



# ANNUAL REPORT 2020



2020 was an atypical year in every way. This annual report, based on the topics considered most relevant to our stakeholders, shows how Linx continued its strategy, managed to strengthen the company and faced the Covid-19 crisis. It also highlights the company's leading role regarding sustainability in Brazilian retail during the new coronavirus pandemic, by developing new solutions to maintain physical store sales and acting to accelerate the technological transformation of Brazilian retail with the digitization of the industry.

The company believes in building a sustainable market and developing the digital business ecosystem. In addition, Linx is about to become Stone. We tell you the main aspects of this and other developments in our company on the following pages.

**ENJOY THE READING!**



# PRESENTATION

# MESSAGE FROM THE CEO

GRI 102-14

In the beginning of 2020, very few people could imagine that an epidemic would have the consequences that we are still experiencing today all over the world. Before talking about Linx's performance in 2020, we have to take into account all the transformations caused by the coronavirus pandemic.

The discussion on how to balance economic development and hard and essential measures to preserve people's health was part of the daily life of the country and our company. Early in the pandemic, we opted to adopt home office and put the health of our employees first. Our customers, as well as workers in the retail industry, were extremely impacted by the social isolation measures. Suddenly, retailers in segments considered "non-essential" found themselves unable to open their doors and, many of them faced with the possibility of losing sales.

In a time of intense difficulty, Linx demonstrated, once again, its incredible ability to reinvent itself. In 2020, part of the evolution of the economy was directed towards the digitization of processes and solutions, and Linx continued to follow this path. We found quick solutions for our retail cus-

## Strategy focused on digital products mitigated impacts caused by the pandemic in 2020

tomers to maintain their revenues, even if partially: we focused on expanding e-commerce tools.

Linx ended 2020 with a net operating revenue of R\$ 876.3 million, which represents an 11.2% growth over 2019. Despite falling short of the pre-pandemic plan, it was a positive result, especially considering the conditions of the macroeconomic scenario. We demonstrated the sustainability of our strategy: until five years ago, Linx was a company that offered systems only for offline retail. But thanks to our adaptability, which steered the company towards digital products, the impact we suffered in the last year was mitigated, and we were able to end the year with significant revenue growth.

We quickly developed applications so that restaurants and pharmacies could operate online, and we accelerated the implementation of other solutions we already had, such as the e-commerce



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platform and the entire digital suite. A year after the pandemic, we are even more confident that investing in digital is a one-way road. We want to strengthen our position as the provider that offers end-to-end solutions to our customers.

Within the Linx universe, we value transparency in all decisions made throughout the year, from the creation of our diversity program to the security measures adopted due to the pandemic; from the four acquisitions formalized in 2020 (PinPag, Neemo, Humanus and Mercadapp) to our social actions. We donated R\$ 1 million to Salvando Vidas project, launched by BNDES to purchase equipment for hospitals with Covid-19 patients, in addition to food collection campaigns to benefit those assisted by Linx's partner NGOs.

All processes were carried out with absolute transparency and we were acknowledged for that: our Extraordinary General Meeting held in November 2020 approved the transaction with Stone, a Brazilian means of payment fintech that proposed to incorporate 100% of our shares for R\$6.7 billion. The deal is now awaiting approval by the Administrative Council for Economic Defense (CADE). Regardless of the result of the independent agency, we continue with great challenges for 2021, such as leading innovation in the country, encouraging new talents and building together with our value chain a more democratic, digitized and sustainable society.

For the past year, our feeling is one of gratitude to the stakeholders who sailed 2020 alongside us and to the people who compose our teams – without them, it would be impossible to achieve the results we achieved. We still have difficult months ahead, but we are ready to keep stimulating the technology market in Brazil and continue to work for the evolution of retail.

**ALBERTO MENACHE**  
**CHIEF EXECUTIVE OFFICER**

We want to strengthen our position as the provider that offers end-to-end solutions to our customers

# 2020 HIGHLIGHTS



## HUMAN CAPITAL

- Quick adaptation to teleworking
- Atmosphere survey: 85% of employees noticed the company's genuine care



## SOCIAL AND RELATIONSHIP CAPITAL

- Customer aid program that ran out of cash flow
- Empowering retailers with solutions to keep sales in the midst of the pandemic
- Online volunteering maintained the engagement and solidarity among employees
- Donation of R\$ 1 million for actions against Covid-19



## FINANCIAL CAPITAL

- Business agreements with Stone
- Acquisition of PinPag, Nemo, Humanus and Mercadapp

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# ABOUT US

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# LINX

Leader and specialist in technologies for retail, we are Linx S.A., one of the largest companies in Latin America in cloud-based technology. Linx S.A. was founded in 2004 and one of its subsidiaries is active since 1985, our operations are focused on the development and supply of software system solutions for the various retail segments, through integrated technologies that bring more efficiency and profitability to customers. **GRI 102-1**

Headquartered in São Paulo, with more than 3,300 employees, we are present in nine Brazilian states and we have offices in four other countries. We have been publicly traded on B3 since 2013 and entered the international market in 2019, becoming the first Brazilian retail software company to be listed on the New York Stock Exchange (NYSE). **GRI 102-3, 102-4, 102-5, 102-6, 102-7**

Our strategy is based on organic growth and acquisitions that guaranteed access to new solutions and market niches. In 2020, we renegotiated the contracts with clients that had abrupt losses in revenue and all our efforts were directed towards expanding e-commerce, helping in the digital transformation of Brazilian retail and, consequently, in maintaining businesses and jobs.

# ABOUT US

# BUSINESS AREAS

GRI 102-2

The multiple entry points to Linx's high-value solution offer attractive cross selling opportunities. Learn more about these areas:



### LINX CORE

Main product line of integrated business management systems to serve the entire retail chain.



### LINX DIGITAL

E-commerce platforms, uniqueness, integration with marketplaces, customization and ads.



### LINX PAY

Means of payment solutions.

OUR VERTICAL STRUCTURE WAS DESIGNED TO MEET THE NEEDS OF RETAIL CUSTOMERS IN DIFFERENT SEGMENTS, SIZES AND LOCATIONS. AMONG THE MAIN VERTICALS ARE: **BIG RETAIL, AUTOMOTIVE, PHARMACY, FOOD, GAS STATIONS AND SHOPPING CENTERS.**

## 2020 ACQUISITIONS

GRI 102-10

In 2020, Linx made four acquisitions of companies, further diversifying its portfolio and clients base. Understand this business agreements:



### PINPAG

On January 30, we acquired the fintechs Esmeralda Serviços Digitais Ltda., Safira Serviços Digitais Ltda., Ametista Serviços Digitais Ltda. and Diamante Serviços Digitais Ltda., which operated in the means of payment segment as sub-accreditors and payment facilitators under the trade name of PinPag. The acquisition was made through Linx Pay, which acquired 100% of these companies for R\$ 200 million to reinforce its expansion strategy.

### HUMANUS

The purchase of 100% of the capital of Humanus (CR Sistemas Ltda.) represents an important move for our growth in back office solutions and in HR for retail, an industry with high labor turnover. The deal was consolidated on September 4th for R\$ 19 million. Humanus provides payroll management and HCM (Human Capital Management technology) software to mid-sized companies from different industries. This acquisition strengthens our end-to-end platform.

### NEEMO

Corporate name is RRA Ferreira ME, the company focused on the development of delivery platforms and applications known as Neemo, then focused on the food service business, was acquired on February 3rd. The purpose of the R\$22.4 million deal was to reinforce our cross selling strategy, which aims to encourage customers to complement their initial purchase.

### MERCADAPP

On November 13, Linx announced the acquisition of Mercadapp, a company specialized in the supermarket segment that offers a white label platform of solutions for online sales. The deal, settled at R\$ 10.5 million, strengthens Linx's platform and app delivery solutions for supermarkets, since the company's portfolio included 170 small-sized and medium-sized supermarkets in 17 Brazilian states and the Federal District.

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# WHERE YOU CAN FIND LINX

402 franchisees guarantee coverage of 100% of the Brazilian territory.

**Headquarters**  
São Paulo (SP)

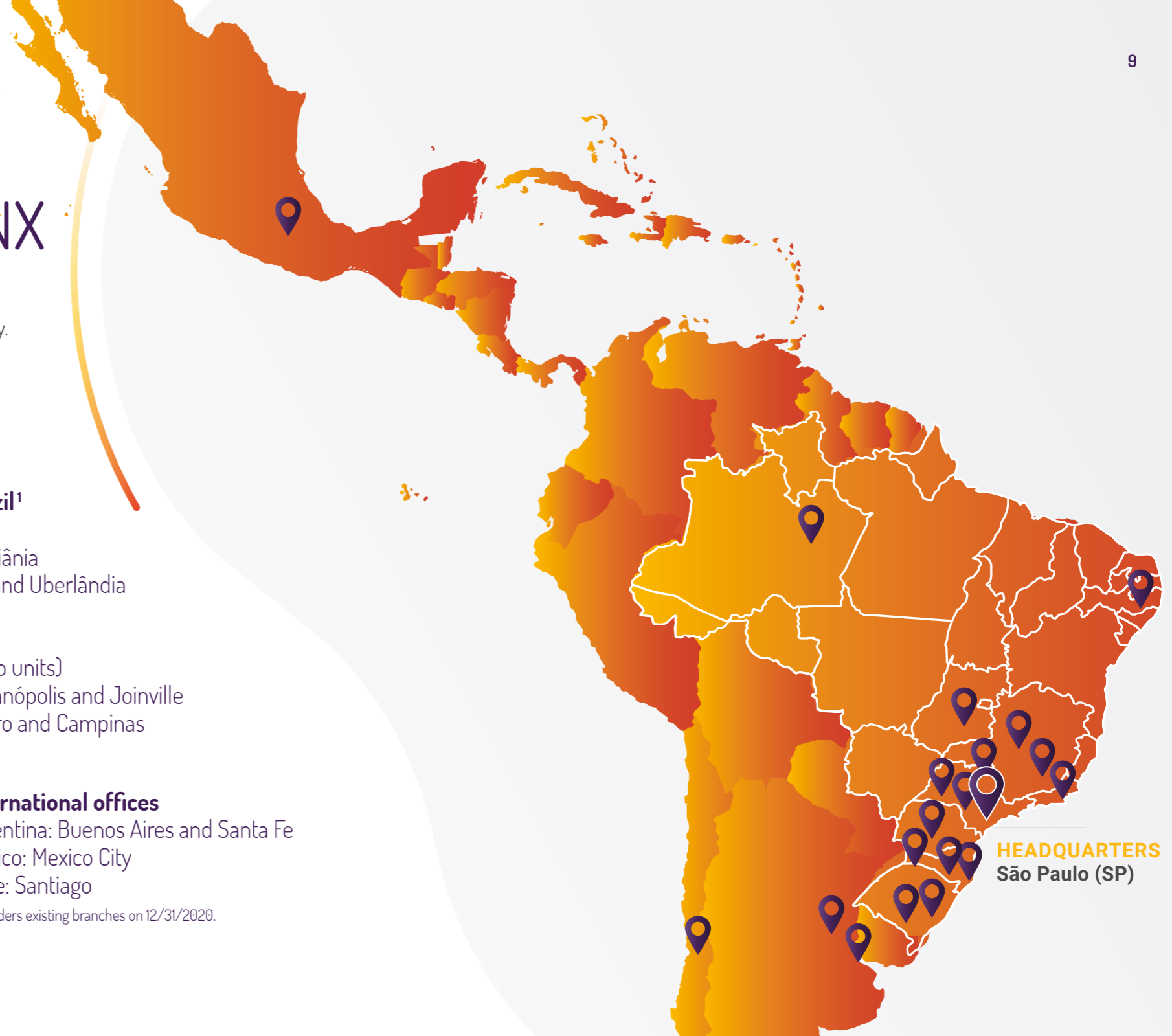
## 15 branches in Brazil<sup>1</sup>

- AM: Manaus
- GO: Aparecida de Goiânia
- MG: Belo Horizonte and Uberlândia
- PE: Recife
- PR: Cascavel
- RS: Porto Alegre (two units)
- SC: Blumenau, Florianópolis and Joinville
- SP: Bauru, Bebedouro and Campinas
- RJ: Rio de Janeiro

## International offices

- Argentina: Buenos Aires and Santa Fe
- Mexico: Mexico City
- Chile: Santiago

<sup>1</sup> Considers existing branches on 12/31/2020.



**HEADQUARTERS**  
São Paulo (SP)

# SHARED VALUE

Linx believes in building a fair and conscious job market, in which companies, whether public or private, seek profit, but also contribute to the development of the ecosystem in which they operate.

To achieve this goal, Linx participates in associations, engages in external initiatives and incorporates values and principles into practice with employees, collaborators, suppliers and stakeholders. The company also monitors its supply chain to consolidate best efficiency and compliance practices.

In the midst of the new coronavirus pandemic, Linx's biggest effort was to remain a sustainable company, while supporting customers and partners so that they too could continue to operate.

The work of strengthening e-commerce with our customers resulted in their empowerment. Linx has created solutions for retailer productivity amid store openings and closings over the past year, with delivery solutions, door-to-door sales and one-click purchase activation.

# #SOULINX CULTURE

## GRI 102-16

More than ever, the pandemic has shown companies the need for a solid corporate culture. In the course of the crisis, values and principles written on paper were put to the test.

During 2020 we focused our efforts on strengthening the **#soulinx** Culture, which was disseminated to all employees throughout the first semester and with activities for leaders during the second semester. This process resulted in the definition of action plans within the areas to accelerate our cultural evolution.

We launched the School of Leaders, our ongoing leadership development program based on the **#soulinx Culture**. We revisited the performance evaluation processes, which started to measure how familiar our employees were with the new values of our culture, in addition to reformulating the interview scripts to ensure the attraction and selection of new employees who adhere to these ideals. 2020 required extra care to ensure the safety of professionals, service to our customers and maintenance of retail in motion.

The **#soulinx Culture**, developed in 2019, engaged our employees from different business areas and locations. The proposal is a true cultural evolution that reinforced our purpose and vision of the future, realigned our values and built the **#soulinx Manifest**.



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# MANIFESTO

**EVERY NEW CUSTOMER**, a new relationship built on trust. And every happy buyer, an achievement.

**EXCITING SHOPPING EXPERIENCES** are driven by passion!

**BEHIND EVERY GOOD MEMORY** there's an effort by hard-working and dedicated people.

**PEOPLE WORKING BEHIND THE SCENES**, people who create new technologies and celebrate every time a buyer or a store owner achieves their dreams.

**AT LINX WE WORK SHOULDER TO SHOULDER WITH CUSTOMERS**, tackling their challenges as if they are our own – from the most trivial to the most complex.

**WE GET THINGS DONE TOGETHER.** And in the process, we learn and grow together with our customers and the market.

**WE EMBRACE A DIVERSITY OF IDEAS** and excel at making them happen.

**WE ARE TIRELESS** in building the future we aspire for.

**A FUTURE OF TARGETED AND INNOVATIVE SHOPPING JOURNEYS;**

**OF BRANDS THAT DELIVER A SEAMLESS, cross-channel experience;**

**OF TECHNOLOGIES THAT TRULY IMPROVE PEOPLE'S LIVES** and the genuine desire to contribute to society and the environment.

**BECAUSE WE ARE CURIOUS;** we are ambitious; we own what we do; we are tireless.

**AND IT IS THIS WAY – THROUGH A RESPONSIBLE AND EFFICIENT TEAM – THAT PEOPLE AND TECHNOLOGY COME TOGETHER TO DELIVER EXCITING SHOPPING EXPERIENCES ALL AROUND THE WORLD.**

# LINX: TECHNOLOGY THAT POWERS RETAIL

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# Focus

TO MOVE THE RETAIL, WE HAVE PURPOSE, VISION AND VALUES!



## VISION

TO BE A NATURAL CHOICE WHEN IT COMES TO OMNI RETAIL TECHNOLOGY.

## PURPOSE

BRING PEOPLE AND TECHNOLOGY TOGETHER THROUGH EXCITING SHOPPING EXPERIENCES AROUND THE GLOBE.

## VALUES

CUSTOMER SUCCESS COMES FIRST  
(CUSTOMERS)

OUR TEAM ROCKS! (COMPETENT, SKILLFUL AND AMAZING!)  
(VALUING PEOPLE)

EAGER FOR RESULTS  
(RESULTS)

INNOVATION AT THE CORE!  
(INNOVATION)

HERE, WE'RE ALL OWNERS  
(OWNERSHIP)

WE TAKE CARE OF OUR FUTURE TODAY  
(ETHICS & SUSTAINABILITY)

## PARTICIPATION IN ASSOCIATIONS

### GRI 102-13

We also share value with society through our active membership of or support for the following associations

**ABF** – Brazilian Franchising Association

**ABIEPS** – Brazilian Association of Service Station and Convenience Store Equipment and Services

**ABRAFRAC** – Brazilian Association of Facilities

**ABRASCA** - Brazilian Association of Public Companies

**ABRASCE** – Brazilian Association of Shopping Centers

**AFRAC** - Brazilian Association of Commercial Automation

**ALSHOP** – Brazilian Association of Shopping Mall Retailers

**AMCHAM BRASIL** - American Chamber of Commerce for Brazil

**BRASSCOM** – Brazilian Association of Information and Communication Technology Companies

**CDL BH** – Belo Horizonte Shopkeepers Chamber

**IBEVAR** – Brazilian Institute of Retail Executives

**SBVC** – Brazilian Retail and Consumer Society



## TRANSACTION WITH STONE

### GRI 102-10

On November 17, 2020, Linx shareholders approved at the Extraordinary General Meeting the proposal to incorporate 100% of the shares of the Company by Stone, a Brazilian fintech of payment methods, for R\$ 6.7 billion. Transaction that, until the closing of this report, depended on CADE's approval evaluating its scope.

Even if there is a change in the company's control, Linx will remain focused on its strategy for the company's growth. Any purchase and sale of companies generates anxiety and expectation in employees. Throughout the entire process, we maintained transparent communication with investors, shareholders and employees, so that everyone involved in Linx's success was aware of the next steps.

Based on the culture of incorporation of new businesses, Linx believes that this step will be an important chapter for the strengthening of retail in the country and society as a whole will benefit from the sum of two companies that are a reference in the market.

Transaction between Linx and fintech Stone is an important step to strengthen Brazilian retail

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# SUPPLY CHAIN

GRI102-9, 103-2, 103-3: 204, 205, 307, 406, 419

The #soulinx Culture is part of all the company's processes. The company's values need to be practiced internally and also with the public, both in valuing the supply chain and assuring that processes follow the company's values. Linx's supplier management is centralized in the purchasing team, responsible for all the negotiation and renewal processes of contracts and commercial agreements. The area's work includes building a matrix of priorities, advising internal customers on the best way to conduct acquisitions and executing competition processes with absolute integrity.

Even without a structured program for the development and monitoring of local suppliers, Linx strategically prioritizes these suppliers in search of the best cost-benefit ratio.

In this process, a specific flow was created for the registration of suppliers. The system qualifies partners and maps risks through document search and analysis, ensuring that only suppliers approved at the registration selection and maintenance of this base are hired.

The contracts also incorporate rules whereby the service provider must commit to fully complying with the Anti-Corruption Laws, under penalty of reasoned termination of the contract.

The supply chain is guided by the rules of the procurement process and Linx's ethics and compliance practices through the Supplier Code of Conduct and the Supplier's Guide, documents prepared in accordance with the best market practices.

Updated in November 2018, the Supplier Code of Conduct provides for all partners to adhere to the legislation, including those referring to environmental and non-discrimination practices. In 2020, all suppliers with active contracts with the scope of work considered critical were mapped in an assessment process on their maturity with respect to compliance with the General Data Protection Law (LGPD). **SASB - TC-SI-220a-1**

# LINX 2020 STRATEGIC MAP

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Prepared in accordance with the BSC (Balanced Score Card) model, the Linx map establishes our main annual objectives related to the financial, market and customer, process and people perspectives. It is the tool that guides the route we must follow. In 2020, these goals were adjusted along the way, mainly due to the Covid-19 pandemic and Stone's interest in our company. Understand a little more in the box on the side.

Strategy guides the way to follow



Perspectives	Early 2020	Adjustment	Status
<b>Finance</b>	Increase net revenue while preserving profitability and providing conditions for future investments.	Negotiate contracts with customers and suppliers impacted by the pandemic. Reinvent internal company processes to maintain revenue flow. Measures were taken to reduce expenses, contain contracts and cancel trips.	Accomplished
<b>Market and customers</b>	Promote the success of the customer base, becoming closer by offering channels such as franchises, service partners and digital agencies, and expanding our market share, with synergy between the business areas.	Focus on digital solutions for e-commerce, such as strengthening delivery and taking advantage of physical store stocks. Implement new payment methods such as payment link and Pix.	Accomplished
<b>Processes</b>	Improve governance and internal controls and consolidate new products and offers.	Quick adoption of the teleworking model for all employees, implementing changes in processes to adapt to the new standard.	Accomplished
<b>People</b>	Elevate team performance in a sustainable manner, strengthening our corporate culture.	Support and monitoring of employees' health + Smart Working Project.	Accomplished

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# CORPORATE GOVERNANCE

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# MANAGEMENT MODEL

The way Linx deals with employees, suppliers and all stakeholders is part of Linx's understanding of the company's growth. Sustainability is an important value for Linx, as the company understands that today's actions and impacts directly reflect on the continuity and success of the business in the future. The evidence of this is that in a year impacted by the coronavirus pandemic, our management model has adapted to the needs of the ecosystem in which we operate. All of this based on concepts already incorporated in our history, such as social responsibility, respect for the environment, ethical behavior and economic results of interest to shareholders.

Linx has been part of B3's Novo Mercado segment since 2013, when the company went public on the then BM&F Bovespa. In 2019, with the entry of the company in the New York Stock Exchange (NYSE), we began to adapt to the compliance standards set forth by the Sarbanes-Oxley Act (SOX), mandatory for companies listed in the United States.

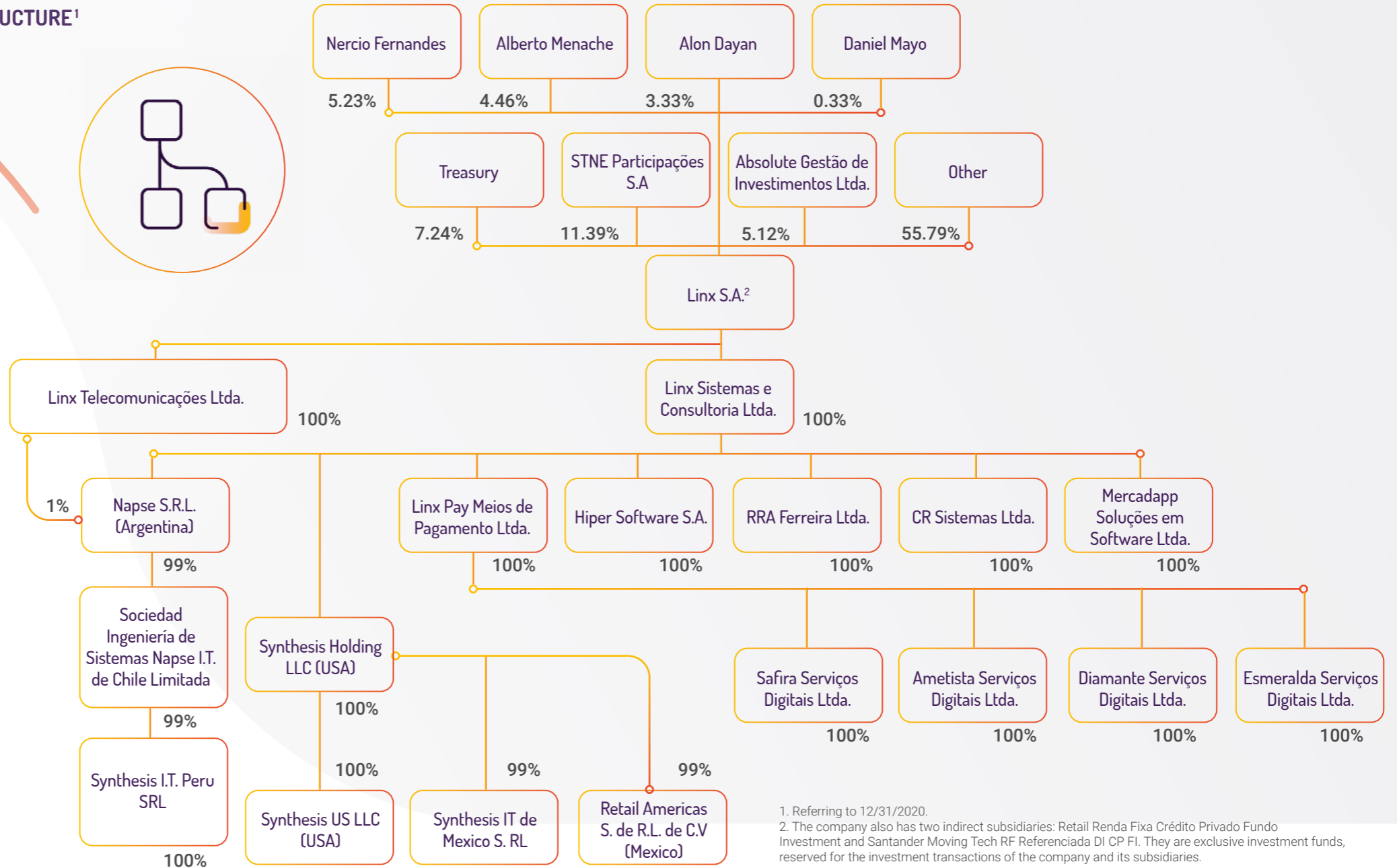
In 2020, the main focus to strengthen the company's governance was through the identification and adequacy of relevant differences between the company's control system and what is required in the referred Law - continuous adaptation process that even includes the year 2021. Just like the practices foreseen in the Novo Mercado Regulation - according to which the shareholder will not be able to vote in the resolutions of the general meeting regarding the appraisal report of assets with which to compete for the formation of share capital and the approval of its accounts as administrator, or in any other that may benefit you in a particular way, as well as any conflicting interest with that of the company -, the requirements of SOX also corroborate to the mitigation of possible conflicts of interest in Linx's governance. **GRI 102-25**

Shareholders	Amount of shares	Percentage
Founding shareholders	25,291,783	13.35%
Stone	21,580,000	11.39%
Morgan Stanley	13,417,368	7.10%
Absolute	9,703,700	5.12%
Treasury shares	13,715,737	7.24%
Other	105,700,372	55.80%
<b>Total</b>	<b>189,408,960</b>	<b>100%</b>

Data as of 12/31/2020.

In 2019, with the entry of the company in the New York Stock Exchange (NYSE), we began to adapt to the standards set forth by the Sarbanes-Oxley Act (SOX)

**CORPORATE STRUCTURE<sup>1</sup>**



1. Referring to 12/31/2020.

2. The company also has two indirect subsidiaries: Retail Renda Fixa Crédito Privado Fundo Investment and Santander Moving Tech RF Referenciada DI CP FI. They are exclusive investment funds, reserved for the investment transactions of the company and its subsidiaries.

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# GOVERNANCE STRUCTURE

GRI 102-18, 102-22

The highest governance body of Linx is the Board of Directors, elected by the General Meeting for unified two-year terms. In 2020, it was composed of five members, 20% of whom were between 30 and 50 years old and 80% over 50 years old. They are: Nercio José Monteiro Fernandes (Chairman), Alberto Menache (Deputy Chairman), Alon Dayan (member), João Cox Neto (independent member) and Roger de Barbosa Ingold (independent member). **GRI 405-1**

The Board is responsible for managing the company together with the Statutory Executive Board, which in 2020 consisted of a CEO and five vice-president directors, elected by the Board of Directors (Alberto Menache, Antônio Ramatis Fernandes Rodrigues, Denis Nieto Piovezan, Flávio Mambreu Menezes, Gilsinei Valcir Hansen and Jean Carlo Klaumann).

The Fiscal Council, of a non-permanent nature, operated in 2020 with three effective members: Flávio Cesar Maia Luz, João Adamo Júnior and Marcelo Amaral Moraes.

Linx has three advisory committees to the Board of Directors, each with three members, including a coordinator. They are the Audit Committee, the People Committee and the Strategy Committee. The composition of these committees is available on the Linx [Investor Relations website](#).

Since 2019, the Executive Board has had the support of the Sustainability Committee. Composed of eight members, including a coordinator, the group's mission is to discuss, evaluate and validate the company's strategic sustainability topics. The objective is to insert the topic in our decision-making processes and disseminate corporate sustainability practices in business and among stakeholders. For this, one of the team's tasks, holding bimonthly meetings, is to monitor the social and environmental indicators.

Information on the Board of Directors' appointment and selection processes, their collective knowledge and the policies and processes related to their remuneration, as well as the mechanisms for evaluating their performance, are detailed in [the Linx S.A. Form 20-F](#) **GRI 102-24, 102-27, 102-28, 102-35**

With the incorporation of a sustainability policy based on the environmental, social and governance pillars, risk monitoring must follow the same logic. The responsibility for the risk management process is shared between the Board of Directors, the Audit Committee, Operational Managers and business areas, Internal Controls and Internal Audit. The risk management process takes place through transparent and continuous communication between all stakeholders.

The methodology is provided for in the Corporate Risk Management Policy released by Linx in August 2019 in order to establish the main concepts and guidelines so that we can identify, assess, prioritize and address risks. The policy - available for [download](#) on the IR website - separates risks into four categories: strategic, financial, operational and regulatory.

Our Risk Management Policy was released in August 2019

### 1. STRATEGIC RISKS

Associated with management decision-making, which can generate a substantial loss in the company's economic value. They include planning failures, inability to adopt strategic plans or adapt to the business environment.

### 2. FINANCIAL RISKS

Those that lead to the company's financial loss, such as:

- **Liquidity risks** - Linx's inability to honor its commitments or cash flow problems due to the decoupling of payables and receivables.
- **Market risks** - Possibility of economic loss due to the variation of risk factors that impact assets, liabilities and derivatives. It includes the risk of exchange variation, interest rates, share prices and input prices.
- **Credit risks** - Losses arising from the non-receipt of amounts contracted with third parties.

### 3. OPERATIONAL RISKS

Related to the company's infrastructure (processes, people and technology), which compromise its operational efficiency.

### 4. REGULATORY RISKS

Those resulting from non-compliance with the legislation, either in the sector in which we operate, or in other areas - such as labor, civil, tax, fiscal or environmental.

# RISK FACTORS

GRI 102-15





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# CLASSIFICATION

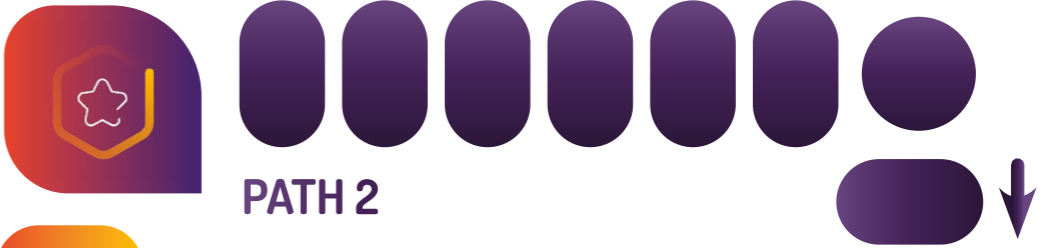
Risks are identified, assessed and measured in order to ensure that responses are appropriate, considering the alignment of risks with Linx's risk inclination.

The degree of exposure to risk, that is, the relative level of severity of a certain risk, is measured combining the analysis of two factors:

-  **1. Probability of occurrence: level of possibility of the risk being materialized;**
-  **2. Impact of the occurrence: degree of severity inflicted to the organization should the risk materializes.**



From these points, risks are addressed according to their criticality, ensured in the opinion of the Audit Committee, and can follow two paths:



PATH 1

PATH 2



## RISK ACCEPTED

The company accepted to "live with" this risk and its only measure is to monitor it continuously to adopt the necessary actions (previously established) in case the situation changes and a new scenario is presented. This path is taken when the impact is less than the cost-benefit of its management.



## RISK REJECTED

In this case, the company understands that it does not wish to have that threat to the business and the Audit committee can apply one of the following three measures:

- 1. Avoid:** do not take the risk and end the activities that create it. The decision may result in the discontinuation of a line of products, services, business divisions or processes.
- 2. Mitigate:** actions are taken to reduce the likelihood of materialization and/or severity of the risk, which involves the improvement or creation of controls and improvements in processes.
- 3. Share:** reduce the probability of occurrence and/or the severity of the risk, through transfer or sharing with third parties, contracting of insurance policies, outsourcing or hedging.

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# ETHICS, COMPLIANCE AND TRANSPARENCY

GRI 102-16, 102-17

Ethics is a fundamental value that is part of the #soulinx Culture. The company's actions are guided by a simple concept: we must always do the right thing. Understanding the importance of ethics goes beyond the exclusively business environment: we exercise ethical thinking in the way we deal with our employees, by embracing diversity and encouraging the differences between each one to contribute to a more plural and productive environment.

This attitude is the starting point for seeking conformity and transparency in our processes, and these were three relevant topics to form our materiality. Compliance is what guarantees the delivery of our products and services with quality, in accordance with established rules so that the customer experience is always within Linx's quality standards. At the same time, transparency allows us to build a relationship of trust with our stakeholders and contribute to the development of society.

# ANTI-CORRUPTION

GRI 102-16, 103-2, 103-3: 205

In the past two years, there have been no proven cases of corruption at Linx. In order to build an environment that maintains this trend and complies with legal precepts, we have adopted several preventive actions. **GRI 205-3**

The team, which includes outsourced people working on behalf of Linx, is guided to follow the guidelines of two documents reviewed in November 2020: the [Code of Conduct](#) and the [Anti-Corruption Manual](#), a publication based on Law no. 12,846/2013.

In addition to establishing standards and regulations for dealing with the public sector, our Code of Conduct contains guidelines for relationships with customers, markets, franchisees, suppliers, the community, the environment, the press, public agencies, competition, unions and other strategic audiences for Linx.

At the time of a new hire, copies of the Code of Conduct and the Anti-Corruption Manual and the main internal policies that address the fight against corruption are presented for the training of employees before signing the terms of adhesion.



## OTHER DOCUMENTS

In addition to the Code of Conduct and the Anti-Corruption Manual, we have bylaws, regulations, codes, plans and policies that establish rules and guide us on the best governance practices on different fronts. They are available for [download](#) on the IR website .

## COMPLAINT CHANNEL

**GRI 102-17**

Anyone can safely and anonymously report an irregular practice through one of Linx's reporting channels. The information is managed by a specialized company, and the independent tool guarantees the confidentiality and objectivity of the processes. Reports can be made by phone, website or email.

**Phone: 0800-891-4635**

**Website: [www.resguarda.com/linx](http://www.resguarda.com/linx)**

**Email: [etica.linx@resguarda.com](mailto:etica.linx@resguarda.com)**

**COMMUNICATION AND TRAINING IN CONDUCT AND ETHICS THAT ADDRESSES ISSUES RELATED TO ANTI-CORRUPTION POLICIES AND PROCEDURES IN 2020 GRI 205-2**

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By region	Employees	Announcements	Trained
Midwest	Number	43	43
	Percentage	100%	100%
Northeast	Number	98	96
	Percentage	100%	97.96%
North	Number	22	19
	Percentage	100%	86.36%
Southeast	Number	2,322	2,185
	Percentage	100%	94.1%
South	Number	985	929
	Percentage	100%	94.31%
by function category	Employees	Announcements	Trained
Executive Board	Number	6	6
	Percentage	100%	100%
Management	Number	278	256
	Percentage	100%	92.09%
Head/coordination	Number	209	197
	Percentage	100%	94.26%
Administrative	Number	2,977	2,813
	Percentage	100%	94.49%
<b>Total</b>	<b>Number</b>	<b>3,470</b>	<b>3,272</b>
	<b>Percentage</b>	<b>100%</b>	<b>94%</b>

100% of the members of the governance body (nine people), were informed and trained in anti-corruption policies and training. All are located in the Southeast region.



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# HUMAN CAPITAL

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# HUMAN CAPITAL

The year 2020 was quite challenging due to the pandemic and its impacts, both in terms of caring for employees, as well as for the changes that came with the remote management of the teams. To accompany our professionals in this moment, we created a section in the Annual Workplace Environment Survey called #LinxEmCasa, and found that 85% of respondents perceived the company's genuine care for people (average between Linx and Napse surveys) and 90% answered that they were maintaining an adequate remote work routine.

To support employees, the company launched actions aimed at preserving everyone's health. We created a monitoring system to follow-up daily with all employees of the company with suspected or confirmed cases of Covid-19. All offices were adapted to follow biosafety protocols, our Employee Support Program (PAC), which also extends to family members, and the telemedicine channels were available 24 hours a day, seven days a week.

With the pandemic scenario, we quickly adapted the actions to the digital environment and launched our School of Leaders, which helped us in the digital transformation of people management. With this in place, we offered the tools and conditions necessary for everyone to go through this period in the best possible way.

All of this resulted in an increase of 4 points in the level of satisfaction of our teams in relation to the previous year, going from 76 to 80 points (on a scale that goes from zero to 100).

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# WORK ENVIRONMENT SURVEY



The effects of the actions taken by Linx throughout 2020 were reflected in the Workplace Environment Survey. The analysis was carried out between October 26th and November 6th, and it represents the perception of employees in relation to Linx as a whole.

In 2020, we had a 71% engagement in the survey and registered a growth of 4 percentage points in the level of satisfaction of our teams in relation to the previous year, going from 76% to 80% (on a scale that goes from zero to 100).

## EMPLOYEE PROFILE

**GRI 102-8, 103-2, 103-3: 401**

Linx has a regulation that defines guidelines and criteria for the recruitment and selection processes, both internally and externally. Our main role is to attract and select qualified professionals in line with the company's culture and business needs. The recruitment and selection processes of professionals that apply for openings are managed through the Work with Us channel on the Linx website .



### GENERAL NUMBERS

**80%**

was the registered satisfaction level

**2,257** forms answered

**3,350** comments made



### MAIN RESULTS

**credibility 85%** compared to 81% in 2019

**respect 82%** compared to 78% in 2019

**pride 85%** compared to 80% in 2019

### WITH THE PANDEMIC, EMPLOYEES FELT:

- Adequate remote work routine: 89%
- Respect to working hours: 83%
- Higher or equivalent productivity: 91%
- Safety when returning to offices with WHO protocols: 51%
- Linx's genuine care for employees during the pandemic: 84%

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The need to prioritize care for people became even more evident in the 2020 scenario, when we ended the year with 3,354 employees, a reduction of 8.31% compared to 2019. However, the decrease in the number of employees is not related to cuts promoted by Linx. As a natural consequence of digitalization driven by social distancing measures, the Linx team, recognized for being extremely qualified, was sought after by the market. Thus, we see that we had, and still have, an important role in the training of IT professionals in the country.

At the same time, when considering the workforce of Linx and the companies being incorporated, the number of employees totaled 3,938 people, which represents an increase of 2.39%.

**EMPLOYEES BY GENDER, FUNCTIONAL CATEGORY AND TYPE OF CONTRACT AND EMPLOYMENT<sup>1</sup> GRI 102-8**

Functional category	2018		2019		2020	
	Men	Women	Men	Women	Men	Women
Executive Board	41	8	60	6	33	9
Management	136	41	164	49	154	57
Head/coordination	112	48	147	72	146	61
Technical/supervisor	221	56	243	80	21	16
Administrative	1,486	627	1,706	730	1,775	810
Operational	85	178	179	222	99	173
<b>Sub Total</b>	<b>2,081</b>	<b>958</b>	<b>2,499</b>	<b>1,159</b>	<b>2,228</b>	<b>1,126</b>
<b>Total</b>	<b>3,039</b>		<b>3,658</b>		<b>3,354</b>	

<sup>1</sup> All contractors are permanent and full-time.

**EMPLOYEES BY TYPE OF EMPLOYMENT CONTRACT AND REGION GRI 102-8**

Region	2018	2019	2020
Midwest	66	68	48
Northeast	125	129	122
North	35	29	23
Southeast	1,902	2,346	2,091
South	911	1,086	1,070
<b>Total</b>	<b>3,039</b>	<b>3,658</b>	<b>3,354</b>

**EMPLOYEES BY AGE GROUP GRI 102-8**

Region	2018	2019	2020
Under 30	1,083	1,556	1,487
from 30 to 50	1,804	1,940	1,727
Over 50 years old	152	162	140
<b>Total</b>	<b>3,039</b>	<b>3,658</b>	<b>3,354</b>

**Note:** The indicators referring to the number of employees, profile and turnover presented in this report meet the GRI criteria and do not consider employees of companies acquired during the year that have not yet been definitively incorporated to the workforce and management of Linx. Because of this, they are different from the numbers disclosed in the company's annual reference forms, which it considers these people.



# LINX A JOB CREATOR BRAND



More than **44 thousand** applications registered on the site vagas.com.br, an average of **234** applications per position



**25%** increase in LinkedIn, surpassing **152 thousand** followers



Creation of a questionnaire on our values to help recruiters assess in interviews whether a candidate's profile fits the company culture

**Great Place To Work®**

**Certificado**

21/04/2021 - 21/04/2022

BRASIL

## GOALS FOR 2021

- Reinforce the EVP concept to increase our attraction of candidates
- Strengthen the relationship with candidates by expanding content and communication channels
- Improve data collection and improve results indicators
- Create *hackathons* for issues of impact on the market and aimed at social causes
- Continue to drive internal recruitment
- Promote training to encourage students and professionals to enter the technology market



## Great Place to Work Seal

We were certified as "Excellent Place to Work" in May 2021, after our team answered a questionnaire that evaluated Linx's work environment according to the GPTW certification methodology.

# TURNOVER

GRI 401-1

## NEW EMPLOYEE HIRES GRI 401-1

By age group	2018		2019		2020	
	No.	Rate	No.	Rate	No.	Rate
< 30 years	381	0.35	698	0.45	425	0.31
from 30 to 50	335	0.19	434	0.22	305	0.16
> 50 years	11	0.07	20	0.12	15	0.09
<b>Total</b>	<b>727</b>	<b>0.24</b>	<b>1,152</b>	<b>0.31</b>	<b>745</b>	<b>0.22</b>
By gender						
Men	472	0.23	775	0.31	478	0.21
Women	255	0.27	377	0.33	267	0.23
<b>Total</b>	<b>727</b>	<b>0.24</b>	<b>1,152</b>	<b>0.31</b>	<b>745</b>	<b>0.22</b>
By region						
Midwest	35	0.53	31	0.46	7	0.14
Northeast	21	0.17	32	0.25	30	0.24
North	6	0.17	7	0.24	4	0.16
Southeast	453	0.24	716	0.31	436	0.2
South	212	0.23	366	0.34	268	0.24
<b>Total</b>	<b>727</b>	<b>0.24</b>	<b>1,152</b>	<b>0.31</b>	<b>745</b>	<b>0.22</b>
By minority	2018		2019		2020	
	No.	Rate	No.	Rate	No.	Rate
PWDs	64	0.59	85	0.52	36	0.21

## EMPLOYEES WHO LEFT THE COMPANY, BY GENDER GRI 401-1

By age group	2018		2019		2020	
	No.	Rate	No.	Rate	No.	Rate
< 30 years	327	0.3	529	0.34	547	0.4
from 30 to 50	490	0.27	498	0.26	555	0.29
> 50 years	48	0.32	27	0.17	36	0.23
<b>Total</b>	<b>865</b>	<b>0.28</b>	<b>1054</b>	<b>0.29</b>	<b>1,138</b>	<b>0.33</b>
By gender						
Men	605	0.29	718	0.29	799	0.35
Women	260	0.27	336	0.29	339	0.29
<b>Total</b>	<b>865</b>	<b>0.27</b>	<b>1,054</b>	<b>0.29</b>	<b>1,138</b>	<b>0.33</b>
By region						
Midwest	2	0.03	28	0.41	28	0.57
Northeast	17	0.14	33	0.26	39	0.31
North	5	0.14	15	0.52	8	0.32
Southeast	559	0.29	580	0.25	688	0.32
South	282	0.29	398	0.37	375	0.34
<b>Total</b>	<b>865</b>	<b>0.27</b>	<b>1,054</b>	<b>0.29</b>	<b>1,138</b>	<b>0.33</b>
By minority	2018		2019		2020	
	No.	Rate	No.	Rate	No.	Rate
PWDs	4	0.04	45	0.27	41	0.24

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# TALENT DEVELOPMENT

GRI 103-2, 103-3: 404, 404-1, 404-2

In a market such as technology, in which the demand for qualified labor is constant, Linx has a robust program to train and update its team, both in technical and behavioral issues, aiming to develop leaders and build a succession plan. In addition, it disseminates knowledge to customers, partners and employees.

All of these projects are coordinated by **Linx Academy**, the Linx corporate education hub created in 2019. Within this structure, the **School of Business** was created to offer training on commercial and technical topics for customers, partners and employees on Linx products and services.

Among the Business School programs, one of the highlights is Linx Service Partners (LSP), which has a wide range of training for products in the shopping, retail services, food service and gas stations segments.

In 2020, we launched our second pillar of the Linx Academy, the **School of Leaders**, which focuses on the development of leaders based on the premises of the #soulinx Culture and the current topics of soft and hard skills.



## In 2020, participation in training programs increased by 35% in the number of students and 15% in the number of hours

All Linx talent development programs and initiatives are monitored through the Learning Management System (LMS) platform, which has tools to measure indicators such as total people trained, hours of training, percentage of approved by program, among others. It is used to monitor distance learning (EAD), face-to-face and blended training courses for employees, customers and franchisees.

During 2020, we had about 35% growth in the number of participants in training programs and an increase of more than 15% in the average hours of participation per employee. These figures are the result of the implementation of the leadership, business and engagement schools within the Linx segments.

For 2021, our goals are to create two more schools (Technology and Sustainability) and to increase engagement actions with new segments to increase the number of class hours among customers. In addition, we intend to maintain the area's satisfaction index at 92, the same result as in 2020. This year, we conducted the first Linx Academy to assess Return on Investment (ROI) using Kirk Patrick's concepts, which measure the assessment of reaction, learning, behavior and results for each program.

### **ROI indicator**

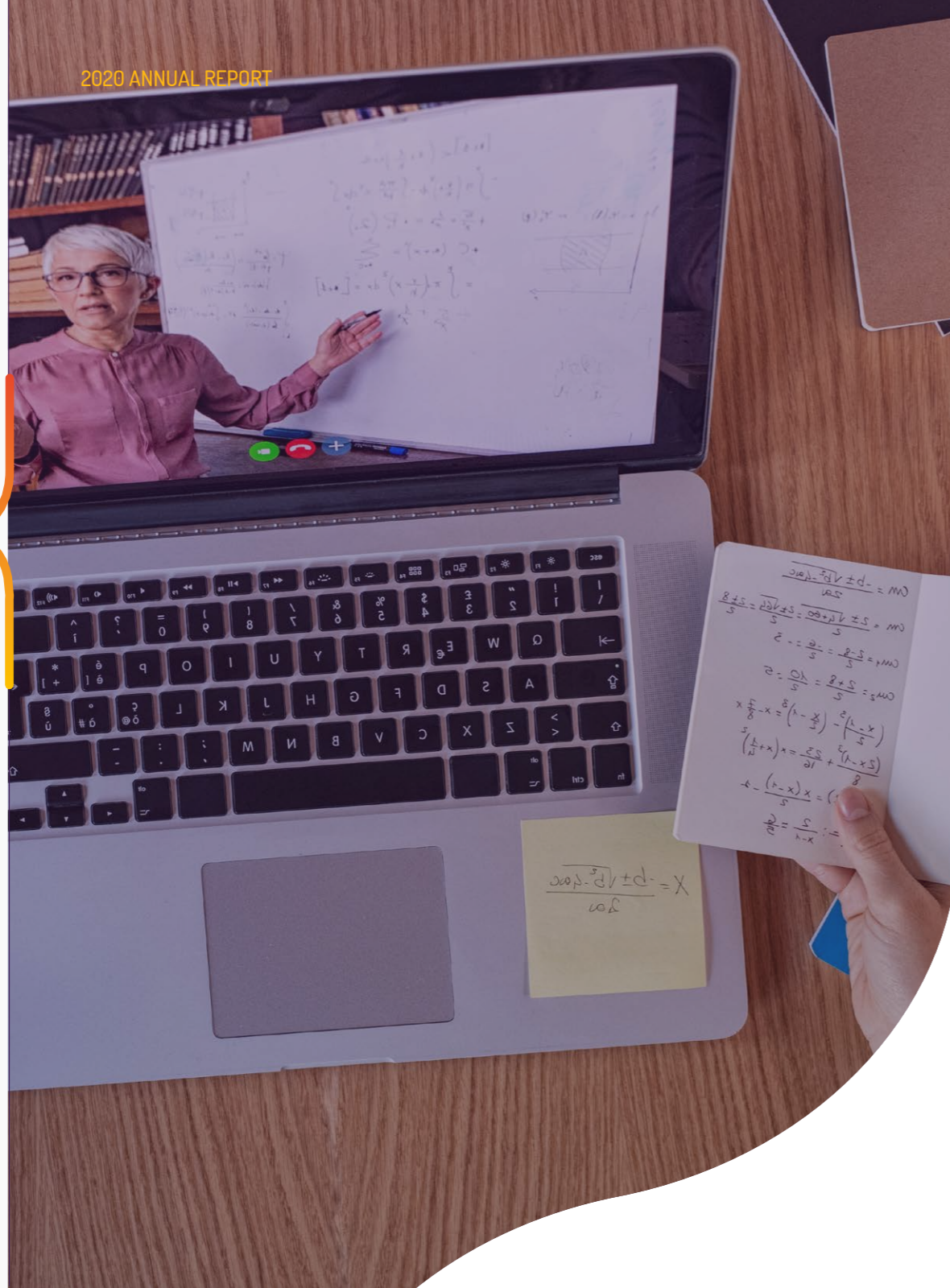


## NUMBER OPENINGS FOR BANDTEC INTERNSHIP GROWS 380%

Created in 2019, the internship program in conjunction with Bandeirantes School of Technology (BandTec) was expanded in 2020. After completing the first class of five interns in August 2020, Linx expanded the program to 24 interns who started the program in January 2021.

The one-year program offers a training course on analysis and systems development, access to technical content and the possibility for participants to develop socio-emotional aspects – such as self-knowledge, financial planning, resilience, teamwork, feedback, etc. They work in areas that have a real demand for their services, and the manager is committed to giving feedback and participating in follow-up meetings with the school's faculty.

Committed to train professionals to enter the technology area, Linx does not have assistance or skill improvement programs for employees in career transition or retirement.



**TRAINING HOURS GRI 404-1**

Average hours of employee training by gender	2018	2019	2020
Men	5.48	10.00	11.21
Women	7.75	10.87	14.37
<b>Total</b>	<b>6.21</b>	<b>10.29</b>	<b>12.21</b>

Average hours of employee training by category	2018	2019	2020
Executive Board	ND	ND	13.27
Management	ND	ND	16.93
Head/coordination	ND	ND	16.73
Administrative	6.21	10.29	11.64
<b>Total</b>	<b>6.21</b>	<b>10.29</b>	<b>12.21</b>

**SCHOLARSHIP PROGRAM**



The initiative offers financial support for short and long term programs, through reimbursements of tuition for undergraduate and graduate programs and courses. To participate, employees must have at least six months employed, choose programs related to their activities at Linx and have met the assessment goals.



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# GOALS PLAN

Linx's assessment processes aim to identify the strengths of each employee, which allows them to invest in people so that they develop their full potential. By identifying everyone's characteristics, we offer employees programs that will boost their performance and improve the results of the team as a whole. Consequently, the company also wins, because it now has more qualified professionals.

In 2020, Linx's Performance Management processes continued to take place on digital platforms based on a management tool adopted in 2019. The employees eligible for the Goals Plan in the first semester were those hired until March, while those hired until September were part of the process in the second semester.

In addition, the behavioral assessment process has become more robust to boost Linx's new culture. In the year, we replaced the assessment of competences with the assessment of values, which allowed the company to monitor and boost people's development in relation to the behaviors and attitudes expected in the new #soulinx Culture. All employees hired until September are eligible to participate in the new process.

The new Performance Assessment will encourage employees to reflect on their career expectations

at Linx in the short (one year), medium (three years) and long term (five years). The "Learning Agility" methodology was also implemented so that leaders have more assertiveness in making decisions about our employees, providing inputs to outline their individual development plans (IDPs).

# LINX'S PERFORMANCE ASSESSMENT



## THE COMPLETE PROCESS HAS FIVE SECTIONS

**CAREER GOALS:** at this stage, employees reflect on what they need to do to reach their goals in the short, medium and long terms. From there they identify the skills they need to acquire and how, whether it is through courses, readings or mentoring, for example.

**DEVELOPMENT:** here, the guideline is to use the 3 stages methodology (stop, start, continue).

**CULTURE VALUES:** using an evaluation rule based on #soulinx Culture, the employee sincerely assesses their daily lives to grow even more.

**SKILLS:** each one registers their main behavioral and technical skills.

**POTENTIAL:** through the Learning Agility methodology, Linx leaders evaluate their teams and use this information to bring more assertiveness in decision making about people.

**EMPLOYEES WHO RECEIVE REGULAR PERFORMANCE AND CAREER DEVELOPMENT ASSESSMENTS (PERCENTAGE BY GENDER) GRI 404-3**

Functional category	2018			2019			2020 <sup>1</sup>		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executive Board	78.05%	100.00%	81.60%	75.00%	100.00%	77.50%	82.69%	100.00%	85.25%
Management	91.91%	90.24%	91.53%	91.46%	85.71%	90.14%	89.81%	84.21%	88.32%
Head/coordination	91.07%	91.67%	91.25%	90.48%	90.28%	90.41%	91.78%	93.44%	92.27%
Technical/supervisor	94.57%	98.21%	95.31%	86.83%	85.00%	86.38%	89.32%	91.57%	89.91%
Administrative	91.05%	89.95%	90.72%	84.64%	84.79%	84.69%	80.2%	78.69%	79.71%
Operational	78.82%	69.10%	72.24%	48.04%	69.82%	60.1%	52.17%	64.88%	59.77%
<b>Total</b>	<b>90.73%</b>	<b>86.74%</b>	<b>89.47%</b>	<b>82.79%</b>	<b>82.40%</b>	<b>82.67%</b>	<b>80.90%</b>	<b>78.38%</b>	<b>80.05%</b>

**Note:** The drop in the percentage of employees evaluated in 2020 in relation to 2019 is due to the increase in the rate of dismissal of employees and the consequent hiring of new people who, with little time in the company, are not eligible for the performance evaluation processes. Disregarding those who are not eligible, practically all employees went through Linx's performance processes in 2020.

dures. There were workshops with the recruitment area to readjust the model of composition of the company's teams.

In the second semester, we launched the Accessibility Manual for employees who are in the PWD program, with accessible tooltips for people with visual and hearing impairment, including the necessary adaptations for the telework format.

To this end, in July, the IT team conducted a survey with focus on this with all employees, including PWDs. Based on the results of the research, requests for adaptations necessary for the best performance of the work were addressed. In this context, which also evaluated latent issues in society, such as the 45% increase in domestic violence against women in teleworking, in August 2020 we launched the Support Campaign "Confinement without Violence Represents Us", which reinforced the PAC option service, which has social assistance prepared to support women and family members who may be experiencing this type of situation.

# INCLUSION AND DIVERSITY

GRI103-2, 103-3: 405, 406



To encourage diversity and guarantee equal opportunities - basic principles of our conduct- we have adopted best practices, making continuous improvements in our policies and processes.

After launching, in 2018, the Inclusion Guide, aimed at raising the awareness of managers, in 2020, it was time to move forward on the issue of inclusion and diversity through the review of hiring proce-

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# LINX DIVERSITY STRATEGY

In 2020, the construction of the strategy began, which already defined as a priority themes to work on actions related to five themes:

- GENDER**
- RACE**
- LGBTQIA+**
- PWD's**
- GENERATIONS**

The first step in building the strategy was to analyze the indicators of the Diversity Census. Learn more about the whole process:





**RECRUITMENT**

Linx maintains selection processes with inclusive vacancies for PWDs within the Young Apprentice program – indicators are monitored for both. During the program, Linx monitors the personal and professional growth of each Young Apprentice. During the pandemic period, we started a new management process to monitor the evolution and the difficulties that young people were facing.

In 2020, all of the company's Human Resources analysts implemented inclusion quotas for PWDs and Apprentices. Until the previous year, recruitment was centered on a single person. Another action taken by the company was the distribution of PWD job vacancies to the 16 branches throughout Brazil,

so that they all had the same commitment to inclusion and to experience diversity in their work environments.

For 2021, our Plan foresees the elaboration of the Diversity Policy and the revision of other company policies with aspects of inclusion and diversity. In addition, it is planned to have a committee or affinity group with the representation of minorities to help us express our actions and communications, through the voices and experiences of these people.



**TO EVOLVE IN THIS AREA, THE COMPANY INVESTS IN:**



Engagement and communication



Internal policies, initiatives and processes



Discussion forums (such as the Diversity Committee)



Leadership training



Sustainability school (focused on social, environmental sustainability, governance and diversity)



Code of ethics and reporting channel

# ANTI-DISCRIMINATION

## WE DEMAND

that all people are treated with respect and dignity, regardless of hierarchical level.

## WE WANT

to provide equal access to opportunities for development and internal recognition, based everyone's skills and contributions.

## WE PROHIBIT

embarrassing, intimidating or discriminatory situations – moral and sexual harassment are unacceptable.

## WE RESPECT

the freedom to join unions and the religious or political beliefs of our employees – religious or political-party campaigns are prohibited within the company.

All discriminatory practices that go against the provisions of the Code of Conduct, as well as the legislation in force, must be reported to the Reporting Channel and the Ethics Committee, which has the function of investigating complaints and recommending to the HR area and to the direct manager of the offender the measures to be taken, such as eventual warning or even dismissal for just cause, for example. The body is also responsible for promoting the company's principles among employees and responding to employee queries regarding questions related to the Code and other Linx policies.



**DIVERSITY AMONG EMPLOYEES (PERCENTAGE) GRI 405-1**

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Functional category	2019		2020	
	Men	Women	Men	Women
Executive Board	90.91%	9.09%	85.25%	14.75%
Management	77%	23%	73.36%	26.64%
Head/coordination	67.12%	32.88%	70.53%	29.47%
Technical/supervisor	75.23%	24.77%	73.82%	26.18%
Administrative	70.03%	29.97%	67.73%	32.27%
Operational	44.64%	55.36%	40.23%	59.77%
<b>Total</b>	<b>68.32%</b>	<b>31.68%</b>	<b>66.39%</b>	<b>33.61%</b>

Percentage of employees that are PWDs <sup>1</sup> , by functional category	2019	2020
Executive Board	0%	0%
Management	0.94%	1.4%
Head/coordination	0.46%	0%
Technical/supervisor	0.62%	1.58%
Administrative	1.27%	1.47%
Operational	31.92%	37.9%
<b>Total</b>	<b>4.48%</b>	<b>4.98%</b>

<sup>1</sup> Percentage considers the GRI methodology (which is based on the absolute number of employees) and is calculated differently from the percentage of the legal quota, which requires a minimum of 5% of PWDs and removes it from the total the number of trainees, current and statutory employees that are PWDs .

By age group	2019			2020		
	< 30 years	Between 30 and 50 years old	> 50 years	< 30 years	Between 30 and 50 years old	> 50 years
Executive Board	0%	86.36%	13.64%	0%	88.52%	11.48%
Management	4.23%	83.1%	12.68%	3.27%	83.18%	13.55%
Head/coordination	12.79%	82.65%	4.57%	12.56%	82.13%	5.31%
Technical/supervisor	13.62%	73.07%	13.31%	11.36%	76.34%	12.3%
Administrative	49.22%	48.4%	2.38%	46.97%	50.52%	2.51%
Operational	68.83%	27.43%	3.74%	62.97%	32.94%	4.08%
<b>Total</b>	<b>29.21%</b>	<b>62.27%</b>	<b>8.51%</b>	<b>39.69%</b>	<b>55.73%</b>	<b>4.57%</b>

The inclusion of people with disabilities grew: the company has exceeded the legal quota of 5% and ended 2020 with 6% of employees that are PWDs working in several areas, such as administrative, commercial, infrastructure, R&D, human resources and information security

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Percentage of Asian employees, by job category	2019	2020
Executive Board	0%	0%
Management	0%	1.87%
Head/coordination	0.91%	0.48%
Technical/supervisor	0.56%	0.63%
Administrative	0.54%	0.82%
Operational	0%	0.29%
<b>Total</b>	<b>0.46%</b>	<b>0.78%</b>

Percentage of indigenous employees, by functional category	2019	2020
Executive Board	0%	0%
Management	0%	0%
Head/coordination	0%	0%
Technical/supervisor	0.19%	0%
Administrative	0.03%	0.04%
Operational	0%	0%
<b>Total</b>	<b>0%</b>	<b>0.03%</b>

Percentage of white employees, by functional category	2019	2020
Executive Board	84.85%	95.08%
Management	82.16%	82.71%
Head/coordination	82.16%	79.23%
Technical/supervisor	80.67%	78.23%
Administrative	69.83%	71.93%
Operational	60.1%	61.81%
<b>Total</b>	<b>71.87%</b>	<b>73.02%</b>

Percentage of mixed-race employees, by employment category	2019	2020
Executive Board	7.58%	1.64%
Management	8.45%	7.01%
Head/coordination	15.53%	14.98%
Technical/supervisor	13.57%	16.09%
Administrative	22.2%	21.67%
Operational	33.92%	34.99%
<b>Total</b>	<b>20.75%</b>	<b>20.82%</b>

Percentage of black employees, by functional category	2019	2020
Executive Board	0%	0%
Management	0%	0.47%
Head/coordination	1.37%	1.93%
Technical/supervisor	1.67%	2.52%
Administrative	2.12%	1.9%
Operational	2.74%	1.17%
<b>Total</b>	<b>1.91%</b>	<b>1.77%</b>

Percentage of employees who did not declare ethnicity, by functional category	2019	2020
Executive Board	7.58%	3.28%
Management	9.39%	7.94%
Head/coordination	3.65%	3.38%
Technical/supervisor	3.35%	2.52%
Administrative	5.31%	3.63%
Operational	3.24%	1.75%
<b>Total</b>	<b>4.98%</b>	<b>3.59%</b>

# SALARY VARIATION

GRI 103-2, 103-3: 202, 419

Linx has a regulation of positions and salaries that defines our commitments with the presence in the market with the support of the global compensation consultancy Willis Towers Watson, in addition to meeting and monitoring the labor laws applicable to each operation.

The company uses several analysis tools, distributed in systems, directly to managers and employees, to establish the best criteria, with the support of the HR Business Partners team. Thus, there is no relevant variation in the different wage practices between men and women.

The company currently has four Deferred Prosecution Agreements (DPA), entered into with the Public Ministry of Labor, which deal with the prohibition of submitting employees to arbitration or labor lawsuits to obtain only the approval of an agreement; the obligation to keep the time register adequate and rigid, observing ordinance 1510/2009; the prohibition on hiring self-employed workers, by means of a service provision contract; and compliance with quotas for PWD.

The Legal area handles these cases. Obligations related to registration of working hours are carried out by the Human Resources Operations area, and the prohibition on hiring self-employed workers under the condition of service providers is dealt with by the Purchasing area (hiring suppliers), through risk analysis that takes place before hiring, the case of PWD is also led by the Human Resources area.



## MISCELLANEOUS

analysis tools ensure that there is no significant wage variation between genders at Linx





**VARIATION BETWEEN THE LOWEST WAGE AND THE MINIMUM WAGE, BY GENDER GRI 202-1**

Functional category	2018		2019		2020	
	Men	Women	Men	Women	Men	Women
Lowest salary paid by the organization	1,151.81	1,133.00	1,236.00	1,133.00	1,241.10	1,199.95
Minimum wage determined by legislation or union	998,00	998,00	1,045.00	1,045.00	1,100.00	1,100.00
Percentage ratio	115.41%	113.53%	118.28%	108.42%	112.83%	109.09%

**PROPORTION BETWEEN THE BASE SALARY RECEIVED BY WOMEN AND THOSE RECEIVED BY MEN GRI 405-2**

Functional category		2018	2019	2020
		Executive Board	Women	1.39
	Men	1.57	1.5	1.5
Management	Women	1.18	1.25	1.26
	Men	1.53	1.25	1.27
Head/coordination	Women	1.07	1.11	1.16
	Men	1.06	1.11	1.15
Technical/supervisor	Women	2.41	1.11	1.3
	Men	1.56	1.12	1.19
Administrative	Women	1.48	1.11	1.17
	Men	1.36	1.11	1.16
Operational	Women	1.04	1.11	1.16
	Men	1.04	1.11	1.15

**MATERNITY AND PATERNITY LEAVE GRI 401-3**

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Maternity/paternity leave	2018	2019	2020
Total employees who were entitled to maternity leave	66	57	49
Total employees who were entitled to take paternity leave	-	-	20
Total employees who took maternity leave in the current year	66	57	0
Total employees who took maternity leave in the current year, and whose leave ends in the current year - start in the current year, end in the current year	28	27	38
Total employees who took paternity leave in the current year, and whose leave ends in the current year - start in the current year, end in the current year	-	-	20
Total employees who took maternity leave in the current year, and whose leave ends in the current year - start in the previous year, end in the current year	18	20	11
Total employees who took paternity leave in the current year, and whose leave ends in the current year - start in the previous year, end in the current year	-	-	0
Total employees who took maternity leave in the current year, and whose leave ends in the next following year - start in the current year, end in the next following year	20	10	1
Total employees who took paternity leave in the current year, and whose leave ends in the next following year - start in the current year, end in the next following year	-	-	0
Total employees with maternity leave expected to return in the current year	46	47	49
Total employees with paternity leave expected to return in the current year	-	-	20

Maternity/paternity leave	2018	2019	2020
Total employees who returned to work, in the reporting period, after the end of maternity leave – current year	28	27	49
Total employees who returned to work, in the reporting period, after the end of paternity leave – current year	-	-	20
Total employees who returned to work, in the reporting period, after the end of maternity leave – previous year	18	20	11
Total employees who returned to work, in the reporting period, after the end of paternity leave – previous year	-	-	20
Total employees who did not return to work, in the reporting period, after the end of maternity leave	18	20	0
Total employees who did not return to work, in the reporting period, after the end of paternity leave	-	-	0
Total employees who returned to work after maternity leave who are still employed 12 months after returning to work	13	15	20
Total employees who returned to work after paternity leave who are still employed 12 months after returning to work	-	-	33
Rate of return - women	0.61	0.57	1
Rate of return - men	-	-	1
Rate of return - women	0.72	0.75	3
Rate of return - men	-	-	1

# CARE IN THE PANDEMIC

After the start of the new coronavirus pandemic in Brazil, Linx quickly migrated 99% of its team to the teleworking regime, already in the second half of March 2020. Through the Smartworking Project, we developed a structure to act strategically in the face of the scenario that was presented, anticipating the needs of our employees so that they could adapt both to the telework format and to the necessary preventive measures for Covid-19 in face-to-face work. These initiatives were essential to maintain jobs, since Linx did not dismiss employees because of the pandemic.

## Some of the specific measures for the Covid-19 pandemic at Linx were:

Monitoring of Covid-19 cases (suspected, symptomatic and confirmed), carried out by the medical area with daily reporting to the Crisis Committee;

Adaptation of office environments to biosafety protocols to preserve the health of employees;

Anticipation of the flu vaccination campaign;

Digital signature of contracts, collective agreements, work contracts and amendments;

Online physical exercise classes in partnership with Total Pass;

Communication campaigns with a special section on Covid-19 news;

Courses on remote work, time management and planning;

Loan of chairs and equipment;

Promotion of the Employee Support Program (PAC), with online assistance of psychologists and social workers;

Inclusion of HR Operations processes to assist employees via LAIS *chatbot*, available on WhatsApp and Linx Share;

Lecture on Anxiety and Stress in Times of Pandemic;

Suspension of some benefits for the preservation of jobs, with the approval of the unions.



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# BENEFITS AND WELL-BEING GRI 401-2

In order to strengthen a healthy work environment, benefits are essential to value the team. During the year 2020, marked by the Covid-19 pandemic, we created a system to daily monitor all employees of the company with suspected or confirmed cases of the disease. "Espaço Bem + Saúde" (Wellbeing + Health Program) was enhanced to include telemedicine consultations and a questionnaire to assess which employees could work in person at the offices, among other actions.

So vital in 2020, mental health is a central pillar of employees' wellbeing policy. We promoted the Employee Support Program (PAC), offering psychological assistance, financial guidance, legal advice, social security consultancy and social assistance services.

## THE BENEFITS WE OFFER INCLUDE:

Life insurance; health plan; maternity or paternity leave; dental plan; *check-up* for executives; national travel assistance up to the coordination level; international travel assistance for executives (management, executive board, vice-presidency and CEO); funeral assistance (parents and in-laws); annual flu vaccination; Espaço Bem + Saúde (medical clinic); telemedicine (through Espaço Bem + Saúde and healthcare operators); teleworking; gym discount plan (Total Pass); children's birth and marriage gift; payroll loan; childcare assistance.

We also have the so-called pit stop – a rest area with popcorn, snacks machine and a coffee shop – and the Allya app, which offers discounts with partner companies in various business sectors (pharmacy, courses, leisure, health, aesthetics, cinema, food, physical exercise, etc.)



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# PERFORMANCE OF THE YEAR

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# PERFORMANCE OF THE YEAR

Over the years, we have solidified the Linx brand by being a company that has always invested and bought other companies that stood out in the market. In this way, we identify those who can become fierce competition and incorporate them into our business to remain at the forefront of the market. The strategy consolidated our three areas of activity: Core, Digital and Pay Hub. In 2020, we expanded our ecosystem, acquired four companies and surpassed the mark of 400 franchises.

Regarding operational performance, we achieved a 99.2% customer renewal rate in 2020, in line with 2019. Our largest customer represented 1.3% of the year's revenue. This position was held by a retailer in the Fashion area. In addition, the 100 largest customers represented 25.1% of recurring revenue in the year. The high rates of renewal and the low concentration of customers reflect Linx's broad, diverse and loyal base.



## INNOVATION

To create a productive innovation environment within Linx, we hold the Innovation Cup every year. The competition focuses on technology, R&D, Cloud, Corporate IT and Support teams, including teams from Brazil and Argentina. Each team enters an innovation project, evaluated and awarded by top management. In 2020, 46 projects were registered in the two existing categories: products/software and business processes.

Announced in early 2021, the winning projects were Linx Commerce Farma and App Venda Fácil in the Products/ Software category, and LAIS 2.0 in Business Processes category.

Venda Fácil is an application to close deals from any platform, generating sales with products delivery and drive-thru. In a store in Florianópolis, for example, home delivery sales accounted for 30% of sales. Venda Fácil was contracted by 562 stores, helping our customers earn more than R\$ 150 million during the new coronavirus crisis.

# Linx Farma

THE PHARMACY SECTOR GREW DURING THE PANDEMIC

**11 THOUSAND**

SHOPS USE OUR SOLUTION

**1 M**

HOURS IN R&D



During 2020, pharmacies was a sector that grew considerably. Early in the pandemic, people started looking for protective masks, hand sanitizers and medicines used on a daily basis – because of the social distance measures, the search for delivery services increased.

Our solution, Farma, is used in more than 11 thousand stores, has more than 14 collaborations with businesses, customers in all states of Brazil and had 1 million hours in research and development. Within a week, the entire project was up and running. Linx Farma is a beautiful example of the company's ability to adapt and reinvent itself. The solution was created in a very short time and met the urgent demand of customers.

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# CORE BUSINESS

Our line of Linx Core software provides integrated business management systems to meet the demands of the industry. The products include business automation software, which gives access to several management tools for the business. In 2020, the area was marked by digital repositioning. With the pandemic, the typical customer would no longer be reached in face-to-face events. We had to adapt to reach the customer online. At the same time, one of Linx's values is clear: customer success comes first.

## THE CORE AREA SERVES THREE MARKET SEGMENTS:

1

**IN BIG RETAIL** (a solution suitable for large chains and retail chains), we offer service to demands with a high degree of complexity and develop customized solutions for each customer. In 2020, we maintained our presence in 14 countries.

2

**IN THE MID & LARGE SEGMENT**, which serves medium and large companies through franchises, we seek loyalty by offering customized products for segments such as food, gas stations, automotive, pharmaceutical, footwear, fashion and accessories and for e-commerce.

3

**WE ALSO OPERATE IN THE SEGMENT OF MICRO AND SMALL RETAILERS (HIPER)**, in which the service is established with the Software as Service (SaaS) solutions of the Hiper platform. Linx focuses on physical and digital retail, being 100% in the cloud. We ended 2020 with more than 1,080 Hipers.

## New solutions

In 2020, we worked to help retailers sell even when stores were closed. We developed and implemented innovative delivery and e-commerce solutions such as SmartPOS, Promo, Car360, Storex Cloud, Venda Fácil, Consumer App, Emporium Pop, Gescom, Reshop Conecta and LGPD, Linx AutoShop.



### EXPANSION PLAN

In 2020, there were advances in our plans for expanding franchises and Linx Service Partners (LSP) – a program aimed at service partners to deploy Linx solutions to our customers, which allows a larger number of technology companies to retail join the Linx ecosystem.

Structured with the objective of increasing our capillarity and, consequently, strengthening relationships with customers, the projects won 30 new LSPs and 130 new franchises in 2020. As a result, we ended the year with 127 LSPs and 402 franchises: 115 for shopping, 74 for pharmacy, 91 for food service and 122 for gas stations. For 2021, our goal is to reach 500 franchisees.

### INBOUND MARKETING AND INSIDE SALES STRATEGY

In order to increase leads capture and new business opportunities across the country through our franchises, we have designed a complete strategy focused on inbound sales that digitally repositioned us in 2020. Focused on all retail vertical markets, the strategy has gained relevance in all segments, with significant growth in both demand capture and sales conversion. With fast service, reduced customer acquisition costs and geographic capillarity, investment on this front has proven to be the best channel to serve with excellence customers at the base of our pyramid. Applied to an inside sales cell, the strategy reduced the sales cycle and increased the conversion of new customers, reaching almost 40% of inbound sales in the food segment. In 2021 we will continue to strengthen and scale the strategy in all vertical markets, increasing commercial productivity with a 100% remote and digitalized service.

# MEANS OF PAYMENT

Due to the digitalization driven by internet businesses that were established during the pandemic, the Pay area launched an online product with a link to payments. The solution reached 14 thousand customers, which demonstrated its strength and the ability to reinvent and work as a team.

In 2020, Linx acquired PinPag, with a niche team that brought more options to the customer regarding payment options and integration with other areas of the company. The Central Bank's Pix payment system was an innovation for the market as a whole, which Linx quickly adapted to. The company followed the process of implementing the system on a daily basis, in contact with the Central Bank.

As part of the process of changes in society's behavior, Linx's Pay area invested in contactless options for the market. At the beginning of the pandemic, much was said about the possibility of being contaminated with the new coronavirus by contact with surfaces. According to an interview conducted at the end of March by Rakuten Ready, 86% of respondents said that hygiene in restaurants is super important, while another 12% said they think it is important. Thus, we believe that the contactless Pay ecosystem is a complete payment solution for the retailer, with Pix's acceptance, banking options and the wallet payments hub.



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Linx Pay Hub can be integrated with Linx Core and Linx Digital platform solutions, which offers our customers a complete experience. Our customers' business management is supported by an end-to-end system of technology solutions. Linx Pay Hub offers six main lines of services and solutions:



## 1 CONCILIATOR

By means of payments by debit, credit, benefit or QR Code cards, it reconciles the sales of retailers from online and offline stores.



## 2 DIGITAL ACCOUNT

It offers all the necessary functions of a bank account for the retailer to manage their employees' payroll, pay slips, make transfers, recharge cell phones and an investment option with greater profitability than savings accounts.



## 3 LINX PAY HUB

With the possibility of dividing payments between different beneficiaries, such as different service providers, sales channels and gateway, the platform brings together all sub-acquirer services so that stores can execute operations with more operational and fiscal efficiency.



## 4 MOBILITY

We offer mobile devices that meet customer needs and ensure agility in the retail business flow. POSTEF presents solutions for gas stations; Smart POS replaces checkouts and delivers complete solutions on a single device; while POS guarantees more autonomy for retailers.



## PAYMENT VIA QR CODE

The tool meets businesses needs by ensuring security, ease of use and speed, with the management of several portfolios.



## 6 ELECTRONIC FUNDS TRANSFER (TEF)

Integrated with the POS / ERP software, the model is based on subscriptions and offers a faster and safer option for our customers. With the TEF solution, our customers can make transactions with other businesses and their customers. TEF is available in more than 40 thousand points of sale.

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Retailers, who represent 100% of our customers, are among the most impacted by the effects of the pandemic. We offer solutions for customers to sell more, even with stores closed. At the same time, Linx did not implement just any technological novelty that gained popularity in the midst of the pandemic. The company maintained its concern in ensuring safety and quality of service.

We found ways to exploit physical store inventories and we gained ground. Traditional brands, which would normally ship products from their distribution centers, started to work with the products that were in the closed stores.

With the closure of physical retail stores, there was an increase in demand to have an online presence or increase the performance capacity of retail on the internet. From one day to the next, some brands completely lost their revenue. It was a year of robust growth, unlike what happened in physical retail. We had the highest volume of customers, a record of our customers' revenue, and, as a consequence, of our revenue as well. In several months, in the second and third quarter, we had sales volume higher than the Black Friday of the previous year.

Another important challenge we had was how to create a more inclusive agenda for those who had no e-commerce service. We challenged ourselves to create accelerators so that it would not be a challenge for all types of customers. We created a bold project to support pharmacies in view of the number of people who did not want to leave their homes. We developed a universal catalog of more than 30 thousand products within Linx and we offer it to help pharmacies. From that, we developed a default platform that could be adapted gradually. In this way, we made it possible to implement a virtual store in three days. We had more than 100 pharmaceutical chains

that implemented the platform at zero cost, allowing the store to be online in a few days.

Among Linx Digital's customers, there are those who seek us to create their own e-commerce or to be part of a marketplace. In the case of pharmacies, we see the case as a social action of the company to facilitate consumers' search for much needed health products. With the digital transformation of the sector, hundreds of people avoided leaving home and bought over the internet.

As a change in the pattern of sales and consumption, offers were made throughout the month of November. In this sense, Linx has facilitated the digital inclusion and access to Brazilian retail sales and consumption.

While the area was concerned with the development of the sector as a whole, we also took care of our company as well. We had an important job to adapt to teleworking. We trained people to make them feel more productive. Even so, the Digital area also felt the impacts of the market's turnover. Suddenly, several segments started to hire more, and the talent in the area was sought out by other players.

## LINX DIGITAL PARTNERS

In 2020, an ecosystem of partnerships was created, Linx Digital Partners. The greatest benefit of this ecosystem is to deliver to our potential customers a new concept of service, commercial and project monitoring, in addition to an extension of support and relationship. In this way, we are able to understand regional nuances and maximize the potential and level of satisfaction of our customers.

We ended 2020 with 26 branches, two consultancies and two Linx franchises that operate in the sale, configuration and implementation of Linx Digital solutions with our potential customers. For 2021, our goal is to reach 80 new partners within our ecosystem.

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Our year was completely atypical. We took different paths than we had anticipated. When we realized how the journey with Digital was going to be, we accelerated the hiring of people. From the perspective of people, strategy and product, all areas were highly impacted. In 2020, we continue to integrate digital businesses to other areas, through solutions such as:

**LINX PAY HUB**

Linx Commerce native payment option with payment gateway and anti-fraud; Ads for Publishers solution from Linx Impulse, as part of the ad payment system.

**PHARMACY**

Total convenience for the consumer: e-commerce for the purchase of medical, beauty and cosmetics products without leaving home.

**FASHION**

From online to physical, for own networks and/or franchises, integrating all channels through our Linx Commerce platforms, Marketplace hub and WHO (omnichannel).

**SETA**

Simple, fast and reliable solution. Specialized in shoe retail, it is prepared for multichannel operations and integrated with dozens of e-commerce platforms.

**BIG RETAIL**

Omnichannel strategy aimed at major retailers is based on the Linx Commerce and Linx Omni OMS solutions.

**GAS STATIONS**

Software for gas stations and conveniences of all sizes centralizes the management of several credit card companies and loyalty programs, improves experience with QR Code, ERP and self-service totem.

**AUTOMOTIVO**

Strategy aimed at digitizing customers (APPS) and sales through Linx Commerce or through auto parts, new and used cars marketplaces .

**E-MILLENNIUM**

ERP for omnichannel operations and integrations with Linx Commerce and Linx OMS.

**NAPSE**

Digital transformation is part of the LATAM agenda. Launch of Napse OMS solution leverages the omnichannel in Napse's customers and prospects in Latin America.

**FOOD SOLUTION**

Omnichannel through its own delivery application and integration hub with marketplaces.



# AWARDS AND HONORS



## SEE THE AWARDS WON IN THE YEAR

**2ND PLACE** in the Innovation category in the Technology-Software and Services sector in the Época 360° ranking

**3RD PLACE** in the People category in the Technology-Software and Services sector of the Época 360° ranking

**4TH PLACE** in the Sustainability and Future Vision category in the Technology-Software and Services sector in the Época 360° ranking

**51ST PLACE** in the ranking of the 200 largest companies in the annual IT sector publication Anuário Informática Hoje.

**64TH PLACE** in the ranking of the 100 largest companies in Telecom's yearbook publication.

**6TH** place in the Corporate Governance category in the Technology-Software and Services sector in the Época 360° ranking

**9TH PLACE** in the Financial Performance category in the Technology-Software and Services sector in the Época 360° ranking

**FEATURED** in Software in the telecommunications ranking of Telecom's yearbook publication.

Ranked **AMONG THE 1,000 LARGEST** companies in Brazil, according to As Melhores da Dinheiro ranking

Ranked **AMONG THE 1000 LARGEST** companies in Brazil, according to Valor1000

**READER'S CHOICE** in the Commercial Automation-Info Channel Applications category.

## RANKING OF INSTITUTIONAL INVESTOR

Published in May, the ranking of one of the main publications in the global financial market ranked Linx among the companies with the best Investor Relations practices in Latin America. The company's executives were also highlighted in the Technology, Media and Telecommunications small caps segment:



Best CEO Award for Alberto Menache



Best CFO Award for Ramatis Rodrigues



Best IR professional award for director Carolina Pontes

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# FINANCIAL CAPITAL

GRI 103-2, 103-3: 201

## SCENARIO

The Brazilian macroeconomic scenario, as well as that of other nations, was strongly impacted by Covid-19, and retail was one of the most affected industries. With social distancing measures and curfew, the population lost purchasing power and many had to shut down their stores.

While our revenues depend on the licensing of management software and related services that we offer, payment by customers is made monthly through subscriptions to these services. With stores closed, we had to renegotiate contracts: retailers lost revenue and many were left with no income to comply with the contracts in place. In addition, a stagnating economy could have reduced our growth in the market.

In the "old" normal, one of our biggest concerns was with the possibility of losing market share due to growing competition. In the "new" normal, we realized that we needed to have the ability to offer even faster and more efficient solutions for a market in crisis. The retail industry, one of the most impacted by the pandemic, has come to depend directly on technological solutions to generate revenue and income.

In this context, we seized various opportunities in the market. At the beginning of the pandemic, we entered into important partnerships with marketplaces and expanded the accessibility of our e-commerce platform, enabling the growth of Linx Digital, while Linx Pay prepared and expanded with the entry of Pix.

Our Opportunities Committee, formerly called Crisis Committee, continues to monitor the impacts of Covid-19 and, in addition to the various cash protection measures taken since the beginning of the pandemic, it also advised the return to offices only in 2021, when the situation will be reassessed.

**We renegotiated contracts with retailers who lost revenue during the pandemic**

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## ECONOMIC AND FINANCIAL RESULTS

Our sustained effort in making Linx a sustainable company by delivering on our mission to make retail more competitive through technological solutions was once again recognized in 2020. This time through two proposals for combining business with two other companies. On August 11, Linx entered into an association agreement with STNE Participações S.A. Three days later, our Board of Directors received a letter from Totvs S.A. proposing the incorporation of all Linx shares by Totvs or by a company controlled by it, in a way that, at the end, Linx shareholders would receive, for each Linx share held by them, a share of Totvs and R\$ 6.20. Thereafter, an Extraordinary General Meeting was held on November 17, when the majority of shareholders approved the proposed business combination with Stone.

Now, the closing of the transaction awaits the final approval of CADE, whose General Superintendence has already expressed its opinion recommending the approval of the Transaction without restrictions. In the agreement, the exchange ratio is R\$ 33.56 + 0.0126774 class A share issued by StoneCo, traded on NASDAQ for holders of LINX ADRs or 0.0126774 BDR of StoneCo traded on B3 for holders of LINX3 shares.

With all this, Linx's financial performance was satisfactory in 2020, and the company ended the year with net operating revenue of R\$ 876.3 million, which represents an 11.2% growth over 2019. EBITDA was 3.6% higher than the previous year and ended 2020 at more than R\$ 210.3 million.

All Linx financial information is detailed in the [Results Center](#) disclosures on our Investor Relations website.

Management of economic performance in the company is done through the control of indicators, as described in the table: **GRI 201-1**



Indicator	Definition	Measurement	Measurement horizon	Short-term indication	Long-term indication
Recurring revenue	Includes revenue from monthly subscription fees that we charge our customers	R\$	Annual	Recurring revenue growth p. a.	Recurring revenue growth p. a.
EBITDA Margin	Earnings before interest, taxes, depreciation and amortization (EBITDA) on total net revenue	%	Annual	EBITDA margin maintenance	EBITDA margin maintenance
CAPEX	Investments in medium and long term in purchase, improvements, development or extension of infrastructure, equipment, systems and properties. Values invested in acquisitions are excluded.	R\$	Annual	Maintenance of the CAPEX/ROL indicator	Maintenance of the CAPEX/ROL indicator

### DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED GRI 201-1

#### Direct economic value generated (R\$ thousand)

Generated	2018	2019	2020
Revenues	820,878.00	988,172.00	983,778.00

#### Direct economic value distributed (R\$)

Distributed	2018		2019		2020	
Operational costs	217,454.00	31.15%	234,445.00	27.95%	288,143.00	31.30%
Employee salaries and benefits	305,495.00	43.76%	391,913.00	46.72%	435,770.00	47.34%
Payments to capital providers	88,176.00	12.63%	107,280.00	12.79%	81,779.00	8.89%
Payments to the Government <sup>1</sup>	86,306.00	12.36%	104,868.00	12.50%	113,328.00	12.31%
Investments in the community	620.00	0.09%	283.00	0.03%	1,453.00	0.16%
<b>Total</b>	<b>698,051.00</b>	<b>100%</b>	<b>838,789.00</b>	<b>100%</b>	<b>920,473.00</b>	<b>100%</b>

#### Retained economic value (R\$ thousand)

Generated	2018	2019	2020
"Direct economic value generated" minus "Economic value distributed"	122,827.00	149,383.00	63,305.00

<sup>1</sup> Includes only payments made to the three spheres of the Brazilian Government.

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# SOCIAL AND RELATIONSHIP CAPITAL

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# SOCIAL AND RELATIONSHIP CAPITAL

## TECHNOLOGY AS A TRAINING TOOL AND SOCIAL INCLUSION

Since 2006, Linx understands that the relationship with local communities, NGOs and institutions that support vulnerable populations is an essential element for building a more just and egalitarian society in the long run. One of Linx's values is: we take care today of our future that represents Ethics and Sustainability, which confirms our commitment to invest in technology as a tool for the professional training of young people in situations of social vulnerability. This is part of our social action strategy: to support education, technology and employability initiatives, with special attention to aspects of diversity and inclusion.

During the pandemic, this effort proved to be especially necessary. Linx continued to support organizations with which it had a long-term relationship and

initiated new partnerships in line with our sustainability strategy and the company's new values. The expansion of partnerships aims to diversify the possibilities of impact on society so that Linx and its partners continue to constantly evolve.

Despite the difficulties imposed by Covid-19, all of our initiatives continued to be monitored to assess the effects caused and adherence by employees. All 16 Linx units underwent development actions in 2020 aimed at the local community, including the monitoring of social and environmental impacts, as well as continuous monitoring; publication of the results of environmental and social impact assessments and local development programs based on the needs of local communities. **GRI 413-1**



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# SOCIAL PROJECTS

GRI 103-2, 103-3: 413

Linx's commitment to the local community focuses on education and development through technology. Following the same strategy as in recent years, the projects supported in 2020 were oriented towards professional training and the development of socio-emotional skills through digital inclusion and entrepreneurship courses to train young people in situations of social vulnerability, and prepare them for the formal job market and to be entrepreneurs.

With this, young people and adults that in these projects can resort to the knowledge and skills acquired both to aim for new career possibilities inside and outside the technology sector, as well as to contribute with solutions to social, economic and environmental problems in their communities. We believe that education and technology are powerful tools for transformation: with the knowledge gained in the projects supported by Linx, young people will be able to create new and small local businesses. In addition, we contribute to the development of new professionals for the IT area, which is in a continuous expansion and has a high demand for qualified professionals.

In order to reinforce the strategy to support initiatives and projects, in 2020 we prepared Linx's Sustainability Policy, whose validation process will be completed in 2021. This policy seeks mainly to generate shared value and become a reference for

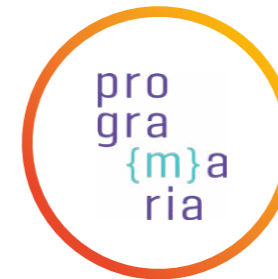
consultations and guidance for the implementation of existing internal practices and those that may come up in the future, in accordance with the sustainability strategy.

Establishing a regulation guarantees governance, structure and evolution of these topics in the company. The Sustainability Policy is based on: encouraging the transversality of sustainability in Linx's business areas; generate shared value between Linx and stakeholders with support for education and development of people, in addition to communicating in a transparent manner our commitment to society by practicing responsible management and socio-environmental development in the areas in which we operate.



**ACTION AGAINST COVID-19**  
DONATION OF R\$ 1 MILLION TO THE PROJECT SAVING LIVES, LAUNCHED BY BNDES FOR THE PURCHASE OF HOSPITAL EQUIPMENT

# SOCIAL PARTNERS



# LEARN MORE ABOUT OUR PROJECTS WE IN 2020

## ARREDONDAR

It is an NGO that supports other NGOs, through a technological solution that allows the end consumer to offer the possibility of rounding up the total purchase price and making a microdonation. Since 2013, Linx has supported this initiative, providing a technological platform through our Linx Degust, LinxPOS, Microvix, LinxUX, Mobile LinxPOS and Linx OmniPOS systems.

In addition to the financial contribution, our employees donate programming hours of to adapt the systems. Arredondar monitors the entire implementation of the partnership, from technical and accounting implementation to communication and engagement actions.<sup>1</sup>

<sup>1</sup> The figures disclosed in the 2019 Linx Sustainability Report contained inaccuracies. The sum of the total amount made possible by Linx customers between 2013 and 2019 is R\$ 658,061.51 and the amount collected by Linx customers in 2019 alone was R\$ 41,038.60.

In 2020, the Arredondar Movement transferred R\$ 1,173,534.26 to 33 supported organizations, thanks to 7,889,969 acts of donation, of which 32,576 transactions were carried out through a partnership with Linx clients, which amounted to R\$ 20,999.50 in the project. In addition, we joined the Day of Donating, a global mobilization to stimulate generosity that takes place on the first Tuesday after Black Friday in 72 countries, being organized by the Brazilian Association of Fundraising (ABCR) and the Donation Culture Movement (MCD), of which Arredondar is part.



Disclosure: Arredondar / OCA Escola Cultural

#diadedoar

**VAMOS JUNTOS!**

conhecer e compartilhar iniciativas solidárias!

DIADEDOAR + Linx + ,00 arredondar

In 2021, we will further promote this initiative to connect Linx customers and franchisees who want to make a difference.

Disclosure: Arredondar Movement

# DONATION OF COMPUTERS

We believe that a way to minimize the environmental impact caused by the sector as a whole is to encourage the reuse of equipment that still has a useful life. In addition, the pandemic highlighted the problem of digital inclusion across the country. Given the context of social isolation and young people without access to equipment to continue their studies and work, working together with NGOs and support institutions we managed to strengthen at least one of our two fronts of action within this area:



Disclosure:  
Mentoring Sunflower

## SOCIAL DONATION

Donations are part of a front that aims to directly serve young people and social projects to support them in such a delicate scenario, promote social inclusion and enable access to tools that guarantee learning and employability opportunities. For this reason, in 2020, we donated desktops and notebooks to the children participating in the social project Tutoria Girassol, which assists children in public schools with learning difficulties. Currently, the project has 68 students and 68 volunteers in the city of São Paulo.



Disclosure:  
Tutoria Girassol

## LINX SPACE

In 2020, the pandemic made the opening and use of new Espaços Linxs unfeasible - a project started in 2019 that consisted of structuring classrooms for computer classes, programming and activities focused on professional development. Four rooms, for four NGOs located in São Paulo and Rio de Janeiro, were equipped for this purpose.

We believe that these practices address important topics in sustainability: reduction of environmental impact, promotion of social opportunities and actions that have a positive impact in the economies of the beneficiaries. This is because, in addition to avoiding the disposal of technological equipment, the initiatives are ways of generating a social contribution by benefiting people who cannot afford to buy new devices.

## DONATION OF SOFTWARE

In addition to electronic equipment, we are developing the practice of donating our software to social institutions, at no additional cost after the systems are implemented. The program started with an initiative with the Brazilian Israeli Union of Social Welfare (Unibes), with the donation of the Microvix System for use in the institution's fundraiser sale.

Disclosure:  
TenYad



Disclosure:  
Unibes



Disclosure:  
TenYad



In 2020, we expanded our power of action in a partnership with TenYad, providing systems for the management of food security and food donation programs, work expected to be completed in the first quarter of 2021. The institution's mission is to improve the quality of life of people in situations of social vulnerability by fighting hunger and safeguarding human dignity, with individualized and qualified service.

The systems were implemented at the TenPão Bakery, in São Paulo, where products are produced to generate revenue to subsidize the institution's social projects.

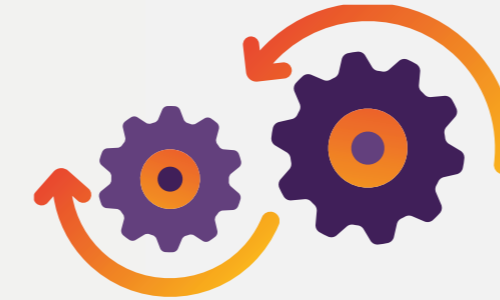
We hope to expand the program next year and, for that, we are planning a partnership with Liga Solidária for 2021.

# SUPPORT & PARTNERSHIPS

## RECODE

Since 2018, we have been partners with the institution created 26 years ago to expand opportunities for young people in situations of social vulnerability through qualified and conscientious use of technology. In 2020, we participated in two projects of the organization: the **Recoders Challenge** and the **Recode Pro Program**.

The first corresponds to a competition that encouraged young people, in the face of the pandemic scenario, to identify needs in their communities and develop solutions, using only free technology tools. To this end, 21 Linx volunteer employees helped 13 projects created by 43 of the 202 young people who participated in the initiative, through online mentoring meetings, for two months. At the end, one of the young people who underwent the mentoring offered by Linx won the second place in the overall prize of the Challenge.



Recode Pro continues in 2021 and aims to train full stack programmers and help 18 to 39 year-olds in situations of social vulnerability enter the job market. The goal to form a group composed of at least 40% women and 51% black, mixed-raced and indigenous people in the selection process has been exceeded. The course has 540 hours of technical and behavioral training, and Linx gave five scholarships for young people interested in the program.



Virtual visit of Recode Pro participants to Linx.

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## INSTITUTO AYRTON SENNA

After two years of support for the Programming Literacy program, that offered training in programming languages to 11,600 public school students and 382 educators in 18 cities in six Brazilian states, we renewed our partnership with Instituto Ayrton Senna through the **BNNC Socioemotional Platform**. It is a digital environment with diagnostic and training tools to accompany the socio-emotional development of students in the final years of elementary and high school. The goal is to support educational managers and teachers, especially at a time when education deals with the consequences of the Covid-19 pandemic, which not only amplified the weaknesses and inequalities of education systems, but also highlighted the importance of maintaining the emotional health of students and educators in the face of crisis situations.

## PROGRAMARIA

In 2020, we started a partnership with PrograMaria, an institution that aims to promote opportunities and tools for learning programming for women. In 2021, Linx will give 250 scholarships for an edition of the #EUPROGRAMO course, which will be destined to cisgender and transgender women who cannot afford the enrollment costs, prioritizing also minority groups such as black, peripheral, unemployed women, in situation of social vulnerability, among others. Divided into six modules, the course is 100% online and teaches basic concepts of HTML, CSS and JavaScript.

In 2021, Linx will sponsor 250 scholarships for women participating in one of the editions of the #EUPROGRAMO course

Disclosure:  
Programaria/  
Equipe Programaria





# LITRO DE LUZ

Litro de Luz is a social organization that aims to bring solar lighting to the population without adequate access to electricity. In 2020, we entered into a partnership with the organization in order to contribute to access to lighting in remote communities. For this, we financed 150 solar lamps from the organization and we invited our volunteer employees **to participate in Online Workshops** on their assembly and engagement, held in the first half of 2021. The donation of the lamps will impact around 600 residents of communities in situations of social vulnerability throughout Brazil.

In 2020, we entered into a partnership with the organization in order to contribute to access to lighting in remote communities.



Linx Volunteers in Online Workshops with Litro de Luz



# VOLUNTEERING GRI 413-1

In 2018, we started a series of actions focused on corporate volunteering, in which employees began to engage in donation campaigns, lectures and classes at partner NGOs, monitored visits by young people in Linx's social projects, among other initiatives.

Subsequently, in 2019, we created the **Volunteer Policy** and the **Volunteer Guide**. The first aims to regulate the volunteer activity of employees, providing means of participation aligned with our strategy, while the second seeks to inform and guide them about voluntary practices within and outside the organization.



## Guia de **voluntariado**

### ENCONTRO DE VOLUNTARIADO LINX



#### LINX VOLUNTEER MEETING

With the worsening of the pandemic in Brazil in 2020, we are looking for alternatives to keep alive both the commitment and social information as well as the ideas exchange in this growing group of volunteers. For this, we organized the **LinX Volunteer Meeting**, which took place virtually and monthly between April and November 2020.

With about 300 Linx participants, over eight meetings, we seek to engage and update employees on social initiatives, as well as to facilitate the exchange of experiences between participants to promote corporate and individual volunteering actions. The subjects had focus on voluntary initiatives inside and outside the context of pandemic, mental health and mentoring. We believe that the sustainability of solidary practices and incentives in the company creates value for society, for Linx and for all our stakeholders.

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Disclosure: Unibes

# SOLIDARITY CAMPAIGNS

Donation campaigns are carried out annually at the headquarters and at Linx's branches. We mobilized and collected donations with visits to the benefited NGOs. However, considering the context of the pandemic, social campaigns, previously carried out in a decentralized manner by branches, were centered on unified actions of engagement and social impact as described below:



Disclosure: Cristo Rei House for the Elderly

## CORRESPONDÊNCIA DA ALMA (LETTERS FROM THE SOUL) (MAY-JUNE)

Initiative to welcome the elderly assisted by social institutions, by sending photos, letters and videos with messages of affection, entertainment and positivity.

## NATIONAL VOLUNTEER DAY (AUGUST)

#SouVoluntarioLinx initiative to value and encourage social actions supported by our employees. Linx drew two vouchers of R\$ 1 thousand, destined directly to the institutions chosen by the chosen employees.

## END OF YEAR SOLIDARITY (NOVEMBER-DECEMBER)

Disclosure and internal encouragement for our employees to join the social campaigns promoted by our partners Liga Solidária and Unibes.

# CUSTOMER EXPERIENCE

GRI 103-2, 103-3: 418 | SASB - TC-SI-220a-1

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We prioritize transparency in all our activities. Our General External Privacy Notice is publicly available, so that everyone has knowledge on how we process personal data.

We have a specific privacy governance structure, led by the Privacy Committee and which has a Data Protection Officer (DPO), Transparency Manual, Normative Policy for Handling Personal Data, Normative procedure for Privacy by Design, Normative Policy for Management Use of Consent, Normative Policy for Sharing Personal Data, incident response procedure, and customer service channels for account holders and third parties.

In 2020, we completed the mapping of personal data and completed the project to adapt to the General Data Protection Law (LGPD). This work had the active participation of the DPO and promoted the establishment of the Data Privacy Committee. One of the new assets in the adequacy was the Customer Service Channels for account holders and third parties, to receive, manage, control and respond to all requests, which are directed to the DPO and to the Privacy and Data Protection structure, so that they are informed, make the necessary research subsidies, develop the answers and control the return deadlines.

**TRAINING** - Professionals' awareness in relation to the theme is raised through webinars, workshops and training courses that reached more than 85% of the employees in 2020. In addition to training the team, we created an environment to clarify doubts regarding points of the new legislation. We defined the role of the Data Privacy Leaders for each product, professionals called LPDs, who are support for all areas and who also received specific and even more in-depth training on LGPD and its impacts. Legislation on privacy and protection of personal data permeates all of our operations, and we follow through in concrete practices for the protection of our customers' personal data.

## SYSTEMIC RISKS TC-SI-550A.1

In 2020, we monitored 3,189 points of failure. This number represents more than 29% compared to the previous year, covering 165,760 monitored items, more than 3.9% compared to the previous year. The 29% growth in monitoring capacity was not accompanied by the incident rate, which increased by 23.5%. The index shows a more stable environment.

Linx's solutions delivered 99.8% availability to customers on a 24-hour monitoring regime. Availability indicator is one of the most important items in the set of service levels. Depending on the contracting model, the contractual SLAs vary from 98.5% to 99.5%.

## FOR LINX, CUSTOMER SUCCESS MUST ALWAYS COME FIRST. HOW?



**Plurality of services in our portfolio that allows us to act with speed and assertiveness.**



**We continuously invest in improving the customer experience and create partnership relationships in the search for excellent results and services.**



**In the pandemic, we redoubled our efforts to help our customers continue their businesses.**



**Technology solutions for retailers to open their stores.**



**Deliver friendly and intuitive tools, with a constant concern about data security.**

## THE OMNICHANNEL STRATEGY

For our customers to be successful in their relationship with their own customers, the interrelation between all the solutions offered by Linx is an essential condition in an increasingly digital business ecosystem. Strengthening omnichannel is one of our strategic axes and is also present in our corporate vision.

The basis of this structure is the order management system (OMS), which creates a seamless integration between the physical and the online. Orders are directed to a channel, which evaluates how they will be answered.

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# CUSTOMER SATISFACTION



Used to measure customer satisfaction and loyalty, the Net Promoter Score (NPS) is an indicator that we use twice a year with the support of a company specialized in the methodology. In it, customers rate, on a scale of zero to ten points, if they would recommend Linx to one of its consumers.

We apply punctuation according to the original method, in which promoter customers are those who scored 9 and 10, passive those who scored 7 and 8, and detractors, 0 to 6.

In 2020 with the pandemic, Linx sought to support all of its customers in order to accelerate their digital transformation and, thereby, generate new opportunities for action on digital channels. Despite all efforts, the indicator has shown that we have opportunities to move forward. For every 10 customers, four remain promoters, but with a slight drop compared to the previous year, which led to a decrease in NPS. This drop occurred among promoters who scored 9 and 10. Among detractors, there was an increase for customers who rated between 0 and 5. For 2021, we plan to raise the NPS and continue to support our customers.

Customer satisfaction measured by NPS	H1/19	H2/19	2020
Percentage of promoter customers	39%	43%	41%
Percentage of detractor customers	24%	21%	24%
NPS Result	15	22	17

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# NATURAL CAPITAL

GRI 103-2, 103-3: 306, 307

## THE COMPANY MONITORS ENERGY CONSUMPTION AND CO<sub>2</sub> EMISSIONS

Having as main asset the intellectual and human capital and considering both the company's sector and that its operation is carried out in offices, Linx seeks to provide the least magnitude of negative impact on the environment.

Aware of its role in society, in addition to complying with all laws and regulations related to environmental issues, Linx operates in full compliance and encourages sustainable practices among its employees, customers and suppliers, through the Supplier Code of Conduct.

Regarding waste, the largest amount comes from administrative activities. Thus, in addition to monitoring the disposal of paper and plastic, Linx has an internal waste disposal policy in line with the National Solid Waste Policy (Law No. 12305/2014) and ABNT (16156/2013), which address, among

other other points, good practices related to the disposal of electronic waste.

In addition, the company participates in the IT disposal project in partnership with ReUrbi, a reverse logistics initiative that destines materials for social inclusion projects. One of ReUrbi's partner projects is Remakker, which donates part of the equipment to customers and partners.

In the same vein, in 2020, we donated IT equipment, such as desktops, monitors and notebooks in good condition to social institutions, according to the donation fronts presented in the Social Projects chapter.






# CARBON EMISSIONS


GRI 103-2, 103-3: 305


Linx is dedicated to reducing its carbon footprint. To this end, although it does not have a specific policy on the management of atmospheric emissions resulting from its activities, it monitors the sources of emissions annually and publishes the Greenhouse Gas Emissions Inventory (GHG). **GRI 102-11**



## LINX'S EMISSION SOURCES ARE:

-  **COMBUSTION BY ELECTRIC ENERGY GENERATOR:** it is used and activated in the minimum amount required by the manufacturer for the proper functioning and in case of power outages;
-  **COMBUSTION BY CAR FLEET: TRAVEL** by land;
-  **EMISSIONS FROM ELECTRICITY CONSUMPTION: ENERGY** consumption is controlled, and the company adopts measures aimed at the conscious use of energy in its facilities;

 **FUGITIVE EMISSIONS:** occurs in the recharge of fire extinguishers, which are exchanged once a year in accordance with the legislation in force in each municipality for the Fire Department Inspection Report (AVCB), and all require CO<sub>2</sub> extinguishers.

 **REFRIGERANT GASES:** air conditioning equipment is supplied with refrigerant gas only when there is a problem with the machines.

Of these emission sources, due to the company's operational characteristics, the most relevant is the **COMBUSTION RESULTING FROM THE EMPLOYEES' TRAVEL**. To mitigate this, there is a corporate travel policy for all employees and service providers that streamlines the processes for requesting airline tickets, accommodation and car rentals.

Regarding the emissions resulting from the electric generators and the gases present in the fire extinguishers, **THERE IS A PERIODIC MONITORING** in order to adopt the best maintenance practices that avoid unnecessary emissions. It was performed through spreadsheets, but this monitoring is migrating to a facilities management system that will centralize control on a single platform.



**SCOPE 1 GRI 305-1**

Direct GHG emissions (tCO <sub>2</sub> equivalent)	2019	2020
Electricity generation (generator)	42.83	33.57
Transport of employees and passengers (car fleet)	126.97	19.64
Fugitive emissions (refrigerant gas and recharging extinguishers)	0.26	1.67
<b>Total gross CO<sub>2</sub> emissions</b>	<b>170.06</b>	<b>54.88</b>

1 Gases included in the calculations: Carbon Dioxide (CO<sub>2</sub>), Methane (CH<sub>4</sub>), Nitrous Oxide (N<sub>2</sub>O).

Emission intensity GRI 305-4	2019		2020	
	Scopes 1 and 2	Scope 3	Scopes 1 and 2	Scope 3
Total GHG emissions (t CO <sub>2</sub> equivalent) <sup>1</sup>	445.03	1,612.42	224.24	219,180
Intensity of GHG emissions <sup>2</sup>	0.12	0.44	0.06	0.06

1 Gases included in the calculations: Carbon Dioxide (CO<sub>2</sub>), Methane (CH<sub>4</sub>), Nitrous Oxide (N<sub>2</sub>O).

2 Intensity of greenhouse gas emissions is the result of GHG emissions (t CO<sub>2</sub>equivalent) by the number of full-time employees.

Reductions in GHG emissions (tCO <sub>2</sub> equivalent) GRI 305-5	2020
Reductions from direct emissions (Scope 1)	115.18
Reductions from indirect emissions from energy acquisition (Scope 2)	105.61
Reductions from other indirect emissions (Scope 3)	1,393.24
<b>Total GHG emission reductions</b>	<b>1,614.03</b>

**SCOPE 3 GRI 305-3**

Other GHG emissions (tCO <sub>2</sub> equivalent)	2019	2020
<b>Total</b>		
Business travel	1,612.42	219,180

**SCOPE 1 GRI 305-1**

Biogenic CO <sub>2</sub> emissions (tCO <sub>2</sub> equivalent)	2019	2020
	35.83	8,75

**SCOPE 2 GRI 305-2**

Indirect emissions from energy acquisition (tCO <sub>2</sub> equivalent)	2019	2020
	274.97	169.36

**SCOPE 3 GRI 305-3**

Biogenic CO <sub>2</sub> emissions (tCO <sub>2</sub> equivalent)	2019	2020
	76.31	3.42

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# ENERGY

GRI 103-2, 103-3: 302

Linx adopts practices to avoid wasting natural resources.

For units that have night surveillance, there is an orientation for inspections to be carried out to ensure the shutdown of air conditioning equipment and lights in environments where there are no employees working.

At the headquarters, the team monitors so that the lights are turned off where there are no employees and in spaces that are not being used. Only on the 20th floor there is automation, where programming is done according to business hours, and these hours, if there is no employee working, the lights are automatically turned off. There is also equipment that issues a monthly report to monitor consumption. In other operations, monitoring is done by controlling the utility bills.

Energy consumption is monitored monthly

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> MATERIALITY



# ABOUT THE REPORT

Prepared according to the Core option of the Standards guidelines of the Global Reporting Initiative (GRI), a global reference for corporate reporting, this Annual Report presents Linx's annual performance between January 1 and December 31, 2020 in the EESG (Economic, Environmental, Social and Governance). **GRI 102-50, 102-52, 102-54**

The materiality matrix, prepared at the beginning of 2020, was the document that gathered the most relevant topics to be addressed in this report, with qualitative and quantitative content and indicators based on a narrative that covers our management style and achievements for the year and includes risks opportunities, objectives, goals and challenges. **GRI 102-46**



The financial statements released on April 19, 2021 were audited by Ernst & Young, which include Linx SA and its direct and indirect subsidiaries. The scope of the companies included in the GRI indicators is specified on a case-by-case basis throughout this report. **GRI 102-45, 102-53**

Questions, comments and suggestions related to this publication can be sent to the email [sustentabilidade@linx.com.br](mailto:sustentabilidade@linx.com.br). **GRI 102-53**



# MATERIALITY

Linx's materiality matrix was prepared with the support of a specialized consultant

The matrix is in accordance with the GRI principles and considers the methodologies of the Sustainability Accounting Standards Board (SASB) and Principles for Responsible Investment (PRI).

To complement these methodologies, we conducted a comparative assessment or benchmarking with reference companies in the sector, and we also consulted our main stakeholders. After the first analysis,

we ended up with 16 material topics that considered aspects of sustainability with risks and opportunities for Linx. **GRI 102-42, 102-43**

The construction of the materiality of the report included telephone interviews with our executives, investors, customers and sector entities. Employees, shareholders, customers, partners and suppliers answered questionnaires online. This research led to the selection of ten topics: **GRI 102-47**



**LIMITES DE IMPACTOS GRI 102-40, 102-44, 103-1**

Material topics	GRI aspect	Indicators	Impact location (inside and outside Linx)	Impacted Audience	
PRESENTATION	Training and Education	GRI 103:404	Inside and outside: training and certification programs; employability; retaining talent; response to business needs.	Clients Employees Franchised	
		404-1 404-2			
ABOUT US	Emissions	GRI 103:305	Outside: managing impacts on climate change and/or air quality.	Clients Employees Suppliers Investors Government and society	
CORPORATE GOVERNANCE		305-1 305-2 305-3			
		305-4 305-6 305-7			Inside: efficiency of the logistics operation.
HUMAN CAPITAL		Non-discrimination	GRI 103:406 406-1		Inside: talent retention, promotion of an honest and fair environment.
PERFORMANCE OF THE YEAR		Ethics	GRI 103:205 205-1 205-3		Inside and Outside: training, implementation of code of conduct and anti-corruption manual and monitoring through audits; promoting a healthy environment.
FINANCIAL CAPITAL					
SOCIAL AND RELATIONSHIP CAPITAL	Relationship and Improvement of the Customer Experience	NPS - Net Promoter Score	Inside and Outside: customer satisfaction and loyalty; profitability.	Clients Employees Investors Governance Bodies	
NATURAL CAPITAL	Customer Privacy	GRI 103:418 418-1	Inside and Outside: compliance with legislation; meeting customer needs; customer satisfaction and loyalty.	Clients Employees Governance Bodies	
ABOUT THE REPORT	Private data & Freedom of expression	SASB - TC-SI-220a.1. SOFTWARE E SERVIÇOS DE TI			
ABOUT THE REPORT	Systemic risk management due to technology interruptions	SASB - TC-SI-550a.1. SOFTWARE E SERVIÇOS DE TI			

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Material topics	GRI aspect	Indicators	Impact location (inside and outside Linx)	Impacted Audience
Development and Education	Investment in training	ROI - Return on Investment in Training	Inside: effectiveness of educational programs; investment targeting; meeting the needs of employees and the organization.	Employees Investors Governance Bodies
Compliance	Environmental Compliance	GRI 103:307 307-1	Inside and Outside: training, implementation of the code of conduct; compliance with current rules; prevention of liabilities.	Employees Investors Governance Bodies
	Social and economic compliance	GRI 103:419 GRI 419-1	Inside and Outside: adherence to laws and regulations; prevention of fines.	Clients Employees Investors Governance Bodies
Corporate Governance	Economic Performance	GRI 103:201 201-1	Inside: business development in the country; return on investments to shareholders. Outside: job creation; tax payment.	Employees Investors Governance Bodies
Inclusion and Diversity	Diversity and equal opportunity	GRI 103:405 405-1	Inside: attractiveness and talent retention. Outside: external recognition; ethical and fair environment.	Employees Clients Suppliers Investors Governance Bodies Society
Transparency	Transparency in public environments	Management Approach: information made available in public environments (website, intranet, etc.)	Inside and outside: promoting transparency; employee development through structured processes; retention of talents.	Employees Clients Suppliers Investors Governance Bodies Press
	Training and Education	GRI 404-3		

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# GRI CONTENT

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**GENERAL DISCLOSURES**

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GRI Standards	Disclosure	Page/URL	Omission	SDG
<b>GRI 101: Foundation 2016</b>				
	GRI 101 has no disclosures			
<b>Organizational profile</b>				
	102-1 Name of the organization	7		
	102-2 Activities, brands, products and services	8		
	102-3 Location of headquarters	7		
	102-4 Location of operations	7		
	102-5 Ownership and legal form	7		
<b>GRI 102: General Disclosures 2016</b>	102-6 Markets served	7		
	102-7 Scale of the organization	7		
	102-8 Information on employees and other workers	26 and 27		8, 10
	102-9 Supply chain	14		
	102-10 Significant changes in the organization and in its supply chain	8 and 13		
	102-11 Precautionary Principle or approach	72		

GRI Standards	Disclosure	Page/URL	Omission	SDG
<b>Organizational profile</b>				
		We are signatories to the Rio Digital Coalition, a sectoral movement led by Brasscom, aimed at the technological training of young people in situations of social vulnerability.		
<b>GRI 102: General Disclosures 2016</b>	102-12 External initiatives			
	102-13 Membership of associations	13		
<b>Strategy</b>				
<b>GRI 102: General Disclosures 2016</b>	102-14 Statement from senior decision-maker	3		
	102-15 Key impacts, risks and opportunities	20		8
<b>Ethics and integrity</b>				
<b>GRI 102: General Disclosures 2016</b>	102-16 Values, principles, standards and norms of behavior	10 and 22		16
	102-17 Mechanisms for advice and concerns about ethics	22		16

GRI Standards	Disclosure	Page/URL	Omission	SDG
<b>Governance</b>				
	102-18 Governance structure	19		
	102-22 Composition of the highest governance body and its committees	19		5, 16
	102-23 Chair of the highest governance body		The chairman of the Board of Directors does not exercise an executive function in the company. However, the deputy chairman of that same board accumulates the role of CEO of Linx.	16
<b>GRI 102: General Disclosures 2016</b>	102-24 Seleção e nomeação para o mais alto órgão de governança	19		5, 16
	102-25 Conflicts of Interest	17		16
	102-27 Collective knowledge of highest governance body	19		
	102-28 Evaluating the highest governance body's performance	19		
	102-35 Remuneration policies	19		

GRI Standards	Disclosure	Page/URL	Omission	SDG
<b>Stakeholder engagement</b>				
	102-40 List of stakeholder groups	78		
	102-41 Collective bargaining agreements		100% of employees are covered by collective bargaining agreements.	8
<b>GRI 102: General Disclosures 2016</b>	102-42 Identifying and selecting stakeholders	77		
	102-43 Approach to stakeholder engagement	77		
	102-44 Key topics and concerns raised	78		
<b>Reporting practices</b>				
	102-45 Entities included in the consolidated financial statements	76		
	102-46 Defining report contents and topic boundaries	76		
<b>GRI 102: General Disclosures 2016</b>	102-47 List of material topics	77		
	102-48 Restatements of information	None.		
	102-49 Changes in reporting	None.		
	102-50 Reporting period	76		
	102-51 Date of most recent report	June 2020, for the 2019 financial year.		

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GRI Standards	Disclosure	Page/URL	Omission	SDG
<b>Reporting practices</b>				
	102-52 Report cycle	76		
	102-53 Contact point for questions regarding the report	76		
<b>GRI 102: General Disclosures 2016</b>	102-54 Claims of reporting in accordance with the GRI Standards	76		
	102-55 GRI content index	80		
	102-56 External assurance	This report has not undergone an external audit.		
<b>MATERIAL TOPICS</b>				
<b>Economic Performance</b>				
<b>GRI 103: management approach 2016</b>	103-1 Explanation of the material topic and its boundary	78		
	103-2 The management approach and its components	54		
	103-3 Evaluation of the management approach	54		
<b>GRI 201: Economic Performance 2016</b>	201-1 Direct economic value generated and distributed	55 and 56		8, 9
	201-3 Defined benefit plan obligations and other retirement plans	Linx does not have a retirement plan for employees.		

GRI Standards	Disclosure	Page/URL	Omission	SDG
<b>Market presence</b>				
<b>GRI 103: management approach 2016</b>	103-1 Explanation of the material topic and its boundary	78		
	103-2 The management approach and its components	40		
	103-3 Evaluation of the management approach	40		
<b>GRI 202: Market presence 2016</b>	202-1 Ratio of standard entry level wage by gender compared to local minimum wage	41		1, 5, 8
<b>Anti-corruption</b>				
<b>GRI 103: management approach 2016</b>	103-1 Explanation of the material topic and its boundary	78		
	103-2 The management approach and its components	22		
	103-3 Evaluation of the management approach	22		
<b>GRI 205: Anti-corruption 2016</b>	205-1 Operations assessed for risks related to corruption	In 2020, Linx's operations were not subjected to risk assessments related to corruption.		16
	205-2 Communication and training about anti-corruption policies and procedures	23		16
	205-3 Confirmed incidents of corruption and actions taken	22		16

GRI Standards	Disclosure	Page/URL	Omission	SDG
<b>Emissions</b>				
<b>GRI 103: management approach 2016</b>	103-1 Explanation of the material topic and its boundary	78		
	103-2 The management approach and its components	72		
	103-3 Evaluation of the management approach	72		
<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions	73		3, 12, 13, 14, 15
	305-2 Energy indirect (Scope 2) GHG emissions	73		3, 12, 13, 14, 15
	305-3 Other indirect (Scope 3) GHG emissions	73		3, 12, 13, 14, 15
	305-4 GHG emissions intensity	73		13, 14, 15
	305-5 Reduction of GHG emissions	73		13, 14, 15
	305-6 Emissions of ozone-depleting substances (ODS)	The Blumenau, Cascavel, Joinville and Florianópolis units use R-410 gas, which is included in the Kyoto Protocol. In 2020, there was only a refill of 0.5 kilograms of this cooling gas at the Florianópolis unit.		

GRI Standards	Disclosure	Page/URL	Omission	SDG
<b>Emissions</b>				
<b>GRI 103: management approach 2016</b>	305-7 Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions		There are no emissions of NO <sub>x</sub> , SO <sub>x</sub> and other significant air emissions.	3, 12, 14, 15
<b>Environmental compliance</b>				
<b>GRI 103: management approach 2016</b>	103-1 Explanation of the material topic and its boundary	78		
	103-2 The management approach and its components	14 and 71		
	103-3 Evaluation of the management approach	14 and 71		
<b>GRI 307: Environmental Evaluation of Suppliers 2016</b>	307-1 Non-compliance with environmental laws and regulations		None.	16
<b>Employment</b>				
<b>GRI 103: management approach 2016</b>	103-1 Explanation of the material topic and its boundary	78		
	103-2 The management approach and its components	26		
	103-3 Evaluation of the management approach	26		

GRI Standards	Disclosure	Page/URL	Omission	SDG
	401-1 New employee hires and employee turnover	29		5, 8, 10
<b>GRI 401: Employment 2016</b>	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	44		3, 5, 8
	401-3 Paternal leave	42		5, 8
<b>Training and education</b>				
	103-1 Explanation of the material topic and its boundary	78		
<b>GRI 103: management approach 2016</b>	103-2 The management approach and its components	30		
	103-3 Evaluation of the management approach	30		
	404-1 Average hours of training per year per employee	30 and 32		4, 5, 8, 10
<b>GRI 404: Training and Education 2016</b>	404-2 Programs for upgrading employee skills and transition assistance programs	30		8
	404-3 Percentage of employees receiving regular performance and career development reviews	34		5, 8, 10

GRI Standards	Disclosure	Page/URL	Omission	SDG
<b>Diversity and equal opportunity</b>				
	103-1 Explanation of the material topic and its boundary	78		
<b>GRI 103: management approach 2016</b>	103-2 The management approach and its components	34		
	103-3 Evaluation of the management approach	34		
<b>GRI 405: Diversity and equal opportunity 2016</b>	405-1 Diversity of governance bodies and employees	19 and 38		5, 8
	405-2 Ratio of basic salary and remuneration of women to men	41		5, 8, 10
<b>Non-discrimination</b>				
	103-1 Explanation of the material topic and its boundary	78		
<b>GRI 103: management approach 2016</b>	103-2 The management approach and its components	14 and 34		
	103-3 Evaluation of the management approach	14 and 34		
<b>GRI 406: Non-discrimination 2016</b>	406-1 Incidents of discrimination and corrective actions taken		There were four cases of discrimination in 2020. All were analyzed and referred to the same offender. Remedial actions were applied, and the person was removed from the company.	5, 8

GRI Standards	Disclosure	Page/URL	Omission	SDG
<b>Local communities</b>				
<b>GRI 103: management approach 2016</b>	103-1 Explanation of the material topic and its boundary	78		
	103-2 The management approach and its components	59		
	103-3 Evaluation of the management approach	59		
<b>GRI 413: Local Communities 2016</b>	413-1 Operations with local community engagement, impact assessments, and development programs	58 and 66		
<b>Customer Privacy</b>				
<b>GRI 103: management approach 2016</b>	103-1 Explanation of the material topic and its boundary	78		
	103-2 The management approach and its components	68		
	103-3 Evaluation of the management approach	68		
<b>GRI 418: Customer Privacy 2016</b>	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	None.		16

GRI Standards	Disclosure	Page/URL	Omission	SDG
<b>Socioeconomic compliance</b>				
<b>GRI 103: management approach 2016</b>	103-1 Explanation of the material topic and its boundary	78		
	103-2 The management approach and its components	14 and 40		
	103-3 Evaluation of the management approach	14 and 40		
<b>GRI 419: Socioeconomic Compliance 2016</b>	419-1 Non-compliance with laws and regulations in the social and economic area	None.		16

**OTHER INDICATORS**

Subject matter	Aspect	Description	Page/URL
<b>Relationship and Improvement of the Customer Experience</b>	Customer Satisfaction and Loyalty	Net Promoter Score (NPS) =% promoting customers -% detrimental customers =% NPS	69
<b>Privacy and Data Security</b>	Private data & Freedom of expression	SASB – TC-SI-220a.1. IT Software and Services - Description of policies and practices related to user behavior, advertising and privacy	14
	Managing Systemic Risks from Technology Interruptions	SASB - TC-SI-550a.1. IT Software and Services – Number of performance issues, service interruptions; and total customer downtime	68
<b>Development and education</b>	Investment in training	ROI - Return on Investment in Training	31
<b>Transparency</b>	Transparency in public environments	Management Approach - Information made available in public environments	68

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## English translation

MS Tradução Juramentada e Técnica

## Photos

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