64%	36%	100%
Total employees	4,622	2,349	6,971	5,219	2,647	7,866	5,760	3,250	9,010

<sup>1</sup> In 2019, 2020, and 2021, statutory personnel, trainees, apprentices, and directors were not considered.

<sup>2</sup> In 2021, the positions of employees in the USA and Europe were not considered either.

## Total women per position [GRI 405-1]

Total women per position <sup>(1) (2)</sup>	2019	2020	2021
Executive Officers and Managers	26	30	41
Managers	74	88	109
Coordinators	145	162	250
Experts	174	218	396
Analysts	1,558	1,778	2,054
Technicians and Assistants	372	371	400
Interns	-	-	-
Apprentices	-	-	-
Total	2,349	2,647	3,250

<sup>1</sup> In 2019, 2020, and 2021, statutory personnel, trainees, apprentices, and directors were not considered.

<sup>2</sup> In 2021, the positions of employees in the USA and Europe were not considered either.

## Total men per position [GRI 405-1]

Total men per position <sup>(1) (2)</sup>	2019	2020	2021
Executive Officers and Managers	73	96	130
Managers	158	179	235
Coordinators	291	280	375
Experts	592	721	1,044
Analysts	3,056	3,492	3,575
Technicians and Assistants	452	451	399
Interns	-	-	-
Apprentices	-	-	-
Total	4,622	5,219	5,760

<sup>1</sup> In 2019, 2020, and 2021, statutory personnel, trainees, apprentices, and directors were not considered.

<sup>2</sup> In 2021, the positions of employees in the USA and Europe were not considered either.



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Percentage of employees per age group and gender <sup>(1) (2)</sup>

[ GRI 405-1 ]

	2019			2020			2021		
	Under 30 years old	Between 30 and 50 years old	Over 50 years old	Under 30 years old	Between 30 and 50 years old	Over 50 years old	Under 30 years old	Between 30 and 50 years old	Over 50 years old
Executive Officers and Managers	1.01%	86.87%	12.12%	-	85.83%	14.17%	0.58%	84.97%	14.45%
Men	-	84.93%	15.07%	-	85.57%	14.43%	100.00%	74.83%	84.00%
Women	3.85%	92.31%	3.85%	-	86.67%	13.33%	0.00%	25.17%	16.00%
Managers	5.17%	86.64%	8.19%	3.00%	87.64%	9.36%	3.20%	89.24%	7.56%
Men	6.33%	83.54%	10.13%	2.79%	86.03%	11.17%	72.73%	66.45%	88.46%
Women	2.70%	93.24%	4.05%	3.41%	90.91%	5.68%	27.27%	33.55%	11.54%
Coordinators	5.05%	88.76%	6.19%	3.17%	90.27%	6.56%	8.32%	86.72%	4.96%
Men	5.50%	89.00%	5.50%	3.57%	91.43%	5.00%	55.77%	60.89%	51.61%
Women	4.14%	88.28%	7.59%	2.47%	88.27%	9.26%	44.23%	39.11%	48.39%
Experts	4.05%	80.16%	15.80%	2.57%	81.93%	15.51%	6.18%	81.60%	12.22%
Men	4.22%	79.39%	16.39%	2.65%	82.29%	15.06%	73.03%	72.43%	72.73%
Women	3.45%	82.76%	13.79%	2.29%	80.73%	16.97%	26.97%	27.57%	27.27%
Analysts	28.76%	66.84%	4.40%	28.76%	66.89%	4.34%	33.42%	62.27%	4.32%
Men	30.04%	65.45%	4.52%	30.36%	65.18%	4.47%	63.96%	62.94%	68.31%
Women	26.25%	69.58%	4.17%	25.63%	70.26%	4.10%	36.04%	37.06%	31.69%
Technicians and Assistants	68.08%	30.22%	1.70%	64.96%	32.85%	2.19%	60.70%	37.17%	2.13%
Men	71.02%	26.77%	2.21%	66.74%	30.60%	2.66%	50.72%	48.48%	52.94%
Women	64.52%	34.41%	1.08%	62.80%	35.58%	1.62%	49.28%	51.52%	47.06%
Interns	-	-	-	-	-	-	-	-	-
Men	-	-	-	-	-	-	-	-	-
Women	-	-	-	-	-	-	-	-	-
Apprentices	-	-	-	-	-	-	-	-	-
Men	-	-	-	-	-	-	-	-	-
Women	-	-	-	-	-	-	-	-	-
Employees per age group (%)	28.03%	66.29%	5.68%	26.65%	67.45%	5.90%	30.51%	72.36%	6.27%
Total employees	6,971			7,866			9,010		

<sup>1</sup> In 2019, 2020, and 2021, statutory personnel, trainees, apprentices, and directors were not considered.

<sup>2</sup> In 2021, the positions of employees in the USA and Europe were not considered either.





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▲ PwD

[ SDG 8, 10, 17 ] [ GLOBAL COMPACT 6 ]

Specifically for **people with disabilities**, we have a **Good Practice Guide for PwD Managers in Home Office**, with content listing several guidelines and tips on how to support the development of TOTVERS in this condition on a daily basis. Guidelines and parameters on the subject have also been included in other documents and materials, such as the Code of Ethics and Conduct and internal policies and standards.

In addition, in partnership with the Institute of Social Opportunity (IOS), we trained 19 people with disabilities in:

- **Google Tools: text editor, spreadsheets and presentations.**
- **Office Suite: Word, Excel, and PowerPoint, introduction to ERP TOTVS, Portuguese, and Mathematics.**
- **Agile Methodology and TOTVS Culture, for one (1) month.**

We also promoted actions in December, when the International Day of People with Disabilities is celebrated, to engage and raise awareness among our internal audience on the subject.

**Proportion of employees with disabilities per position in %** <sup>(1) (2)</sup> [ GRI 405-1 ]

	2019			2020			2021		
	Men	Women	Grand TOTAL	Men	Women	Grand TOTAL	Men	Women	Total
Executive Officers and Managers	1.0%	-	<b>1.0%</b>	0.8%	-	<b>0.8%</b>	0.6%	0.0%	<b>0.6%</b>
Managers	-	0.4%	<b>0.4%</b>	-	0.4%	<b>0.4%</b>	0.0%	0.3%	<b>0.3%</b>
Coordinators	-	0.2%	<b>0.2%</b>	-	0.2%	<b>0.2%</b>	0.2%	0.2%	<b>0.3%</b>
Experts	0.8%	0.5%	<b>1.3%</b>	0.9%	0.4%	<b>1.3%</b>	0.7%	0.4%	<b>1.1%</b>
Analysts	1.2%	0.3%	<b>1.5%</b>	1.2%	0.4%	<b>1.6%</b>	1.5%	0.6%	<b>2.1%</b>
Technicians and Assistants	13.2%	10.4%	<b>23.7%</b>	13.1%	10.6%	<b>23.7%</b>	10.5%	9.9%	<b>20.4%</b>
Interns	-	-	-	-	-	-	-	-	-
Apprentices	-	-	-	-	-	-	-	-	-
% per gender	<b>2.5%</b>	<b>1.5%</b>	<b>4.0%</b>	<b>2.3%</b>	<b>1.5%</b>	<b>3.8%</b>	<b>2.0%</b>	<b>1.4%</b>	<b>3.4%</b>
Total employees	<b>6,971</b>			<b>7,866</b>			<b>8,759</b>		

<sup>1</sup> In 2019, 2020, and 2021, statutory personnel, trainees, apprentices, and directors were not considered.

<sup>2</sup> In 2021, the positions of employees in the USA and Europe were not considered either.





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## ▲ Race and ethnicity

[SDG 8, 10, 17] [GLOBAL COMPACT 6]

In materials and documents such as our Code of Ethics and Conduct, internal policies, Recruitment and Selection Operational Standard and in the Recruitment and Inclusive Selection Guide, parameters and guidelines have been included in order to achieve the concrete application of the principles of diversity and inclusion, as well as to mitigate the so-called “unconscious bias”, which in the case of race and ethnicity is a factor of significant impact.

Regarding the ethnic-racial pillar, we had an event on afrofuturism in 2021, in partnership with our affinity group for this topic, to engage and raise awareness among the internal audience on the ethnic-racial topic. The event discussed how the concept of afrofuturism teaches us to consider that the world is multicultural, with different ways of thinking, and that it can contribute to the way we innovate and transform in technology. In addition, it also questions racism and proposes new narratives and actions for a new perspective of the future.

### Race and ethnicity of employees per gender and position (%) <sup>(1) (2)</sup> [GRI 405-1]

	2019		2020		2021	
	Men	Women	Men	Women	Men	Women
Executive Officers and Managers	73.7%	26.3%	76.2%	23.8%	75.9%	24.1%
White	62.6%	25.3%	58.7%	19.8%	74.8%	25.2%
Black	1.0%	-	0.9%	-	100.0%	0.0%
Brown	5.1%	-	4.8%	-	100.0%	0.0%
Yellow	1.0%	-	-	-	100.0%	0.0%
Indigenous	-	-	-	-	0.0%	0.0%
Not informed	4.0%	1.0%	11.9%	3.9%	0.0%	100.0%
Managers	68.1%	31.9%	67.0%	33.0%	68.2%	31.8%
White	51.7%	28.4%	51.3%	25.8%	67.5%	32.5%
Black	0.9%	-	0.4%	-	57.1%	42.9%
Brown	10.3%	2.2%	9.4%	2.6%	75.0%	25.0%
Yellow	1.7%	-	1.1%	-	100.0%	0.0%
Indigenous	-	0.4%	-	0.7%	0.0%	0.0%
Not informed	3.4%	0.9%	4.9%	3.7%	50.0%	50.0%
Coordinators	66.7%	33.3%	63.3%	36.7%	59.8%	40.2%
White	52.5%	27.5%	48.4%	28.7%	57.0%	43.0%
Black	1.6%	0.5%	1.4%	0.9%	66.7%	33.3%
Brown	8.5%	3.4%	8.4%	3.6%	71.9%	28.1%
Yellow	0.7%	-	0.2%	-	50.0%	50.0%
Indigenous	0.2%	-	-	-	0.0%	0.0%
Not informed	3.2%	1.8%	5.0%	3.4%	66.7%	33.3%
Experts	77.3%	22.7%	76.8%	23.2%	72.4%	27.6%
White	56.7%	18.3%	56.7%	19.2%	70.4%	29.6%
Black	1.8%	0.8%	1.6%	0.6%	72.2%	27.8%
Brown	14.9%	2.5%	14.7%	2.8%	84.5%	15.5%
Yellow	1.2%	0.1%	0.9%	0.3%	64.0%	36.0%
Indigenous	0.1%	-	0.2%	-	50.0%	50.0%
Not informed	2.6%	1.0%	2.7%	0.3%	63.2%	36.8%

	2019		2020		2021	
	Men	Women	Men	Women	Men	Women
Analysts	66.2%	33.8%	66.2%	33.8%	63.5%	36.5%
White	44.4%	24.4%	44.8%	23.3%	62.1%	37.9%
Black	2.8%	1.1%	3.0%	1.2%	67.3%	32.7%
Brown	15.4%	6.4%	14.2%	6.1%	68.0%	32.0%
Yellow	0.6%	0.5%	0.6%	0.4%	60.0%	40.0%
Indigenous	0.2%	0.2%	0.1%	0.1%	33.3%	66.7%
Not informed	2.9%	1.3%	3.5%	2.7%	53.5%	46.5%
Technicians and Assistants	54.9%	45.1%	54.9%	45.1%	50.1%	49.9%
White	34.7%	44.8%	36.3%	27.6%	51.2%	48.8%
Black	3.4%	2.8%	2.9%	2.7%	54.7%	45.3%
Brown	15.7%	12.0%	13.7%	10.9%	48.2%	51.8%
Yellow	0.4%	0.2%	0.4%	0.5%	50.0%	50.0%
Indigenous	-	0.4%	-	0.4%	0.0%	0.0%
Not informed	0.7%	1.6%	1.6%	3.0%	21.4%	78.6%
Interns	-	-	-	-	-	-
White	-	-	-	-	-	-
Black	-	-	-	-	-	-
Brown	-	-	-	-	-	-
Yellow	-	-	-	-	-	-
Indigenous	-	-	-	-	-	-
Not informed	-	-	-	-	-	-
Apprentices	-	-	-	-	-	-
White	-	-	-	-	-	-
Black	-	-	-	-	-	-
Brown	-	-	-	-	-	-
Yellow	-	-	-	-	-	-
Indigenous	-	-	-	-	-	-
Not informed	-	-	-	-	-	-

<sup>1</sup> In 2019, 2020, and 2021, statutory personnel, trainees, apprentices, and directors were not considered.

<sup>2</sup> In 2021, the positions of employees in the USA and Europe were not considered either.





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## UNION RELATIONS

[ GRI 102-41, 103-1, 103-2, 103-3 ] [ SDG 8 ] [ GLOBAL COMPACT 3 ]

Regarding collective bargaining agreements, as in previous years, 100% of TOTVERS are covered by collective bargaining agreements, meeting the legal requirements of Brazilian laws. We currently negotiate with 14 union entities, according to the core activity of each business unit. Trade union negotiations are conducted by employer entities (representing the companies) and trade unions (representing the employees). In addition, we take part in the negotiation tables of the main unions related to our operations in São Paulo, Goiânia, Belo Horizonte, Recife, Rio de Janeiro, Joinville and Rio Grande do Sul, always seeking to raise awareness so that decisions of collective interest are prioritized.

To ensure compliance with current labor standards, we maintain in our structure a team dedicated to labor relations and trade unions, focusing on permanent synergy with the stakeholders involved, in order to maintain a harmonious and friendly relationship between the parties.

In 2021, in the TOTVS CRM unit (Cascavel, State of Paraná), there was a migration of the benefit package from the acquired company to the TOTVS model. At the Cianorte (State of Paraná) unit, we reduced the weekly working hours of employees, ensuring the maintenance of the wages paid. As a result, most of our units are equalized, with weekly working hours between 40 and 42 hours, and, by definition of Brazilian laws, there could be up to 44 working hours per week.

## HEALTH, WELLNESS AND SAFETY

[ GRI 403-1, 403-2, 403-3, 403-5, 403-8, 403-9, 403-10 ] [ SDG 8 ]

We have consolidated wellness, health and safety policies and processes. The guidelines, assumptions and programs of occupational health, occupational safety and prevention of occupational accidents continued to be properly followed and supervised. In addition, we comply with all legal requirements concerning Brazilian labor and social security laws.

What happened differently in 2021 was, again, as in the previous year, the Covid-19 pandemic, which in 2021 worsened, requiring our firm conduct with prevention and tackling measures.

### ▴ Preventing and tackling Covid-19

As for the **Covid-19 pandemic**, in 2021 we continued to monitor the resulting health and sanitary impacts and maintained all preventive and mitigating measures adopted since 2020, in line with the guidelines established by health authorities and our convictions, with regard, mainly, to the safety of TOTVERS and the continuity of our operations.

We have maintained and improved, as necessary, all the protocols and the structure to prevent and tackle this disease, which we have organized since 2020. Among the measures adopted, we can highlight:

- Maintenance of the **Crisis Committee**, which continued to develop several actions for our ecosystem and promoting social responsibility with the industry, society and our employees.
- Adoption of the remote work practice (home office) for all our units, as well as implementation of the possibility of gradual and voluntary return of TOTVERS that did not declare themselves as a risk group to the offices in safety, based on official health guidelines of the cities where we have units.
- Restrictions for domestic and international trips.
- Implementation, together with our health consultancy, of a telephone service available on a 24-hour basis to support TOTVERS.





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Gradually, we started to study, develop and implement the **hybrid working** model and, since March 2022, we have been already effectively working under this model. More information in the section on “Management assumptions and guidelines”, in this chapter.

It is important to reinforce that, even with the recrudescence of the Covid-19 pandemic in 2021, we did not reduce wages or working hours of our employees at any moment, and we did not reduce teams other than in the normal course of operations either.

#### Occupational health

[ GRI 403-1, 403-2, 403-6, 403-7, 403-8, 403-10, 103-1, 103-2, 103-3 ]  
[ SDG 8 ]

We consider that the quality of the work environment is an essential aspect for our employees to perform their duties satisfactorily, productively and collaboratively. To focus on health and wellness concerns and prevent diseases, we have the **+Healthy program**, which covers all our employees.

We also encourage the practice of physical activities and care with posture on a daily basis, to eliminate absenteeism related to occupational diseases. Because we are a technology company, and a large part of our activities can be performed remotely, we do not have relevant numbers of occupational injuries or diseases. The main occupational diseases recorded refer to ergonomics/posture and mental health (stress, time management). We pay special attention to the care of physical and mental health and, among others, we promote nutritional monitoring, and encourage exercising, and leisure. Next year we will have new actions aimed at mental health and financial health, subjects that we also understand as part of our employees' quality of life agenda.

We also monitor indicators related to occupational health through the **Specialized Services in Safety Engineering and Occupational Medicine (SESMT)**, with a view to promoting the health and wellness of employees, adopting measures and adjustments of work environments also with an ergonomic bias, in order to avoid injuries and days lost because of leaves.  
[GRI 403-2, 403-6, 403-7].

In 2021, as in the previous year, there were no cases of deaths and records of occupational diseases, nor cases that required mandatory reporting. In addition, there was no absenteeism rate and lost days.

#### Comprehensive health: +Healthy

[ GRI 403-1, 403-3, 403-6, 403-7, 403-8, 403-10 ] [ SDG 8 ]

Our **+Healthy** life balance program reaffirms our commitment to the health and wellness of TOTVERS. The program is structured in five pillars: +Active Life, +Care, +Balance, +Light and +Advantages.

**1. +Active Life** – focus on actions aimed at physical health, with the purpose of encouraging and facilitating the practice of regular physical exercises in the search for more willingness, prevention of diseases and improvement of quality of life.

#### Number of cases of occupational diseases [ GRI 403-10 ]

Occupational Diseases <sup>(1) (2) (3)</sup>			
Year	2019	2020	2021
Total cases of occupational diseases	1	0	0
Total with mandatory reporting	1	0	0
Total days lost (medical certificates)	45	0	0
Absenteeism rate – days lost (%)	0.000257	0	0

<sup>1</sup> To collect this indicator, all own units and those acquired until December/2021 were considered.

<sup>2</sup> Currently, we do not perform accident control for third parties and service providers.

<sup>3</sup> There were no cases of deaths in the period covered by the Report.

<sup>4</sup> To calculate the total number of days lost and absenteeism rate, only the number of occupational diseases was considered.

**2. +Care** – actions aimed at comprehensive health care, based on the concept of primary care, which promotes prevention, treatment and care. In 2021, **we launched two new products** in the +Care pillar:

- **Einstein Conecta:** free-of-charge online medical guidance service, available to TOTVERS and their dependents from all sites. It allows access to the doctors of the Albert Einstein Israelite Hospital by cell phone or computer on a 24 x 7 basis. Note: This benefit is not available to TOTVERS and/or dependents of RJ Consultants and franchises, as such companies have not yet had their health plan migrated to TOTVS.

- **Einstein Primary Care Clinics:** Einstein health units, with doctor and family nurse, among other professionals. Available to TOTVERS and its dependents of São Paulo, beneficiaries of our health plan, except franchises. The service is offered free of charge. The goal of the free service is to make beneficiaries give preference to this channel instead of the traditional healthcare provider that has co-participation. Access to Einstein Clinics takes place in two ways:

- Without prior scheduling (Walk-in): if there is any of the symptoms considered of low complexity, the beneficiary can go to a unit of Einstein Clinics, equipped to perform complementary exams and administer medicines. The clinics do not offer appointments with specialist physicians.

- Follow-up focused on the coordination of health care, with service upon scheduling.





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**4. +Light** – initiatives that aim to contribute to the good shape and balance of the body, through healthy eating and adequate to the needs and characteristics of each one.

**5. +Advantages** – focus on financial self-management products and actions. After all, quality of life is the balance of all areas of an individual's life. In 2021, we launched an extra benefit incorporated into the +Advantages pillar: an app created by n2, a startup that offers financial guidance service in an accessible and customized way. Through the application, it is possible to have access to the Financial Educational Program and the content of certified professionals, which include the topics "how to organize your finances", "how to invest", among others.

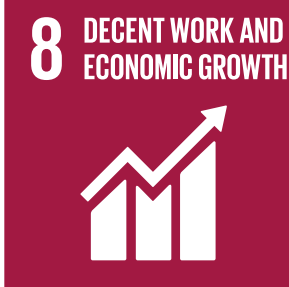
### Other initiatives

We have several other initiatives aimed at a healthier lifestyle, among them:

- ▲ **Internal clinical support.**
- ▲ **Monitoring of chronic diseases.**
- ▲ **Follow-up of hospitalizations.**
- ▲ **Nutritional follow-up and encouragement.**
- ▲ **Vaccination campaigns.**
- ▲ **Physical Activity Incentive Group.**
- ▲ **24-hour Emergency Care Channels.**
- ▲ **Digital Health Information Channel.**
- ▲ **Follow-up program for pregnant women and babies: support and healthcare guidelines for pregnant women, from the beginning of pregnancy to one year of life of the baby.**

### RECOGNITION – GOOD HEALTH AND WELLNESS PRACTICES

In 2021, we won the **Certification of Good Practices of the 24th National Quality of Life Award (PNQV)**, promoted by the Brazilian Association of Quality of Life (ABQV). The award is given to companies that have excellent practices and are successful in improving healthcare. Our practices in this field show how health and wellness initiatives are essential for a better quality of life for TOTVERS.



## LAUNCH OF THE MENTAL HEALTH PROGRAM

Launched in 2021, the **+Balance** mental health program encompasses a series of initiatives aimed at mental health care as a basis for all the proper functioning of life, whether in the professional, family or affective sphere.

Several types of support and actions are offered, such as: telephone channel for health guidance (nurse line), with medical monitoring in cases of Covid-19; exclusive channel for personal guidance, with legal assistance, social support, psychological and financial guidance; events such as workshops, live shows, conversation circles, host groups and debate, meditation, wellness week; sports advice; and guidance and monitoring of comprehensive health.

### Pillar 3. +Balance is structured in three parts:

- ▲ **Institutional**
- ▲ **Taking Care of Those Who Care (leadership)**
- ▲ **Line of Care**

The "Institutional" part encompasses initiatives and guidance with the aim of making the work routine lighter and more pleasant for everyone, such as techniques and standards for meetings, "break time", lunch time, weekly blocking of schedules for internal activities, Friday without overtime and "reset day" (a free day for TOTVERS to focus on self-care - valid until June 2022 as a "pilot" action).

In the scope of "Taking Care of Those Who Care", instruments are offered for leaders to look at themselves in relation to this topic and have mechanisms to welcome, guide, and support their teams. This includes actions such as:

Next leadership development program—mental health module: with information on how the leader can observe himself and have an empathic and caring look at his team.

- Virtual debate workshop - meetings mediated by healthcare professionals.

- Leader channel—support for interventions with the team: email channel dedicated to answering questions or addressing cases shared by leaders. The goal is to support the leader in cases of mental health problems in the team.

In "Line of Care", the intention is to provide healthcare services so that TOTVERS and/or their dependents have access whenever they need. The line comprises the following phases: reception, screening, referral and follow-up. The Line of Care was structured so that TOTVERS and their dependents have a support network in the various phases of healthcare: primary care (close monitoring by healthcare professionals); online medical care, including for emergencies; psychosocial network—care for comprehensive and humanized mental health support; and health promotion, with the stimulation of preventive activities, physical exercises, and other activities. [\[ GRI 403-7 \]](#)



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## Occupational safety

[ GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-8, 403-9, 403-10, 103-1, 103-2, 103-3 ]

[ SDG 8 ]

In our daily operations, we comply with all the standards and guidelines provided for in Brazilian labor laws on occupational safety, an aspect that we consider fundamental for daily work. As already mentioned, we have a structure of **Specialized Services in Safety Engineering and Occupational Medicine (SESMT)**, which acts with responsibility in occupational health and safety as regards our employees.

Our follow-up considers the identification of potential risks. Risks are identified, classified and consolidated internally through an inventory, which is part of the **occupational risk management**. From this survey, **no risk was identified that could generate or contribute to the generation of serious accidents**. Most of the existing risks can be eliminated through preventive measures and safe behaviors of TOTVERS.

To help TOTVERSout, besides providing them with health promotion programs, we invest a lot in the TOTVS University trails. Currently, we have two specific trails. Through the Work Safety Trail we address the key subjects related to the risks inherent to our activities, while through the Prevention Trail we approach several topics, always showing how to prevent risks, whether in the company, at home, in traffic, and even at our clients'. We also promote other preventive measures, such as the supply of ergonomic accessories, to make workstations suitable to the needs of each TOTVER, since ergonomic risks are the most relevant ones. We also provide the "SESMT Actions" (Specialized Services in Safety Engineering and Occupational Health), which are monthly publications on varied subjects but focused on risk prevention. It is worth highlighting that no dangerous risks are found in our activities. [ GRI 403-5 ]

We have maintained—predominantly—the home office regime since March 2020, and during 2021 there was a significant decrease in the number of accidents. Before the pandemic, most of the accidents recorded were commuting accidents. With the adoption of the hybrid model and the home

office, exposure to risks decreased and, consequently, accidents. The severity of accidents was also reduced, with a reduction in absenteeism generated by occupational accidents.

All these factors contributed to the significant change in data, when comparing the year 2021 with 2020 and 2019. In 2021, we had only one commuting accident. However, according to the guidelines of the GRI (Global Reporting Initiative) methodology, this accident was not considered an occupational accident, as the vehicle had not been provided by the Organization. In addition, in 2021 there was an 8% increase in the number of hours worked compared to 2020, because of the increase in the number of employees.

As in 2020, in 2021 there were no cases of deaths, occupational diseases, nor cases that required mandatory reporting. Moreover, there was no absenteeism rate and lost days.

### Number of occupational Accidents [ GRI 403-9 ]

Occupational Accidents <sup>(1) (2) (3)</sup>			
Year	2019	2020	2021
Total hours worked	17,536,800	18,134,400	19,650,526
Total days lost	58	15	0
Absenteeism rate (%)	0.033	0.008	0.000

<sup>1</sup> To collect this indicator, all own units and those acquired in Brazil until December/2021 were considered.

<sup>2</sup> Currently, we do not perform accident control for third parties and service providers.

<sup>3</sup> To calculate the total number of days lost and the absenteeism rate, only the number of accidents was considered.



## SOCIAL AND RELATIONSHIP CAPITAL

Social and Relationship Capital comprehends institutions and relationships within and between communities, stakeholder groups and other networks, as well as the ability to share information to improve individual and collective well-being. It covers: common standards, values and behaviors; the trust and commitment sought with external parties; the intangibles assets of brand and reputation; and the social license to operate.

## CUSTOMERS

[ GRI 102-2, 102-43, 103-1, 103-2, 103-3 ] [ SDG 9, 12 ]

In our path, we have sought to support in a very close way the needs of our customers and, backed by a strong entrepreneurial tradition and pioneering, innovation and a lot of determination, we strive to offer the **best solutions** for the business of thousands of companies in the markets in which we operate, in Brazil and abroad.

We currently have **around 70 thousand customers**, and we seek to meet their specific needs for technology and digital transformation in the 12 industry sectors in which we operate. We want to be present all over the production chain and throughout the journey of our customers, with the support of specialized solutions and a broad and diverse portfolio of products and services. We seek the permanent satisfaction and loyalty of our customers and aim to build productive and lasting relationships. [ GRI 102-7 ]

In 2021, we reached **record levels of NPS (Net Promoter Score)**, an indicator employed to measure customer satisfaction, demonstrating the assertiveness of our strategies and contributing to the increase of new opportunities and new businesses.

The fact that we operate with an ecosystem of three strategic dimensions and with products, services and solutions specialized per industry sectors favors the development of differentials in our relations with customers.

Our systems, platforms, and solutions are flexible and make progress according to the requirements of different types of customers and, based on our long experience and expertise, we seek to understand the challenges of each industry sector.

Regarding our **key products**, our most traditional products are ERP systems and solutions, integrated management software that help improve internal processes and integrate different activities such as organizational management, management information, customer management, service, internal processes, costs, purchases, sales, collection, billing, finances, inventories and human resources.

### 2022 TOTVS BRAZIL THAT GETS THINGS DONE AWARD AIMS TO RECOGNIZE TECHNOLOGY PROJECTS

[ GRI 102-15 ]

At the beginning of 2022, we announced the first edition of the **TOTVS Brazil that GETS THINGS DONE Award**, in order to recognize and value technology projects that positively affected the productivity of companies (economic sustainability), considering that, especially in the last two years, companies from different industries of the market had to go digital and implement technologies that were able to support and leverage their business, especially in a challenging scenario with the Covid-19 pandemic.

The award seeks to recognize successful cases developed throughout 2020 and 2021 with the use of TOTVS systems and to acknowledge the overcoming ability of Brazilian companies. Participating cases addressed improvements and productivity gains in processes, areas, departments or operations in the industry sectors in which we operate, besides the special HR category.

The projects were examined based on five criteria: digitization, innovation, operational gain, financial impact and ESG. The evaluation committees were composed of internal evaluators and market experts. The winners received the trophy for the TOTVS Brazil that GETS THINGS DONE Award in the 2022 TOTVS Universe, held in June.

More information [click here](#).



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## Some outstanding implementations and initiatives in 2021

[ GRI 102-2, 102-15, 102-43, 103-1, 103-2 ]

### ▲ Launch of the First 100% PLG product of the Management dimension

The product TOTVS Electronic Signature offers everything customers need to simplify document signing in their companies. As part of the Digitization Journey, the solution is a SaaS application that simplifies and speeds up the process for our customers to sign documents in an agile, secure and 100% legally valid way. It is the first PLG (Product Led Growth) product of the Management dimension, which has a simple, centralized platform with mobile technology.

### ▲ New tools to manage people's learning and assess competencies

In December 2021, we presented two new solutions to increase productivity in the human resources areas. In partnership with Bossa. etc, a company specialized in learning and content initiatives, of the renowned culture and strategy consultancy Blue Management Institute, we launched the **Learning Management by BLAST!** System and the **Competency Map by BLAST!** platform.

The **Learning Management by BLAST!** system is a complete and robust Learning Management System (LMS), which meets all online management and recording needs of corporate educational programs and institutions, supporting the HR area to gain more efficiency in the provision of educational content to employees.

With the solution, the Human Resources area of the user company is able to structure a corporate university, organize classes and manage face-to-face, online or hybrid courses. It is possible to organize the courses on learning trails, guiding students in the development of the skills and competencies desired by the company.

Besides the integration with the main online conferencing tools such as Zoom, Google Meet and Microsoft Teams, the solution has a simple

and intuitive interface, which facilitates the use of the features that the system offers on a daily basis. It does not require a large technology infrastructure, as access to system resources is made via the web and contracting is through subscription, based on the number of users.

The **Competency Map by BLAST!** platform uses gamification to understand and evaluate the mastering of employees in 14 social and emotional competencies, such as strategic thinking, crisis management, collective consistency, etc. The application consists in a game with different narratives, in which participants follow the characters' journey and need to make decisions based on events. Each choice is recorded by the system, which unfolds the continuation of the story and builds an analysis of the skills displayed by the professional. In all, there are 14 games that evaluate 84 skills that, together, build a portrait of the employee's behavior. At the end of the journey, the system generates a complete individual or team performance report, both in general and in each of the skills tested.

The tool can be used for different purposes. For example: in recruitment and selection, it is possible to map the kind of person you want to hire and identify their competencies; for the development of a career plan, the manager can understand the degree of current mastering of the professional and what needs to be improved towards a more advanced position.

With these two new solutions, we have expanded our offer of HR solutions that directly assist companies' strategy and their human capital management. With these solutions, the HR area now has more inputs to assemble and develop more efficient teams, providing greater productivity and development for the business.





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▲ **TOTVS Instant Payment**

As part of the strategy to make daily operations easier and support the productivity of companies with the use of technology and data to simplify, expand and cheapen companies' access to financial services, in April 2021 we launched TOTVS Instant Payment, which allows companies to start receiving payments from their customers via PIX, whether they are individuals or legal entities, without having to negotiate fees with banks. Competitive tariffs are determined by Techfin itself, which makes the process even simpler, cheaper and more agile.

▲ **Campaign to offer cashback on the payment of educational tuition with credit card**

In order to speed up the digitization of the payment experience via credit card in tuition fees of educational institutions, we launched in June 2021, together with Visa, a cashback campaign for students from schools and higher education institutions to use the My eduCONNECT Pay solution. Students or guardians who register the Visa card on the platform for recurring payment are entitled to 10% of the monthly tuition in cashback, that is, they receive part of the money back on the invoice, which is granted from the next monthly tuition on. The campaign benefits both those who pay (students) and those who receive (schools). For the institution, receiving via My eduCONNECT Pay makes the selling experience simpler, cheaper and safer, as well as it facilitates the management of receivables by offering automatic reconciliation of these payments. All educational institutions that are TOTVS customers with the My eduCONNECT Pay solution are eligible to take part in the campaign.



**SUPPORT AND ENCOURAGEMENT FOR IMPLEMENTING ESG CONCEPTS AND PRACTICES IN CUSTOMER COMPANIES**

[ GRI 102-2, 102-15, 102-43, 103-1, 103-2 ] [ SDG 8, 9, 12 ] [ GLOBAL COMPACT 1, 2, 3, 4, 5, 6, 7, 8, 9, 10 ]

Through our consulting arm (TOTVS Consulting), we have sought to stimulate and support companies to follow ESG concepts and practices, providing tools and knowledge to help customers develop an ESG approach appropriate to their context, with technology as a great ally in this process, in a broad **digital journey of sustainability**.

To this end, an approach proposal is the “**ESG Map**”, which aims to give visibility on the level of maturity in relation to ESG topics, and which challenges can be converted into potential opportunities for the business. Thus, by looking at the customer company and making a real immersion in its reality, objectives and strategies, we can, together, establish a continuous **ESG Strategic Agenda**, enabling the understanding of concepts and implementing processes, management and controls, in order to achieve results in an efficient and optimized way.

The process as a whole can cover **four stages**, according to the customer's needs: Conecta ESG, ESG Map and ESG Strategic Agenda, Sustainability Digital Roadmap and Implementation and Sustainability.

The first phase (“Conecta ESG”) consists in mobilizing and engaging the entire company in relation to ESG topics and their interconnection with the business per se. Among the major activities of this stage are webinars and workshops to discuss the concepts and integrate the company's strategies, bringing leaders to the movement.

In the second stage, “ESG Map” and ESG Strategic Agenda, we conduct a deep analysis of the current situation of the organization in relation to the ESG pillars, from interviews and application of mapping questionnaires with focal points and stakeholders of the processes related to sustainability

topics, based on the main global indexes of such topic. With the metrics presented to the leaders, we support the company in the preparation and prioritization of a sustainability agenda.

The aim of the Sustainability Digital Roadmap phase is to work, from Design Thinking techniques, on the design of an analysis of digital solutions that add productivity and boost the sustainability process within the business. The roadmap presents four levels of solutions: TOTVS products and partners capable of meeting the needs of the business; the revision or creation of strategies, policies or procedures that guarantee the established guidelines; options and suggestions for solutions or technologies adhering to the business; and quick improvement and simple implementation actions.

Finally, the final stage of the digital sustainability journey is the implementation and support phase, comprehending the monitoring of company actions, with monitoring of indicators, support for communication actions and engagement of the topic, as well as the incorporation of new technologies and other demands required during the contracted period.

In view of the needs of each customer, the application can occur in an integral manner, with the four steps, or separately, that is, it is not a closed package.

With this direction, we want to reiterate our role as a strategic partner of our customers also in their journey of implementing sustainability/ESG. In addition, this is in line with our positioning and the achievement of the Sustainable Development Goals (SDGs), in particular SDG 9 (Industry, Innovation and Infrastructure) and SDG 12 (Responsible Consumption and Production).



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## SHAREHOLDERS AND INVESTORS

[ GRI 102-10, 102-43, 201-1, 103-1, 103-2, 103-3 ]

We ended the year with a **capital stock of R\$2.963 billion**. This capital stock, at the end of 2021, was composed of 617,183,181 common shares, 84.2% of which were outstanding (free float) shares, represented by 25.4% composed of domestic investors and 74.6% of foreign investors. The calculation of the quantity of outstanding shares is based on all the Company shares, excluding the interests held by managers and related persons, as well as treasury shares.

In 2021, **TOTVS (B3:TOTS3) shares** had stability, with depreciation of 0.3%, while IBOVESPA had depreciation of 11.9%. The average trading financial volume in 2021 registered R\$143.3 million/day, versus R\$156 million/day recorded in 2020.

On July 30, 2021, the **payment of interest on the stockholders' equity for the first half of fiscal year 2021** was approved, in the total amount of R\$51,193 thousand. All shareholders holding shares issued by the Company on the base date of August 4, 2021 were entitled to interest on the stockholders' equity. Such interest on the stockholders' equity was paid on October 22, 2021.

On December 22, 2021, the **payment of interest on the stockholders' equity for the second half of fiscal year 2021** was approved, in the total amount of R\$79,050 thousand. All shareholders holding shares issued by the Company on the base date of December 28, 2021 were entitled to interest on the stockholders' equity. Such interest on the stockholders' equity was paid on May 20, 2022. The amounts of interest on the stockholders' equity for fiscal year 2021 were allocated to the mandatory minimum dividend under the article 39 of our Bylaws.

In January 2021, TOTVS shares became part of the **IBrX-50** portfolio, B3's index formed by the 50 shares with the greatest

trading power and representativeness of the Brazilian stock market.

It is also important to point out that, since 2020, we have registered an increase in the number of interactions and interest of shareholders, investors and investment analysts in the **ESG topics** and related initiatives that we are developing, as well as an intensification in the queries made by investment funds and customers on our sustainability practices. In 2021, as part of the advancement of our **ESG Agenda**, we included—for the first time—investment analysts (sell side) and investors in the process of consulting stakeholders and prioritizing ESG material topics by the Company.

## SUPPLIER MANAGEMENT

[ GRI 102-9, 102-10, 102-43, 103-1, 103-2, 103-3, 204-1, 414-1 ]

[ SDG 8, 9, 10, 12, 17 ] [ GLOBAL COMPACT 4.5 ]

In 2021, we contracted goods and services from 1,987 suppliers, totaling R\$832 million in payments. The Supply and Contract Administration Areas manage those suppliers, and the chain is essentially formed by software development companies that we use and resell, besides databases and technological platforms that are resold to customers. They also integrate this chain of consultancies in different areas, such as auditing, marketing, building infrastructure services (such as cleaning, security and maintenance), as well as various supplies, such as stationery, hygiene and consumption, administrative materials, among other items.

Our process of **hiring service providers and suppliers** is conducted under the Company's Procedures for the Procurement of Products and Services and Administration of Supplier Contracts, and under

our Code of Ethics and Conduct, considering assumptions such as price, delivery deadline, payment terms, quality and other variables, such as social and environmental aspects. [ GRI 414-1 ]

In terms of integrity and **compliance**, our contracts establish **obligations regarding compliance with the Anti-Corruption Law, observance of labor** obligations and guarantee of non-existence of labor analogous to slavery and child labor, besides clauses showing respect for human rights and diversity in all its forms, as well as environmental standards. We suggest and encourage our suppliers to demand the same from their supply chains. [ GRI 102-17 ]

In recent years, we have improved the supplier management process through a **platform connected to the supplier** registration system, which digitally analyzes, among other elements, **aspects related to risk identification and assessment**, such as a third-party compliance due diligence. This procedure aims to ensure that we do not establish relationships or business with suppliers involved in any type of illegal or irregular practice, based on the anti-corruption legislation in force and the ethical principles we adopt, reflected in our Code of Ethics and Conduct and other Internal Policies and Standards of the Company. In 2021, no new suppliers were selected through social criteria. [ GRI 414-1 ]

The materials and services are supplied, for the most part (94.61%), by suppliers established in Brazil, located as follows: 91.86% distributed in the following states and the remainder in several federative units in Brazil.





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## Percentage of suppliers per region (%) [GRI 204-1]

Percentage of suppliers per region	
SP	54.63%
MG	6.91%
PR	6.86%
SC	6.70%
RJ	6.49%
RS	5.59%
GO	4.68%

On the other hand, the proportion of expenses with **local suppliers** in major operating units was 75.69%. A major operational unit is one that concentrates most of the Organization's procurement of goods and services. In this case, TOTVS Headquarters, located in São Paulo, accounted for 71.99% of the total amount spent in the supply chain.

### INTERACTION WITH SOCIETY

[GRI 102-12, 102-13, 102-43, 103-1, 103-2, 103-3, 203-1, 203-2, 413-1] [SDG 4, 8, 9, 10, 12, 17] [GLOBAL COMPACT 1, 7, 8, 9]

In our business trajectory, we have always placed ourselves as partners in Brazil's growth process along with our growth and the continuity of our business. We believe in a Brazil that GETS THINGS DONE. Our performance goes far beyond our relationship audiences, benefiting society in general.

Our investments directly affect the development of the Brazilian technology industry sector, and our projects and initiatives have great scope, especially influencing the achievement of the Sustainable Development Goals (SDGs) related to quality education, gender equality, decent work and economic growth, reduction of inequalities and responsible consumption and production. We also work on topics such as integrity, anti-corruption, data privacy, diversity and inclusion and environmental responsibility, with a structured, targeted Sustainability/ESG Agenda.

Overtime, we have also strengthened our ties with the community where we operate and created partnerships with governments and society to foster the training of qualified labor, contributing to the employability of the young.

▲ **Institute of Social Opportunity (IOS)**  
[GRI 203-1, 203-2] [SDG 4, 5, 8, 9, 10, 12, 17]

We are founders and the main sponsor of the **Institute of Social Opportunity (IOS)**, an entity to which we channel significant efforts in our social investment. It is a non-profit institution created in 1998, which operates in a network with other social organizations or private entities. The IOS promotes free-of-charge vocational training and employability of vulnerable young people and people with disabilities. The IOS seeks to provide access to technology, with the major focus on employing qualified professionals.

We believe in the protagonism and social inclusion of the young through education and work, which are among the fundamental elements for the development of Brazil. The institute's operation in a network allows it to be in several territories where there is a demand, mainly, for vocational training of young people in situations of social vulnerability and people with disabilities.

In its scope of action, the IOS provides the opportunity for interested young people to take vocational courses totally **free of charge**. The courses offered include business management and information technology, with practices in digital education, citizenship, sustainability, mathematics, communication and expression and behavioral skills, as well as psychosocial follow-up with a multidisciplinary team (psychologists, social workers and psychopedagogues). In their experience, students have the possibility to apply the concepts using market software.



### SOCIAL INVESTMENT ALIGNED WITH BUSINESS STRATEGY AS A DRIVER FOR REDUCING INEQUALITIES

The investment made contributed so that throughout 24 years of operation, the Institute has trained over 42 thousand students and supported the employability of one thousand young people and people with disabilities on average, annually. The target audience of the institute are young people in social vulnerability and people with disabilities, aged 15 to 29 years. The courses last for one semester and, at the end, approved people receive a certificate of attendance in the **IOS Opportunities Program**, and they can be nominated for selection processes in partner companies, as well as apply for scholarships and discounts in colleges.

The 2021 figures were extremely positive. The Institute has been growing again, after a decrease in the number of students and people employed due to the Covid-19 pandemic in 2020, and even registered **the best results since its foundation: 2,623 people were trained and 1,410 were hired**.

In 2021, students who found a job had an average compensation of R\$1,123.19, representing a **54% increase in their families' income**. At a time when there is a widespread loss of jobs (with a strong reduction in workers' earnings), this indicator shows the positive impact of young people entering the labor market and generating family income.

Also in 2021, the **amount invested by TOTVS in the IOS was R\$6.4 million, which contributed to the professional qualification of 2,623 young people**, with the potential to enter the labor market, a university or even become changing agents of their community.



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### ▲ Pilot volunteer project

Also during 2021, we continued to develop with the volunteer project, in partnership with the IOS, carrying out new actions, such as the **Workshop on Volunteering** for the Institute's team of teachers, and **Career Guides**, in addition to continuing to participate in the development of the **TCC (Final Paper) Guide**, in the **Pausa para o Cafezinho** live shows and in the "Acontece no IOS" podcast.

In all, 40 volunteers took part, totaling 333 dedicated hours and 15 meetings held. As a result, 1,200 IOS students were affected by the actions, enabling the exchange of experiences with professionals already working in the technology industry. In addition, TOTVERS taking part in the project could develop skills and increase engagement between themselves, the IOS and the Company.



## TOTVS AND IOS SPECIFIC TRAINING

In the year, several training sessions focused on students with disabilities and gender equality was also held:

- **Administrative Assistant Course for People with Disabilities:** training of 18 people with disabilities in several tools, including: Google Suite (text editor, spreadsheets, presentations); introduction to the TOTVS management system – ERP; Agile Methodology and TOTVS Culture; besides Portuguese and mathematics classes. The training lasted one month.
- **Programming Logic Course (Cloud):** training of IOS alumni in programming logic and Python language. Besides training, the students were also invited to take part in selection processes for tech positions at TOTVS. The training lasted four months and was motivated by the growing demand for cloud professionals in initial vacancies and our strategy to attract more women to tech areas.

### ▲ Donations

We donated used cell phones and computers to the institute and IOS students. In all, **40 laptops and 74 cell phones were donated** in 2021, in order to contribute with equipment to support the education of the young. Further information on the [website IOS](#).



## 2ND EDITION OF THE "TOTVERS THAT GET THINGS DONE" CAMPAIGN

In view of the impacts derived from the Covid-19 pandemic in Brazil, and aware of our corporate social responsibility, we developed and performed the "TOTVERS THAT GET THINGS DONE" campaign for the second consecutive year, which promoted the raising of financial donations made by our employees, franchises and the Company itself, to help maintain the training of IOS students. We more than tripled the amount donated by TOTVERS, totaling R\$543 thousand raised in the campaign, accounting for an increase of 49% compared to the amount raised in the previous year. Of this amount, we were responsible for R\$420 thousand, which were employed in actions to encourage students to continue with their studies, such as the distribution of food cards and data chips for the internet.

### ▲ TOTVS's 2021 Social Impact Festival

In 2021, we held another edition of the Social Impact Festival, with the theme "The importance of technology to boost entrepreneurship through innovation, in order to achieve social change and greater sustainability". During the three-day event, in December 2021, the public had access to the following lectures, translated into Libras and Spanish (for employees in the international market): "In their way: stories of female TECH entrepreneurs around the world"; "Social innovation: do we need new solutions to reduce inequalities?"; "Social impact and sustainability: is entrepreneurship the key?" The festival had 645 participants from Brazil and 55 participants from abroad.

### ▲ Vaccination campaign with a touch of solidarity [ SDG 8, 10 ]

In 2021, together with the influenza vaccination campaign, we encouraged TOTVERS to donate food when they go to get vaccinated. 3.8 tons of food were collected. In addition, we donated R\$150,000, totaling 21.5 tons. As a result, 1,658 families were helped in the States of São Paulo, Minas Gerais, Paraná, Santa Catarina, Goiás, Rio Grande do Sul, and Rio de Janeiro.

### ▲ Institute of Ethics [ GRI 102-12, 102-13 ]

Since 2018, we have been supporting one of the initiatives of the Institute of Ethics, aimed at encouraging the practice of sports for people with disabilities. We sponsor the male paravolleyball team TOTVS/Paulistano/Instituto Ética/Converplast. In 2021, the amount invested was R\$95 thousand. Also in 2021, three athletes of this team were invited to the Tokyo Paralympics, where the Brazilian sitting volleyball team was in fifth place in the final ranking.





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## Other training highlights

[SDG 4|5|8|10|]



### TOTVS SYSTEMS TRAINING COURSE FOR ETEC STUDENTS

In the second half of 2021, students from 22 State Technical Schools (Etecs) in the city of São Paulo could attend an online course on Basic Support in TOTVS Corporate Management Systems, offered by the Paula Souza Center (CPS) in partnership with TOTVS and the Secretariat for Economic Development, Science and Technology of the State of São Paulo (SDE), through the “My Chance” program.

The goal of the course was to train professionals specialized in the support of our Protheus ERP systems for organizational management and optimization of operational processes.

Lasting 120 hours, the course was presented by CPS teachers, and it included concepts of basic support in ERP tools. The classes were presented live, in a remote format, with classes on different days of the week and options in the three periods: morning, afternoon and night. 301 vacancies were offered.

The “MyChance” program is an initiative of the Government of the State of São Paulo through the SDE and the CPS, aiming to train students from Etecs and State Technology Colleges (Fatecs), besides the community in general, in cooperation with the private sector. The purpose is to stimulate the generation of jobs and income. The courses are developed in partnership with companies that have the advantage of reserving vacancies to professionals with good training. Further information on [www.minhachance.sp.gov.br](http://www.minhachance.sp.gov.br).

## RELATIONSHIP WITH OTHER AUDIENCES

### Institutional and public sector relationship

[GRI 102-12, 102-13, 102-15, 102-43, 103-1, 103-2, 103-3]

[SDG 17]

We have consistently carried out several actions of **relationship and engagement with institutional stakeholders, such as government, associations and universities**. Our approach is proactive. When we or associations representing the IT sector identify any opportunity or risk, we articulate to address the matter with the government, to bring important information and data on the agenda discussed, to request measures from the governmental entity and to position ourselves on a certain measure.

And there is also the reactive approach, which occurs when the government contacts the IT industry (representative associations) or TOTVS to take part in a certain initiative, either to contribute to the Company’s position on a certain public policy, or even to build an understanding of some content.

Such relationship takes place through participation in thematic groups, debates, sectoral proposals, development of projects of public interest and institutional support, as follows:

- Associative thematic working groups to discuss the impacts of institutional and governmental actions and build sectoral positioning on worked agendas.
- Rounds of discussions and meetings for sectoral discussions between companies, associations and governments.
- Participation in public consultations and hearings organized by the government and third sector.
- Technical and institutional visits;

- Individual meetings (TOTVS leadership) and sectoral meetings (with associations) with government representatives and other entities.
- Sponsorship in associative and other events that guide and reinforce the importance of IT in Brazil, performed by the government.

With regard specifically to the **public sector**, in order to strengthen the institutional defense and development of Brazil, enhancing our positive impacts, we always seek to have proximity actions with the Executive and Legislative branches. Motivated by technical action and the principles of transparency and ethical posture, we aim to **contribute to the construction and improvement of public policies** that associate economic growth and social advances by means of technology. The use of technologies as inducers of access and development has stimulated the interest of the public sector in the debates that permeate the regulatory agenda of the sector, including issues related to the business environment and the prosperity of the IT universe.

As a company that develops software, platforms and technological solutions, we are committed to **strengthening the economy** of the countries where we operate and believe in the potential of technology as a generator of income, solution provider, facilitator of opportunities, problem solver and creator of labor and development.

In the daily relationship with public entities and agencies, we have a structured process of **registration of business and institutional interaction with public entities**. This is a procedure for registering all face-to-face or distance interactions of a business and/or institutional nature with public entities, in order to comply with the guidelines defined in our Policy for Business and Institutional Relationship with Public Entities. The registrations are made through an electronic tool, which allows employees to perform the complete registration of interactions with public agents, aiming at transparency in relations with the public sector.



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In 2021, among the **institutional, associative and public sector engagement** initiatives, we highlight:

#### Human capital agenda

**Brasscom EuTec Project:** in partnership with the Association of Information and Communication Technology and Digital Technologies Companies (Brasscom), we took part in the development of the EuTec project, whose purpose is to accelerate the training of workforce in Information and Communication Technology (ICT) for initial positions in companies. The pilot project focused on conducting minimum training for web developers with 264 class hours, addressing aspects of the Digital Age, Socioemotional Skills and Integrator Project. The course was presented in three months, in hybrid format, with two face-to-face classes per week and three online classes, by means of four trainers: IOS, Generation, Mackenzie and Zumbi dos Palmares. 80 students from different regions of Brazil were trained, divided into four classes. An employability fair was held after the completion of the classes, with the participation of our HR and other associated companies.

**Digital Literacy:** the text of the Digital Literacy Legal Framework Bill was drafted together with the Digital Parliamentary Front and Brasscom. The bill (PL) draft is based on points such as the definition of metrics and goals for literacy, professional digital literacy, children's digital literacy, teacher training and infrastructure.

**Abes Conference:** the event proposed to discuss the topics of digital resilience, business environment and human factor. It took place fully in a digital format, on September 14, 15 and 16, 2021. We were one of the sponsors.

**Workshops ICT Trails:** in partnership with Brasscom and the Economic Development Department of the Government of São Paulo, we took part in the construction of the student profile for the new IT trails at Paula Souza Center. The participation in the project aimed to support the governmental entity in updating the profile of professionals that the labor market currently demands. In 2021, the updated course was offered at Fatecs Zona Leste, Osasco, Araras, São José dos Campos and Franca. The initial aim was to develop nine professional trails in the area of Information Technology, aligned with the market and covering all educational levels: Initial and Continuing Training (FICs), Technician and Technologist. In 2021, the updated course was offered at Fatecs Zona Leste, Osasco, Araras, São José dos Campos and Franca. In all, 400 students have started the Trail and will have 2,400 hours of content. For 2022, we expect to expand the supply to seven more Fatec units: Zona Sul (São Paulo), Cotia (Metropolitan Region), Itatiba, Itapira, Mauá (Metropolitan Region), Marília and Registro. If this increase is confirmed, the number of entrants per year is expected to rise to 960.

#### Tax matters agenda

**Payroll exemption for companies:** we believe in smart taxation, so that Brazil becomes increasingly competitive in the international community. To this end, we contributed to the non-taxation of employment, defending the postponement of payroll exemption until 2023 with information and communication technology (ICT) associations.

**Software double taxation:** in 2021, we succeeded in the historical trial of the Federal Supreme Court (STF) on the unconstitutionality of the levy of ICMS on the licensing or assignment of the right to use software, which had been pending for more than 20 years. We contributed to the definition of the

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## WE LAUNCHED THE “TALENT SHOWCASE”, WHICH FEATURES YOUNG PEOPLE QUALIFIED TO OPERATE OUR ERP

In 2021, we launched a specific page with our actions aimed at training and qualifying professionals for the technology market. Besides the IOS actions, the page brings a “Talent Showcase”, introducing the market young students trained to operate the ERP TOTVS Backoffice – Protheus Line. The goal is to support companies and recruiters in general who seek young people qualified to operate our ERP.

The initiative is part of a **partnership among TOTVS, the Secretariat for Economic Development, Science and Technology of the State of São Paulo (SDE) and the Paula Souza Center (CPS)**, through the program of the Government of the State of São Paulo called “MyChance”, which promotes the opening of vocational courses directly linked to job vacancies defined in partnership with companies.

The “Talent Showcase” is the ideal place for recruiters and companies to quickly and uncomplicatedly find professionals qualified to operate TOTVS systems. The initiative reinforces our commitment to contribute to the employability of young people in Brazil and is part of our effort to enhance the reach of the SDG (Sustainable Development Goal) 4, which deals with Quality Education.





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trial of the topic defended, via Brasscom, in relation to the need to modulate the effects of the decision, in order to give more legal certainty to the business environment.

**Tax Incentive Reduction Bill:** the so-called “Good Law” was created in 2005 and aims to promote advances in the fields of knowledge of various sectors of society, by granting tax benefits to companies that invest in research and development. After the approval of Constitutional Amendment No. 109/2021 (Emergency PEC), the government undertook to reduce the incentives performed and the “Good Law” could be discontinued. In partnership with the National Association for Research and Development of Innovative Companies (Anpei), we defended the exclusion of the “Good Law” from Bill No. 3203/21, which provides for the plan to gradually reduce federal incentives and benefits of a tax nature and the termination of tax benefits. The bill presents the list of tax incentive programs that the government is to discontinue. The performance was positive and, with that, the “Good Law” did not enter the list of benefits to be terminated after the passing of the Bill.

▲ **Data protection and information security agenda**

We participated in the Brasscom sectoral working group that defended the passing of the Constitutional Amendment that instituted Data Protection as a right guaranteed by the Constitution and also makes such topic exclusive jurisdiction of the Federal Government, removing the possibility of states and municipalities creating their own rules that could generate legal uncertainty and the need for the private sector to have different adaptation criteria in each place. This would make the development of Data Protection in Brazil unfeasible, harming the country internationally. In 2021, the National Congress passed and enacted the amendment.

▲ **Labor relations agenda**

**eSocial maintenance:** in 2021, we worked together with Brasscom to prevent the attempt to exclude eSocial (a government platform for digital bookkeeping of tax, social security, and labor obligations) arising from a proposal to amend the Bill on Income Tax and Taxation of Profits and Dividends. In addition, we request the postponement of the implementation of FGTS Digital, in order to give companies sufficient adaptation time.

▲ **Innovation and artificial intelligence agenda**

**CNI’s Innovation Indicators Working Group:** the group–led by Laércio Cosentino–created innovation indicators for Brazil, with the purpose objective of understanding how this environment is positioned in the country in relation to countries such as the USA, China and 15 countries in Europe. It also provides data and input to design or improve public policies that enable the advancement of this agenda. In 2021, we assisted in the performance of the survey of innovation indicators of the working group, which became an institutional survey of the Brazilian National Confederation of Industry (CNI). By the end of December, the entity was in the data collection phase with companies and its results were presented at the 9th CNI Innovation Congress, the largest in Latin America.

▲ **Investment in public policies |203-1|**

Considering the expenses with participation in associations, sector entities, agendas and development forums that contribute to the improvement of the information technology business environment and foster public policy discussions, in 2021, we added R\$1,278,447.10 in investments and support (amounts related to investments in participation and engagement in associations and entities in the sector).

**Institutional and sectoral class entities**

{ [GRI 102-12](#)|[102-13](#)|[103-1](#)|[103-2](#)|[103-3](#)|[SDG 17](#) }

We work with entities representing the technology industry, either as a participant or with performance in working groups. The aim is to focus efforts on common agendas of the industry and consolidate our position as a benchmark company in the construction of an ecosystem of technological growth and innovation in Brazil.

Thus, we take part actively in the main agendas and discussions aimed at developing the technology industry and related to the business industry sectors in which we operate. This makes us aligned with the demands of the market and the interests of our strategic stakeholders.



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## Main associations and sectoral entities in which we take part or with which we relate:

- Chair of the Board of Directors of the Brazilian Association of Information and Communication Technology and Digital Technologies Companies (Brasscom) and leader of the Talent Training GTT to work on the agenda towards the development of qualified human capital for Information and Communication Technology (ICT).
- Brazilian Association of Software Companies (ABES), with the co-leadership of the Future of Work Committee to work on the agenda towards the development of qualified human capital for ICT.
- National Association for Research and Development of Innovative Companies (ANPEI)
- Federation of the Associations of Brazilian Information Technology Companies of Rio de Janeiro (Assespro Federation)
- Association for the Promotion of Brazilian Software Excellence (Softex)
- Committee of Leaders of Business Mobilization for Innovation (MEI-CNI)
- American Chamber of Commerce Brazil-United States<sup>2</sup> (Amcham)
- Brazilian Association of Automation for Commerce (Afrac)
- Brazilian Association of Industrial Internet (ABII)
- RedeAgro
- Brazilian Franchising Association (ABF)
- Ethos Institute
- Brazilian Association of the Hotel Industry São Paulo (ABIH-SP)
- Brazilian Association of Business Communication (Aberje)
- Brazilian Institute for the Development of International Business Relations (Ibrei)
- Institute of Ethics
- Brazilian Association of Human Resources (ABRH-SP)
- Serrana Association of Human Resources (ARH Serrana)
- Brazilian Association of Publicly-Held Corporations (Abrasca)
- UN – Brazil Global Compact Network
- Brazilian Service Sector Center (Cebrasse)
- Brazilian Association of Machinery and Equipment Industry (Abimaq)
- Joinville Business Association (Acij)
- Brazilian Association of Logistics (Abralog)
- Educational Society of Santa Catarina (Sociesc)
- Brazilian Association of Precision Agriculture (AsBraAP)
- Brazilian Association of Automation (GS1 Brazil)
- Brazilian Association of Distribution and Logistics of Pharmaceuticals (Abradilan)
- Brazilian Association of Pharmaceutical Commerce (Abcfarma)
- Commercial and Industrial Association of Ribeirão Preto (Acirp)
- Association of Companies of IT Hub of Caxias do Sul (Aepolo)
- Society of Technology Users (Sucesu)
- Hub of the Software Companies of Ribeirão Preto and Region (Piso)
- Movement Junta for Rio for Health (MJRS)
- Institute of Internal Auditors of Brazil (IIA)

## Events and social media

[ GRI 102-43, 102-44, 103-1, 103-2, 103-3 ]

### RH Meeting

The online event, open to the public and lasting one day, discussed how technology went beyond digitizing processes and transformed the Human Resources area into a strategic department for companies. Divided into seven panels, the event was attended by major players in the market, who talked about relevant topics such as diversity and inclusion, the employee's new digital journey and the major changes in the HR sector because of the pandemic.

### Tech Meeting

The event, open to the public and lasting one day, discussed topics related to technology and business, as well as trends. There were seven original panels with personalities and experts, free of charge and 100% digital. The new positioning of TOTVS marked our presence in the advertising strategy and also in the content curatorship, bringing to the discussion names such as KondZilla and Gabriela Prioli.

### TOTVS Trends

The event-online and free of charge- lasted five days and was dedicated to presenting customers with the major launches and news from our portfolio for the 12 economic segments of which we operate. In all, there were 35 panels led by our experts, who also addressed innovations and trends in the tech market to promote discussions that showed how companies can become more productive. The closing panel of the event brought together three Olympic medalists, Rebeca Andrade, Bruno Fratus and Mayra Aguiar, who drew a parallel between their personal experiences and the life of a company.

### Finance Meeting

The event had its 2nd edition in 2021, gathering entrepreneurs and major experts from the financial market in Brazil, to discuss the main challenges of the sector, innovations in technology and the future of corporate finance. The event-online and free of charge- lasted one day and, throughout the six panels, was attended by names such as Gustavo Franco, economist and former president of the Central Bank, Alexandre Schwartzman, economist and consultant, and Rachel Maia, director of Vale and Banco do Brasil.





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# Networks and social media


We are present in different channels in order to contribute to the strengthening of the brand and increase digital interaction with our followers, intensifying communication and bringing our primary audiences closer to the Company's purpose, services, products and initiatives.


## Social media | TOTVS

 **21,529**  
followers

 **652,996**  
followers

 **73,300**  
followers

 **TOTVS**  
**27,795**  
subscribers

 **TOTVSSoluções**  
**21,420**  
subscribers




  
by 

## Eleve Brand

To dialogue with the entrepreneurial audience, we have a brand totally dedicated to offering technology for the micro and small companies: **Eleve by TOTVS**. The brand is present in several channels, generating valuable content to support Brazilian entrepreneurship. On YouTube, we highlight the series “Descomplicando”, which in 25 videos addresses and demystifies topics often complex for entrepreneurs.

 **Instagram**  
**11,065** followers

 **Youtube**  
**4,750** subscribes

 **Facebook**  
**32,727** followers

# NATURAL CAPITAL

Natural Capital consists of all renewable and non-renewable environmental resources and environmental processes providing goods or services that support the past, present and future prosperity of the Organization. This includes: water, land, minerals and forests; biodiversity; and the quality of ecosystems.

## ENVIRONMENTAL MANAGEMENT - MANAGEMENT GUIDELINES

[GRI 303-1, 303-3, 303-5, 302-1, 302-4][SDG 12][GLOBAL COMPACT 7, 8, 9]

Since 2014, we have been signatories to the **United Nations (UN) Global Compact** and annually communicate our results and advances in the inherent topics. We reaffirm our commitment to align our business decisions and our products, services and operations anchored in ESG topics, such as maintaining governance in line with best practices, guaranteeing human rights, promoting a diversity and inclusion agenda, establishing good working relationships, productive relationships with society, **respecting and preserving the environment** (with a preventive approach to environmental challenges, developing initiatives to promote social and environmental responsibility and encouraging and disseminating environmentally sustainable practices) and taking measures to eliminate corruption in all its forms and instances, among other topics.

[GRI 102-12]

We have a **Sustainability Policy**, which aims to define the directives that guide our performance in sustainability, based on a business development agenda guided by the integration between economic, environmental, social, governance (ESG) aspects and relationship with our ecosystem. The policy reflects our purposes and vision on how our business can positively influence and affect our ecosystem, through the connection of business, people, and technology, which include sustainability as a value proposition. The document also establishes internal governance on the topic, which has the leadership of the Governance and Nomination Committee and the engagement of the Board of Directors. [GRI 102-16, 102-32]

We work collaboratively to engage all our teams in our **ESG Agenda**, aligned with the United Nations Sustainable Development Goals (SDGs). Among other points, we can highlight:

- Identification of opportunities to generate value for our customers, through the offer of products and services that contribute to the better management of the social and environmental aspects of their business.

- We developed reverse logistics measures for IT assets and implemented a management model for the conscious use of natural resources and reduction of waste in our operations.

- Over 90% of our furniture is donated to social institutions after the depreciation period.

### Use of water

[GRI 303-1, 303-3, 303-5][GLOBAL COMPACT 7, 8, 9]

In our management, we **monitor permanently the use of water** and work through the awareness-raising of TOTVERS to improve our performance in relation to **water consumption**. In the Company, water consumption is exclusive to the administrative operations of our subsidiaries and the supply comes entirely from the public network, considering the location of the units.

In 2021, there was a **significant 56% reduction** in our water consumption because of the new working models, in which most TOTVERS adopted the home office and partially hybrid working model in some places, causing a lower consumption of such resource in the units.

### Water consumption per m³ [GRI 303-05]

Total water consumption per m³ – TOTVS units			
Supply public network (m³)	2019	2020	2021
Total	47,866	28,424	12,336





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## Energy management

[ GRI 302-1, 302-4, 103-1, 103-2, 103-3 ] [ GLOBAL COMPACT 7, 8, 9 ]

In relation to energy consumption, we have adopted actions that allow optimizing the use of such resource year by year. The indicator is monitored by our Facilities team, which controls monthly the consumption of all units under the full management of TOTVS.

The building of our headquarters, which was planned considering the economy of natural resources, has 100% LED lighting, centralized lighting automation controls and internal management of energy consumption through a Building Management System (BMS).

In 2021, our energy consumption was **35.8 thousand GJ**, accounting for a **22% reduction** in electricity consumption when compared to 2020, and 35% when compared to 2019. We have a contract to buy electricity from renewable energy for our main units (headquarters and data center, both in São Paulo, and Joinville, State of Santa Catarina). Together, the three units accounted for 80% of the total energy consumed by the Company in 2021. Thus, we can affirm that, as in previous years, most of the energy we consumed in 2021 came from renewable sources. [ GRI 302-4 ]

As in the previous year, the reduction in energy consumption in 2021 is related to the pandemic and changes in the working regime, with the increase in the home office and the hybrid working model. In addition, the closing of the Brasília and Salvador units also contributed to the reduction in consumption.

## Total energy consumption [ GRI 302-1 ]

Total energy consumption (GJ) <sup>(1)(2)</sup>			
Total electricity consumption	2019	2020	2021
Total	52,681	45,877	35.812

<sup>1</sup> For the collection of this indicator, all own units and those acquired in Brazil until December 2019, 2020 and 2021 were considered.

<sup>2</sup> In 2021, the Brasília and Salvador subsidiaries were closed, and the units of Wealth System (WS) in Cascavel (State of Paraná) and Consinco in Ribeirão Preto (State of São Paulo) were included.

## Waste management

[ GRI 306-1, 306-2, 306-3, 306-4, 103-1, 103-2, 103-3 ]

[ GLOBAL COMPACT 8, 9 ]

In the management of the waste generated in our activities, we are in line with the National Solid Waste Policy (PNRS), which establishes the shared responsibility of companies for the disposal of waste correctly. In addition, this law also has guidelines on management and procedures, in order to avoid direct and indirect impacts on the health and safety of people and impacts on the ecosystem, caused by the activities of companies. [ GRI 306-1, 306-2 ]

Because of the characteristic of our line of business, most of the waste generated from our operations comes from the administrative activities of the offices, subject to **recycling and reuse**. The waste indicator is monitored by the Facilities Area, which manages the contract with the outsourced company in charge of collecting and recycling common waste at the Company's headquarters. Reports are generated monthly, serving as a basis for control, with specific metrics.

During the year, **3.3 tons of waste** were discarded at the São Paulo headquarters **in the landfill** and **2.6 tons** were forwarded for recycling. [ GRI 306-1, 306-2 ]

Also, **9.2 tons of electronic waste** were sold, considering all units acquired from the Company, an increase of 71% compared to the previous year. Such increase occurred due to the reconfiguration of the work environment, from the adoption of hybrid and home office models, which required the change of equipment, such as desktops, besides the closing of two units in 2021. **Part of the proceeds from the materials sold was donated to the Institute of Social Opportunity (IOS), which also received some equipment such as cell phones and computers for students.** [ GRI 306-1, 306-2 ]

[ GRI 306-3, 306-4, 306-5 ]

Total weight of waste per type and method and disposal (t) <sup>(1)</sup>			
	2019	2020	2021
Landfill	2.0	2.0	3.3
Recycling <sup>(2)</sup>	8.4	9.7	11.8
Total (in tons)	10.4	11.7	15.1

<sup>1</sup> For the calculation of this indicator, the waste generated at the Company's headquarters in São Paulo was considered. The other units were not considered because they had public collection or did not produce a significant volume.



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Greenhouse Gas (GHG) Emissions

[ GRI 305-1, 305-2 ]

As an important step on our environmental agenda, we prepared our first **inventory of Greenhouse Gas (GHG) emissions** for our operations, covering the year 2021.

The development of our first inventory of GHG emissions represents an important step in the evolution of our ESG Agenda, especially in the Environmental pillar, being a relevant diagnostic movement of our operations. The document will be used by the Company Management:

- As input to plan and define the development strategy of the climate change agenda; and
- To analyze and discuss the construction of the vision of the future and develop the strategic planning related to the topic, with an evaluation of the actual capacity of delivery in response to the demands of our strategic audiences and to generate shared value throughout our value chain, in a medium- and long-term perspective, in alignment with the guidelines of our Sustainability Policy.

In this first experience of consolidating the emissions of our operations, we chose to report scopes 1 and 2. In the next editions, we will conduct an analysis of the most appropriate approach to include scope 3 in our inventory, which involves the challenge of mobilizing and engaging our value chain. Likewise, because it is our first inventory, we have not yet submitted it to external verification.

Simplified emissions table (in metric tons of CO<sub>2</sub>e)<sup>(1)</sup> |305-1|305-2|

Direct emissions – Scope 1	1,136.90
(Includes biogenic emissions) <sup>(2)</sup>	304.29
GHG emissions from scope 1 involve internal fleet, fugitive emissions, generators and fuels.	
Indirect emissions – Scope 2 (market basis)	199.46
They involve the purchase of electricity and consider, for the calculation, the reduction of the amounts emitted from incentive energy.	
Total emissions Scope 1 + Scope 2	1,336.36

<sup>(1)</sup> Gases included: CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O.  
<sup>(2)</sup> Associated with fossil fuels, related to the fleet and generators.

With the consolidation of this initiative each year, we will be able to plan effective actions related to the issue of emissions, linked to the global challenge of preventing and tackling the effects of climate change. An emissions inventory, according to the Carbon Disclosure Project (CDP), allows the mapping of GHG emission sources of activities, processes, organizations, economic sectors, cities, states or even a country, followed by quantification, monitoring and recording of those emissions.

When carried out periodically, a GHG inventory becomes a gas emission management tool, making it possible to know the profile of GHG emissions of the inventory entity each year, for example, facilitating planning and comparability actions.







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Quadro geral de geração de valor [ GRI 102-15, 102-29, 102-43, 102-44 ] [ SDG 4, 5, 8, 9, 10, 12, 17 ] [ GLOBAL COMPACT 1, 2, 3, 4, 5, 6, 7, 8, 9, 10 ]

HUMAN CAPITAL	FINANCIAL CAPITAL	INTELLECTUAL CAPITAL	SOCIAL AND RELATIONSHIP CAPITAL	NATURAL CAPITAL
<b>Drivers</b> <ul style="list-style-type: none"><li>• A unique, attractive, and competitive company</li><li>• Diversity and inclusion</li><li>• A strong, young, and meritocratic culture</li></ul>	<ul style="list-style-type: none"><li>• TOTVS, a Trusted Advisor for its clients</li><li>• Growth strategy based on 3 key levers: Organic Development, Partnerships, and Acquisitions.</li><li>• Construction of new and powerful business growth locomotives</li></ul>	<ul style="list-style-type: none"><li>• Users' experience and need is the major premise of innovation</li><li>• Strengthening the Telemetry of digital solutions</li><li>• Encouraging open innovation</li><li>• Quality and satisfaction</li></ul>	<ul style="list-style-type: none"><li>• Social investment in line with business strategy</li><li>• Strengthened actions of Corporate Citizenship and Encouragement of Diversity</li><li>• Transparent dialogue with TOTVERS</li><li>• Presence and proximity in the relationship with clients</li><li>• Constructive relationship with the government and class entities</li></ul>	<ul style="list-style-type: none"><li>• Strengthening environmental practices</li><li>• Responsible disposal of electronic waste</li><li>• Conscious consumption of natural resources</li></ul>
<b>Our assets and/or processes</b> <ul style="list-style-type: none"><li>• Over 8 thousand people in our own units in Brazil and abroad</li></ul>	<ul style="list-style-type: none"><li>• Capital Stock of over R\$2.9 billion</li><li>• Strong Corporate Governance: 84.2% free float, and Board with 6 independent members out of a total of 7</li></ul>	<ul style="list-style-type: none"><li>• 10 development centers in Brazil and 2 abroad, specialized in 12 sectors of the economy</li><li>• About 30% of TOTVERS are in the R&amp;D structure</li></ul>	<ul style="list-style-type: none"><li>• About 70 thousand customers throughout 41 countries</li><li>• 21 branches in the world and 52 franchised territories in Brazil</li></ul>	<ul style="list-style-type: none"><li>• Tier III internationally certified Datacenter</li><li>• Use of photovoltaic modules for solar energy</li></ul>
<b>Investments, impact, and shared value generation</b> <ul style="list-style-type: none"><li>• R\$1.3 billion in value generated in Human Capital (salaries, benefits, and social charges)</li><li>• Implementation of the hybrid work model to focus on quality of life and productivity</li><li>• Promotion of diversity and inclusion by creating affinity groups: Gender, People with Disabilities, Ethnic-racial, and LGBTQIAP+</li><li>• Focus on work education via the Network University model and gamification among users</li><li>• Mental Health Program with initiatives to support tackling the challenges of the pandemic</li></ul>	<ul style="list-style-type: none"><li>• Undisputed leadership in ERP in the market of small and medium-sized companies in Brazil, with 48% of market share in Brazil</li><li>• Funding's net revenue generated in 2021 of R\$3.2 billion (+24% vs. 2020)</li><li>• New growth locomotives accounted for 40% of total Net Revenue and 68% of growth in 2021</li><li>• Unique balance between accelerated growth and high margin in the Brazilian technology market</li><li>• TOTVS joined the IBrX-50</li></ul>	<ul style="list-style-type: none"><li>• Over R\$2 billion invested in R&amp;D in the last 5 years</li><li>• Far beyond ERP: B2B technology ecosystem in 3 business dimensions is already a reality - Management, Techfin and Business Performance</li><li>• 25th most valuable brand in Brazil in the Interbrand ranking (2020)</li><li>• Over 90 patents, 110 registered software, and about 400 trademarks</li><li>• Connection with 80 startups</li><li>• Record-breaking NPS levels</li></ul>	<ul style="list-style-type: none"><li>• R\$6.4 million in donations to the Institute of Social Opportunity (IOS), contributing to the professional qualification of 2,623 young people</li><li>• 54% increase in family income of students trained by the IOS</li><li>• R\$551 million distributed as municipal, state, and federal taxes, fees, and contributions</li><li>• Promotion, engagement, and articulation of public policies for the sector on education, labor, information security, and tax matters</li></ul>	<ul style="list-style-type: none"><li>• Development of the first inventory of greenhouse gas emissions</li><li>• About 98% of the energy consumed by our operations comes from renewable sources</li><li>• We disposed 18.9 tons of waste for recycling, 90% more than in 2020</li><li>• Sale of 9 tons of electronic waste and allocation of resources earned for the IOS</li></ul>
<b>MANUFACTURED CAPITAL</b> <p>Leadership positioning and solid brand/ Robust and capillary distribution platform/ Broad, diverse, and flexible portfolio Business model having a history of growth and profitability /Skilled and experienced team of executives</p>				



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## Perspectives for the future

For 2022 and the next years, we will continue to focus on our journey of growth and transformation. We have consistently seen a rush of companies to new technologies, seeking to expand and recover investments to speed up the digitization process. In this regard, the search for a powerful partner, with the ability to solve most problems and that allows keeping focus on the core business becomes even more relevant, especially among small and medium-sized companies.

We see TOTVS as a major beneficiary in this scenario. The future is interconnected and interdependent, and that is why we will continue making progress and investing to continue to be the partner our customers know they can count on. The partner that will deliver the contracted value proposition and help them improve their results. In other words, we will increasingly become the “Trusted Advisor” of our customers. We want to turn our three business dimensions (Management, Techfin, and Business Performance), which are solid autonomously, into a true integrated, interconnected, and interdependent ecosystem.

The good progress of our business strategies, our projects and initiatives, and our Sustainability Agenda/ESG involves constantly facing important challenges that influence the entire business landscape and the perspectives of our industry sector:

- The global socioeconomic scenario.
- The developments of the election period in Brazil.
- The political, socioeconomic, and environmental framework in Brazil and the respective needs and demands arising therefrom.
- The particular development characteristics of each segment in which we operate and meeting the growing needs of our clients.
- Meeting our stakeholders’ expectations and our continuous interrelationship with them.

From a business perspective, our 3D ecosystem (3 Dimensions: Management, Business Performance, and Techfin) is a consolidated reality, with our clients accessing a broad portfolio that goes far beyond ERP, allowing us to speed up the digitalization journey.

In **Management**, we had the third consecutive year of double-digit growth, which reinforces that even with our leadership in the ERP market, this is a market that is not yet mature, in continuous expansion, which we will continue to pursue. As to **Business Performance**, we have established definitively this business







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dimension in the period with the arrival of RD Station, which aims to increase the addressable market, the take rate, and also client loyalty by improving the value chain in which they operate by supporting them to sell more and to be increasingly more competitive. Marketing strategy and boosting digital commerce are some pathways we will bet on. As to the **Techfin** dimension, we have been making progress, breaking records in a row on credit production, which proves the solidity of the business model, with discipline in granting credit and keeping low levels of default. There is still much more to come. Our major goal is to revolutionize the offer of financial services, becoming the main financial platform for our clients and customers and expanding our portfolio with customized and more competitive products, facilitating access to such services through integrated solutions and based on Big Data.

As for the perspectives, it is worth highlighting that our 3 business dimensions have different performances and experience what we call “distinct moments and mandates”. This expression embodies an important concept: that we need to be careful not to demand the same things from businesses that do not live the same reality. In this sense, our challenge is based on turning these 3 business dimensions, which are solid in an autonomous way, into a true integrated, interconnected, and interdependent ecosystem.

As to sustainability, ESG is a business premise. We have been working to strengthen more and more the integration of economic, environmental, social, and governance (ESG) guidelines in the Company’s business strategy and model, investment decisions, products, services, innovation and technological development processes.

In terms of perspectives, we can highlight:

- In our structure for business development, partnership building, and service provision (**Manufactured Capital**), we are permanently attentive to the new demands of society and business. We will continue to use our capacity for transformation and adaptation to achieve good results, by combining different business dimensions and to achieve continuous growth, focused on technological development, productive partnerships, and opportunities with acquisitions, seeking to be the best partner for our clients, believing in a “BRAZIL THAT GETS THINGS DONE” and supporting the growth of companies and entrepreneurs.
- **Human Capital** is one of the major drivers of TOTVS’S growth. The fundamental challenges that stand out are connected to the agenda of education for work by training a skilled and mass workforce in technology; diversity and inclusion; and health and quality of life. In this sense, our efforts are focused on our strong culture, a diverse and multidisciplinary team; in training talents encouraged by our Networked University (“Universidade em Rede”), besides partnerships with institutional external actors, engagement and retention of TOTVERS, strengthening the relevance of our employer brand, implementing flexible work models, and promoting mental health initiatives.
- On economic and financial management (**Financial Capital**), we will continue, each year, seeking the best financial and operational results, with robust financial management strategies, cash generation, liquidity, and controlled indebtedness. Operational efficiency, on its turn, is increasingly supported by structured processes in our operations, diligent risk management, and discipline in cost control.
- As to knowledge generation and dissemination (**Intellectual Capital**), we will continue with a great focus on innovation, research and development of software, solutions and services, with investments directed to these fronts. For that purpose, we will work in favor of an increasingly stronger integration between all business dimensions of our portfolio and the agile development of software, delivering value to clients and customers through recurring releases in our products.
- As to relationship with clients, customers, shareholders, and investors, suppliers and other audiences, as well as in the interaction with society (**Social and Relationship Capital**), we will continue to strive to offer the best solutions and partnerships aimed at benefitting, in a win-win process, our stakeholders and our value chain, generating shared value and enhancing the brand’s relational capital with its audiences.
- Finally, as to the management of environmental resources and processes (**Natural Capital**), we will keep our path of making progress permanently in all initiatives, focusing on respect for and conservation of the environment and the adoption of environmentally sustainable practices through constant improvements in the usage of water, energy management, management and measurement of carbon footprint impact, a subject in which we made an important progress in this cycle because we developed our first inventory of greenhouse gas emissions as a diagnosis and input for planning our next steps.







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	Does not include content				
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102-2	Main brands, products and services	16, 17, 18, 38, 39, 40, 70, 71, 72			
102-3	Location of organization’s headquarters	19			
102-4	Location of operations	16, 19			
102-5	Ownership and legal form of the organization	16			
102-6	Markets in which the organization operates	16, 19			
102-7	Organization size	13, 16, 17, 19, 26, 45, 48, 70			
102-8	Informations on employees and other workers	48		8	6
102-9	The organization’s supply chain	73			
102-10	Significant changes in the organization and its supply chain	11, 12, 18, 22, 26, 41, 42, 73			
102-11	Approach or precautionary principle	20, 26, 27, 29, 33, 36, 41, 42	We do not formally adhere to the Precautionary Principle, however we have developed in 2022 a specific project to identify the main risk factors associated with the material themes of the Company's Sustainability/ESG Agenda.		7
102-12	External initiatives	8, 9, 33, 35, 74, 75, 76, 78, 81			
102-13	Main participations in associations	8, 9, 13, 45, 46, 74, 75, 76, 78			
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102-17	Counseling mechanisms and ethical concerns	7, 20, 26, 27, 28, 29, 30, 31, 32, 33, 35, 47, 73		16	10
CORPORATE GOVERNANCE					
102-18	Organization's governance structure	21			
102-22	Composition of the highest governance body and its committees	21, 22, 23, 60			
102-23	Inform whether the chair of the highest governance body is also an executive director	21, 22, 25			
102-25	Conflicts of interest	7, 26, 27, 28, 29, 30, 32		16	
102-26	Roles played by the highest governance body and senior executives	5, 21, 22, 23, 60			
102-29	Identifying and managing impacts arising from economic, environmental and social issues	9, 22, 23, 26, 27, 28, 32, 36, 84		16	
102-30	Selection and appointment to the highest governance body	9, 22, 26, 27			
102-31	Conflicts of interest	22, 23, 26, 27			
102-32	The highest level body or position that formally reviews and approves the organization's sustainability report	9, 81			
102-33	Process adopted to communicate critical concerns to the highest governance body	5, 26, 33, 36			
102-35	Compensation policies applied to the highest governance body and senior executives	23, 24, 25, 48, 53			
102-36	Process adopted for determining compensation	23, 24, 25, 53			
102-37	Report how stakeholder opinions are requested and taken into account in relation to compensation, including voting results on compensation policies and proposals, if applicable.	7, 23, 24, 53		16	
STAKEHOLDER ENGAGEMENT					
102-40	List of stakeholder groups	4, 5			
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102-42	Identifying and selecting stakeholders	4, 5			

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102-44	Main topics and concerns raised	5, 36, 52, 59, 79, 84			
REPORTING PRACTICES					
102-45	Entities included in the consolidated financial statements	Financial statements available on the <a href="#">IR website</a>			
102-46	Process adopted to define report content and aspect boundaries	4			
102-47	Material topics list	5			
102-48	Restatement of information	There was no restatement of information provided in previous reports.			
102-49	Changes in the report	22, 33			
102-50	Period covered in the report.	4			
102-51	Date of most recent previous report (if any)	The most recent integrated report was published in July 2021 and refers to the period from January 1, 2020 to December 31, 2020.			
102-52	Reporting cycle	4, annual			
102-53	Contact for questions about the Report or its contents	4			
102-54	Option chosen by the organization according to the GRI Standards options	4			
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102-56	External verification	4, 97			
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103-2	Management method and its components	5, 17, 18, 23, 24, 26, 27, 28, 29, 30, 32, 33, 35, 38, 39, 40, 46, 47, 48, 50, 52, 53, 59, 66, 70, 71, 72, 73, 74,76, 78, 79			
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201-1	Direct economic value generated and distributed	7, 8, 9, 41, 42, 73 Access the <a href="#">Company's Financial Statements</a> for detailed information about costs.		2,7,8,9	
201-3	Coverage of the organization's defined benefit pension plan obligations	53, 56			
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103-3	Management method evaluation	44, 55			
202-1	Proportion of the lowest salary in relation to the local minimum salary by gender	6, 44, 55		1,5,8	6
202-2	Procedures for local hiring and proportion of senior management recruited from the local community at key operating units	6, 26	There is no formalized procedure for the hiring of leaders, for top management, from local communities.		
203 - INDIRECT ECONOMIC IMPACTS					
103-1	Explanation of the material topic and its limit	7,8, 9, 42, 45, 74			
103-2	Management method and its components	42, 45, 74		1,5,8,16	1,8
103-3	Management method evaluation	42, 45, 74			
203-1	Infrastructure investments and services supported	7,8, 9, 42, 45, 74, 78			
203-2	Significant indirect economic impacts	74		1,2,3,8,10,17	
204 - PURCHASE PRACTICES					
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205 - ANTI-CORRUPTION					
103-1	Explanation of the material topic and its limit	7, 27, 29, 30, 33			
103-2	Management method and its components.	29, 33		1,5,8,16	1,8
103-3	Management method evaluation.	29, 33			
205-1	Percentage and total number of business units submitted to risk assessment related to corruption	27		16	10
205-2	Communication and training in anti-corruption policies and procedures	29, 30, 31, 33		16	10
205-3	Cases of corruption confirmed and actions taken	7, 27, 30. There were no related complaints to corruption in 2021 in the ethics and conduct channel.		16	10
302 - ENERGY					
103-1	Explanation of the material topic and its limit	82			
103-2	Management method and its components.	82			
103-3	Management method evaluation.	82			
302-1	Energy consumption within the organization	81, 82. In 2021, the total energy consumed in renewable fuel amounted to 110.92 GJ of biodiesel, and non-renewable, 862.06 GJ of diesel.		7,8,12,13	7,8
302-4	Reduced energy consumption	82		7,8,12,13	8,9
303 - WATER					
303-1	Water consumption as a shared resource	81			
303-3	Water withdrawal	81			
303-5	Water consumption	81		6	7,8
305 - EMISSIONS					
305-1	Direct (Scope 1) GHG emissions	83		3,12,13,14,15	7,8
305-2	Energy indirect (Scope 2) GHG emissions	83		3,12,13,14,15	7,8





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# REMISSIVE INDEX

[102-55]

GRI	CONTENT	PAGE or LINK	OMISSION	SDG	GLOBAL COMPACT PRINCIPLES
306 - WASTE					
306-1	Waste generation and significant waste-related impacts	82		3,6,12	8
306-2	Management of significant waste-related impacts	82		3,6,12	8
306-3	Waste generated	82. In 2021, the waste generated by TOTVS in its headquarters, in SP, were: cardboard (836.40 kg); paper white (146.56 kg); mixed paper (180.38 kg); plastic (783.92 kg); mix (639.82 kg); glass (17.37 kg) and common waste (31,515.00 kg).		3,6,12	8
306-4	Waste diverted from disposal	82			
306-5	Waste directed to disposal	82			
401 - EMPLOYMENT					
103-1	Explanation of the material topic and its limit	6, 49, 53, 55			
103-2	Management method and its components	49, 53, 55		1,5,8,16	1,8
103-3	Management method evaluation	49, 53, 55			
401-1	New employee hires and employee turnover	6, 49		5,8	6
401-3	Parental leave	6, 53,55			
403 - HEALTH AND SAFETY					
103-1	Explanation of the material topic and its limit	6, 67, 69			
103-2	Management method and its components	67, 68, 69			
103-3	Management method evaluation	67, 68, 69			
403-1	Occupational health and safety management system	66, 67, 69			
403-2	Hazard identification, risk assessment, and incident investigation	66, 67, 69. TOTVS employees are free to submit suggestions, criticisms or demands related to organizational health and safety issues. In addition to participating in SST commissions, TOTVS has reporting channels that guarantee anonymity and the addressing of registered issues.			



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# REMISSIVE INDEX

|102-55|

GRI	CONTENT	PAGE or LINK	OMISSION	SDG	GLOBAL COMPACT PRINCIPLES
403-3	Occupational health services	67, 69			
403-4	Worker participation, consultation, and communication on occupational health and safety	TOTVS complies with all legislation regarding the participation of workers in the composition of the internal health and safety committees (CIPA), as well as offering spaces for discussion and participation of employees to suggest and evaluate actions related to the topic. It holds the SIPA annually and maintains permanent communication on health and safety issues, including training through training trails, among other well-being, health and safety initiatives.			
403-5	Worker training on occupational health and safety	69. TOTVS maintains permanent communication on health and safety issues, including training through training trails, among other well-being, health and safety initiatives. The company complies with all legislation regarding the health and safety. of its employees, with the composition of internal committees and specific training.			
403-6	Promotion of worker health	67			
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	67, 68			
403-8	Workers covered by an occupational health and safety management system	66, 67, 69			
403-9	Work-related injuries	66, 69		3,8	
403-10	Work-related ill health	66, 67, 69		3,8	
404 - TRAINING AND EDUCATION					
103-1	Explanation of the material topic and its limit	6, 8, 56, 58			
103-2	Management method and its components	56, 58		1,5,8,16	1,8
103-3	Management method evaluation	56, 58			
404-1	Average hours of training per year, per employee	6, 8, 56, 57, 58		4,5,8	6
404-2	Programs for upgrading employee skills and transition assistance	6, 8, 56, 59			
404-3	Percentage of employees receiving regular performance and career development evaluations, by gender	6, 8, 56, 59		5.8	6





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|102-55|

**Additional note:** there was no omission of data and information in relation to the mandatory guidelines from the International Integrated Reporting Council (IIRC).

GRI	CONTENT	PAGE or LINK	OMISSION	SDG	GLOBAL COMPACT PRINCIPLES
405 - DIVERSITY AND EQUAL OPPORTUNITIES					
103-1	Explanation of the material topic and its limit	6, 53, 55, 60			
103-2	Management method and its components	53, 55, 60		1,5,8,16	1,8
103-3	Management method evaluation	53, 55, 60			
405-1	Diversity of governance bodies and employees	6, 23, 60, 61, 62, 63, 64, 65		5,8	6
405-2	Ratio of basic salary and remuneration of women to men	6, 53, 55, 60		5,8,10	1,6
413 - LOCAL COMMUNITIES					
413-1	Operations with local community engagement, impact assessments, and development programs	74			
414 - SUPPLIER SOCIAL ASSESSMENT					
103-1	Explanation of the material topic and its limit	7, 73			
103-2	Management method and its components	73		1,5,8,16	1,8
103-3	Management method evaluation	73			
414-1	New suppliers that were screened using social criteria	7, 73		5,8,16	2
418 - CUSTOMER PRIVACY					
103-1	Explanation of the material topic and its limit	7, 8, 33			
103-2	Management method and its components	8, 33		1,5,8,16	1,8
103-3	Management method evaluation	8, 33			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	7, 8, 33. In 2021 there was a non-material event that did not have any relevant impact on its activities. More information in item 3.9 of the Company's Reference Form, available in the Investor Relations website.		16	1
419 - SOCIOECONOMIC COMPLIANCE					
419-1	Non-compliance with laws and regulations in the socioeconomic area	In 2021, the Company did not acknowledge the receipt of lawsuits or significant fines in the socioeconomic area, including but not limited to unfair competition or the supply and use of products and services.			16



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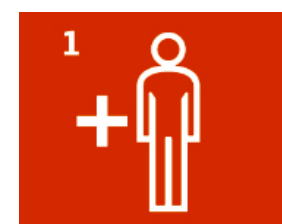
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## APPENDIX I - THE 10 PRINCIPLES OF GLOBAL COMPACT

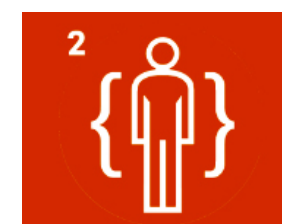
1



### PRINCIPLE 1:

Businesses should support and respect the protection of internationally proclaimed human rights; and

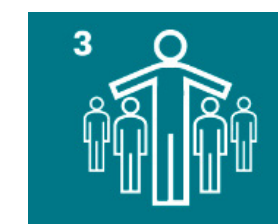
2



### PRINCIPLE 2:

make sure that they are not complicit in human rights abuses.

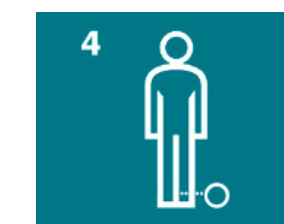
3



### PRINCIPLE 3:

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

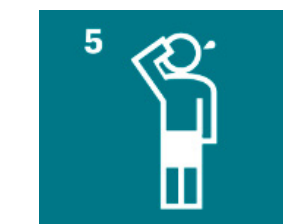
4



### PRINCIPLE 4:

the elimination of all forms of forced and compulsory labour;

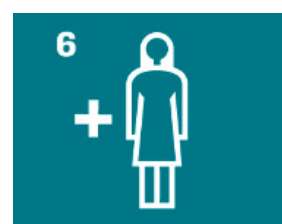
5



### PRINCIPLE 5:

the effective abolition of child labour; and

6



### PRINCIPLE 6:

the elimination of discrimination in respect of employment and occupation.

7



### PRINCIPLE 7:

Businesses should support a precautionary approach to environmental challenges;

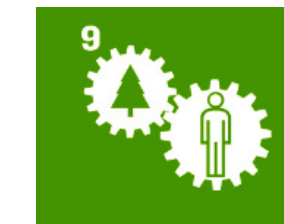
8



### PRINCIPLE 8:

undertake initiatives to promote greater environmental responsibility; and

9



### PRINCIPLE 9:

encourage the development and diffusion of environmentally friendly technologies.

10



### PRINCIPLE 10:

Businesses should work against corruption in all its forms, including extortion and bribery.



Human Rights



Labour



Environment



Anti-Corruption





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# APPENDIX II - SUSTAINABLE DEVELOPMENT GOALS (SDGS)

## THE 17 SUSTAINABLE DEVELOPMENT GOALS (SDGS)



## MATERIALITY 2021 - ODS PRIORITIZED BY TOTVS

<b>4 QUALITY EDUCATION</b> Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	
<b>5 GENDER EQUALITY</b> Achieve gender equality and empower all women and girls	
<b>8 DECENT WORK AND ECONOMIC GROWTH</b> Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	
<b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b> Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	
<b>10 REDUCED INEQUALITIES</b> Reduce inequality within and among countries	
<b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b> Ensure sustainable consumption and production patterns	
<b>17 PARTNERSHIP FOR THE GOALS</b> Strengthen the means of implementation and revitalize the global partnership for sustainable development	





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# LIMITED ASSURANCE REPORT BY INDEPENDENT AUDITORS

[GRI 102-56]

To the Board of Directors and Shareholders of  
**TOTVS S.A.**  
São Paulo - SP

## Introduction

We were engaged by TOTVS S.A. ("TOTVS" or "Company") to apply limited assurance procedures on the sustainability information disclosed in the 2021 Integrated Report ("Report"), in the accompanying information to this report related to the period ended December 31, 2021.

## Responsibilities of TOTVS' Management

The Management of TOTVS is responsible for adequately preparing and presenting the sustainability information in the 2021 Integrated Report in accordance with both the Standards for Sustainability Report of Global Reporting Initiative – GRI, with Orientation CPC (Brazilian Accounting Pronouncements Commite) 09 - Integrated Report (which is correlated with the Basic Conceptual Framework of the Integrated Report prepared by the International Integrated Reporting Council - IIRC), and 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 Report 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 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 Report, taken as a whole, is free from material misstatement.

KPMG Auditores Independentes Ltda. ("KPMG") applies Brazilian and international standards on quality control, and consequently maintains a comprehensive quality control system including documented policies and procedures related to compliance with ethical and professional standards, in addition to the legal and regulatory applicable requirements. We comply with the comprehensive code of ethics including detailed independence requirements, established based on the ethical principles of integrity, objectivity, competence and professional care, confidentiality and professional behavior.

A limited assurance engagement conducted in accordance with NBC TO 3000 (ISAE 3000) consists mainly of questions and interviews with the Management of TOTVS and other professionals of the Company involved in the preparation of the information disclosed in the Report 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 Report 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 Report, 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 TOTVS is 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 TOTVS' Report. 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 Report 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) and with Orientation CPC (Brazilian Accounting Pronouncements Commite) 09 - Integrated Report (which is correlated with the Basic Conceptual Framework for Integrated Report, prepared by the The International Integrated Reporting Council (IIRC);
- d. evaluation of non-financial indicators:
  - understanding of the calculation methodology and procedures for the compilation of indicators through interviews with management responsible for data preparation;
  - application of analytical procedures regarding data and interviews for qualitative information and their correlation with indicators disclosed in the Report;
  - analysis of evidence supporting the disclosed information;
- 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 Report.

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, to evaluate the adequacy of policies, practices and sustainability performance, nor future projections.

## Conclusion

Based on the procedures performed, described in this report, we have not identified any relevant information that leads us to believe that the information in the 2021 Integrated Report is not fairly stated in all material aspects in accordance with the Standards for Sustainability Report of Global Reporting Initiative - GRI (GRI- Standards) with Orientation CPC (Brazilian Accounting Pronouncements Commite) 09 – Integrated Report (which is correlated with the Basic Conceptual Framework for Integrated Report prepared by the International Integrated Reporting Council – IIRC), and with the records and files that served as the basis for its preparation.

São Paulo, August 1<sup>st</sup>. 2022

KPMG Auditores Independentes Ltda.  
CRC 2SP014428/O-6

*Original report in Portuguese signed by*  
Sebastian Yoshizato Soares  
Accountant CRC 1SP257710/O-4



# 2021 Integrated Report

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**Support**

Environmental, Social and  
Governance Working Group (ESG WG)

