



Subject: Contributions, Donations and Sponsorships	Identification: PO-RIOS-01 Version: 00
Department Responsible: Institutional Relations and Social Opportunity	Published on: 10/04/2018
Related standards: CODEC	Revise by: 10/04/2020

1. Purpose

The purpose of this policy is to establish the guidelines and rules to be observed for the contributions, donations and sponsorships of the TOTVS Group.

2. Scope

This Policy applies to the TOTVS Group (Parent Company, Branches, Own Units and Subsidiaries in Brazil and abroad).

3. References

Brazilian Corporate Governance Code: The document consists of a set of principles, fundamentals and practices recommended to be adopted by publicly traded companies and adopts the “practice” or “explain” approach.

CODEC: The TOTVS Code of Ethics and Conduct, which is applicable to the entire TOTVS Group and offers a general understanding of the ethical conduct and principles that guide the commitment of TOTVS to the integrity of its business activities and to its internal and external relationships;

Policy on Commercial and Institutional Relations with Government Agencies: It establishes guidelines for the conduct to be adopted in all relations of the TOTVS Group with Government Agencies through any representative or agent, in keeping with its values and with the principles set forth in the Code of Ethics and Conduct.

4. Definitions

Associations of Business Areas: Representative organizations in which the Company's interests are essentially commercial and which are engaged in opening up new markets and are directly linked to the business segments and areas of the TOTVS Groups.

Corporate Associations: representative organizations that address corporate matters of interest to the Company that are not linked to the business areas and not necessarily sectorial.

Institutional Associations: representative organizations created to coordinate and defend the common interests of its members through their engagement in relevant topics that impact the sector in which they operate. **Contribution:** pecuniary disbursement to any organization for the purposes of association. May be voluntary or compulsory.

Donation: spontaneous contribution to another party, of a voluntary nature, without consideration and of a pecuniary nature or not, usually for social purposes.

Sponsorship: pecuniary support to a specific project, with the definition of considerations and formalized in an agreement. It may be conducted directly (through financial disbursements and the definition of considerations) or through municipal, state or federal tax incentives, and may be classified as an institutional or commercial sponsorship.



Subject: Contributions, Donations and Sponsorships	Identification: PO-RIOS-01 Version: 00
---	---

Commercial sponsorship: aims to publicize the solutions portfolio of the TOTVS Group and to generate leads and new business. These actions usually help to strengthen the Company's position in specific market niches.

Institutional sponsorship: aims to strengthen the institutional image of the Company and to promote its reputation as a reference, to increase engagement with stakeholder groups and to encourage positive repercussions in the media.

Incentivized sponsorship: sponsorship initiatives under tax incentive laws intended for cultural, sports or charitable projects.

Institutional stakeholders: associations, universities, charitable or community organizations and any other organization that interacts with the TOTVS Group at an institutional level.

Improver Advantage: improper payments made in a business context, such as paying or giving gifts/money or equivalent to a Public Agent, whether a natural or legal person, directly or indirectly, to influence a decision or ensure any type of improper advantage or undue benefit, in accordance with Federal Law 12,846/2013 (Anti-corruption Law).

5. Guidelines

The process of making contributions and donations and of granting sponsorship by the TOTVS Group is subject to the following guidelines:

- Select projects, initiatives or events whose purpose converges with the criteria, values, goals and strategy of the Company's institutional and brand positioning;
- Give priority to projects whose scope includes the adoption of measures to support achievement of the Sustainable Development Goals (SDGs);
- Sponsor institutions and partners whose integrity can be verified; with no toleration of the use of sponsorships to fund illegal activities or payments or to obtain improper advantages in benefit of oneself or third parties;
- Adopt the necessary measures to prevent and avoid any acts of corruption and to comply with the legislation in force;
- Observe the principles established in PO-GC-02 – Commercial and Institutional Relations with Public Agents, with it prohibited to give, offer, promote, authorize or receive any improper advantage with the aim of influencing the decision of a counterparty in benefit of oneself or of TOTVS, in compliance with the Anti-corruption Law (Federal Law 12,846/2013);
- Do not engage in anti-competitive conduct or exchange information that could represent a competitive advantage for the Company or for other economic agents, in strict compliance with the Competition Law (Federal Law 12,529/2011);
- Avoid or manage potential conflicts of interests, in accordance with the ethical principles envisaged in the TOTVS Code of Ethics and Conduct (CODEC);
- Accurately and adequately account for all expenditures involving contributions, donations and sponsorships;
- The following is prohibited:
 - A) All types of contributions, payments of expenses, donations and expenditures, of a pecuniary nature or not, to public agents or related persons and to political parties or campaigns;
 - B) Support for projects involving events related to religion, politics or awards for which the Company is competing directly.



Subject: Contributions, Donations and Sponsorships	Identification: PO-RIOS-01 Version: 00
---	---

5.1. Contributions to Associations

The RIOS area is responsible for the relationship, strategic planning and management of the participation of TOTVS Group in Institutional Associations. In the case of the Associations of Business Areas and Corporate Associations, this responsibility is placed, respectively, on the business segments and corporate areas of the Company.

When contributing to said Associations, the following rules must be observed:

- Association memberships must be approved by the RIOS area and formalized by an association form or agreement, which must specify the amounts contributed and the conditions for executing and maintaining said memberships;
- The resources for this purpose must be provided for explicitly in the annual budget;
- By the end of each budget cycle, the Business and Corporate Areas must provide an account of the disbursements made to the Associations that are under their management, and present to the RIOS area the results and benefits obtained from participation in these organizations;
- The aggregate amount of the disbursements made to Institutional, Business and Corporate Associations must be reported annually to the Chief Executive Officer by the RIOS area;
- By the end of each calendar year, the RIOS area must report to the Company the results of the activities performed with the Institutional Associations.

5.2. Contributions to Employer Associations

Contributions to Employer Associations, if made, must be aligned with the Company's needs and comply with the parameters established by the legislation in force. The human resources team (People Area) is responsible for compiling justifications for such contributions and must estimate the budget for memberships and payments to Employer Associations.

5.3. Contributions to Trade Associations

The TOTVS Group may bear the costs of the membership of a TOTVER with Trade Associations or institutes if their activities, projects or services for certain clients require such memberships or registration. In the case of associations or institutes, the Company will analyze the opportunity and convenience from the perspective of the interests of TOTVS and the professional development of TOTVERs.

The RH area, along with the manager of TOTVER, is responsible for approving said membership.

5.4. Donations of Financial Resources

TOTVS primarily donates money to non-profit organizations that are part of its ecosystem, that is:

- Social Opportunity Institute (IOS, which focuses on the training and employability of socially vulnerable youth and persons with disabilities);
- Idexo (institute created by TOTVS with the mission of connecting startups, entrepreneurs and developers with large companies in order to pursue new business solutions).
- Other extraordinary cases, if approved by the Board of Directors of the Company.



Subject: Contributions, Donations and Sponsorships	Identification: PO-RIOS-01 Version: 00
---	---

The annual amount of donations of TOTVS Group to the IOS and Idexo must comply with the budget guidelines of the Company, be proposed by the managers of the RIOS area and Idexo, respectively, and be approved by the CEO of TOTVS.

Annually or at the Company's request, the IOS and Idexo must render an account of the results obtained in the period in question through reports. The reports must contain financial information, the indicators mapped and monitored during the period, a descriptive analysis and possible action plans to correct and/or leverage results, and information on the strategic projects developed by the institutes in partnership with TOTVS.

5.5. Donations of Fixed Assets and Technological Equipment

Donations of the fixed assets and technological equipment owned by TOTVS must be made preferably to the Social Opportunity Institutes (IOS) and ultimately also may be made to meet the needs of the Idexo, as needed.

To be realized, all donations depend on (i) confirmation of the availability of technological materials and equipment; (ii) approval by the managers of the Facilities and IT areas; and (iii) determination of the beneficiary institution, by the RIOS area, if the recipient of the asset cannot be the IOS or Idexo.

Depending on the value of the transaction, in addition to the aforementioned areas, the donation may require approval by the Risks and Compliance Department and by the Chief Financial Officer via the Form for Authorizing Donations or Disposals of Fixed Assets.

All fixed assets and technology equipment donated must be documented using the Form for Donations and Tax Declarations, describing clearly the individual accounting of the assets donated and their respective accumulated depreciation.

5.6. Donation of TOTVS Products and/or Services

TOTVS products and/or services may be donated for institutional purposes upon formal approval by the main manager of the Service and Relationship area and of the RIOS area. The area responsible for the donation will be responsible for issuing the Form for Donating TOTVS Products and Services, in accordance with the provisions of the previous items related to the accounting of the donation.

5.7. Sponsorships

TOTVS sponsors and supports projects that are aligned with its corporate mission and strategic goals and that potentially could add value to its brand and strengthen its image by promoting its business solutions and demonstrating its commitment to sustainable development and to Brazil's digital transformation.

The sponsorships must be evaluated based on formal proposals, with the subsequent execution of an agreement between TOTVS and the candidate. In addition to the contractual conditions related to the object, sponsorship agreements include an anti-corruption clause and a clause establishing monitoring by the Internal Audit.



Subject: Contributions, Donations and Sponsorships	Identification: PO-RIOS-01 Version: 00
---	---

5.7.1 Institutional Partnerships

For granting institutional sponsorships, an evaluation is conducted of the initiatives proposed by the Company's institutional stakeholders, which the RIOS area interacts, in accordance with the following main pillars that guide the activities of TOTVS:

- **Education:** Projects that foster education through technology and promote social inclusion and professional training through education or technology;
- **Sports:** Sports projects that promote and foster education and sports initiatives that involve TOTVERs, such as street runs and walks;
- **Culture:** Cultural projects that represent the country and project the TOTVS brand among its stakeholders, cutting-edge initiatives related to technology that position the brand as reference in technological innovation and projects with regional scope that impact the communities located near where TOTVS operates;
- **Technology:** Projects that encourage technological innovation and promote the country's digital transformation and projects in the technology sector promoted by associations or organizations that seek to disseminate and develop technology.

The budgeting and management of resources available for institutional sponsorships are the responsibility of the RIOS area, which must render an account annually of the institutional events sponsored and the respective results achieved.

The process of mapping the opportunities of incentivized sponsorships starts with notification by the Tax Planning area of the volume of resources available for such purpose, so that the RIOS and Marketing areas can analyze and decide on the support for projects that qualify for tax incentive laws. These areas also are responsible for managing and investing resources and for controlling the related expenditures.

5.7.2 Commercial Sponsorships

Commercial partnerships seek to publicize the TOTVS product portfolio, generate leads, opportunities and new businesses and strengthen the segments in which the Company operates. All and any commercial sponsorship must be compatible with the criteria, values, purposes and positioning of the TOTVS brand, be relevant to the target audience and be part of the marketing strategy.

The primary means for TOTVS to interact with its commercial stakeholders are:

Content: online or offline publication of internally created content or content developed in partnership that is directly related to the universe of the segment;

Events: trade fairs, meetings, workshops, ceremonies, etc. organized by organizations or specialists from a given market niche. The purpose of the sponsorship could be brand exposure (exposure in physical space, delivery of corporate articles, promotional gifts, etc.) or content exposure (lecture of a TOTVS spokesperson on a strategic topic);

Advertising: purchase of space in a media vehicle to promote the brand, business solution or offer to a stakeholder. The advertising may be online or offline.



Subject: Contributions, Donations and Sponsorships	Identification: PO-RIOS-01 Version: 00
---	---

Commercial sponsorships must be suggested previously by the Business Areas in time to be included in the annual strategic planning for product/segment market and are approved by the Marketing area, in accordance with its budget and strategic guidelines.

6. Responsibilities

Board of Directors

- Approve the Policy on Contributions, Donations and Sponsorships;
- Approve the annual budget, including explicit identification of the payments governed by this Policy.

Audit Committee

- Analyze this Policy and submit a recommendation to the Board of Directors for its approval;
- Supervise the Internal Audit work for verifying the compliance of any actions involving contributions, donations and sponsorships with this Policy.

Institutional Relations and Social Opportunity Area (RIOS)

- Represent TOTVS before Institutional Associations, in alignment with the Company's guidelines and strategy;
- Evaluate the opportunities of institutional sponsorships and decide whether to approve them, jointly with the Marketing area;
- Evaluate the convergence of institutional sponsorships with the Company's criteria, values, purposes and institutional positioning;
- Map possible opportunities of tax incentives aligned with the goals of tax optimization, and keep the Company updated on such benefits;
- Report to the Chief Executive Officer the benefits and results of the relationship of TOTVS with the Institutional Associations;
- Propose, jointly with the Financial area, the annual budget for activities within the scope of this Policy;
- Manage the annual budget of contributions and institutional sponsorships and monitor monthly its execution by the various areas of the Company.

Marketing Area

- Evaluate the compatibility of commercial sponsorships with the Company's criteria, values, purposes and brand positioning strategy;
- Evaluate the institutional sponsorships jointly with the RIOS area;
- Evaluate the sponsorship proposals and approve them in accordance with the guidelines and rules of this Policy;
- Guarantee the execution of sponsorship actions, monitoring the partnerships, associations, media or entities involved;
- Manage the budget of the Company's marketing package and monitor the application of these resources by the corporate and business areas.

Business Areas and Corporate Areas

- Manage the association relationships under its responsibility and represent TOTVS before such associations, in accordance with the Company's guidelines and strategy;



Subject: Contributions, Donations and Sponsorships	Identification: PO-RIOS-01 Version: 00
---	---

- Monitor the agenda of the Associations of Business and Corporate Areas and identify actions that are compatible with the Company's interests;
- Request to the RIOS area the projected budget for resources to maintain the Company's participation in the Associations of Business and Corporate Areas and adopt the procedures for disbursements;
- Submit a consolidated report of disbursements to the Associations of Business and Corporate Areas to the RIOS area;
- Annually report to the RIOS area the benefits and results of the actions taken jointly with the Associations of Business and Corporate Areas;
- Present the proposals of commercial sponsorships during the annual strategic marketing planning of the segment.

People Area

- Prepare the projected budget of resources for memberships and the disbursement of contributions to Employer Associations;
- Justify the needs involved in the decisions on contributions to trade unions;
- Approve the membership of TOTVERS in Trade Associations, associations and institutes.

Internal Controls, Risks and Compliance Area

- Review, update, submit for approval and publish this Policy;
- Create and manage internal controls that ensure compliance with this Policy.

Tax Planning and Controllership

- Identify opportunities for incentivized sponsorships or donations that could conciliate the objectives of TOTVS with tax optimization;
- Propose, jointly with the RIOS Area, explicit budget allocations for the items covered by this Policy, as part of the Annual Budget.

Internal Audit

- Include in its Audit Plan, at least every two years, the matters covered by this Policy.

7. Consequences Management

In cases of breaches of this Policy, the Company will adopt consequence management measures that are compatible with the remedy of such breach.

8. Approvals (Document)

Name / Position	Description
Sérgio Paupério Sérgio Filho Executive Manager of Institutional Relations and Social Opportunity	Preparation
Diana Rodrigues Executive Marketing Manager	Preparation



CORPORATE POLICY



Subject: Contributions, Donations and Sponsorships	Identification: PO-RIOS-01 Version: 00
---	---

Juliano Tubino Marketing Vice-President	Revision
André Rizk Chief Legal Officer	Revision
Silvio Reis Menezes Chief Compliance Officer	Revision
Audit Committee	Recommendation
Board of Directors	Approval