

<b>Subject:</b> Business and Institutional Relations with Public Entities	<b>Identification:</b> PO-GC-02 Version: 00
<b>Department:</b> Internal Control, Risks and Compliance Department	<b>Published on:</b> 06/07/2017
<b>Related standards:</b> CODEC	<b>Review on:</b> 06/07/2019

## 1. Purpose

This policy establishes the guidelines of conduct for TOTVS' relations with Public Entities through any representative or agent, in light of its values and principles set forth in the Code of Ethics and Conduct. The Policy also reinforces TOTVS' commitment to adhere to the core standards established in the Brazilian Anti-Corruption Law (Law No. 12,846/2013), the United Nations Global Compact and the Business Pact for Integrity and Against Corruption of the ETHOS Institute, to which the Company is a signatory.

## 2. Scope

This policy applies to the TOTVS Group (Head Office, Own Units, Branches, Agencies, Franchises and Subsidiaries), its vendors and third parties. Compliance with these guidelines is mandatory.

Hence, TOTVERS and third parties involved in the ecosystem must periodically review their operational and business practices and, if these are inconsistent with this Policy, they must report the same to the Ethics and Conduct Committee.

This Policy does not aim to provide answers to all questions and the examples included here are intended to raise awareness about the importance of integrity and do not reflect the complete list of possible circumstances. Hence, whenever in doubt, TOTVERS should seek the guidance of the Ethics and Conduct Committee for clarifications.

## 3. Definitions

**TOTVS Group:** TOTVS S.A., Branches, Own Units, Agencies, Franchises and Subsidiaries.

**Public Entities:** The term includes the Legislative, Judiciary and Executive branches (Direct and Indirect Administration, including Mixed Enterprises), including the Federal Government, States, the Federal District and Cities, as well as parastatals and any other private association or foundation that receives incentives or funds from the Federal Government, States, the Federal District or Cities;

**Parastatal Entities:** These are private legal entities that are part of the structure of direct or indirect administration, but collaborate with the State in carrying out non-profit activities of public interest (but not exclusive to the State). These make up the Tertiary Sector (included in this concept are private legal entities created by legislative authorization and which make up the so-called "S" system).

**Public Agent:** Anyone who exercises, even if temporarily or without remuneration, by election, nomination, appointment, contract or any form of investiture or relationship, mandate, position, job or public office,

Qualquer membro do Grupo TOTVS que tomar ciência de qualquer situação ou prática contrária ao indicado nesta política deve imediatamente comunicar o fato ao Comitê de Ética e Conduta por meio dos canais existentes (08007215966 no Brasil, 55 11 3232 0766 demais localidades ou [www.totvs.com/eticatotvs](http://www.totvs.com/eticatotvs)). O canal garante o anonimato.

<b>Subject:</b> Business and Institutional Relations with Public Entities	<b>Identification:</b> PO-GC-02 Version: 00
---	---

under the Direct or Indirect Administration of the Federal Government, State, the Federal District or City, in the Executive, Legislative and Judiciary branches. Anyone who holds a position, job or function in a parastatal entity and who works for a service provider that has been contracted or has an agreement to carry out the typical activities of a Public Entity is also a Public Agent;

**Institutional relations:** The interaction between the TOTVS Group and the Public Agent in the exercise of their functions, regarding the development and improvement of national or regional regulations that, directly or indirectly, affect the Information Technology sector and its ecosystem;

**Corruption:** It is the act or effect of bribing one or more persons for one's own or another person's cause, usually by offering any benefit, characterizing the use of illegal means for own or others' benefit, to obtain undue advantages or benefits (pecuniary or otherwise). It can be observed in two forms:

**Facilitation:** Any payment made to a Public Agent, typically to speed up and/or guarantee the performance of a non-discretionary "routine public activity". Such payments are prohibited. Following are examples of "routine public activity": (i) Obtain permits, licenses or other official documents to qualify a natural or legal person to conduct business; (ii) Process government papers, such as visas and work orders; (iii) Provide police protection service, mail collection and delivery, or schedule inspections with Public Agents.

**Gifts/Money or equivalent:** Money or equivalent (including gift cards), benefits and favors (such as special access to any state agency), provision of services that would otherwise have to be paid or acquired, gifts, contracts or other business opportunities granted to a Company over which a Public Agent has ownership or any legal right, job or consulting opportunities, donations to charities, political contributions, medical expenses, education or living expenses, travel, meals, accommodation, shopping or entertainment expenses.

**Improper Advantage:** The term "Inappropriate Advantage" covers almost all improper payments made in a business context, such as paying or giving Gifts/Money or equivalent to a Public Agent, who could be an individual or a legal entity, directly or indirectly, for: influencing or preventing an action by the government, or any other action, such as the granting of a contract, levying of tax or fine or the cancellation of an existing contract or contractual obligation, obtaining licenses, permits or other authorizations from a state entity or Public Agent to which the Company would not be entitled, as well as obtaining confidential information on business opportunities, bids or competitors' activities, influencing the granting of a contract, influencing the rescission of a contract that is not advantageous for TOTVS, or guaranteeing any other Improper Advantage.

**Intermediary:** Means any individual (other than a TOTTER) or legal entity contracted (formally or informally) to act on behalf of TOTVS. This definition includes, but is not limited to, any individual or legal entity used to obtain and/or retain business, such as agents, advisors, consultants, subcontractors, sales representatives and partners of a partnership or a person acting to obtain a decision, concession, license, visa, permit or other form of authorization from a Public Agent or intervening in a regulatory issue in this regard, as well as any person used to represent the Company or its interests before Public Entities, and anyone used to represent TOTVS in tax, legal or customs clearance proceedings.

**Gift:** It is a corporate object containing the logo of the TOTVS Group companies and/or the IOS (Institute of Social Opportunity).

**Any member of the TOTVS Group who is aware of any situation or practice that violates the provisions of this Policy must immediately report the fact to the Ethics and Conduct Committee through the available channels (Toll free number 0800-7215966 in Brazil, 55-11-32320766 in other regions, or [www.totvs.com/eticatotvs](http://www.totvs.com/eticatotvs)). The channel guarantees anonymity.**

<b>Subject:</b> Business and Institutional Relations with Public Entities	<b>Identification:</b>
	PO-GC-02
	Version: 00

## 4. Guidelines

### Prohibition of bribery

TOTVS rejects the acceptance or requesting of any Facilitation to conduct business, regardless of its nature and clients involved, pursuant to the Code of Ethics and Conduct.

Hence, the Company's business and institutional relations with Public Entities must strictly observe the precepts of this Policy.

Thus, the following are absolutely prohibited in the business or institutional relations with Public Entities:

- promising, offering or giving, directly or indirectly, any Improver Advantage to a Public Agent or a related third party or who acts as an intermediary together with him;
- financing, funding, sponsoring or otherwise encouraging the practice of unlawful acts of Corruption;
- Using an individual or a legal entity as an intermediary to conceal or disguise their real interests or the identity of the beneficiaries of the acts carried out;
- frustrating or defrauding, through adjustments, collusion or any other arrangement, the competitive nature of public bids;
- preventing, disrupting or defrauding the performance of any public bid;
- removing or trying to remove a bidder through fraudulent means or by offering improper advantage;
- defrauding a public bid or the resulting contract;
- creating, in a fraudulent or irregular manner, a legal entity to participate in public bids or execute administrative contracts;
- manipulating or defrauding the economic and financial balance of contracts signed with Public Entities;
- obtaining advantages or benefits through amendments or extensions of contracts signed with Public Entities, without legal authorization in the public bid notice.

### Institutional and Business Relations with the Public Sector

The RIOS (Institutional Relations and Social Opportunity) department is the only official channel of the TOTVS Group for Institutional Relations with Public Entities.

The Public Sector department carries out commercial, operational and contract management activities in progress, which are periodically audited.

Following are the management guidelines of the TOTVS Group:

- No business unit of the TOTVS Group and/or Franchisee Units, as well as their respective Business Channels, is authorized to approach Public Entities for any business or institutional purposes, without

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<b>Subject:</b> Business and Institutional Relations with Public Entities	<b>Identification:</b> PO-GC-02 Version: 00
---	---

formal consent from both the Commercial and Compliance departments for commercial and RIOS (Institutional Relations and Social Opportunity) issues for Institutional issues;

- ii) Any and all business interactions with Public Agents must be carried out in the presence of at least two (2) TOTVERS;
- iii) All interactions that produce commercial or institutional effects should, without exception, be documented in electronic records with certification of the date;
- iv) Business or institutional agenda should not be pursued at TOTVS premises with Public Agents who are on election campaign.

### Gifts, Presents and Facilitation

TOTVS strongly prohibits the payment of Facilitation in all its units across Brazil and in the international market, regardless of whether or not local laws allow this practice.

No representative of TOTVS, whether its employee or a third party, may, on his own or on behalf of the company, receive or give Gifts/Money or equivalent from any Public Agent, pursuant to the Code of Ethics and Conduct of TOTVS. The mere offering of Gifts/Money or equivalent is a violation of this Policy.

Pursuant to the Code of Ethics and Conduct, Gifts may be received or given, provided their value is limited to R\$ 150.00 and the regulations, policies or codes of the respective Public Entities are observed. Gifts may only be given as a courtesy, in meetings and formal engagements, during corporate events or special dates, advertisement and habitual publicity of the Gift.

### Special Events and Agenda

Participation of TOTVERS in events organized by the Public Entity is, in principle, not allowed, but training, events and award ceremonies that could justify their participation will be approved first by the Compliance Department.

Similarly, invitation to Public Agents for events in Brazil or abroad, whose expenses are borne by the TOTVS Group, are restricted to technical events and will be permitted only upon prior approval from the Compliance Department. In this case, the invitation should be formalized by the RIOS (Institutional Relations and Social Opportunity) department.

### Donations, Pecuniary Contributions and Expenses with Public Agents

The TOTVS Group must ensure that donations and sponsorships made to private institutions are not used to make illicit payments, to prevent the receiving institution from acting as a channel to fund illicit activities in violation of this Policy and any applicable anti-corruption laws or regulations.

- i) All types of contributions, payment of expenses, donation and payments to Public Agents or related persons are prohibited;
- ii) TOTVS Group companies are prohibited from providing all kinds of support to election campaigns.

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<b>Subject:</b> Business and Institutional Relations with Public Entities	<b>Identification:</b>
	PO-GC-02
	Version: 00

## Accounting Records

All business relations with Public Entities must have adequate supporting documentation, which should be posted in the accounting records in a timely manner.

## Conflict of Interests

The person who has, or should have, a relationship with a Public Entity on behalf of the TOTVS Group and who, for any reason, is not independent in relation to the Public Agent or Public Entity, must express, in a timely manner, his conflict of interest or personal interest.

As soon as the conflict of interests is identified, the person involved must recuse himself, including physically, from said relationship. This withdrawal, temporary or otherwise, must be recorded and informed to the Ethics and Conduct Committee. Noncompliance will result in disciplinary measures laid down in the Code of Ethics and Conduct.

The hiring of former Public Agents and relatives of (former) Public Agents must be analyzed by the Ethics and Conduct Committee in order to prevent conflict of interests.

Public Agents who are relatives of TOTVERS or Third Party Intermediaries whose interactions with them have the purpose or the effect of conferring Improper Advantage are also prohibited.

## Complaints and reports

TOTVS has an independent channel to receive and handle complaints. In compliance with the Code of Ethics and Conduct of TOTVS, any and all complaints are treated confidentially and security of data and in cases of investigation, by a trained team, which guarantees anonymity (if it is in the interest of the whistleblower), confidentiality and best investigative practices.

TOTVS observes the standards and good practices of Prevention of Money Laundering and Combating Terrorism and undertakes to report suspicious transactions to competent authorities, besides supporting and assisting investigations that may be carried out about its business activities whose detections may be related to the issues of corruption and money laundering that may be related to any bribery that may have taken place in its operations.

## No reprisals

TOTVS does not tolerate any type of reprisal against anyone who, in good faith, reports or complains of any violation of this Policy or Anti-Corruption Laws. TOTVS employees or outsourced employees who engage in reprisal will be subject to disciplinary action by the Company. Third parties and vendors by contractual clause, are subject to rescission of the contract.

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<b>Subject:</b> Business and Institutional Relations with Public Entities	<b>Identification:</b>
	PO-GC-02
	Version: 00

Secrecy of the complaints in order to protect the whistle-blower and adequate tools for conducting investigations are ensured.

## Consequence Management

In case of noncompliance with this Policy, measures will be taken to manage the Labor, Civil and Criminal consequences applicable to those responsible for such unlawful acts.

## Responsibilities

All TOTVERS, members of the Board of Directors and Technical Advisory Committees of the Board of Directors are expected to demonstrate responsible conduct in order to observe and respect the precepts of this Organizational Policy. The Commercial Department, especially, is responsible for ensuring that these guidelines are present and understood by our partners, franchisees, third parties and even clients.

The Executive Board defines the strategy of the Public Sector department's activities, deliberates on the scope and adequacy of the service structure which ensures that the precepts of this Policy are followed in its interactions.

The Internal Controls, Risks and Compliance identifies, maps and tests the controls related to internal procedures regarding the main Risks identified during the Risk Assessment phase. The internal audit department runs the effective tests and analyzes the materiality and exposure of Operating Risk.

The Legal Department, with support from Compliance and Audit, investigates facts and deals with noncompliance issues, without prejudice to individual administrative, civil and criminal actions at the domestic and international levels, including collaborating with international bodies that combat corruption. The Audit Committee and the Board of Directors propose and manage the Policies on Relations with Public Entities.

## Training

All TOTVERS must annually undergo training on the TOTVS Group Integrity Plan and, as part of the successful conclusion of the training, certify that they understood the content.

Training on the TOTVS Integrity Plan will be held periodically according to the timetable defined annually by the Internal Controls, Risk and Compliance Department.

The Marketing and Human Resources departments must provide support in the preparation of the timetable and in disseminating the tasks performed during the training stages, besides convening participants and monitoring their attendance.

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<b>Subject:</b> Business and Institutional Relations with Public Entities	<b>Identification:</b> PO-GC-02 Version: 00
---	---

## Review of Integrity Plan

Internal Audit periodically evaluates the effectiveness of the Integrity Plan and reports its findings to the Management and to the Audit Committee of the TOTVS Board of Directors.

## 5. Management Actions

The Compliance area must supervise compliance with this Policy and submit any cases of violation to the Ethics Committee and, if applicable, to the respective approval bodies.

## 6. Approvals (Document)

Name / Position	Description
Manuela Loser Manager – Governance and Compliance Sergio Serio Institutional Relations and Social Opportunity	Preparation
Silvio Roberto Reis de Menezes Executive Officer - Ombudsman, RCC, Processes, Risks and Compliance	Revision
Andre Risk Chief Legal Officer	Revision
Gils Omar Maia Sebastiano Chief Financial Officer	Revision / Recommendation
Audit Committee	Recommendation
Board of Directors	Approval

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