



Subject: Powers	Identification: PO-GC-06 Version: 00
Responsible Management: Internal Controls, Risks and Compliance Management	Published on: 01/02/2019
Related rules:	Review by: 01/02/2021

1. Purpose

The purpose of this policy is to define the competence and decision-making powers of the TOTVS Group, in strict compliance with its Bylaws and other internal regulations, in order to ensure that they are aligned with the Company's objectives and acceptable risk limits.

2. Scope

This Policy applies to the TOTVS Group (Parent Company, Own Units, Branches, and Subsidiary Companies).

3. References

TOTVS S.A. Bylaws: Regulations or set of organizational and operating rules of TOTVS S.A.

CODEC: TOTVS' Code of Ethics and Conduct, which aims to provide a general understanding of the conduct and ethical principles that guide TOTVS' commitment to business integrity and internal and external relationships.

Treasury Policy – PO-TESOUR-01: Establishes guidelines for the Company's treasury management, for the purpose of maximizing the profitability of financial investments, according to the established risk limits.

Policy for Transactions with Related Parties: Intended to prevent and manage situations of potential conflict of interest when carrying out transactions involving the Company's related parties.

Acquisition Procedure for Products and Services PI-SUPRIM-01: Defines the procedures to be followed for the acquisition and/or contracting of products and services for the TOTVS Group.

Cash and Banking Procedure PI-TESOUR: Establishes the necessary routines and procedures to carry out controls related to the cash and banks and treasury process.

Supplier Contract Procedure – PI-CONTRFORN-01: Establishes the rules regarding the management of contracts signed by TOTVS with its suppliers and service contractors.



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4. Definitions

Board of Directors: An administrative and collective decision-making body, which is primarily responsible for establishing the general direction of the Company's business, deciding on strategic matters, and monitoring the implementation of the Board's plans and operations.

Disinvestment: For the purposes of this Policy, disinvestment is understood to be the reduction or elimination (partial or total sale) of the TOTVS Group companies' corporate interest.

Statutory Management: Legal representatives of the Company elected by the Board of Directors, primarily responsible for the day-to-day administration of TOTVS and for the implementation of general policies and guidelines established by the Board of Directors.

Related Parties: A related party is a person or entity that is related to the Company, under the terms of the TOTVS Policy for Transactions with Related Parties.

5. Guidelines

- This Policy's component regarding statutory powers should be interpreted in conjunction with the Company's Bylaws;
- Financial powers must comply with the limits defined in the Bylaws and the respective internal regulations that address the subject in question;
- In the event of any potential conflict of interest for the TOTVER involved in the deliberation in question, the TOTVER should abstain from decision-making, with the respective approval being submitted to the immediate higher authority, or in the case of collective powers (Board of Directors and Committees), submitted to the other members of the committee;
- In the event of the extinction of the position and/or hierarchical level established in this Policy, the decision must be submitted to the immediate higher authority;
- The powers granted for approvals must be exercised with responsibility, within the established limits and in accordance with other TOTVS Policies, Rules and Procedures;
- Any arrangements that violate this Policy are not permitted, such as dividing up the transaction into smaller amounts for approval by lower powers than those established for said operation.



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5.1 Statutory Powers

The following powers represent the main decision-makers of the Company's management under the Bylaws and should, whenever necessary, be interpreted in conjunction with said document. Statutory powers not contained in this Policy should be consulted directly in the TOTVS Bylaws.

Subject	Approval Power	
	Statutory Management	Board of Directors
Purchase by the Company, by any means, of assets of another company, including controlled or affiliated companies.	Up to BRL 52,000,000.00 (up to 5% of the subscribed capital stock*)	Over BRL 52,000,000.00 (Over 5% of the subscribed capital stock*)
Divestiture of assets from permanent assets.		
Warranty provision of any kind by the Company.		
Granting of loans to any third party and investing in expansion and improvement projects.		
Long- or short-term debt operation contracting.		
Signing of any long-term contracts (over 1 year in duration).		

* Subscribed Capital Stock in accordance with the TOTVS S.A. Bylaws: BRL 1,041,228,564.43



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Approval Power	Subject	Financial Approval Limits
Statutory Management	Opening, closing and modification of branches, agencies, warehouses, offices and any other establishments in the Country.	Not applicable.
Board of Directors	Approving the annual and multiannual budgets of the Company, its subsidiaries and affiliated companies, the Company's strategic plans, the expansion projects and investment programs, as well as following its performance.	
	Deliberating on the disposal or transfer, by any means, of the Company's or corporation's intellectual or industrial property rights to third parties, whether directly or indirectly owned by the Company, except for a remunerated licensing carried out by the Company in the ordinary course of business.	
	Establishment of the Headquarters.	
	Opening, closing and modification of branches, agencies, warehouses, offices and any other overseas establishments.	
	Resolving on the distribution of interim dividends, including at the expense of accumulated profits or profit reserves from the latest annual or interim balance sheet.	
	Capital Stock increase without statutory reform.	



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5.1.1 Power of Attorney for TOTVS Representation

The granting of powers of attorney for the Company's representation is as follows, as defined in the Bylaws:

Representation	Approval Power
Of any nature for joint or isolated representation	2 (two) Statutory Directors

5.1.2 Company Representation

Subject to the approval powers indicated in item 5.1.1, the Company must always be represented by two (2) members of Statutory Management, or one (1) member of Statutory Management and one (1) or two (2) Attorneys-in-Fact, within the limits of their respective mandates.

In the following cases, the Company may be represented, in isolation, by only one (1) Statutory Officer or one (1) attorney-in-fact:

- Directly or indirectly before any public administration body in acts that do not imply the assumption or waiver of rights and obligations;
- Mandates with an “ad judicia” clause;
- General shareholders’ meetings, or meetings of shareholders or quota-holders in companies or investment funds where the Company is a participant;
- Receipt of summons or court notices;
- Provision of personal testimony;
- Other individual cases that the Board of Directors may specify.

5.2 Financial Powers

5.2.1 Financial Transactions

Treasury operations must comply with the provisions set forth in the following table, in compliance with other statutory provisions, including with respect to the Company’s 5% subscribed capital stock limit, where applicable, in which case such transactions must be approved by the Board of Directors.

Operation*	Approval Power
Bank transfers	Two (2) members of Statutory Management, or one (1) member of Statutory Management and one (1) Attorney-in-Fact, or two (2) Attorneys-in-Fact.
Account Opening	
Exchange	
Payments	
Financial investments and Redemptions	
Anticipation of Receivables	



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Debt Collection	Up to BRL 52,000,000.00 (5% of the subscribed capital stock)
Client Acknowledgment of Debt	
Discounts on Securities Issued **	Executive Treasury Manager
Disinvestment Program	Board of Directors (Any amount)

*In compliance with the guidelines and rules of the Treasury Management Policy.

** Any discount on securities issued must be associated with a client acknowledgment of debt, which requires the approval of two (2) members of Statutory Management, or one (1) member of Statutory Management and one (1) or two (2) Attorneys-in-Fact.

5.2.2 Procurement and Supplier Contracts

Procurement and Supplier Contract powers aim to establish the approval limits for the acquisition and/or contracting of products and services, as well as the management of contracts signed by the Company with its suppliers and service providers.

Purchases and supplier contracting must be approved by the requestor department, as shown in Table C1. After the requestor department's approval, purchase orders must also be approved by the Supplies department, as shown in Table T1.

From (BRL)	Up to (BRL)	Approver
0.01	25,000.00	Manager
25,000.01	60,000.00	Executive Manager
60,000.01	150,000.00	Director
150,000.01	300,000.00	Executive Director
300,000.01	500,000.00	VP
500,000.01	20,000,000.00	CEO
20,000,000.01	52,000,000.00 (5% capital stock)	Statutory Management Committee
Over 52,000,000.00 (5% capital stock)		Board of Directors

Table C1: Contracting and approval authorities by the requestor department.

Table C1 Approval Rules:

- All purchases and supplier contracting will be jointly approved, as established in tables C1 and T1;
- Approval of the Financial Vice President will be required in cases where the request is made by the CEO (in their respective cost center) and in an amount greater than BRL 500,000.00;
- All purchases and supplier contracting above BRL 5,000,000.00 not included in the previously approved annual budget must be submitted to the approval of the Board of Directors.



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From (BRL)	Up to (BRL)	Approver
0.01	150,000.00	Supply Manager
150,000.01	300,000.00	CST Director
Above 300,000.01	-	Financial VP

Table T1: Supplies department limits.

5.2.3 Accounts Payable

Subject to the limits described in item 5.2.2, the payments must comply with the limits described in the table below, except for payments of debt, dividends and interest on capital approved by the Board of Directors and mandatory payments related to payroll and taxes, the approval of which is the responsibility of the respective processes' managing departments, wherein the referred powers are not applied.

From (BRL)	Up to (BRL)	Approver
0.01	25,000.00	Managers
25,000.01	60,000.00	Executive Managers
60,000.01	150,000.00	Directors
150,000.01	300,000.00	Executive Directors
300,000.01	500,000.00	VP
500,000.01	20,000,000.00	CEO
20,000,000.01	52,000,000.00 (5% capital stock)	Statutory Management Committee
Over 52,000,000.00 (5% capital stock)		Board of Directors

5.3 Commercial Limits

5.3.1 Service Management Contracts

The signing of commercial proposals and service contracts is subject to the following limits:

From (BRL)	Approver
Up to 500,000.00	Sales Team
Over 500,000.00	Service Director

5.3.2 Commercial Strategy Management Contracts

The signing of commercial proposals and software contracts are subject to the following limits:

From (BRL)	Approver
Up to 500,000.00	Sales Team
Over 500,000.00	Director of Commercial Strategy



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6. Responsibilities

Board of Directors

- Approve the Approval Powers Policy;
- Evaluate and approve transactions within their powers, as established in this Policy.

Audit Committee

- Evaluate this Policy and present a recommendation to the Board of Directors regarding its approval;
- Discuss transactions that are within their powers.

Internal Audit

- Periodically evaluate the adherence of the approvals and transactions practiced to this Policy and report to the Audit Committee.

TOTVS Statutory Management

- Evaluate and approve transactions within their powers, as established in this Policy;
- Approve the granting of powers to represent the Company.

CST Management

- Within its sphere of activity, ensure compliance with the guidelines and limits established in this Policy.

Legal Management

- Review this Policy in light of the Company's Bylaws;
- Evaluate and approve the transactions and agreements within its powers, as established in this Policy.

Internal Controls, Risks and Compliance Department

- Prepare, submit for approval and disclose this Policy;
- Support internal departments in creating controls that ensure adherence to the terms of this Policy.

Other departments of the Company

- Implement internal processes that are in full compliance with the limits established in this Policy.

7. Consequence Management

In case of non-compliance with this Policy, appropriate consequence management measures will be adopted to deal with noncompliance.



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8. Approvals (Document)

Name/Position	Description
Marcos Bartolomei de Siqueira Corradi Manager of Internal Controls, Risks and Compliance	Development
Cristian Rodrigues Porto CST Director	Review
Ricardo Guerino de Souza Director of Planning, Controllershship, Internal Controls, Risks and Compliance	Review
André Rizk Legal Director	Review
Gilsomar Maia Executive Financial Vice President	Review
Audit Committee	Recommendation
Board of Directors	Approval