

Subject matter: Corporate Compliance	Identification: PO-GC-04 Version: 00
Board of Directors: Board of Internal Controls, Risks and Compliance	Published on: 11/12/2017
Linked standards: CODEC	Review: 11/12/2019

1. Goal

TOTVS' commitment to integrity is based on principles of ethics and transparency, compliance with legal and sector requirements in order to continuously improve standards of performance.

This policy aims to guide and define the scope, structure and activities of Compliance of TOTVS, through guidelines, principles and responsibilities. It also aims to disseminate compliance by all levels of the Company, demonstrating the importance of knowing and executing the legal and regulatory determinations, in addition to the internal regulations and Code of Ethics and Conduct of TOTVS.

2. Reach

This Policy applies to all areas of the TOTVS Group (Matrix, Subsidiaries, Own Units, Branches, Channels, Franchises and Subsidiary Companies). Compliance with these guidelines is mandatory.

3. References

Law 6,404 / 1976: Provides for the Corporations and civil responsibility of the administrators;

Code of Ethics and Conduct: The CODEC, Code of Ethics and Conduct of TOTVS, guides the TOTVS Ecosystem to the standards of behavior aligned with its values and business strategies;

Brazilian Corporate Governance Code - Publicly Held Companies: has the objective of proposing discussions and actions to increase Brazil's competitiveness through improvements in the regulatory environment, incentive to increase sources of long-term financing and attraction of resources that can ensure adequate conditions for the expansion of economic activities and for the development of the country;

CVM Instruction 586/2017: Provides for the registration of issuers of securities admitted to trading on regulated securities markets. Establishes a Report on the Brazilian Code of Corporate Governance - Public Companies, making it mandatory for companies authorized by a market management entity to negotiate shares or certificates of deposit of shares on a stock exchange.

4. Concepts

Compliance: derives from the English verb "to comply", which means to abide by and enforce laws, decrees, regulations and instructions applicable to the Company's activities.

Internal Normative Framework: norms that guide the interaction of professionals with the values, strategies, guidelines and procedures defined by the Company for the development of activities and conduct of business.

<p>Subject matter: Corporate Compliance</p>	<p>Identification: PO-GC-04 Version: 00</p>
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Integrity Program: set of norms, internal mechanisms and procedures for integrity, auditing, encouraging the reporting of irregularities and applying the Code of Ethics and Conduct, with the purpose of preventing, detecting and remedying deviations and illegal acts practiced in relation to Public Entities, national or foreign.

Annual Compliance Schedule: Roadmap established annually, by analyzing the internal control environment to enable the prioritization of training and communication activities, as well as continuous improvements in the Company's compliance system.

5. Guidelines

TOTVS is committed to prevent, mitigate risk and optimize results, to comply with all applicable laws and regulations, including, but not limited to, anti-corruption laws in the countries where it operates, as well as the Company's internal policies, rules and procedures.

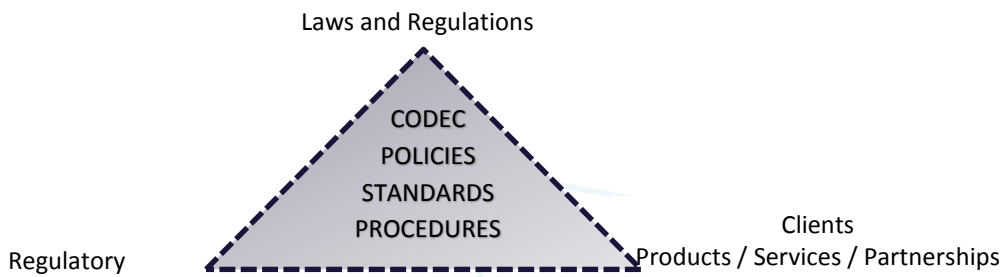
Main Compliance Functions:

- Multiplier: culture of responsible management, Internal Controls and Risk Management;
- Advisory: indicates, with the support of Human Resources and discussion with managers, functions and elevations, with adequate segregation to avoid conflicts of interest;
- Trainer: Elaborates and coordinates periodic training, corporate communication plan on the subject.
- Implementer: performs tests and tracks process action plan involving key controls.

5.1. Compliance System

The Compliance comprises the analysis of the internal regulatory and regulatory environment in light of the Company's processes and activities environment and should present, with recommendations and adequate measurement of risk of penalties, the best condition for adherence to the operational process, in order to mitigate risks. New laws and regulations go through the Compliance analysis in order to identify risks and recommend adjustments in internal regulations and, with Internal Controls and the affected Managers, to develop the appropriate control for the scenario.

The system below represents the compliance environment of the Compliance, and adequate risk measurement should involve the complete regulatory aspect, in order to limit the exposure to the Company's risk in conducting its activities, whether operational or strategic.



5.2. Commission of Ethics and Conduct

<p>Subject matter: Corporate Compliance</p>	<p>Identification: PO-GC-04 Version: 00</p>
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TOTVS has an Ethics and Conduct Committee, appointed by the Company's Chief Executive Officer, which promotes the integrity and adherence to the Company's values and behavior standards contained in its Code of Ethics and Conduct. The Ethics and Conduct Committee shall take cognizance of the denunciations and conclude, by means of a formal proceeding, whether a violation of the provisions of the TOTVS Code of Ethics and Conduct has occurred and refer the matter to the competent body together with the evaluation of the occurrence for the purpose of disciplinary measures.

This Committee meets monthly to review the investigations conducted from the denunciations and the defined action plans, if appropriate. The Compliance area has functional independence and can have access to meetings, numbers of investigations and management of consequences adopted in the process of handling complaints for the purpose of regulatory compliance.

In situations where the accused is a member of the Executive Board of the Company or the Board of Directors, the Coordinator of the Audit Committee shall assume a seat in the Ethics and Conduct Committee, and shall conduct the case until its final deliberation. In addition, in cases where the accused is a member of the Board of Executive Officers, the Company's Chief Executive Officer will also participate in the meetings of the Ethics and Conduct Committee, as a listener, without the right to vote, unless he is reported, in which case he will not participate and shall not have the right to vote. To support the investigations, the Internal Audit and Human Relations can request information, analysis of the technical and business areas, without revealing data of those involved and / or denunciations. It is the duty of every TOTVER when required to contribute to internal investigations.

5.3 Complaint Channel

TOTVS has an independent channel for receiving and handling complaints. In compliance with TOTVS Code of Ethics and Conduct, any and all complaints are conducted with confidentiality and security of data and in investigative cases, by a qualified team, guaranteed anonymity (if in the complainant's interest), confidentiality and best practices standards of the investigative procedure. The confidentiality of denunciations for the protection of the complainant and the appropriate tools for conducting the investigations are assured.

Any TOTVER who becomes aware of any situation or practice contrary to the Code of Ethics and Conduct, Laws, Regulations and / or Internal Regulations shall immediately communicate the fact to the Ethics and Conduct Committee through existing channels.

5.4. Training and Communication

Effective communication plays an essential role, as it contributes to the application of Compliance guidelines, mainly through the various forms of training, in addition to disseminating its culture. It must be demanded and / or delivered at the request of the Compliance Department, and carried out using adequate resources for the assimilation of the proposed contents.

<p>Subject matter: Corporate Compliance</p>	<p>Identification: PO-GC-04 Version: 00</p>
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5.4.1. Integration Training: The training of the TOTVS Code of Ethics and Conduct is carried out in the Integration process. In it are presented the Ethics and Conduct and the assessment of knowledge is applied, to certify the assimilation of its content.

5.4.2. Training for Specific Audiences: Training directed towards certain levels of hierarchy, with appropriate language and approach, should also be included in the annual Compliance schedule, especially with regard to leadership training, which should be multipliers by example.

5.4.3. Themed Training: specific training for departments, structures and focused on certain topics should be observed in the annual schedule, in order to involve the specialization of structures more exposed to certain risks of Compliance, such as Purchasing and Commercial / Commercial Public Sector (Academies of the Public sector).

Without prejudice to other training that may be demanded by the Compliance Management and Board, the Code of Ethics and Conduct Training and Policy of Relationship with Public Entities must be performed for all TOTVERS. Compliance training, mandatory or not, must follow Human Relations rules.

5.5. Consequence Management

In case of noncompliance with this Policy and other Compliance standards, measures will be adopted to manage Labor, Civil and Criminal consequences that may be applicable to those responsible for the unlawful acts.

6. Responsibilities

It is incumbent upon all TOTVERS, members of the Board of Directors and Technical Advisory Committees of the Board of Directors, the responsible conduct in order to observe and respect the precepts of this Organizational Policy. In particular, the Commercial and Channels Department is responsible for ensuring that these guidelines are present and understood by our partners, franchisees, channels, third parties and even customers.

Board of Directors

- Approve this Policy and its revisions every two years or when any changes justifies this;
- Ultimately approve periodic reviews of the Code of Ethics and Conduct;
- Approve in the last instance the Internal Regulation of the Commission of Ethics and Conduct;
- Reinforce the commitment of the Senior Management with the Integrity and Compliance System Program;
- Ensure adequate resources for the effective functioning of the Compliance System and Integrity Program;
- Ensure the independence, capacity, structure and authority of the Compliance Officer;
- To receive and deliberate recommendations of the Audit Committee on the results of Compliance activities or other demands;
- Recommend the necessary corrective measures regarding deviations and changes in regulations.

<p>Subject matter: Corporate Compliance</p>	<p>Identification: PO-GC-04 Version: 00</p>
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Advisory Committee of the Board of Directors - Auditing Committee

- Discuss and recommend changes in this Policy to the Council;
- To discuss and recommend to the Board the drafting of periodic reviews of the Code of Ethics and Conduct;
- To discuss and recommend to the Board the Rules of Procedure of the Ethics and Conduct Committee;
- Discuss and approve the annual Compliance schedule;
- Evaluate and validate Integrity Program audit action plans annually performed by independent auditors;
- Accomplish action plans that involve Compliance activities;
- Validate annual training and communication program in Compliance;
- Deliberate on the results of Compliance activities and other demands arising from the activities of this Policy.

Commission on Ethics and Conduct

- Ensure protection, clarification, promotion and compliance with the Code of Ethics and Conduct of TOTVS;
- To comment on the merits and seriousness of the allegations of violation of the Code of Ethics and Conduct, by means of a formal process, and refer the matter to the immediate responsible parties for the application of the disciplinary measures defined;
- To monitor the applications of disciplinary measures defined by the Ethics and Conduct Committee;
- Monitor the institutionalization and dissemination of the Code of Ethics and Conduct;
- Interpret the Code of Ethics and Conduct in the face of doubts.

Executive Boards

- Conduct business practices that comply with the standards issued by the regulatory agencies and the internal regulatory framework applicable to the Company;
- Inform the Company's Legal and Compliance regarding new regulations issued by regulatory agencies and legislative changes, both federal, state and municipal when this comes to light;
- Support the Integrity Program.

Board of Internal Controls, Risks and Compliance

- Disseminate this Policy;
- To structure, implement and disseminate the Integrity and Compliance System Program;
- Assist the business areas in the analysis of their structures, products and services, in order to align them with the norms issued by the regulatory bodies and the internal normative structure;
- To monitor the execution of the action plans, when verifying conduct or act in disagreement with the norms issued by the regulatory bodies, applicable to the Company;

<p>Subject matter: Corporate Compliance</p>	<p>Identification: PO-GC-04 Version: 00</p>
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- Generate indicators and produce monthly reports containing the results of the work related to the monitoring of the demand of the regulatory bodies, to be submitted to the Board of Directors, the Audit Committee, and the Executive Board;
- Participate in discussions about projects or regulatory changes that impact the strategic risks of the Company, following public hearings or consultations; and
- Coordinate periodic review of the content of the Code of Conduct, without prejudice to the attributions of the Ethics and Conduct Committee;
- To act independently and autonomously, in order to guarantee impartiality in all its activities and to report to the Audit Committee in case it interferes with its independence;
- Report the information related to Compliance activities, promoting transparency to the Administration and Audit Committee and Board of Directors.

Legal Management

- To guide the Company in relation to the norms issued by the regulatory agencies and to the legislative alterations, as much federal, state, as municipal;
- Report on the occurrence of an act that constitutes an administrative, civil or criminal infraction to the Board of Directors and to the Executive Board.
- To follow the jurisprudence and tendencies on the subjects related to this Policy, disseminating the information when appropriate.

Internal Audit

- Carry out, when required, investigations into complaints with the Ethics and Conduct Channel;
- Monitor the implementation of the Action Plans to correct cases related to complaints;
- Report to the Compliance area risks and nonconformities identified in tests of controls or nouns or other Audit routines;
- Follow-up Implementation of Action Plans related to gaps identified by the Internal Audit.

Human Relations Directorate

- Conduct periodic mandatory training related to the Integrity Program and compliance system, applicable to administrators, employees, trainees, internal consultants and service providers physically allocated to the Company;
- Accompany investigations to determine facts;
- Subsidize the Compliance Officer with appropriate information and resources for training format definitions;
- Support the dissemination and TOTVERS' adherence to the code of ethics and Conduct of TOTVS; and
- Support in the structuring of punctuality control mechanisms, presence and evidences of training;
- Measure TOTVERS' understanding of the subjects of this Policy, through research and perception assessment;

7. Approvals (document)

Subject matter: Corporate Compliance	Identification: PO-GC-04 Version: 00
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Name / Position	Description
Manuela Loeser Manager of Internal Controls, Risks and Compliance	Elaboration
Silvio Roberto Reis de Menezes Director, Ombudsman, RCC, Processes, Risks and Compliance	Elaboration and Review
Andre Rizk Legal Officer	Review
Gilsomar Maia Sebastião Executive Vice President of Finance	Review / Recommendation
Audit Committee	Recommendation
Board of Directors	Approval