

**SUMMARY OF THE PERFORMANCE EVALUATION MODEL OF THE GOVERNANCE BODIES
ADOPTED BY CIELO S.A. AND ANNUAL REPORT OF PERFORMANCE EVALUATION RESULTS FOR
BOARD OF DIRECTORS AND ITS MEMBERS
FINANCIAL YEAR 2021**

1. Introduction

As of 2020, the performance evaluation of the Board of Directors ("Board") of Cielo S.A. ("Company" or "Cielo"), its Advisory Committees ("Committees"), as collegiate bodies, as well as the Governance area is led by an independent external consultancy, with guidance from the Corporate Governance Committee.

Considering the Company's level of maturity in corporate governance, its stage of evolution and prior experiences with previous performance assessment processes, a thorough and detailed evaluation ("Broad Performance Assessment") will be carried out every four years, in addition to (*pulse checks*) ("Intermediate Performance Assessment") carried out annually to monitor progress and shortcomings and identify points and opportunities for improvement.

2. Evaluation Process

2.1. Scope of Evaluation

The performance evaluation applied to the Company's governance bodies in 2021 ("2021 Cycle"), following the practice established by the Board, was an Interim Evaluation with following objectives:

- evaluating the effectiveness of the Board, its Committees, the Governance Area;
- evaluating the evolution of the results in comparison with the results of previous evaluations;
- defining or reviewing action plans to improve the performance of the Board and its Committees.

2.2. Evaluation Methodology and Procedures

The methodology and procedures adopted to carry out the performance evaluation of the Company's governance bodies by the independent external consultancy, Korn Ferry (BR) Ltda. ("Korn Ferry"), in 2021, are as follows:

- ✓ online questionnaire applied to members of the Board, Committees, Board of Directors and Governance Officer;
- ✓ online questionnaire applied to internal stakeholders, which include those responsible for the areas that interact with the governance bodies and/or evaluated agents ("Executives");
- ✓ calibration of results intermediated by external consulting;
- ✓ identification, by the collegiate bodies, of new opportunities for improvement in addition to indication of needs for adjustments and/or improvements to the action plans created in the previous cycle, based on evaluation results.

2.3. Dimensions of Evaluation

Evaluation of the Board's effectiveness contemplated the following dimensions:

- Performance of Duties: if the Board has a clear understanding of its purpose, role and responsibilities, acts in accordance with its attributions and respects the boundaries of responsibility with shareholders, managers and their Committees;
- Composition and Structure: whether the Board has the right set of skills and behaviors to perform its role, has an adequate degree of diversity, and whether the structure of its Committees is sufficient and adequate to support the Board in its demands;
- Contribution: whether the Board has provided effective contributions to improve governance and drive business success
- Group Dynamics: whether board members interact with each other and with managers productively and in the direction of producing better decisions;
- Processes and Support Structure: whether the processes allow the Board to act efficiently and whether there is adequate support for its proper operation.

3. Evaluation Results

Overall, the evaluators' perception is clear that the Board and its Committees act effectively and, in many of the aspects that presented opportunities for improvement, showed progress in the 2021 Cycle compared to the results of the previous evaluation.

- The evaluation shows that the members of the Board consider the effectiveness of the Company's Board to be satisfactory and above expectations, and the score of the overall evaluation is slightly higher than in the previous cycle.
 - Every dimension showed a slight improvement in its score compared to the previous cycle.
 - In the 2021 Cycle, only one of the 63 items evaluated was considered unsatisfactory, while in the last cycle there were 18 items in 60 items evaluated.
 - Of the 10 board members who gave their evaluation, only 3 consider that the Council in general does not present a satisfactory level of effectiveness, even so little below the satisfactory level.
 - There is a high dispersion among the members of the Council who gave the best and worst evaluation to the Council, both in general and in all the dimensions evaluated
 - However, in almost 70% of the items evaluated, half or more of the Board members converged on the same evaluation, showing that, in general, a majority agrees with the evaluation.
- Evaluations of the Executives were slightly more positive than those of Board members themselves, although with a small reduction compared to the previous year.
 - Executives received more positive scores in every dimensions when compared to Board members
- There is good convergence between the perceptions of the members of the Board and the Executives, demonstrated by the small difference in the scores given by the two groups of evaluators.
- According to their members, every Committee exceeded its expectations.
 - As for their perceived contributions, Committees also received positive evaluations from non-member Board members.
 - Evaluators mostly agreed on their perceptions – in all but one of the Committees, evaluators converged on more than 60% of the items evaluated.
 - When compared to the last cycle, 4 of the 6 committees received higher scores than in the 2021 Cycle.

- Governance received positive evaluations, above the level expected by Board members in all aspects covered by the evaluation.
- Board members and Executives recognize that the degree of diversity of the Board remains unsatisfactory

4. Progress in the Action Plans proposed in the previous cycle:

4.1 More active performance in guiding and monitoring the Company's strategy, including in the annual calendar for specific sessions to discuss and guide the strategy and, in the regular agenda of the Board's meetings, include periodic monitoring of the execution and strategic indicators determined.

- ✓ Action Plan: To address this recommendation, in 2021 the Council approved the annual agenda of topics to be discussed at its meetings held in 2021, prioritizing the strategic action of the Council, as well as the periodic monitoring of strategic indicators.
- ✓ Evolution: The results of the 2021 Cycle show moderate progress on this topic.

4.2 Increased diversity of the Board in aspects such as executive experiences and gender.

- ✓ Action Plan: considering the results of the profile analysis of each member of the Board and adequate profile to meet the strategic directions, opportunities and challenges of the Company, some knowledge gaps were identified. In order to provide the breadth, depth of knowledge and experience necessary to fulfill the responsibilities and objectives of the Company's Board, those responsible for appointing members of the Board were informed of the need to appoint members who have the mapped qualifications, primarily in relation to practical experience in IT and gender diversity.
- ✓ Evolution: The composition of the Board elected in 2022 has led to greater gender diversity and also related to experience in digital financial services.

4.3 Dedicate more time from Board meetings to the most relevant topics, reducing the number of minor items that compete for attention from Board members.

- ✓ Action Plan: To address this recommendation, in 2021 the Council approved the annual agenda of topics to be discussed at its meetings to be held in 2021, prioritizing relevant issues and optimizing the time for discussions.
- ✓ Evolution: The results of the 2021 Cycle show moderate progress on this topic.

4.4 Innovation agenda:

- ✓ Action Plan: To address this recommendation, in 2021 the Council approved the annual agenda of topics to be discussed at its meetings to be held in 2021, prioritizing relevant issues, including those related to innovation so that the Council is engaged on the issue.
- ✓ Evolution: The results of the 2021 Cycle do not yet show progress on this topic.

4.5 Evolution of the Board's evaluation process, establishing a predetermined timetable for its execution, promoting regular monitoring of the action plan resulting from the evaluation, among other points identified to improve the process.

- ✓ Action Plan: To address this recommendation, in 2021 the Council approved an annual agenda of topics to be discussed at its meetings held in 2021, including in such agenda the deadline to implement the Council's annual evaluation and follow-up of the evaluation plans, among other points identified for improvement of the process.



✓ Evolution: The results of the 2021 Cycle demonstrate significant progress in improving the structure of the evaluation process for the 2022 financial year and greater engagement of governance bodies in the preparation of the content to be evaluated.

4.6 Presentations to the Board are short, objective and focused only on the central points, the details of which are disclosed in advance for the preparation of the members of the Board.

Action Plan: To address this recommendation, individuals responsible for preparing the supporting materials used during Board meetings went through an onboarding process so that their content has clear and concise information, as well as the deadline for sending them to the members of the Board.

✓ Evolution: The results of the 2021 Cycle demonstrate that there is no perception of progress on this topic.

5. New Action Plans

Given the favorable results of this cycle, we chose to focus attention on complementing the actions planned in the previous cycle and not yet completed or on the planned and uninitiated actions.

Barueri, May 17, 2022.

Korn Ferry (BR) Consultores Ltda.