



<b>Subject:</b> Transactions between Related Parties	<b>Identification:</b> PO-GC-04 Version: 01
<b>Responsible Management:</b> Internal Controls, Risks and Compliance Management	<b>Published on:</b> 20/03/2019
<b>Related rules:</b>	<b>Review by:</b> 20/03/2021

## 1. Purpose

The purpose of this Policy is to establish guidelines to ensure that transactions between Related Parties and TOTVS or its subsidiaries are performed in the best interests of TOTVS or its subsidiaries, as the case may be, and are based on principles of transparency and commutativity, as well as prevent and manage potential conflicts of interest when engaging in transactions involving such Related Parties.

## 2. Scope

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

## 3. References

**Accounting Pronouncements Committee (CPC) – CPC Technical Pronouncement No.05 (R1):** pronouncement regarding disclosure on Related Parties.

**CVM Deliberation 642/10:** approves CPC Technical Pronouncement No. 05 (R1) of the Accounting Pronouncements Committee (CPC) regarding disclosure of related parties.

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

**CVM Instruction 480/09:** regulates the registration of securities issuers approved for trading on regulated securities markets.

**Law No. 6404/76 – Brazilian Corporate Law:** regulates joint-stock companies.

**CVM Guidance Opinion No. 35:** fiduciary duties of the managers in the merger, incorporation and incorporation of shares transactions involving the parent company and its subsidiaries or companies under common control.

**Internal Regulations of the Board of Directors and Advisory Committees:** regulates the functioning, structure, organization, duties and responsibilities of the Board of Directors (“Board”) of TOTVS S.A. (“Company” or “TOTVS”) and of the Committees linked thereto.



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## 4. Definitions

**Company:** TOTVS S.A. or its subsidiaries, whether direct or indirect.

**Related Party:** in accordance with applicable regulations and TOTVS Bylaws, a Related Party, for the purposes of this Policy, is considered to be a person or entity that is related to the Company, as follows:

(a) A person or a immediate member of that person's family is related to the Company if:

- (i) they possess full or shared control of the Company;
- (ii) they have significant influence over the Company; or
- (iii) they are members of key management personnel for the Company or the Company's parent company.

(b) An entity is related to the Company if any of the following conditions hold true:

- (i) the entity and the Company are members of the same economic group (which means that the parent company and each subsidiary are interrelated and the entities under common control are also related to each other);
- (ii) the entity is an affiliate or joint venture of the Company (or an affiliate or joint venture of an entity that is a member of the economic group of which the Company is a member);
- (iii) the entity and the Company are a joint venture of a third party;
- (iv) the entity is a joint venture of a third entity and the Company is an affiliate of that third entity;
- (v) the entity is a post-employment benefit plan whose beneficiaries are the employees of both entities, the Company and the company related thereto;
- (vi) the entity is controlled, either in full or as a joint venture, by a person identified in letter (a); or
- (vii) a person identified in the letter (a) (i) has significant influence over the entity, or is a member of key management personnel for the entity (or the entity's parent company);
- (viii) the entity, or any member of the group to which it belongs, provides services to key management personnel for the Company or the Company's parent company.

Under the context of this Policy and the TOTVS Bylaws, the following are not Related Parties of the Company:

(i) entities that only have an administrator or another member of key management personnel in common with the Company, or simply because a member of key management personnel for the Company has significant influence over the other entity, (ii) entities that are wholly-owned subsidiaries of the Company.

**Immediate family members of a person:** family members who may be expected to influence or be influenced by the person in their business with the Company and include:

- (a) the person's children, spouse or partner;
- (b) the children of the person's spouse or partner;
- (c) the person's dependents, as well as those of the spouse or partner;
- (d) other first-degree relatives; or
- (e) any person who lives with the person or is economically dependent on the person;



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**Key management personnel:** those who have the authority and responsibility for planning, managing and controlling the activities of the Company, whether directly or indirectly, including any administrator (executive or otherwise).

**Persons with significant influence:** those with the power to participate in the financial and operational decisions of an entity, but without individual or joint control of those policies.

**Related Party Transaction:** transaction to transfer goods, rights, resources, services or obligations, directly or indirectly, between the Company and a Related Party, regardless of whether a price is charged in return.

## 5. Guidelines

### 5.1 Identification of potential Related Party Transactions

Each key management employee or those with significant influence must complete an annual questionnaire designed to gather information about the parties related thereto, in accordance with the definitions of this Policy, and any transactions between them and the Company of which they are aware, under the responsibility of verifying such information with immediate family members and administrators of their related entities, if applicable.

The TOTVS Compliance area is responsible for keeping an updated register that identifies key management personnel or those with significant influence, as well as their respective Related Parties, which must be consulted by those responsible for transactions before their completion, to verify whether the respective transaction may be a Related Party Transaction.

Key management personnel or those with significant influence of the Company must be instructed, and periodically advised, on the obligation to inform the Compliance area of any potential transaction by the Company with a Related Party of which they are aware.

Any transaction, which may eventually qualify as a Related Party transaction, must be reported to the Compliance area, which is responsible for issuing an opinion, together with the Legal Department, to determine whether the transaction in fact constitutes a Related Party Transaction subject to the procedures of this Policy.

These transactions must be submitted with the information necessary for their analysis, as well as evidence and opinions from the manager responsible for conducting the transaction that (a) there are clearly demonstrable reasons from the Company's business point of view for the Related Party Transaction to be performed, and (b) the transaction is performed under terms at least equally favorable to the Company as those generally available in the market or those offered to or by a third party unrelated to the Company, in equivalent circumstances, taking into consideration the Company's monitoring cost as well.



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## 5.2 Approval

The Company's managers and employees must respect the existing ordinary flow for negotiation, analysis and approval of transactions within the Company, and must not intervene in order to influence the hiring of Related Parties in disagreement with such flow.

All transactions with Related Parties must be submitted for approval to the Board of Directors, according to the TOTVS Bylaws. To that end, the transaction must be previously submitted to the TOTVS Audit Committee, accompanied by the opinion from the Compliance area and Legal Department, responsible for assessing whether the guidelines of this Policy were observed while instructing the process for the transaction under analysis.

The Board of Directors, on its own initiative or on the recommendation of the Audit Committee, may determine that the transaction, due to its relevance or other characteristics, be examined by an independent special committee that has been constituted and deliberates under the terms of the CVM Guidance Opinion No. 35 ("Special Committee").

The Board of Directors, as well as the Audit Committee and their respective members, at their discretion, shall have access to all documents relating to Related Party Transactions, including any technical opinions or reports regarding the transaction.

The Board of Directors shall define the content and format of the information deemed necessary for its deliberation regarding a Related Party transaction (subject to the provisions of this Policy), which shall be distributed together with the convening of the meeting at which the transaction will be submitted for analysis.

The Board of Directors may approve the Related Party Transaction if it decides, in good faith, that the transaction is fair and in the Company's interest, and it may also, at its discretion, condition the approval of said transaction to changes it deems necessary for the transaction to occur in an equitable manner and in the Company's interest.

### 5.2.1 Criteria for approving Related Party Transactions

When analyzing Related Party transactions, the Board of Directors and the Audit Committee shall consider the following factors, among others they consider relevant to assess the specific transaction:

- (a) If there are clearly demonstrable reasons from the Company's business point of view for the transaction to be performed with the Related Party;
- (b) If the transaction is made in terms at least equally favorable to the Company as those generally available in the market or those offered to or by a third party unrelated to the Company, under equivalent circumstances, taking into account the cost of monitoring the transaction by the Company;
- (c) The results of evaluations performed or opinions issued by a specialized and independent company, if any;
- (d) Whether or not a competitive process has been carried out for said hiring and its result;
- (e) The pricing methodology used and other possible alternative pricing methods for the transaction;
- (f) The extent of the Related Party's interest in the transaction, taking into account the amount of the transaction, the financial condition of the Related Party, the direct or indirect nature of the Related Party's



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interest in the transaction, and the continuous or non-continuous nature of the transaction, in addition to other aspects deemed relevant.

In the process of approving transactions with Related Parties, the Board of Directors and the Audit Committee shall analyze the following information, as well as other information they deem relevant for the analysis of the specific transaction:

- (a) the terms of the transaction;
- (b) the interest of the Related Party and the impact of the transaction's approval on its dedication to TOTVS;
- (c) the purpose and opportunity of the transaction;
- (d) if the Company is a party to the transaction and, if not, the nature of its participation;
- (e) if the transaction involves the sale of an asset, the description of the asset, including purchase date and book value or attributed cost;
- (f) information on potential counterparts in the transaction;
- (g) the approximate financial amount of the transaction, as well as the value of the interest of the Related Party;
- (h) description of any provisions or limitations imposed on the Company as a result of performing the transaction;
- (i) whether the transaction involves any reputational risk to the Company; and
- (j) any other information that might be relevant for stockholders and investors, given the circumstances of the specific transaction.

## 5.2.2 Approval of Related Party Transactions that must be submitted to the general stockholders' meeting by legal determination

With regard to a Related Party transaction that must be approved by the general stockholders' meeting by legal determination, the transaction must be examined by a Special Committee.

## 5.2.3 Impediment

In situations in which transactions with Related Parties require approval under this Policy, those involved in the approval process that have a potential private gain or conflict of interest with the decision to be made shall declare themselves impaired, explaining their involvement in the transaction and providing details of the transaction and the parties involved, as well as explaining reasons and clarifying any doubts. The impairment must appear in the minutes of the meeting of the governing body that deliberates on the transaction and those persons must recuse themselves from the discussions and deliberations.

## 5.3 Formalization

Related Party Transactions must be made in writing, specifying their main characteristics and conditions, such as price, terms, guarantees, termination conditions, responsibility for collecting taxes and obtaining licenses, among others. These characteristics must also expressly include the possibility for the Company to suspend any transaction with a Related Party that is of successive treatment, under conditions equivalent to those available in agreements with unrelated parties.



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## 5.4 Yearly Review

The Board of Directors, with the support of the Audit Committee, shall annually monitor all agreements or any other type of transaction on a continuous basis between the Company and its Related Parties.

## 5.5 Related Party Transactions that have not been subjected to the procedures of this Policy

If the administrators or employees become aware of a Related Party transaction that has not been submitted to the approval procedures set forth in this Policy prior to its consummation, the transaction shall be submitted to the Board of Directors for analysis, after examination by the Audit Committee. Such body shall perform the analysis in the manner established in this Policy, taking into account all the options available to the Company, including ratification, amendment or termination of the transaction.

The Board of Directors shall also examine the facts and circumstances related to the non-submission of the transaction for approval in accordance with this Policy and adopt any measures it deems fit to ensure the effectiveness of the Policy.

## 5.6 Related Party Transactions exempt from the procedures of this Policy

The following transactions are not subject to the procedures of this Policy:

- (a) fixed and variable remuneration, remuneration based on shares and other benefits provided to the members of the Board of Directors and to the Statutory Officers of the Company, provided that their total amount has been approved by the General Shareholders' Meeting, pursuant to Law No. 6.404/76, or by the Board of Directors, as the case may be; and
- (b) transactions made between the Company and any company whose capital, whether directly or indirectly, is fully held by the Company.

## 5.7 Disclosure of transactions with Related Parties

In accordance with the provisions of Article 247 of Law No. 6.404/76, the normative acts of the Securities and Exchange Commission (CVM) and the *Novo Mercado* Listing Regulations of the B3 – Brasil, Bolsa, Balcão, TOTVS must disclose Related Party transactions, providing sufficient details for the identification of the Related Party and all the essential conditions regarding the transactions. This information must be disclosed in a clear and precise manner in the explanatory notes to the TOTVS financial statements, in accordance with the applicable accounting standards, as well as in the TOTVS Reference Form, pursuant to CVM Instruction No. 480/09.



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## 6. Responsibilities

### Board of Directors

- Approve the Policy on Related Party Transactions;
- Approve transactions with related parties;
- Annually monitor the agreements and/or transactions with continuous bases between the Company and its related parties.

### Audit Committee

- Evaluate related party transactions and issue an opinion to the Board of Directors;
- Support the Board of Directors in monitoring agreements and/or transactions with continuous bases between the Company and its related parties.

### Controllership Office

- Prepare the explanatory notes for the transactions between the Company and the Related Parties in accordance with the applicable accounting statements.

### Investor Relations Office

- Disclose related party transactions to the CVM under the terms of the regulations in force.

### Legal department

- Issue an opinion in conjunction with the Compliance area on the classification as a related party transaction;
- Evaluate whether the guidelines of this Policy were observed in the process of handling the related party transactions under review.

### Compliance Area

- Keep updated records of key management personnel and persons with significant influence and their respective related parties;
- Issue an opinion in conjunction with the Legal Department on the legal framework of classification as a related party transaction.

### Key Management Personnel and Persons with Significant Influence

- Annually update the information on related parties with the Compliance area within the established time frame.

### Other Areas

- Report any transactions that fall under the scope of the area that may be classified as related party transactions under the terms of this Policy.

## 7. Consequence Management

In the case of noncompliance with this Policy, management measures with appropriate consequences shall be adopted to address the nonconformity, and the Audit Committee shall be informed.



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## 8. Approvals (Document)

Name/Position	Description
Marcos Bartolomei de Siqueira Corradi Manager of Internal Controls, Risks and Compliance	Development
Ricardo Guerino de Souza Director of Planning, Controllership and Compliance	Review
André Rizk Legal Director	Review
Gilsomar Maia Chief Financial Officer	Review
Governance and Indication Committee	Recommendation
Audit Committee	Recommendation
Board of Directors	Approval