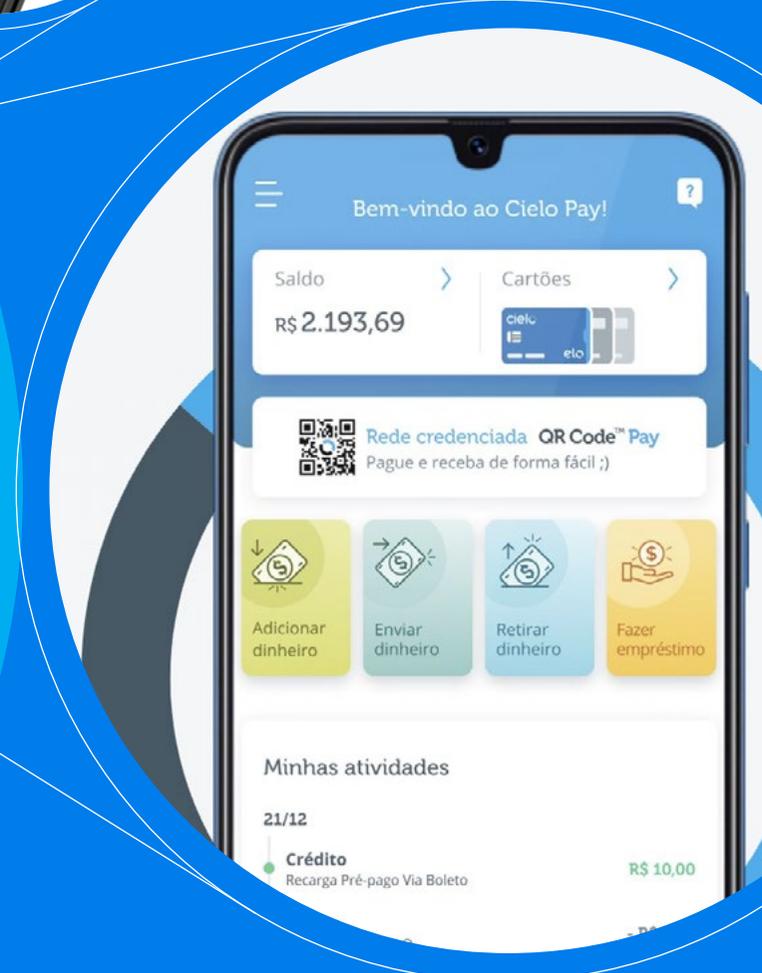


SUSTAINABILITY REPORT 2019



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About this report



About this report

Welcome to the eighth consecutive edition of the Cielo Sustainability Report. In it we review our performance across the economic, financial, social and environmental dimensions in the period from January 1 to December 31, 2019. This report covers 100% of the operations of Cielo, Servinet, Aliança and Stelo. **GRI 102-50, 102-52**

The report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards – Core option and is aligned with industry best practices. The information in this report has been independently assured by KPMG Financial Risk & Actuarial Services Ltda. **GRI 102-54, 102-56**

In the following pages we describe our goals, targets and challenges in the period, our approach to managing sustainability and relations with our diverse stakeholder groups, including customers, commercial partners, suppliers, employees, representatives from global pacts and initiatives, communities, civil society and electronic payment processing users. **GRI 102-40**

The financial statements cover all companies in which Cielo has an equity interest, in accordance with consolidated accounting rules. For Servinet, Cielo USA (indirect subsidiary Merchant e-Solutions),

Braspag, Multidisplay (indirect subsidiary M4Produtos), Cateno, Aliança (indirect subsidiary Stelo), FIDC-NP, FIDC Plus (exclusive funds FIDC Plus OT Master and Fenix), FIC Pegasus and Coral, financial information has been fully consolidated, i.e. the controlling shareholder has recognized the entirety of its assets, liabilities, revenues and expenses, and therefore the interests of the three non-controlling shareholders must be recognized. For Paggo and Orizon, results are recognized under equity income. **GRI 102-45**

To define the content of the report, we reviewed our Materiality Matrix during the year to ensure that it continues to align with stakeholder expectations. Information on the scope and boundary of the report has been restated in relation to the report published in April 2019. **GRI 102-48, 102-49, 102-51**

This report introduces a new, dedicated chapter on the Cateno joint venture, including its materiality process and performance in the year, and selected GRI disclosures. **GRI 102-10**

If you have any questions or feedback about this report or our sustainability practices, please send an email to sustentabilidade@cielo.com.br. **GRI 102-53**

A review of our materiality matrix has ensured it continues to align with stakeholders' expectations



Stakeholder engagement

We conducted a materiality review covering our materiality matrix from the previous year, sectoral publications such as the GRI Sustainability Topics for Sectors, The Sustainability Yearbook 2018 by RobecoSAM – a global investment specialist focused on sustainability investing – Brasil Mais Digital, Balanço ABECS (Brazilian Association of Credit Card and Services Companies), Cielo documents, websites and blogs, the Cateno website and industry benchmarking.

Based on this review, we compiled a shortlist of 20 current issues reflecting trends in the industry, as a starting point for the prioritization stage to define the most material topics.

In the prioritization stage, we held internal interviews with executives and external interviews with banks, suppliers and ABECS. We also carried out an online survey of stakeholders including employees, suppliers, payment users, investors/shareholders, commercial partners, customers, civil society and industry associations. **GRI 102-40, 102-42, 102-43**

In addition to the internal and external stakeholder survey, members of the Sustainability Committee – which advises the Board of Directors – were involved in prioritizing the most material topics. This process narrowed the list to 10 topics deemed most relevant in 2019, which were then approved by the Executive Board.

GRI 102-49



Our new matrix lists our ten most material issues

Materiality matrix GRI 102-44, 102-46, 102-47, 103-1

Material topics	GRI Topic	GRI Standards	Material within Cielo	Material outside Cielo	SDG
1. Customer experience: this topic is an integral part of our strategy. Cielo conducts surveys to track progress and establishes targets for continual customer service and customer experience improvement.	GRI 102: General standards	General standards (102-43 Approach to stakeholder engagement ; 102-44 Key topics and concerns raised)	Yes	Yes (customers; investors and shareholders; banks and suppliers; civil society organizations (CSO); communities and the media; and the general public)	
2. Technology trends and disruption: as a technology-driven company, this topic is especially material for us. Being alert to trends and new technologies is crucial for the long-term sustainability of the business. Cielo has a space at inovaBRA where our Garage program interacts with and supports startups through partnerships.	GRI 102: General standards	Cielo indicators and General standards (102-15: Key impacts, risks, and opportunities ; 102-29: Identifying and managing economic, environmental, and social impacts)	Yes	Yes (customers; investors and shareholders; banks and suppliers; civil society organizations (CSO); communities and the media; and the general public)	
3. Cyber security and data privacy: This topic is material to Cielo as a technology-intensive payment processing company. It is crucial that we have robust anti-fraud systems to ensure information security. Cielo has a safe and 100% PCI-certified environment.	GRI 418: Customer privacy	418-1: Substantiated complaints regarding breaches of customer privacy and losses of customer data	Yes	Yes (customers; investors and shareholders; banks and suppliers; civil society organizations (CSO); communities and the media; and the general public)	
4. Attracting and developing talent, and valuing employees: One of our values at Cielo is "Employees with drive, team spirit, and passion for everything they do." It is essential that we attract talents who are aligned with our culture. Cielo has a department dedicated to attracting and retaining talent, and provides unique employee benefits.	GRI 102: General standards and Social Standards GRI 401: Employment	General standards (102-8: Information on employees and other workers) Employment (401) Training and education (404)	Yes	Yes (customers; investors and shareholders; banks and suppliers; civil society organizations (CSO); communities and the media; and the general public)	

Materiality matrix GRI 102-44, 102-46, 102-47, 103-1

Material topics	GRI Topic	GRI Standards	Material within Cielo	Material outside Cielo	SDG
5. Democratizing access to payment services: Promoting bankarization and access to payment services supports the expansion of our customer base. It is also a positive social impact that we leave as a legacy. Cielo provides solutions that are accessible to all people, and has the largest product portfolio on the market, with a presence in 99% of Brazilian cities.	GRI 102: General standards Sector: Financial services Aspect: Local communities	General standards (102-6: Markets served) Indirect economic impacts (203) Sector (FS1: Policies with specific environmental and social components applied to business lines; FS13: Access points in low-populated or economically disadvantaged areas by type; FS14: Initiatives to improve access to financial services for disadvantaged people; FS16: Initiatives to enhance financial literacy by type of beneficiary)	Yes	Yes (customers; investors and shareholders; banks and suppliers; civil society organizations (CSO); communities and the media; and the general public)	
6. Operational capacity and availability: As an industry leader, Cielo works to ensure availability is maintained in the Brazilian market even during periods of heavy demand (Black Friday, Christmas, Mother's Day). It is through technology that we deliver operating efficiency, flawlessly authorizing transactions in seconds.		Cielo indicators	Yes	Yes (customers; investors and shareholders; banks and suppliers; civil society organizations (CSO); communities and the media; and the general public)	
7. Tailored solutions to build the largest product portfolio in the market, with customers ranging from sole proprietorships to big-box supermarkets.	GRI 102: General standards	Cielo indicators and General standards (102-2: Activities, brands, products, and services)	Yes	Yes (customers; investors and shareholders; banks and suppliers; civil society organizations (CSO); communities and the media; and the general public)	
8. Business performance: High performance ensures the long-term sustainability of the business. At Cielo we monitor a comprehensive set of indicators relating to performance.	GRI 102: General standards GRI 201: Economic performance	General standards (102-18: Governance structure) Economic impacts (201)		Yes (customers; investors and shareholders; banks and suppliers; civil society organizations (CSO); communities and the media; and the general public)	

Materiality matrix GRI 102-44, 102-46, 102-47, 103-1

Material topics	GRI Topic	GRI Standards	Material within Cielo	Material outside Cielo	SDG
9. Sustainable supply chain: Our procurement department interacts with a large contingent of suppliers and conducts on-site social and environmental due diligence audits on critical suppliers using a robust assessment system.	GRI: Environmental GRI: Supplier social assessment	Supplier environmental assessment (308) Supplier social assessment (414)	Yes	Yes (customers; investors and shareholders; banks and suppliers; civil society organizations (CSO); communities and the media; and the general public)	 
10.Regulatory risks: Due to the regulations recently introduced by the Brazilian Central Bank (BACEN) and the rapidly changing industry environment, Cielo has planned and implemented a risk management structure addressing operational, credit, liquidity and market risks, in accordance with BACEN requirements.	GRI 203: Indirect economic impacts GRI 206: Anti-competitive behavior	Indirect economic impacts (203) Anti-competitive behavior (206)	Yes	Yes (customers; investors and shareholders; banks and suppliers; civil society organizations (CSO); communities and the media; and the general public)	



Material topics GRI 102-47

Material topics	Target/2019	Status
1. A focus on customer service and customer satisfaction, delivering products and services that are responsive to their needs	Reduce the number of calls and response time in addressing customer complaints to our Call Center and Help Desk	 Met - Score: 5 Reduced by more than 30%
2. Customer data privacy (new topic)	Prepare our systems to receive and provide information on the base derivation keys (BDK) used to encrypt card data	 Met - Score: 5
3. Fraud prevention and control and cyber security	Ensure our systems and processes are compliant with Brazil's Personal Data Protection Act (Act 13,709/2018)	 Met - Score: 3.3
4. Ethics, integrity and anticorruption practices	Review our Code of Ethics	 Met - Score: 5
5. Attracting, developing and valuing employees, fairness and respect for diversity at all levels and in all relationships	Strengthen our recruiting and selection function to attract a high-quality pool of candidates to fill the different roles across the organization	 Met - Score: 4
6. Customer base expansion	Expand our product and solution sales channels (retail and small businesses)	target discontinued
7. Operational capacity and availability	Expand our services and transaction capture by ensuring high operational availability	 Met - Score: 4
8. Connecting with the future of payments	Expand our Open Payment (APIs) program	 Met - Note 4
9. Technology trends and disruption	Expand our Open Payment (APIs) program	 Met - Score: 4
10. Regulatory risks	Plan and implement an operational, credit, liquidity and market risk management structure conforming to BACEN requirements	 Met - Note 4

Material topics GRI 102-47

Material topics	Target/2020	Business cases
A focus on customer service and customer satisfaction, delivering products and services that are responsive to their needs	Process 95% of cases within seven business days	Customer experience was a key focus at Cielo in 2019 and this will continue into 2020. We have invested in a wide range of initiatives to improve our customer service channels. An in-house Ombudsman's Department is among these initiatives. Ombudsman service was previously provided by a third-party firm, and is now an internal function with 25 Cielo staff to increase efficiency in processing cases. The results from the initiative are already showing in terms of reduced response times. Recognizing that customer satisfaction is intrinsically linked to revenue performance and operational and reputational risks, it is included as a variable compensation metric for executives. In addition to the positive impact from operational improvements in customer service, our in-house Ombudsman's Department has generated cost savings of more than R\$ 1 million.
Fraud prevention and control and cyber security	Upgrade our access management platforms for employees and customers and reduce the number of audit findings relating to systems integration issues by 50%	As a financial services company, data privacy and security are a key driver of customer satisfaction, acquisition and retention, as well as helping to mitigate potential legal and reputational risks. Accordingly, we have set a target of upgrading our access management systems for employees, service providers and customers to the latest available versions, enabling the use and implementation of automated access permissions for new employees and control of conflicting profiles in order to mitigate risks.
Technology trends and disruption	Increase the number of customers using Super Link by 100%	Cielo plans to refactor the Super Link product as part of our efforts to help merchants keep their businesses running during crises. Super Link is a convenient transaction method that allows merchants to complete sales online using WhatsApp, social media or even email to receive and fulfill customer orders (with no monthly fees or any hardware requirements). With the changes, the product – which has previously been marketed only to selected niche segments – will now be available to a wide range of merchants of all sizes across different segments throughout Brazil. To provide additional and innovative customer benefits, the new service will be integrated with the delivery platform operated by partner company Loggi (a delivery services company), a significant advantage especially for small and medium-size businesses, who are now offered a unique, comprehensive sales, logistics and delivery experience.

Message from the CEO GRI 102-14

2019 was a milestone year for Cielo. It was a year of important achievements, including consistent quarter-to-quarter growth of our customer base. We ended December with 1.6 million active customers, the highest figure since March 2017, providing a strong platform from which to generate future results. We have a solid foundation to build upon – half of Brazil's card transactions are processed through Cielo and we are the preferred brand in the acquiring industry.

The expansion of our customer base generated higher transaction volumes of R\$ 683.1 billion, and delivered on our strategy of growing the combined share of Retail and Small Businesses in our revenues.

Our decision to sell rather than rent payment terminals has been a paradigm shift for Cielo, and played an important role in our positive results in 2019. At 1.3 million terminals sold, we have increased our brand presence in a segment that is extremely important for Brazil's economy, as well as gaining recognition as a partner to sole proprietors.

We chose 2019 to be a year dedicated to customers, with a particular focus on customer service through initiatives that included a major cultural transformation, variable compensation adjustments, process modernization, shorter complaint processing times and WhatsApp-based service.

Through the dedication of our 3,475 employees, we have achieved significant improvement in key customer services metrics. We created a Customer Committee and launched new physical stores, providing physical-digital integration to seamlessly serve customers of all profiles.

Customer segmentation, one of our business priorities, was among the highlights in the year

We intensified our efforts to drive customer satisfaction through our focus on pricing, product quality, availability, marketing, service and sales channels, people, operating efficiency and digital transformation.

This has further solidified Cielo's established reputation for innovation. We are recognized as the most comprehensive payments portfolio in the market, and in 2019 we launched Cielo Pay, in which customers can complete transactions by scanning a QR Code without a card terminal.

Cielo respects human rights and adheres to the guidelines established in the ILO Declaration on Fundamental Principles and Rights at Work and the UN Universal Declaration of Human Rights. We recognize the right to life, to freedom of expression and to safety.

As a company that recognizes all people's right to express themselves freely, we are against any form of discrimination. At Cielo, we see diversity as a natural course of development as a company and as a society. We are proud to have set up a dedicated Diversity Forum and four affinity groups: LGBTQI+, Gender, Race and People with Disabilities.

We ended 2019 with a sense of mission accomplished and confidence that we are better prepared than ever for the future. In 2020 we will celebrate 25 years of business and leadership, and believe that with the support of our employees, our extensive presence and our strong technological capabilities, we will continue forward in our purpose of simplifying an driving business for all customers.



Paulo Rogério Caffarelli
CEO

About Cielo



1.6 million
active
customers
up 18% from 2018

60%
reduction in
calls:
due to technical issues

1,200
transactions
per second on
Black Friday

Intensified commercial
efforts: **1,000** hunt-
ers (dedicated to cap-
turing new business)
and **500** farmers
(specializing in custom-
er relationship activities)
on the ground

87%
improvement
in complaint
resolution times

Launched
the Cielo
Elô virtual
assistant

1.3 million
card
terminals
sold since the Stelo
acquisition in 2018

Customers at
the center of
the business:
a significantly improved
Net Promoter Score (NPS)

16% drop in
complaints
to Customer Service

100+
business
projects delivered

R\$ 683.1
billion in
transactions,
up 9% on
2018

Cielo + Stelo integration

the most comprehensive portfolio on the market

17 new commercial partnerships

100% of sales continuously monitored - 24 hours per day, seven days per week

R\$ 638 billion in transaction volume

Store network expansion

with two newly opened stores in 2019

Blue Wave

R\$ 176 million in recovered volume and R\$ 44 million in new volume

12,000 applicants for our trainee program, 50% more than in 2018

R\$ 17 billion in loans

paid in two days

R\$ 1.58 billion in net income

Capabilities to support 6,000 sales per second

In-house Ombudsman

R\$ 11.34 billion in net revenue

Profile

More than a payment terminal company, Cielo S.A. is a provider of retail technology and services and the Latin American leader in the electronic payments segment. Our operations span accreditation, transmission, processing, settlement and capture across the leading domestic and international credit and debit card brands.

GRI 102-1

We offer an extensive portfolio of solutions for the diverse business needs of more than 1.6 million active customers, from small businesses to large retailers country-wide. With well-established capabilities, we offer state-of-the-art logistics combined with rigorous security standards.

GRI 102-2, 102-6

Cielo is a publicly traded corporation based in Barueri (Alphaville), southeastern Brazil, and with a presence in the US since the acquisition of subsidiary Merchant e-Solutions in 2012. We are a multi-brand acquirer – one of several parties involved in the capture, transmission and settlement of credit and debit card transactions.

GRI 102-3, 102-4, 102-5, 102-6, 102-7

In 2019, with the dedication of our 3,475 employees in Brazil, Cielo recorded R\$ 683.1 billion in transaction volume – an increase of 9% compared to 2018 – and net income of R\$ 1,580.2 million. **GRI 102-7, 102-8**



Transaction volume
grew
9%
compared to 2018



Mission and Values GRI 102-16



Mission

Our mission is to wow our customers with best-in-class solutions from a leading, profitable, and sustainable company with passionate employees.



Values

- » Drive, team spirit and passion
- » Wowed customers
- » Owner mindset
- » Ethics in all dealings
- » Excellence in execution
- » Innovation with results
- » Sustainability and Responsibility





Commitment

Supporting external initiatives

GRI 102-12, 102-13

Cielo and our subsidiaries joined the Global Compact in 2011, and became Participants in 2018. This initiative, which is aligned with the Sustainable Development Goals (SDGs), resonates with our values and with the business and individual conduct that our stakeholders expect of us.

Since 2012, the Company has referenced the Global Reporting Initiative (GRI) Standards in developing our sustainability reports. In the 2015 Ethos Institute Open Letter to Brazil on Climate Change, we declared our commitment to mitigating the impacts from our operations;

since 2011, we have prepared Greenhouse Gas (GHG) Emissions Inventories in accordance with the Brazilian GHG Protocol Program methodology. We report on our emissions through the Carbon Disclosure Project (CDP) – an organization that provides information to investors about companies working to reduce global warming – and through Brazil's Public Emissions Register, a platform developed by the Brazilian GHG Protocol Program for publishing member organizations' GHG emissions inventories – it is currently the largest database of corporate inventories in Latin America.

Cielo is also a member of the following initiatives and organizations:

- » Brazilian Association of Credit Card and Services Companies (ABECS)
- » Brazilian Institute for Corporate Governance (IBGC)
- » American Chamber of Commerce (Amcham)
- » International Chamber of Commerce (ICC)
- » Brazilian Commercial Automation Association (AFRAC)

- » Movimento Brasil Digital, linked to Instituto IT Mídia
- » Global Compact Working Groups: Sustainable Development Goals, Human Rights and Anticorruption
- » Corporate Initiatives of the Fundação Getulio Vargas Center for Sustainability Studies (GVces)
 - » Brazilian GHG Protocol Program
 - » Business for Climate (EPC)
 - » Applied Life Cycle (CIViA)
 - » Local Development and Large Corporates (ID Local)
 - » Innovation and Sustainability in the Value Chain (ISCV)
- » Athletes for Brazil, Instituto Ethos and Lide Sports Pact, supported by Mattos Filho Advogados



Indexes



Dow Jones Sustainability Index (DJSI)

- » Carbon Efficient Index (ICO₂) – B3 S.A. – Brasil, Bolsa, Balcão



B3 Corporate Sustainability Index (ISE) – B3 S.A. – Brasil, Bolsa, Balcão

- » Mid-Large Cap Index (MLCX)
- » Corporate Governance Trade Index (IGCT)

- » Bovespa Index (Ibovespa)
- » Special Corporate Governance Stock Index (IGC)
- » Differentiated Tag Along Stock Index (ITAG)
- » Brasil 100 Index (IBrX-100)
- » Brasil 50 Index (IBrX-50)
- » Financial Index (IFNC)

- » Brazil Broad-Based Index/B3 (IBrA)
- » Novo Mercado Corporate Governance Index (IGC-NM)

Awards and recognition

Exame Magazine Biggest & Best

Cielo was named the top company in the Services category for the 13th consecutive year.

Valor Econômico Large Corporates

Cielo was prominently featured in this year's edition of the list, which provides information about a total of more than 5,000 large business groups.

Exame Guide

The no. 1 company for compliance among 36 listed companies. The publication is the first of its kind in Brazil and has been developed as a partnership between Instituto FSB Pesquisa and Fundação Dom Cabral.

Dow Jones Sustainability Index

For the fourth year, Cielo was among the top-ranked companies for Operational Eco-Efficiency and Environmental Policy and Management Systems.

Época Negócios 360°

For the eighth year running, Cielo ranked first in the Financial Services category of the *Época Negócios 360°* list.

ISE B3

Cielo was named to the Brazilian stock exchange's Corporate Sustainability Index for the seventh year.

Estadão PME

First place in the Object of Desire category as ranked by payment machine customers.

Valor Inovação Brasil 2019

Cielo ranked eighth in a list of corporations that have incorporated innovation in their DNA.

VOCÊ S/A

For the 18th year, Cielo ranked among the 150 Best Workplaces in Brazil, and was especially well ranked in the financial services industry.



Awards and recognition

Cielo is the 12th most valuable brand in Brazil as ranked by **Interbrand**.

Cielo QR Code™ Pay ranked second in the **“100 Top IT Innovators”** list, in the Financial Services category.

We also **led in Google searches** in October 2019.

Cielo was awarded a **RA1000** Mark from customer complaint aggregator *Reclame Aqui*, with the second-highest complaint resolution rate, at 93.8%. Approximately 80.8% of customers said they would do business with us again, the highest percentage among our main competitors.

Cielo is on the list of **45 Best Companies for Career Beginnings**, published by *Guia VOCÊ/SA*.

Cielo is the only Brazilian acquirer in **the Forbes ranking of the world's best employers**. The Company ranked 125th globally, and fourth in Brazil.

For the fourth consecutive year, Cielo was listed as one of the **10 most sustainable IT Services & Internet Software and Services companies in the world**, as ranked by the RobecoSAM Sustainability Yearbook.

Cielo won the Silver award in the **ABEMD 2019** awards, in recognition of our 50% reduction in problem resolution times.

Cliente SA Best Technology Project on Callink; Total Engagement; and Best Retention Business with NeoBpo.

Edison Kinoshita was recognized as **Executive of the Year by ABT**.

Cielo received a **B rating** in our most recent report to the **CDP Climate Change** (Carbon Disclosure Project), a UK organization that supports reporting on corporate environmental impacts. This rating is two levels above Cielo's previous rating.



Corporate governance

Corporate governance is a value in which we aim to achieve continual improvement toward sustainable performance. Among the guiding principles of our corporate governance model is ethics, transparency, equity, accountability and corporate responsibility.

Recognizing that a solid governance model inspires trust, Cielo works to achieve the highest standards of governance by seeking an optimal balance of rights, powers, obligations and responsibilities among stakeholders. This enables us to sustain healthy and efficient operations, creating long-term value.

In 2009 Cielo listed in the B3 *Novo Mercado* listing segment, and formally joined the Market Arbitration Chamber

under our Bylaws. This listing segment requires companies to adopt a set of corporate rules providing enhanced shareholder rights, and implement more transparent and comprehensive financial reporting.

In 2011 the Company issued Level 1 American Depositary Receipts (ADRs) on the International over-the-counter (OTCQX) market, a premium segment of the US stock market that distinguishes leading international companies from other US OTC issuers on the basis of the quality of their operations, reporting excellence, and listing on renowned overseas stock exchanges.

Diversity

Cielo's Executive Board is composed of seven men and one woman, with six members aged between 30 and 50 and two above 50. The members of our governance

bodies more broadly – the Executive Board and Board of Directors – include one white woman and 16 men in total, of whom seven are white, one is mixed-raced and eight had not self-identified their ethnicity at the time of reporting. *Further information can be found on our [Investor Relations website](#).*

Our governance bodies seek to embed diversity and sustainability into their structure, in accordance with guidelines outlined in our Policy on Nomination and Remuneration of Governance Body Members. However, the candidate pool is inherently limited due to the niche market in which we operate and the importance of candidates' technical and professional skills being aligned with our strategic plan.

A set of diversity targets that accommodate these challenges are currently being discussed in our Diversity Forum. Following approval by the Diversity Forum, the proposed targets will be submitted to the Executive Board for approval. **GRI 405-1**



Our governance bodies work to foster diversity and sustainability



Initiatives for a robust governance model

- » Three independent members out of 11 Board of Directors (BoD) members;
- » Under our Bylaws, the chairman of the BoD and the CEO may not be the same person;
- » A Corporate Governance Secretary reporting to the CEO;
- » Annual self-assessments of the Board of Directors, including both Board-wide and individual assessments, conducted by the Corporate Governance Secretary with the participation and under the oversight of the chair of the Corporate Governance Committee (an independent member of the Board of Directors);
- » Periodic independent assessments by third-party consultants, overseen by the chair of the Corporate Governance Committee with support from the Corporate Governance Secretary;
- » A corporate governance internet portal to restrict information exchange with members of the Board of Directors and Advisory Committees;
- » A fixed order-of-business agenda (including management of economic, environmental and social impacts) and an annual calendar of ordinary Board of Directors, Audit Board and advisory committee meetings; **GRI 102-29**
- » Proposed Board of Directors resolutions required to be clearly articulated;
- » BoD meeting time dedicated to each topic is estimated and enforced to streamline meetings and ensure that strategic business is not neglected;
- » Senior management commitment to diversity;
- » The Company's and its affiliates' governance guidelines are aligned through their corporate documents (Articles of Incorporation, Shareholders Agreements and Bylaws);



- » Periodic reviews of our policies, standards and procedures;
- » Rules of Procedure for Shareholders' Meetings;
- » A code of ethics that has been perfected through inputs from our employees; the code contains a set of practices and procedures for business conduct and interactions between employees, customers and suppliers. We also have a specific Code of Ethics establishing guidelines on the business conduct of suppliers;
- » An Ethics Hotline that can be reached through a dedicated website or a toll-free number operated by an independent firm. Any suspected wrongdoing can be reported anonymously and in confidence. Report

investigations are overseen by our Internal Audit, which is independent of the Executive Board and provides reports on the end-to-end investigation process – from report receipt to case closure – on a monthly basis to the Audit Committee and on a six-monthly basis to the Board of Directors;

- » A Policy on Related-Party Transactions and other situations of conflict of interests, aimed at ensuring that controlling shareholders do not participate in decisions from which they may benefit.



**Our robust
governance structure
is underpinned by
best practices**

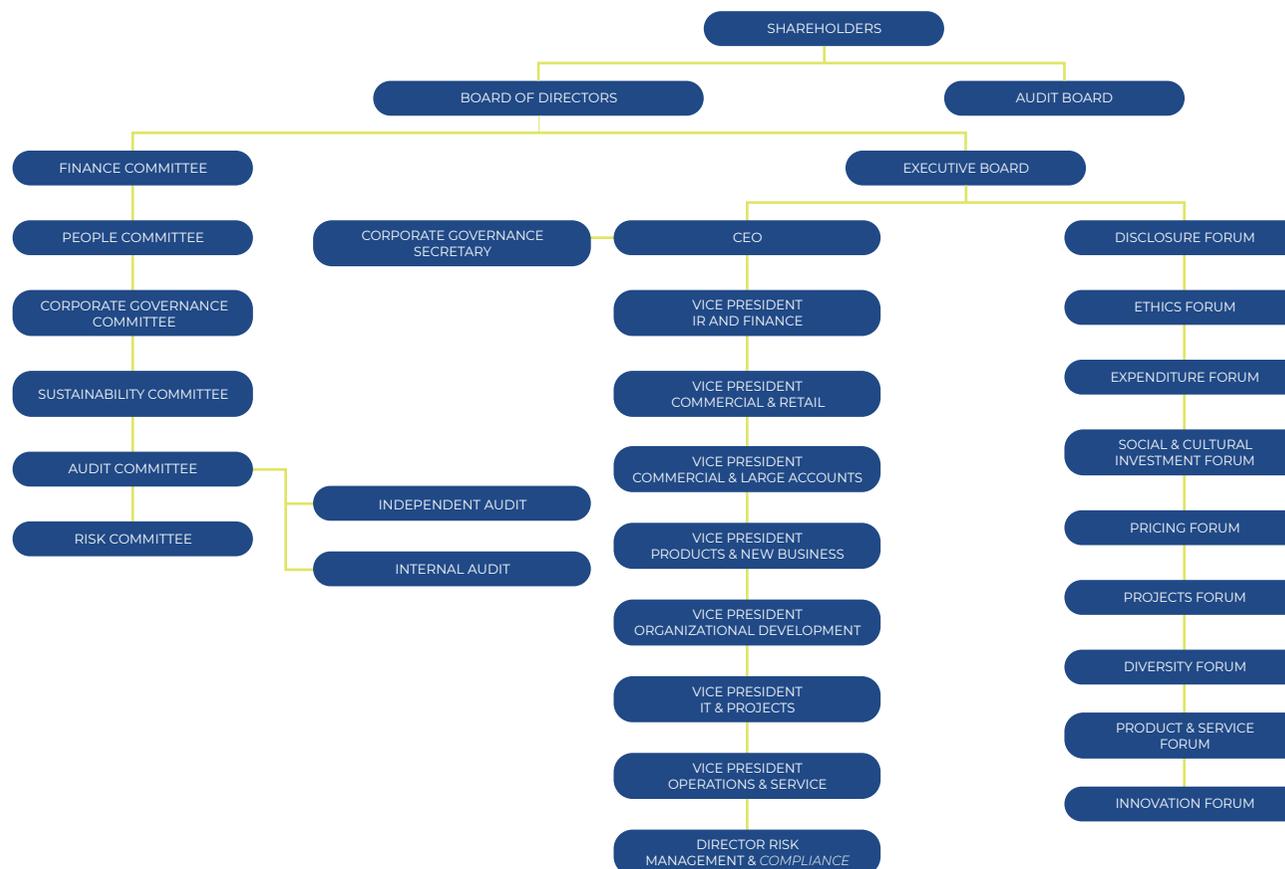
Governance structure GRI 102-18

The Company is governed by the Board of Directors (BoD) – whose members are elected in the General Meeting – and by the Executive Board. Under our Company Bylaws, we may create advisory committees to support and increase the quality and efficiency of governance-body activities.

Members of the Board of Directors and the Executive Board are nominated based on their strategic contributions and on merit, as well as gender, age, ethnic background, nationality and educational background. Full information about our governance structure and practices is available at: <https://ri.cielo.com.br/en/about-cielo/corporate-governance/> GRI 102-24

The establishment of advisory committees and forums is the responsibility of the Board of Directors and/or the Executive Board. The following are currently in place:

- » Board of Directors Advisory Committees: Finance; People; Corporate Governance; Sustainability; Audit; and Risk.
- » Forums advising to the Executive Board: Disclosure; Ethics; Expenditures; Social & Cultural Investment; Pricing; Projects; Diversity; Products & Services; and Innovation.



The Executive Board is supported by four forums on nine topics

Joint venture and affiliates

Cielo aims to build a diverse portfolio of products and services through efforts to identify new business lines that can maximize and optimize the use of our network and assets.

These efforts are aligned with our strategic plan, which aims to create shareholder value through growth, revenue diversification in adjacent businesses and increased operational efficiency.

To ensure that these ventures are managed in accordance with best corporate governance practices, Cielo has a dedicated department for managing affiliates – or companies in which Cielo holds a 10% or greater equity interest but not control.

Our approach to affiliate management ensures that best governance practices and institutional policies are in place that adhere to Company policy, and that oversight is exercised over affiliates' economic, financial, market, regulatory, administrative, operational and risk management, with support from the relevant functions within the Company. This provides the greater alignment needed to support increased business efficiency, effectiveness and efficacy.

Affiliate operations GRI 102-6

Stelo: point-of-sale payment solutions. In 2018, Cielo completed the acquisition of a 100% interest in the company.

Braspag: payment processing solutions. A Cielo Group company.

Cateno: a payment account management company.
For further information, see the chapter About Cateno (Page 98).

Orizon: a services management company providing the following services: data processing for medical companies in general; back-office management for health insurance carriers; electronic networking between health insurance

carriers and healthcare providers (such as hospitals, clinics and laboratories), other parties in the private healthcare system and pharmacies.

M4U: payment digitization and mobile solutions. A Cielo Group company.

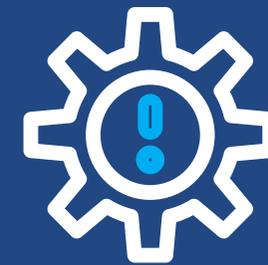
Merchant e-Solutions: a US-based acquiring (POS and online) and payment processing company.

Aliança Pagamentos e Participações Ltda: services include development and management of accounts at retail and service businesses for credit and debit card and other payment services; and acquisition of equity interests in other companies.

Servinet: manages accounts with merchants for credit and debit card and other payment services.

Our strategic plan calls for diversification of our portfolio and revenue streams

Risk Management



Risk management GRI 102-15

Cielo has a Corporate Risk Management and Internal Controls Policy that establishes general guidelines on corporate risk management and internal controls in accordance with applicable regulations, standards and industry best practices.

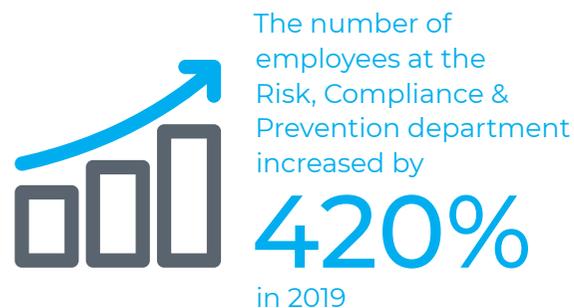
The Policy is reviewed on an annual basis, and in 2019 underwent a robust revision process reflecting changes in the risk management structure and roles and responsibilities during the year. In 2018 our Risk & Compliance department had a staff of 15 people. In 2019, before it was merged with the Prevention team, the department had 23 people. After consolidating and formalizing the Risk, Compliance & Prevention department, it now has a staff of 63 employees, an increase of 420% from 2018 to 2019.

Using Cielo's proprietary methodology, the Policy provides guidance on identifying, assessing, responding to, monitoring and reporting risks within the Company. It covers risk management across different dimensions: internal controls, business continuity and crisis management, and operational, social, environmental, strategic, regulatory, financial, reputational, liquidity and other risks.

The Policy is applied by the Risk and Compliance function, which is directly subordinated to the CEO and reports to senior management. A number of other policies on Risk Management are also in place. These are reviewed annually and available for reference on the Company's Investor Relations website at <https://ri.cielo.com.br/en/about-cielo/corporate-governance/bylaws-and-policies/GRI 102-31>

Where risk events of any nature are identified, they are duly documented and action plans are developed with defined owners and deadlines to mitigate the identified risks. Employees are encouraged to proactively report any risks identified at any stage of the processes or operations in which they are involved.

In addition, products and services under



development or undergoing changes are assessed for risks and potential impacts on the Company. The Risk & Compliance, Legal & Institutional, Sustainability, Controllershship, Fraud & Money Laundering Prevention, and Information Security functions are involved in project, product and service evaluation processes, and are responsible for identifying risks and vulnerabilities in the control environment and opportunities for improvement.

Main risks

In our efforts to improve our practices, Cielo has assessed the main risks with the potential to affect the Company (corporate risks) and has submitted them to the relevant executives for validation. These risks are periodically monitored and assessed.

Corporate risks are described in a risk inventory and categorized as operational, strategic, reputational and financial risks. These are then further classified into social, environmental, legal, compliance, credit, market, liquidity and other risks.

Cielo monitors card-brand rules and regulatory developments with the potential to affect our business and the execution of our strategy, to ensure that our products and processes are compliant

with the internal and external rules and regulations in force. We also disseminate our risk management, internal control, business continuity and compliance culture through regular training.

The Legal department is responsible for monitoring and informing affected functions about regulations applicable to Cielo. Our agenda in 2019 included new rules on banking domicile lock-in and changes in the conditions and procedures for bank loans secured by payment processing receivables.

Cielo has a Tax Management Policy establishing internal controls to ensure that all information used in tax management is accurate, complete, up-to-date and auditable. In addition to ensuring compliance with tax legislation, the policy requires that stakeholder relations observe best corporate and tax practices.

This and our other policies are based on the principles set forth in our Code of Ethics: Ethics, Integrity & Good Faith, Compliance, Corporate Responsibility and Citizenship, Transparency, Reputation and Governance.

We monitor developments in the Brazilian

Corporate risks include operational, strategic, reputational and financial risks





and global tax landscape to inform tax optimization strategies, using a sustainable approach to tax management that ensures the longevity of the business in accordance with set strategies.

Cielo has dedicated functions responsible for monitoring market and innovation trends, including our IT, Strategy and New Business departments and Innovation Forum. In addition, we conduct market and customer surveys, and participate in a range of payments and retail segment events.

We also identify and address social and environmental risks. These risks include the potential direct or indirect damages that our business activities could cause to society or the environment, resulting in financial losses or damage to the trust that

we have earned in our industry. This risk is present in two categories of corporate risk:

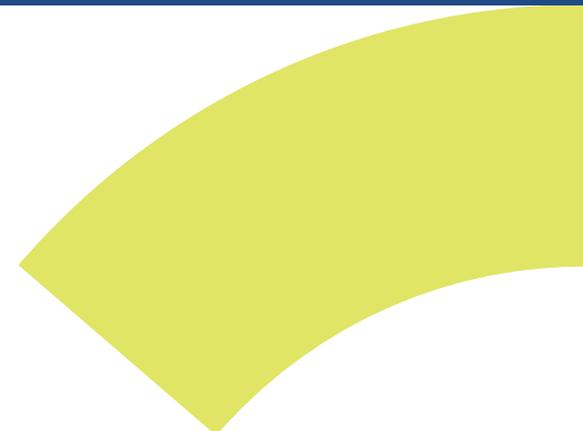
- » **Environmental Risk:** the possibility that our operations could have adverse impacts on the environment.
- » **Social Risk:** the possibility that our operations could generate social impacts and/or enable customers, partners or suppliers to obtain revenues through unlawful practices. **GRI FS2**

Cielo's Sustainability and Corporate Responsibility department is responsible for communicating with the representatives of sustainability indexes – including the B3 Corporate Sustainability Index and the Dow Jones Sustainability Index (DJSI) – about our practices and developing action plans to mitigate the reputational risks of not being present in those indexes (Social and Environmental Reputational Risk). **GRI 103-2, 103-3**

Three primary sources of social and environmental risks have been identified: environmental impacts from our operations, private social investment, and exclusion from sustainability indexes denoting a company's good management practices.

To anticipate potential impacts, the Sustainability department participates in our Product Forum to assess the potential social and environmental risks inherent to our products and services, from development to final disposal. **GRI 102-11**

The purpose of the Product Forum is to support the Executive Board in assessing the quality and efficiency of our operations, in line with strategic goals and the basic principles of corporate governance. In addition, we have guidelines to ensure that products and services under development or undergoing changes are assessed on different risk aspects by the relevant functions, which then issue recommendations. The Risk and Compliance department is responsible for monitoring compliance with those recommendations. **GRI FS1**



Concepts

BUSINESS CONTINUITY MANAGEMENT

- » Business Continuity Management Standard
- » Crisis Management Procedures

Normal

Decision-Making and Plan Activation

CRISIS MANAGEMENT PLAN

- » Crisis Management team composition
- » Decision-making processes to be activated in the event of a crisis
- » Procedures on cascading information in the event of a crisis

Crisis likely

Contingency procedures

DISASTER RECOVERY PLAN

- » Procedures for Data Center failover to redundant sites

WORKSTATION CONTINGENCY PLAN

- » Procedures on workstation failover to a redundant site
- » Information on communication trees

PEOPLE CONTINGENCY PLAN

- » Protecting people during and after a crisis
- » Minimizing impacts from shortages of skilled personnel

Crisis

PROCESS CONTINGENCY PLAN

- » Failover procedures to be used in the event of an outage involving any of the steps in the process

EXTERNAL THREAT RESPONSE PLAN

- » Contingency procedures for external events affecting Cielo

The purpose of Business Continuity Management (BCM) is to identify the risk of an outage and ensure that an improvement process is implemented and maintained in order to:

- » Ensure that our Business Continuity Plan is appropriately documented with procedures and up-to-date information that are readily available for use in the event of an incident so that critical activities are kept acceptably operational;
- » Ensure an adequate level of stability during the post-outage recovery, in order to safeguard our reputation; and
- » Prepare our personnel – through tests and drills – to respond effectively to an incident or outage.

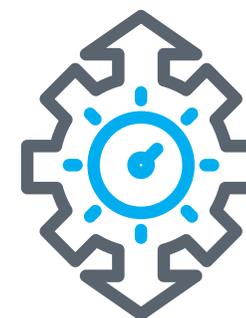
Cielo uses a formally documented and audited methodology that ensures essential services are identified and preserved in the event of a disaster.

The first step in BCM is a Business Impact Analysis (BIA) to identify and document the potential impact in the event of an outage affecting key business processes. It is also used to establish process recovery priorities during an outage, appropriate recovery times (Maximum Tolerable

Period Disruption (MTPD), Recovery Time Objective (RTO) and Recovery Point Objective (RPO)), and the resources and teams required to maintain the requisite levels of service.

Based on the BIA, a business continuity strategy is defined and a Business Continuity Plan (BCP) is developed.

The BCP comprises a set of documents describing how we will respond in the event of an outage to ensure that critical business processes return to acceptable operational levels within a satisfactory period of time, across all areas, processes and environments involved.



Business Continuity Management (BCM)

helps to identify outage risks



To strengthen our organizational culture around Business Continuity, we provide e-learning training that is mandatory for all employees

A BCP consists of the following plans:

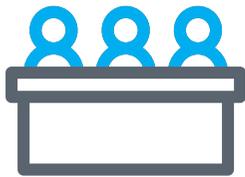
- » **Disaster Recovery Plan:** Procedures for recovery following an incident resulting in the partial or full unavailability of technology assets;
- » **Crisis Management Plan:** Procedures for decision-making on which plans to activate in the event of a crisis, and for monitoring the environment until normal operation is established;
- » **Workstation Contingency Plan:** Procedures on activating the redundant workstation where the main workstation becomes unavailable;
- » **Supplier Continuity Plan:** Procedures on assessing critical suppliers (TIER 1) and their contingency plans, and preparing scenarios and alternatives in the event that the supplier's IT environment becomes unavailable;
- » **People Continuity Plan:** Procedures for activating role-specific backup plans for employees designated as key people;
- » **External Threat Response Plan:** Contingency procedures for external events affecting Cielo and our employees;
- » **Process Contingency Plan:** Failover procedures to be used in the event of an outage involving one of the steps in a process.

The effectiveness and reliability of our Business Continuity Plan is assessed through periodic validation tests whose nature, scope and frequency are established based on the criticality of the relevant services and business and/or regulatory requirements.

Risk governance GRI 102-31

Among Cielo's most important risk-related policies is our [Corporate Governance Policy](#), which establishes key guidelines on governance processes, including risk and asset management, in accordance with applicable regulations and industry best practice.

The Policy was formalized in 2019 and will be revised every two years or whenever otherwise deemed necessary, in accordance with our Standards Policy.



Cielo created a
**Risk
Committee**
in 2019

Committee

In 2019 Cielo created a Risk Committee, whose rules of procedure were approved in January, that meets and reports to the Board of Directors on a quarterly basis. The Risk Committee is composed of six members: two independent members – one of whom is the chair – two representatives from our two largest shareholders, and two guest members. The Committee's role is to advise the directors and assess the Company's risk management practices.

The Committee has approved a program of activities for the year for our risk, internal controls, business continuity and compliance functions. Some of the highlights of the year included the recognition we received from the magazine *Exame* as a leader in compliance, and the formalization of our Compliance Appetite.





We identified

5

emerging risks

and opportunities

Emerging risks

We identify emerging business risks through three-yearly strategic planning cycles, with annual reviews. In addition, we conduct extensive market mapping and identify strategic business risk across the competition/business model, technology and regulation dimensions.

In addition to the formal strategic planning process, we have internal processes focused on monitoring the market and identifying potential risks and business opportunities. Examples of these processes include: customer and market surveys, monitoring local and international trends in the payments and technology market, and following developments in the BACEN regulatory agenda.

The most significant risks identified are related to significant losses of transaction volumes in instant transfer services, both peer-to-peer (P2P) and

especially peer-to-mobile (P2M), i.e. the risk of disintermediation of acquirers in transactions on platforms such as bill payment platforms and e-commerce payment gateways. The following are some of the primary emerging risks:

- » New tech players entering the acquiring market;
- » Implementation of instant payments by the Brazilian Central Bank (BACEN), creating a risk of disintermediation of debit products, which currently account for 38.5% of Cielo's transaction volumes;
- » Regulatory sandboxes, which aim to increase competition in the financial services industry, including the payments segment, by attracting new entrants and increasing competition among incumbents. A Public Consultation has proposed that applications be made between April 1 and 30, 2020, with the first cycle beginning on August 3;

- » Open Banking, under a BACEN proposal made in Public Consultation no. 73/2019, which aims to drive innovation and competition by enabling new entrants and incumbents to lead the development of innovative products and services for the market. However, this framework also offers opportunities for Cielo to leverage its human and technological resources to take the lead in offering services to the broader financial services and payments industry;
- » Introduction of authorized payments in withdrawal and deposit arrangements. A public consultation has proposed to amend Central Bank Circular No. 3.682/2013 to allow cryptocurrency issuers, digital banks and small conventional banks to provide the same capilarity and pricing as large and medium-sized banks in providing access to withdrawal and deposit services to customers.

These risks and opportunities are monitored to ensure our response minimizes potential negative impacts while supporting innovation and better service to our stakeholders.

Prevention culture

We disseminate our risk, controls and prevention culture through regular training for employees. A Regulatory Training Program addresses topics such as anti-bribery practices, insider trading, our code of ethics, money laundering prevention, and information security. Training within the program is provided annually for refresher training and capacity building purposes. In addition, new employees are required to take this training within 30 days of joining the Company. Workshops on risk management, crisis management and business continuity management are organized on a regular basis. In addition, as part of the Cielo Compliance Program, campaigns are organized to disseminate our Code of Ethics and raise employee awareness about regulatory topics.



A regulatory Training Program

provides capacity building to employees



Ethics and compliance

GRI 103-2, 103-3

We have consistently upheld our ethics commitment to society and to our employees, customers, shareholders and suppliers. This commitment is embodied in our Code of Ethics, which is based on corporate principles and outlines the standards of conduct to be followed in dealings with all stakeholders.

The Code, which was last revised in 2019, is applicable not only to our directors, employees, interns and young apprentices, but also to affiliates, shareholders, controlling shareholders, the Audit Board and other stakeholders.

At Cielo, promoting a culture of ethics is a shared responsibility, and all are expected to disseminate the good practices established in our policies, standards and procedures, building trust in our business relationships. All employees are required to sign a formal affirmation of our Code of Ethics, and annually receive mandatory refresher training.

The Code provides guidance on equal opportunity, human rights, conflicts of interest, contributions to and membership of political parties, anti-corruption practices, prevention of fraud and money laundering, antitrust practices, accepting and offering gifts and hospitality, information security, social media, the environment, occupational health and safety, forced labor, sexual exploitation of children and adolescents and child pornography.

GRI 415-1

Cielo also has an Ethics Forum that is responsible for addressing deviations from the principles outlined in the Code, to ensure that those principles are adhered to in our management processes.

In addition, we have a Supplier Code of Ethics that was revised in 2018 and has been accepted by all commercial partners. The Code outlines responsibilities and the conduct expected of suppliers, and provides guidance on Cielo's values and standards of conduct to support enduring relationships between the parties.



91.1% of
employees

were trained and 100% of
employees were informed about
our anti-bribery policies and
procedures

The Code of Ethics sets forth guidelines governing the boundaries, responsibilities and management of consequences related to corruption. These guidelines forbid bribery, embezzlement, the granting of undue advantages, the direct or indirect acceptance of gifts, favors, money or hospitality. The code also encourages stakeholders to report any wrongdoing.

All transactions (100%) considered by Cielo to be “customer transactions” are assessed and monitored to prevent and combat money laundering. **GRI 205-1**

All supplier contracts contain anticorruption clauses. In 2019 we revised our contractual provisions to include provisions on money-laundering.

Customer transactions are monthly assessed and monitored by our Money Laundering Prevention function – a total of 10.97 billion transactions – to ensure compliance with Brazil’s Anti-Money Laundering and Terrorism Financing Act. In both cases, deviations are reported to the financial oversight authority (COAF).

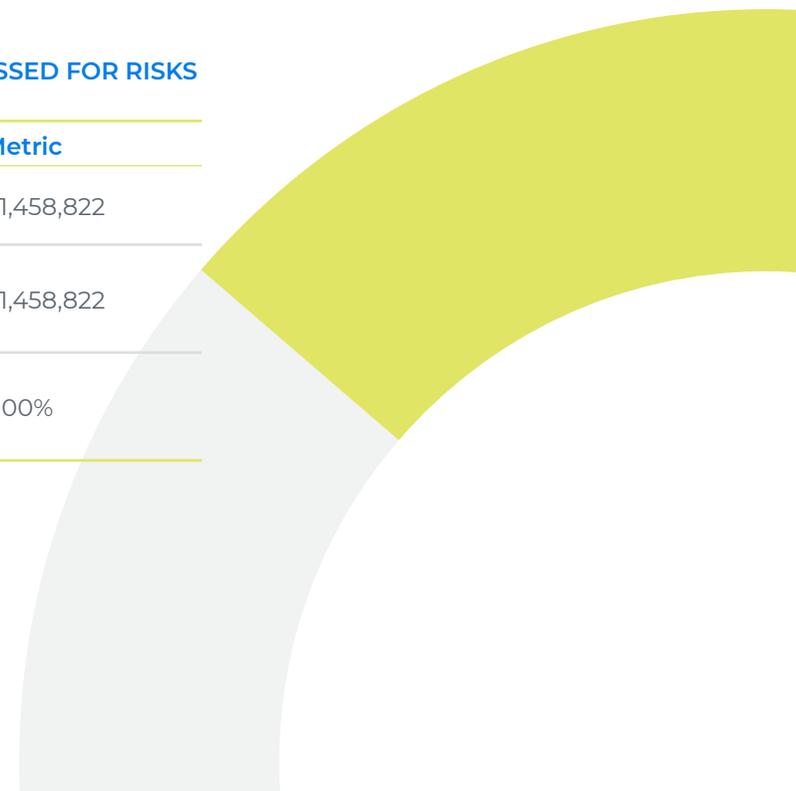
Cielo also conducts risk assessments for 100% of substantiated reports received through the reporting hotline, for processes related to or affecting our Integrity Program, and for all interactions with government agencies.

Due to the nature of our business, direct interaction with government officials is minimal. However, to mitigate exposure to corruption risk, we have mechanisms in place to prevent, detect and respond to situations constituting corruption. **GRI 205-1**

Cielo also has an Antitrust Policy providing guidance for managers and employees on preventing anti-competitive violations both in the context of interaction between competitors – whether directly or through industry associations – and in Cielo’s commercial practices. We are not parties to any legal actions for anti-competitive behavior, anti-trust, or monopoly practices. **GRI 206-1**

TOTAL NUMBER AND PERCENTAGE OF OPERATIONS ASSESSED FOR RISKS RELATED TO CORRUPTION

	Metric
Total number of operations within the organization	10,971,458,822
Total number of operations within the organization that are assessed for risks related to corruption	10,971,458,822
Percentage of operations within the organization that are assessed for risks related to corruption (%)	100%



Ethics Hotline

Any violations of our Code of Ethics can be reported (anonymously or by name) via our Ethics Hotline, either on the dedicated website (<https://canaldeetica.com.br/cielo/#home>) or by phone (0800-775-0808). The channel is open to receive reports from both employees and third-parties, including suppliers, service providers and clients, who can track the progress of their case on the hotline website.

Reports are handled by an independent firm and submitted for investigation by the Internal Audit Team – which reports to the Board of Directors through the Audit Committee – and communicated to the Ethics Forum for review.

In addition, on a monthly basis the Audit Committee reviews whistleblowing reports, the findings of investigations

and any action taken by the Ethics Forum – which is composed of the CEO and executives directly under him – to assess the most significant incidents, the parties responsible and action required for critical cases.

Reports made to the Ethics Hotline are analyzed and investigated by groups assembled according to the nature and the origin of the misconduct. Access to the information is restricted to the Audit function, which is responsible for analyzing, providing an opinion on and addressing the reports received. Penalties for violations are set forth in the Cielo Consequence Management Standard.

Direct and third-party employees, suppliers, service providers and customers can all use our Ethics Hotline



The Company received
122
 reports
 on violations of our
 Code of Ethics



Cases deemed to be substantiated or that are more complex are referred to the highest authority in the flow, the Ethics Forum. Less complex cases are dealt with by the managers responsible. If a member of the Executive Board is implicated, the Board of Directors is required to decide on the matter. All reports, and the relevant investigations and monitoring, are reported monthly to the Audit Committee, and on a six-monthly basis to the Board of Directors.

During the course of 2019, the Company received 122 reports of violations of our Code of Ethics. Of these, 13 cases were deemed substantiated. Investigations of the 122 reports received (45% anonymous and 55% by name) were coordinated by the Internal Audit function.

Actions taken in each of these cases included the dismissal of an employee involved in psychological harassment; a formal warning to employees for the

unauthorized use of company funds and violation of internal policies and standards, and termination of a third-party employee and imposition of compensation from the relevant supplier for an incident involving operational fraud. In 2019, no cases of corruption were recorded. **GRI 103-2, 103-3, 205-3**

Cielo affiliates also have an independent channel for dealing with violations of the Code of Ethics: Braspag (<http://canaldeetica.com.br/braspag>), M4U (<https://canalconfidencial.com.br/m4u>), Stelo (<http://canaldeetica.com.br/stelo>) and Cateno (<https://canalconfidencial.com.br/cateno>).

Complaints about privacy breaches and loss of client data can be made through the Ethics Hotline. During the year, there were no substantiated complaints in this area.

Anti-Bribery Policy GRI 103-2, 103-3, 205

Cielo has Anti-bribery, Compliance, Antitrust and Money Laundering Prevention policies that establish guidelines applicable to all employees and directors. These policies are periodically reviewed and approved by the Board of Directors, and are publicly available on our website.

We also have specific standards on processes for preventing and mitigating corruption risk, such as our Standards on Dealings with Government Agencies and Authorities, Prevention of Money Laundering, Public Tenders, Donating, Giving and Accepting Gifts, and Consequence Management.

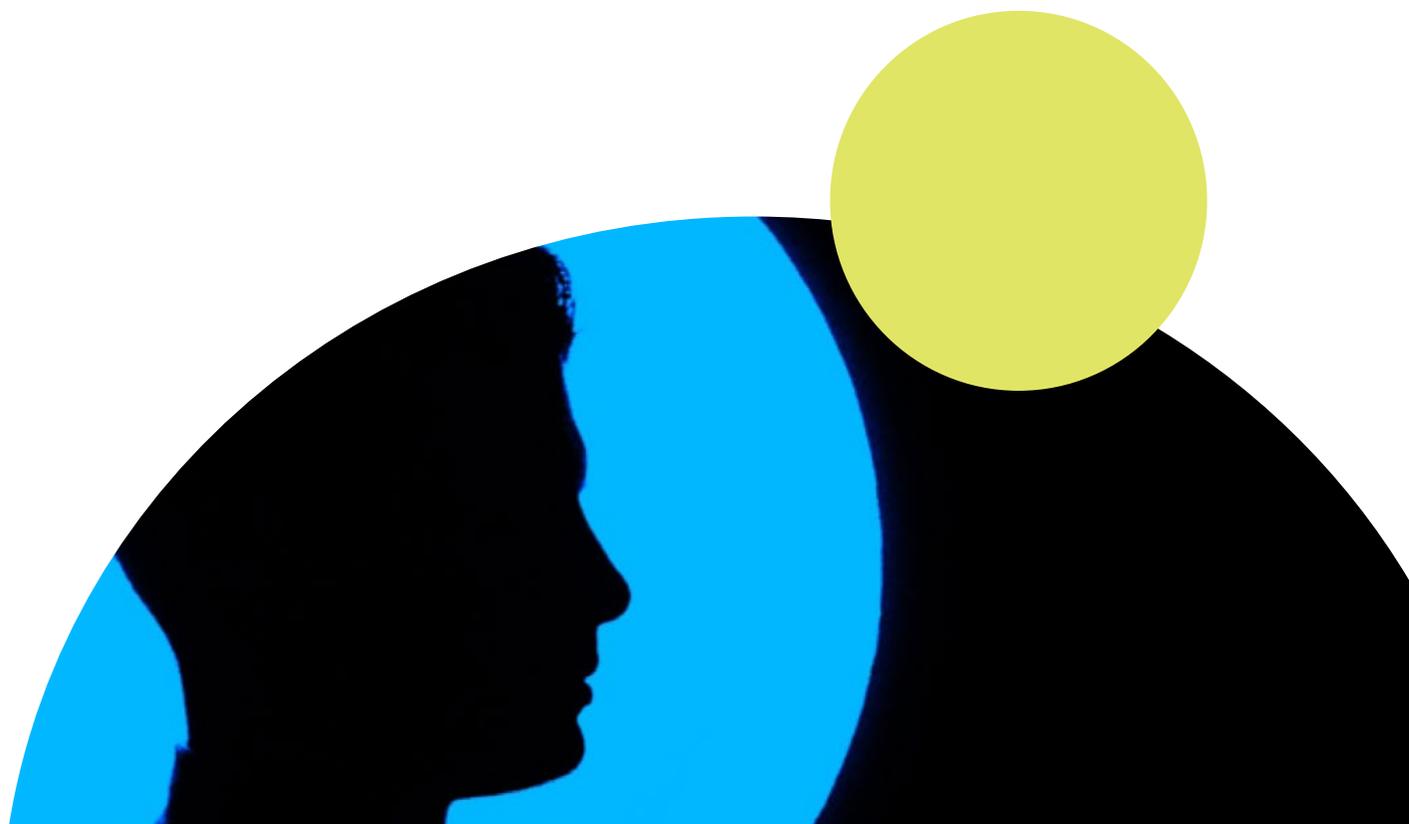
Customers are assessed on a monthly basis for compliance with the Brazilian Anti-Money Laundering Act (Act 9,613, 3/3/1998).

As part of our efforts against corruption, Cielo promotes ethics and transparency at all levels of our activities and business dealings, and prohibits and takes action against any forms of misconduct, such as corruption or bribery.

Both the policy and the Code of Ethics contain guidelines prohibiting practices such as bribery, embezzlement and giving undue advantages.

All Cielo employees, including members of the Executive Board, interns, temporary workers and apprentices, received communications on the Company's Anti-corruption Policy and the Code of Ethics, which also addresses corruption. **GRI 205-2**

Customers are also assessed on compliance with the Anti-Money Laundering Act



Training – To disseminate an anticorruption culture, Cielo provides e-learning training on anticorruption, money laundering and our Code of Ethics. Training is periodically reviewed and is mandatory for all employees and directors.

The regulatory training program, which includes the three courses described above, is retaken annually by all employees for refresher training.

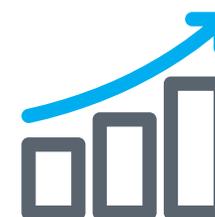
In addition, the Risk, Compliance & Prevention department and the Corporate University support senior management in raising awareness about and disseminating anticorruption practices and related subjects, through internal communications and in-person training.

On initial appointment, members of governance bodies receive welcome kits with our Anticorruption Policy, and sign a declaration that they have read and understood its contents.

In 2019, Cielo conducted a regulatory refresher training campaign in which employees retook five training courses.

In the year, 91.1% of employees received training on anticorruption practices, an increase of 21% compared to the previous period.

New employees have up to 30 days from being newly hired or from any major revision of the policy to complete mandatory training. **GRI 205-2**



The total number of employees trained on anticorruption practices increased by **10.2 p.p** in 2019

ANTICORRUPTION TRAINING* GRI 205-2

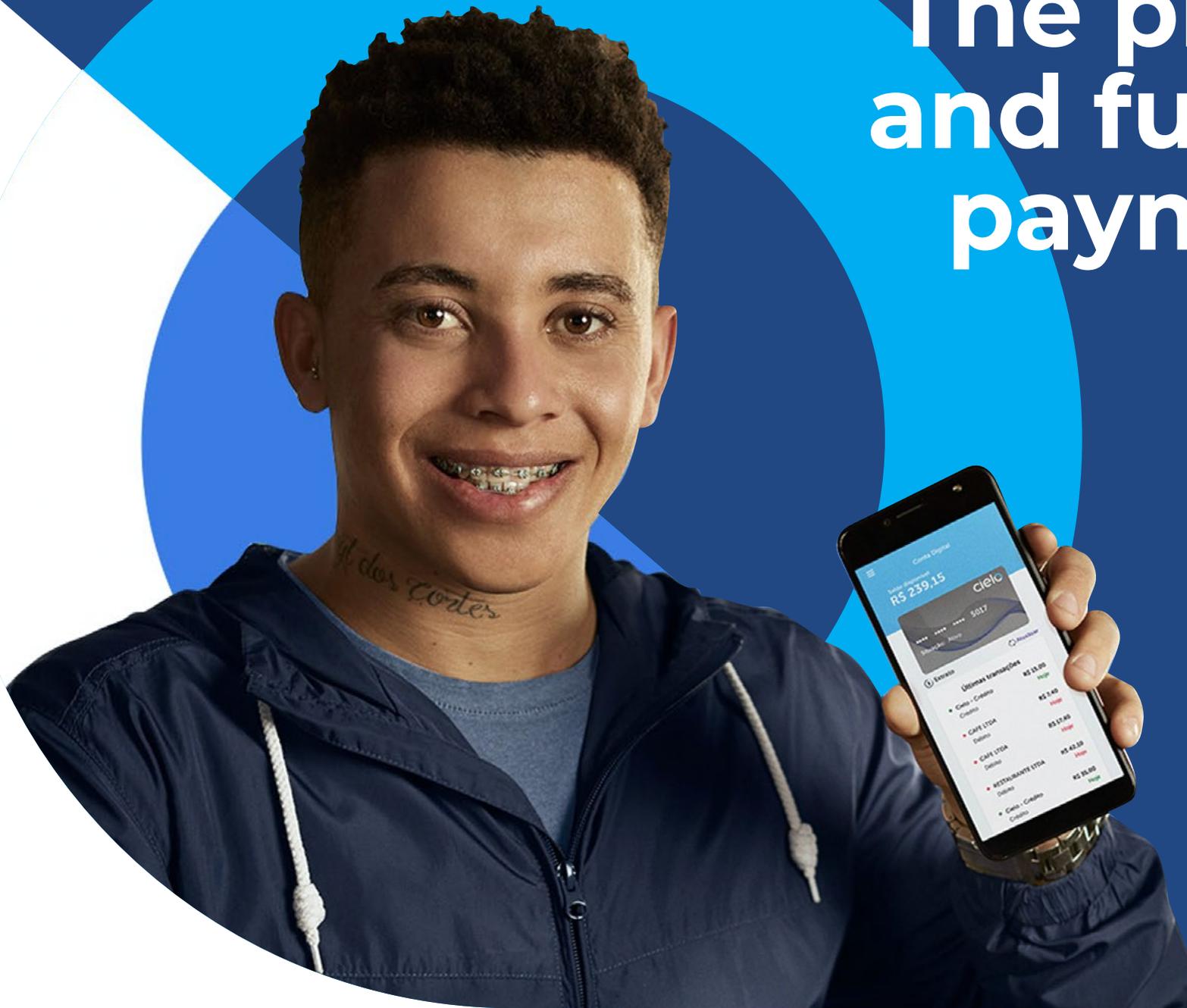
Employees	2017		2018		2019	
	Informed	Trained	Informed	Trained	Informed	Trained
Total number of employees who have received communications/ training	0	2,033	3,231	2,613	3,475	3,167
Percentage of employees who have received communications/ training (%)	0	99.6	100	80.9	100	91.1

*The variation in training percentages is due to employee turnover and new hires who have one month in which to complete regulatory training.



Our regulatory training program is retaken annually by all employees

The present and future of payments



The present and future of payments

Year 2019 was a one of changes for Brazil and the payments market. Historically low inflation rates, which supported a gradual reduction in interest rates and resumed growth in employment, provided the conditions for economic growth and expanded retail sales, although early signs of improvement were only seen in the last three months.

In this context, the payments segment experienced strong competition, which was exacerbated by new entrants in the industry. However, the numbers have been encouraging: Brazil's retail segment experienced the largest growth in the last five years, as measured by the Cielo Broad Retail Index (ICVA). Sales grew by 2.9% in 2019 – net of inflation – compared to 2018, the best performance since 2014, when sales rose by 4.2%. In nominal terms, which denote the sales revenues earned by retailers, the ICVA increased by 6.4% in 2019.

According to the Brazilian Association of Credit Card and Services Companies (ABECS), Brazilians spent R\$ 850 billion in card-paid purchases in the first six months of 2019, a year-on-year increase of 18% over 2018. The volume of purchases using credit cards, debit cards and prepaid cards in the period exceeded R\$ 10.3 billion, the equivalent of 40,000 transactions per minute.

Total effective cost (TEC) – One of the trends emerging in the segment is the application of fees equivalent to the Total Effective Cost (TEC), which would increase transparency in the electronic payments market. The ABECS has organized a committee to assess the feasibility of the new fee arrangement.

In addition to helping borrowers to assess and compare available credit options, the TEC approach encourages healthy competition by bundling charges such as fees, taxes, insurance and contract registration expenses into a single figure.

Led by Cielo, the committee began its activities in October with initial scoping of the feasibility analysis and interviews with business functions at participating companies, conducted by EY. The assessment will include benchmarking against different contract models and an assessment of positive and negative impacts from different macro economic scenarios, including calculation simulations.

Cielo believes that the future of payments is now. Digital platforms, available technology, access to algorithms, artificial intelligence and blockchain are some of the areas in which we are investing in the present with a view to a promising future, in which innovation and transformation provide increasing benefits to companies, customers and society. **GRI 203-2**



Strategic planning

In an environment of fierce competition, Cielo – which had previously worked to preserve margins even at a loss of market share – took the decision to become more competitive by narrowing our margins to maintain leadership in the acquiring market, through stronger investment in Retail and Small Businesses.

In 2019 we adopted a new strategic positioning of increasing investment in Retail and Small Businesses, rather than only in Large Accounts. In addition, we further prioritized the customer experience and strengthened our brand positioning.

Within our new commercial model, with a dedicated focus on new retail customers, we expanded our specialist sales team with 1,000 newly hired hunters (employees dedicated to developing new accounts) in the first half of the year, to generate immediate impact on customer acquisition. In the second half of the year, we adjusted our hunter strategy to focus more on the size rather than on the number of customers acquired.

With the pricing adjustments and new commercial model, the Retail and Small Business segments outgrew the Large Accounts segment. We invested in digital transformation and maintained our focus on pricing, product quality, availability, marketing, channels, people, efficiency and operational.

In 2020 our focus will be on driving retail growth through term payment products, a robust commercial model and quality of service.

Digital evolution

Innovation and technology are embedded in our DNA. We invest in solutions that offer high availability, efficiency and security, backed by robust infrastructure capabilities to serve the market. Our internal environment is agile and collaborative, with engaged professionals dedicated to responding to the transformations in a market in which there is a great deal of potential to be captured.

Through the Digital Cielo working methodology, we pursue innovation as an organization-wide responsibility through five elements:

- » **End-to-end digital** – automatic real-time decision making, with process digitization.
- » **Customers at the center** – a focus on the customer and the product and service creation process.
- » **Agility at scale** – teams with full ownership of delivery, supported by continuous interaction and tests with customers, as well as feedback.
- » **Data-driven decisions** – consistent use of data for decision making.
- » **Intensive adoption of new technologies** – deployment of the latest technologies in designing customer experiences.



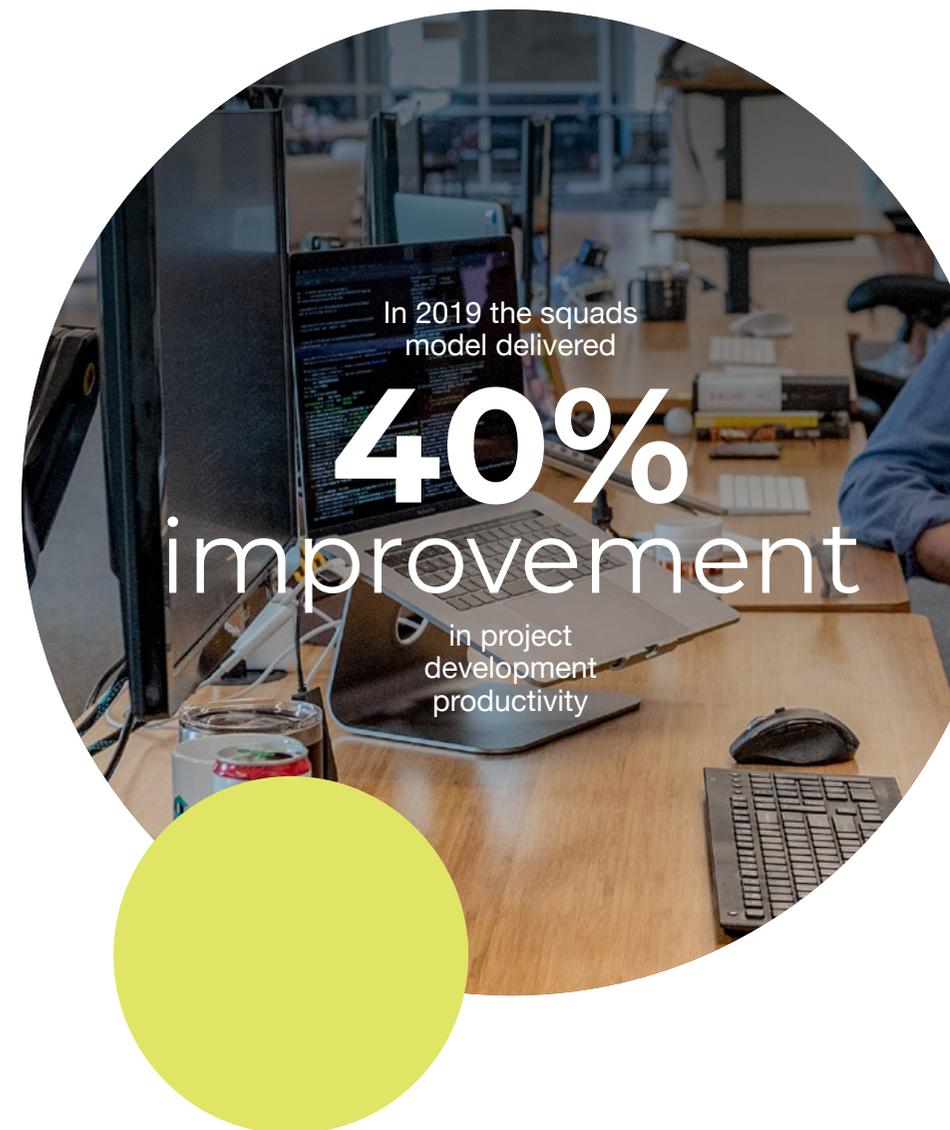
In 2018 we created an Innovation Committee, that in 2019 was renamed the Innovation Forum. The purpose of the Forum is to advise the Executive Board and the Board of Directors on innovation-related activities within the company, ensuring that our social objectives and values are adhered to in accordance with basic corporate governance principles.

Squads

Cielo made continued progress in applying agile methodology throughout the year, as well as further strengthening and expanding our digital methodology. Multidisciplinary teams (known as squads) consisting of business, IT and operational professionals employ design techniques focused on the customer experience and quick wins that can be implemented within two weeks, based on the sprint concept.

The model results in more rapid delivery of customer value, with continuous feedback and monitoring enabling quick identification of improvement opportunities and adjustments in course. In 2019 the squad model, which is focused on services or the customer experience, delivered 83% improvement in project development efficiency relative to the previous model. Compared to 2018, when the agile methodology had already been implemented, productivity improved by 40%.

Improvements in the year included website enhancements such as simplified menus and card statement terminology. In this channel, most customers are from the Special and Large Account segments, which require detailed reconciliation with data export options and more advanced filters. The squad team also helped to improve the customer experience on the app – 35% of customer service is now provided via the app, and our target is for this figure to reach 50% in 2020. Improvements were also implemented in our customer service tools, such as chat bots and WhatsApp, for a more user-friendly and seamless customer experience.



Technology trends

Convergence, startups and co-creation are topics that are top of mind for companies at the forefront of the digital transformation. In this context, Cielo Garage supports innovation within the company by catalyzing internal processes to design more effective solutions for the electronic payments market.

Cielo Garage is an innovation hub that shares and leverages information and human potential to solve problems, unlock processes and develop solutions. It operates as an agent of transformation across three pillars:



CUSTOMERS

Customers' needs need to be at the center of attention for all employees.



CULTURE

Strategies are set to ensure employees have a creative and stimulating work environment. Visibility is provided around successful projects and projects requiring assistance, connecting people to generate new ideas for our operations. Garage Talks – a continued education initiative within the company – is a part of the structure.



ECOSYSTEM

Innovation is brought from outside the company to gain insight into what other companies are doing, and build closer engagement with universities, startups and new businesses. As an InovaBRA Habitat partner, Cielo works with small businesses to understand what products and technologies can streamline business.

In 2019, Cielo Garage organized an Ideation Hackathon to build closer relations with startups, elicit feedback on our products and capture insight into consumer needs. A payment accessibility solution for the visually impaired took first place in the event.

Other Cielo Garage highlights:

Mentoring Program:

170 startups assessed, 54 startups shortlisted, 17 startups approved and more than 80 hours of mentoring

18 talks

on subjects such as Cloud, UX, Entrepreneurship and Customer Science

More than
90
ideas
received

Workshops

Digital Product Prototypes (Design Day), Programming for nonprogrammers and Google i/o Insights

28
co-creations
in 2019

Open innovation:
more than 70 startups on our radar

Cielo Big Data



7
billion
transactions
per year



R\$ 650
billion
in transaction
volume



20
retail
sectors
tracked



40%
share
of the acquiring
Market

Big Data in business

Data intelligence is a core part of our business. Cielo has a database spanning 20 retail sectors in Brazil, providing key inputs for designing efficient business strategies and creating customer value. Cielo offers two services – Cielo Big Data and Cielo Farol – that provide detailed market analytics capabilities.

In addition to statistics, these solutions support analysis by industry, by geography, by consumer profile and by sales volume.

Data intelligence also creates value for the Company. Our Business Analytics team continuously analyzes browsing data from the Cielo website and intersects that data with sales department information. This informs improvements to our products and the customer experience, ultimately improving sales.

ICVA: data creating opportunities

Developed by our Intelligence department, the Cielo Broad Retail Index (ICVA) tracks the sales volumes of 1.4 million retailers in 18 segments in Brazil - ranging from small stores to large retailers.

Ecosystem: products and solutions

As a technology company with a leading position in the payments segment, Cielo has the most comprehensive portfolio in the market offering competitive rates, access to credit, and business support through an ecosystem that creates customer value.

Cielo is prepared to meet customers' every need

Product portfolio

- » **Cielo ZIP:** a card terminal with a long-life battery that does not require a smart phone.
- » **Cielo FLASH:** supports more than three sales per minute and offers additional payment options, such as via NFC or QR Code. Accepts payments from any mobile phone with its digital wallet.
- » **Cielo LIO:** this solution features digital inventory management, cash register close-out, quick invoice printing, and mobile POS supporting sales anywhere in the store.
- » **Cielo LIO+:** a combination of smart phone and payment terminal. The solution also includes more than 130 business applications available from Cielo Store.
- » **Cielo MINI ZIP:** a mini payment terminal that does not require a smart phone.
- » **Primeira MAQUININHA:** accepts more than 80 credit, debit and meal card brands.

Agile and digital sales

- » **Cielo Super Link:** generates a link that the customer uses to pay via their Cielo Digital Account or on a web browser.
- » **Cielo QR Code:** any smart phone with a camera can be used for payments with Cielo payment terminals. In 2019, Cielo became the first accreditation institution in Brazil to support payments with cryptocurrencies. To support transactions, applications (APIs) have been developed that convert cryptocurrencies into reais so payments can be made using Cielo card terminals, through our e-commerce gateway or on the Cielo Pay app.
- » **Cielo Virtual Store:** a solution that allows aspiring entrepreneurs to build their e-commerce stores, complete with check out, anti-fraud, marketing campaign management and sales management capabilities.



Sales boost

- » **Cielo Promo:** allows users to create promotions and loyalty programs directly in the terminal.
- » **Cielo Currency Converter:** enables payments in foreign currency with receipt in reais, at reduced rates.
- » **Mobile Phone Top up:** allows stores to sell mobile top ups as an additional revenue stream.

Managing your business

- » **Cielo App:** an app designed to assist customers in managing their sales.
- » **Cielo Farol:** a tool that helps to keep customers up-to-date on market information.
- » **Cielo Store:** an app store for Cielo LIO (sales system, integrated management, food service and retail applications, among others).
- » **Business Pro:** a free app for business management in the Cielo Store.

Cielo Pay: newly launched in the year

As part of our continuous efforts to support customers' needs, in 2019 we launched Cielo Pay, an application developed by a squad using agile methodology, which combines the features of a digital wallet and account. Developed in a collaboration with Cateno, a Cielo-group company, one of the advantages of the application is that it supports businesses throughout their journey and not only when processing sales using Cielo terminals.

Key features:

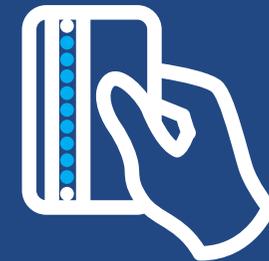
- » A free digital account especially designed for small businesses (individuals and sole proprietors) with the advantage of receiving payments for sales immediately;
- » Customers can process sales without requiring a card terminal, using QR Codes;
- » Sales balances and statements are available from Cielo;

- » Transfers can be made to other Cielo Pay users free of charge;
- » Payments can be made via wire transfer, pay slip or QR Code;
- » Partner repair services (plumbers, electricians and help desk);
- » App support directly via WhatsApp;
- » Generate payslips for cash-in payments;
- » Make wire transfers to other contacts.

Download Cielo Pay



Customer experience



Customer experience GRI 103-2, 103-3

At Cielo, 2019 was a year dedicated to customer satisfaction. We believe that no business can afford to stand still, and we strive to inspire the same mindset in each of our customers.

With a presence in more than 5,500 municipalities in Brazil, and with a transaction capture rate of 6.9 – or roughly 15% of household consumption – Cielo offers a range of services to customers that provide benefits such as improved business management, state-of-the-art infrastructure and 24/7 support. **GRI FS13**

To provide more profile-appropriate services to different customers, we undertook a reorganization and developed a new organizational design with the following business units (BUs): Small Businesses, Retail and Large Accounts. In addition, we conducted surveys of more than 10,800 customers on a variety of topics. Around 78% of respondents said they were satisfied with the quality of service, products, services and solutions, giving Cielo scores of between 7 and 10.

The percentage of variable compensation changed from 5% to 30% linked to customer service performance as measured by our corporate Net Promoter Score.

We introduced strong competition in customer service by including an additional two suppliers whose compensation is linked to quality of service.

The initiative delivered positive results within three months, with recalls declining from 28% to 20% and transfers decreasing from 41% to 19% at the Call Center and from 26% to 8% at the Help Desk.

Cielo transactions account for 15% of household consumption in Brazil





Social media powered by artificial intelligence

To diversify our sales channels, Cielo has leveraged the innovation and interaction enabled by social media to sell payment terminals to new customers. We were the first brand in the acquiring industry to introduce sales on social media.

Users browsing our Facebook page can purchase equipment without leaving the page up to the payment step, when they are directed to the official Cielo website.

Our sales tool combines Elô – a virtual sales agent launched in 2019 that uses artificial intelligence to improve the customer experience on our digital service channels – and Facebook. The initiative minimizes conversion losses when users are redirected from the virtual environment they were browsing on to other channels to complete a purchase.

NFC technology in public transportation
Cielo is the Brazilian leader in NFC adoption, with more than 90% of payment terminals supporting this type of transaction. In 2019 we initiated a pilot project with the municipal government of São Paulo to deploy NFC technology in 13 municipal bus routes.

Blue Wave

Aligned with our strategy of placing the client at the center of our decisions, Cielo organized another edition of Blue Wave in the year. This involved visits by more than 500 managers and employees to over 200 districts in São Paulo to address customers' needs and gain an understanding of issues they encounter in their daily routines.

Due to the success of the initiative, visits were extended from retail only to include large accounts. This was a first in the three editions of the program. The initiative generated R\$ 176 million in recovered volume and R\$ 44 million in new volume.



D90

Our Customer Forum – a group of more than 60 people including five vice presidents, six IT directors and six business directors – meets on a fortnightly basis. The group was created to improve our customer service processes and channels.

One of the outcomes from the Forum meetings was a project, dubbed D90, that has delivered significant results. In a collaboration between customers and Cielo, we identified quick-win operational improvements to enhance the quality of customer service.

Initiatives were identified across six fronts with the potential to improve performance within 90 days. Project results have been satisfactory in addressing customer needs. For example, refund cases were reduced by 35%. These cases previously accounted for the bulk of requests arriving at the customer service center.

Other significant improvements included a 16% reduction in complaints about customer service, and an 87% decrease in complaint resolution times.

Building on this project, a new project, called 90', identified 82 new initiatives and continued to monitor the metrics for D90. The project, which is scheduled to run to the end of January 2020, has already delivered important results.



Customer service

In an increasingly digital market that is migrating from physical infrastructure to logical capture using applications, customer satisfaction depends on discipline, resilience and, above all, knowledge of process gaps needing to be addressed.



Google Play Store ratings for the Cielo app have improved from 2 to 4.7, on a scale of 1 to 5

To improve customer service at Cielo, in 2019 we implemented a 360° Vision program that increases integration across functions in identifying and solving customer relationship issues.

Within five months of implementation, the Remote Channels function successfully slashed the percentage of events (external or internal requests) not timely resolved from 23% to 3%. Late deliveries dropped from a total of 9% previously to 6%.

We use an integrated approach to provide customers with the best possible experience. The structural changes we have implemented have delivered:

- » An 87% reduction in complaint resolution times;
- » A 53% decrease in customer service calls;
- » A 16% drop in customer service complaints;
- » A 60% reduction in calls due to technical issues.

Cielo has invested in a range of new technologies and programming languages, such as APIs to connect external partners, cloud computing, the vox (agile development methods), new programming languages and a variety of systems focused on customer service and digital channels to improve customer perceptions of service. As a result, at year-end 2019 the Google Play Store ratings for our merchant app had increased from 2 to 4.7, on a scale of 1 to 5.

As another improvement, we created a one-stop platform spanning all the Company's different segments. Each request is communicated to and aligned with all affected functions. Requests involving a change of customer service procedures must be communicated to the Operating Efficiency (VPOA) department in accordance with established program procedures and governance.

Cielo is supported by a Machine Learning function that uses statistical tools to inform predictive action and optimize the analysis of indicators, supplementing human analysis. This allows us to identify a client's level of engagement and lifecycle stage at the Company, helping to monitor our relationship with each client and take steps to prevent client attrition.

In field services, a Last Mile process was introduced in the year to bring logistics closer to customers and shorten delivery and service lead times.

New virtual agent

As technologies evolve, customers become more demanding and new generations increasingly require an immediate response, we have identified the need to improve our ARU (Automated Response Unit) service.

Cielo's customer service has now become more humanized with the introduction of Elô, a virtual agent that automates customer service on social media and via our call centers.

Elô can handle the most common service cases accounting for the bulk of customer service demand, streamlining the customer experience. It has also increased self-service rates on digital channels and standardized the language / interface in virtual interactions.

In addition to providing gains of scale, the virtual agent helps to free up human agents to handle more complex cases. As

of December 2019, 60% of service cases at Cielo were handled through electronic channels.

ARU retention rates, or the percentage of cases resolved through self service, increased from 28% in January to 60% in December. Support Desk retention rates increased from 28% to 43% over the same period.

Our Elô virtual agent has streamlined the most common service cases



Service channels

In 2019 we reorganized and reduced the number of service channels. During the course of the year, operations were merged together to improve the customer experience and avoid high transfer rates.

As a result, transfers between operations declined by 50% and Net Satisfaction Scores improved by 14 points for our Call Center and 16 for our Help Desk.

The reorganization project will continue into 2020, with the Call Center merging with the Help Desk. In addition, increased case handling autonomy will ensure that cases are solved on the first contact.

In 2019 we also created direct contact channels on the consumidor.gov.br, National Consumer Office (SENACON) and Ministry of Justice platforms.

In addition, the Ombudsman department is now an in-house team and has been expanded, delivering on our pillar of putting the customer at the center of what we do. Our previous staff of 9 professionals has been joined by 25 newly hired employees, replacing the 17 previously outsourced employees. As a result, our Ombudsman staff has grown to 34 direct employees compared to 9 previously.

The Cielo call center provides specialized telephone service (4002-5472 in state capitals and metropolitan regions and 0800 570 8472 in other locations), from Monday to Saturday between 8 a.m. and 10 p.m., in addition to 24-hour technical support (4002-9111 in state capitals and metropolitan regions and 0800 570 0111 in other locations). The Company has an Ombudsman service to receive suggestions, complaints, reports and praise, open from Monday to Friday, from 8 a.m. to 6 p.m., except on holidays. The Ombudsman service can be reached by calling 0800 570 2288 or via our website.

For large accounts, Cielo has a physical channel, a commercial consulting service and a virtual channel. We also have a Franchise and Sub-acquiring center providing customized and exclusive service.

Customer service channels

- Cielo App
- Authorization Service
- ARV Desk Consulting
- Social Media Service
- WhatsApp Service
- Support Desk
- Bank Service Desk
- Franchise Service Desk
- Accreditation Center
- Call Center
- Chat
- faleconosco@cielo
- Cielo Stores
- Sales Platform
- Website
- ARU (self-service)

Investment in communication

GRI 103-2, 103-3

Cielo strove to place customers at the heart of our operation. Our Communications and Marketing Department also adopted this approach, through investments received due to the brand's new positioning and the new campaign that marked the construction of a new identity.

With the new slogan: Your business, infinite possibilities, the idea is to show that the company is operating across Brazil for all people, without distinction.

We unveiled our new campaign “Cielo fighting alongside you every single day”, focusing on the daily requirements of small businesses, reporting on the daily routine of market folk, traders and restaurant and food truck owners, in order to approximate the brand to the challenges faced by these people.

With 26 million views on YouTube in its first ten days, the campaign made 1.2 billion impressions and used actual instead of actors. A total of five films were broadcast on TV, and pieces were created for radio, mobile devices and desktop computers, complemented by widespread dissemination on social media (Facebook, Instagram and Twitter) and billboards.

Cielo gave its site a complete face lift in 2019, to make it more user-friendly. A number of digital influencers were hired to this end, to explain all the types of terminals, how to use them and the fees applicable to each. We also began updating our sustainability site.

We continued our Cielo blog, offering content for small businesses, focusing on entrepreneurship and showcasing success stories. We have a web page dedicated to entrepreneurship, aiming to support clients' businesses, called Cielo Empreendedoras (<https://www.cielo.com.br/cielo-empreendedoras>).

It also presents financial information such as cash flow, fixed costs, profit targets and content about legal measures for hiring employees. **GRI FS16**

A further development was the performance dashboard, which analyses media data.

One of our focuses in 2020 is to invest further in communication through meaningful initiatives and efficient products that make a difference to people's lives.

New intranet for employees

We upgraded our communications channel with new functionalities such as mobile access, integration with Office 365 digital programs, access to our internal social network (Yammer), the ability to submit contributions and comments to published texts, in addition to photos, videos, audios, infographics and other multimedia resources.

Putting small businesses in control

GRI 103-2, 103-3, FS14

Cielo made small businesses one of its priorities in 2019, no longer focusing solely on major retailers, in order to benefit from encouraging small businesses to go formal and make more profit.

Instead of just renting out payment terminals, we began selling them, giving clients greater control. This has resulted in sales of 1.3 million units since we purchased Stelo in 2018.

Cielo has invested in operations through various sales channels, such as our website – improving conversion rates –, providing services through banks or commercial campaigns carried out by hunters at points of sale. We also approved the expansion of our physical stores, growing its network to upwards of 60 partners across Brazil.

Partnering with banks was key to the positive results in the year. One such example is the Cash-free Municipality project conducted in conjunction with Bradesco and Banco do Brasil, which aims to diminish the amount of cash in circulation and increase the use of credit cards and terminals by the population, especially outside of major population centers.

More than a mere sale, Cielo wants to generate a positive impact on small businesses by offering a unique ecosystem of services. One such example of this is Cielo MiniZip, launched for small businesses with sales of up to R\$ 2 thousand.

We also monitor indicators on useful life of businesses, offering clients exactly what they need.

A logistics and services department has been set up as part of the initiatives to provide exclusive services to businesses, with much better consumer analytics. 95% of the terminals sold were delivered on time in more than 5 thousand municipalities around Brazil.

The *duncan* mobile tool was introduced to enhance logistics, which enables the tracking and digital control of delivery personnel. The app can be used to request to return or change a terminal.

Our focus for 2020 is on customer loyalty, analyzing which products are best suited to their requirements.

Partnerships

Cielo nurtures its relationships through various initiatives. We were one of the leading sponsors of the SEBRAE-SP Small Business Fair around the theme “Anyone can own a business”. Our sales team sold 4 thousand terminals during the four-day event. Cielo sponsored the Sebrae program 1,000 Women for the first time, which showcased and recognized leading businesswomen.

Physical stores

As part of its mission to streamline and propel business across the board, Cielo reopened a physical store at the Ibirapuera shopping mall in São Paulo and another at the Osasco Plaza shopping mall, in Osasco.

Advantages include the fact customers can leave the store with their terminals up and running, whilst relying on comprehensive customer services support and in-person post-sales assistance, a powerful benefit for small businesses.

We now have six physical stores – four in São Paulo, one in Salvador and one in Rio de Janeiro. and have plans to open more elsewhere in 2020.

First Client Council focusing on small businesses

The Client Council met for the first time in 2019, bringing together small businesses to share their payment terminal experiences. The event was created to help management adopt the good practices recommended by partners and to address any complaints, as well as giving us the chance to hear the requirements and experiences of our customers, in order to make managers and employees more aware of their importance to good business performance.



Quality and service availability

Cielo monitors the quality of its services, which involves the constant tracking of service, collection and logistics indicators from the standpoint of the client. We also monitor system availability, transaction errors and satisfaction surveys conducted. All sales are monitored continuously on a 24/7 basis.

We strive for service agility through an integrated effort that monitors each case in real-time. This aims for a better performance, with shorter response times for each type of demand.

Cielo boasts 100% uptime on the main retail dates, such as Black Friday, and has the technological capacity to support more than 12 thousand sales a second.

Satisfaction survey

GRI 102- 43, 102- 44

Our satisfaction surveys ascertain the requirements and preferences of customers and gauge the depth of our relationship with them. In 2019 we began carrying out the surveys in three stages, on a sufficient scale to produce a more complete and in-depth analysis.

3,600 surveys were conducted in each wave, amounting to upwards of 10,800 surveys, amongst clients accepting credit cards as a means of payment.

In wave three in December 2019 approximately 78% of customers scored Cielo between 7 and 10, demonstrating satisfaction with the quality of the service relationship, our products, services and solutions. Customers stated they intended to keep doing business with us, the market leader.



Cyber security GRI 103-2, 103-3, 418

Cyber security is omnipresent at Cielo, as business sustainability could be compromised without it. Cielo's Information Security Policy protects the confidentiality, privacy and security of its customers' information, which takes into account the Information Classification Standard, Data Privacy Policy and the Code of Ethics.

Cielo has fraud prevention tools covering all its market segments. Customers have access to a set of security products that provide support in face-to-face and online transactions ensuring fewer losses due to fraud and disputes; these products also increase compliance with international best security practices and detect possible irregularities.

In addition to protecting customers, the prevention tools make it possible to detect irregular transactions and accounts, shielding Cielo from possible fraud and illegal use of its equipment, whilst helping combat money-laundering and the financing of terrorism.

Complemented by the technical expertise of our teams, these tools ensure that Cielo has the lowest incidence of fraud in Brazil's card market.

Cielo maintains a self-learning control and prevention platform to detect fraud and irregular activities, applying rules which trigger alarms according to the transaction behavior of each consumer being monitored.

The tools enable us to monitor 100% of transactions and detect possible changes in transaction behavior, possible illegal activities and instances of fraud. As a result of monitoring fraud, our tools send automatic alerts to the issuing bank, which contacts the card holder and implements the necessary measures.

Prevention tools detect irregular transactions and accounts

If we discover that Cielo equipment is being used for activities not covered by the accreditation agreement, customers may have their account canceled and be reported to the applicable authorities.

The consequences for breaches and non-compliance are set out in the Cielo accreditation agreement, published on the Company's site (<https://www.cielo.com.br/atendimento/>). **GRI FS3**



Early compliance with LGPD

Cielo carried out a series of initiatives in 2019 to comply with the General Data Protection Act (LGPD), Federal Law 13.709/2018, sanctioned in August 2018 and effective from August 2020.

In order to uphold the fundamental rights of freedom and privacy, the legislation addresses the handling of personal data, including in digital media, setting out rules for collecting, storing, handling and sharing the personal data of individuals or public or private entities.

The practical effects of LGPD are extremely wide reaching, embracing countless projects and activities in a business' daily operations. In order to avoid the risk of being penalized for non-compliance with this legislation, Cielo carried out workshops for its employees. With the support of specialist consultants we mapped out some 209 processes which handle personal data through 70 systems. We then began

adapting our systems to comply with the new rules.

Improvements implemented to date include adapting contractual terms for clients, partners and suppliers, reviewing three policies and nine internal standards and creating a further 15 standards and procedures to address the matter, including privacy by design, which encourages the adoption of good privacy practices in all projects.

The challenge for 2020 is to communicate with clients and the National Data Protection Agency (ANPD), while continuing to further compliance of Cielo processes with this regulatory agency's requirements. Cielo has appointed an owner to oversee this practice (DPO).

Assuring business sustainability

Cielo has fraud prevention tools for all its market segments. Customers enjoy access to a range of products that provide support in face-to-face and online transactions ensuring transaction security, reducing losses due to fraud and disputes, while increasing compliance with international best information security practices.

This structured system makes it possible to monitor all transactions, detecting any behavioral changes and instances of fraud, automatically alerting the issuing bank, which contacts the card holder and responds accordingly. In each transaction, the card data and password are encrypted using an exclusive key, which impedes any unwarranted access attempts.

Additionally, all Cielo terminals accept chip cards, which reduces the risk of fraud. For both terminals and e-commerce, we have a fraud control platform that is capable of detecting fraud and applies rules (over 2 thousand of them) which trigger alerts according to the transaction patterns of each consumer being monitored. Complemented by the technical expertise of our teams, this system ensures that Cielo has the lowest incidence of fraud in Brazil's cards market.

Complaints about privacy breaches and loss of client data can be made through the Ethics Hotline. During the year, there were no substantiated complaints in this area. **GRI 418-1**

In October 2019 Cielo reviewed its Data Privacy Policy based on the principles set out in the General Data Protection Act (LGPD) 13.709/2018.

All Cielo terminals accept chip cards, which reduces the risk of fraud

Circular 3,909

Cielo updated its cyber and information security policy in order to comply with Central Bank Circular 3,909 issued for payment institutions. One measure establishes controls and procedures to reduce data vulnerability and prevent leaks through periodical testing and scans.

Traceability mechanisms, access controls and computer network segmentation must be introduced, in addition to maintaining security copies. We disseminated our cyber security culture through coaching programs and periodical assessments on employee awareness.

Value-based relations





Value-based relationships

Cielo recognizes the importance of valuable relationships with all stakeholders to furthering business sustainability. In addition to seeking the best solutions for its clients, it also maintains transparent management and open dialog with employees, suppliers and the community.

Employees

At the end of 2019, Cielo had 3,475 employees, 59.5% men and 40.5% women – all of whom are covered by collective union agreements –, except for trainees, directors and officers. A number of initiatives were rolled out to improve retention, such as variable compensation and pay brackets for the sales force from August onwards.

See the full table in Appendices. (page 116)

GRI 102-8, 102-41, 401-1

Cielo underwent a cultural transformation in 2019. For three months we mapped out the functional behavioral traits valued internally and in September the company held its First Leadership meeting, attended by 250 employees. The event ushered in a new era, in which we focused on customers and championed values such as integration, streamlining, agility, autonomy with simplicity, and collaboration. Workshops were held so that all leaders could provide coaching, instilling the new culture within their teams. This change also saw the creation of new positions and consolidation of our diversity program.

New culture

PURPOSE

Streamline and drive business for all

VISION

To be the most sought after smart platform in Brazilian commerce

STRATEGIC GUIDELINES

The customer is always right

Deliver the best results, always

Be the heart of the Value Chain

Maximize the value of data

Extraordinary teams

CULTURAL ATTRIBUTES

Service mindset

Systemic and innovative performance

Responsible Autonomy

Collaboration and Trust

Simple and Agile Delivery

Diversity and inclusion GRI 103-2, 103-3, 405

Cielo is proud of its history of nurturing diversity within the company, with zero employee discrimination.

A series of events were held to bolster Cielo's support for diversity - such as the activities of the Diversity Forum and Groups defending LGBTQI+, Gender, ethnicity and PWD movements; the race affinity group held a large seminar at the Cielo University on National Black Awareness Day (November 20); and the presentation of awareness raising lectures on the National Day for Persons with Disabilities (September 21). We also participate actively in external initiatives on the matter.

For 2020 we intend to hold a round of events and training sessions with diverse groups, in addition to drawing up a specific diversity policy.

Development and training GRI 103-2, 103-3, 404

Cielo has an internal policy that sets out its human resource management strategy and principles involved in its operation and the governance necessary to support the strategy. We are committed to ensuring that our culture is conducive with our organizational strategy, making sure we prepare people who make a difference, bolstering meritocracy, making it possible to recognize and reward employees who are dedicated and excel, guaranteeing a more inclusive and diverse workplace and becoming more customer centric.

Our trainee, intern and apprentice programs provide tailor-made learning experiences according to each program's profile, always striving to nurture business levers, enhancing the employee's experience and offering a rewarding career path.

Cielo also stimulates job placement for internal candidates, which is why we insource for vacancies first. In the period we formally hired 36 trainees and insourced 21 positions from within Cielo.

Our *Gente Boa Eu Indico* program also encourages the recommendation of good professionals, paying out a bonus if the professional is hired. The initiative was created following a pilot experience in selecting 1,000 new hunters, when 30% of vacancies were filled with professionals recommended by employees.

Individual Development Program (IDP)

In 2019 the program focused on immersing leaders in our new culture, an initiative that will be ongoing in 2020. Greater opportunity will go to the employees who buy in most to this new culture. We also held hackathons for the purpose of internal development.

Young and not so young talents

Our internship program underwent several changes in the year: it began accepting applicants of all ages - for trainees too, from all types of backgrounds.

42% of interns are recruited and 81% are retained. Applicants choose the department they would like to work in and Cielo provides training and nurturing down the path of professional development. Eight of the 11 intern applicants in 2019 were former trainees.

Cielo also holds talent forums in partnership with educational institutions that offer discounts for undergraduate, graduate (including MBA) and language courses.

SEE OTHER INITIATIVES IN 2019:

Sales force training for **2,094 people**

Revitalization of Y careers for **40 new IT consultants**

Working day: **150+ students** participated in an informal chat with leadership, learning about Cielo's physical structure and daily operations

Creating internal champions: **50+ employees at head office and 150+ in the sales department trained** with up to 24h of content on facilitation techniques



Cielo University

Cielo University upgraded its design in the second semester of 2019, and is now a learning ecosystem open to all employees.

Our new manifesto

We connected, exchanged and created expertise to help people transform reality.

We are a collaborative space for stimulating people to try new ideas through challenging, innovative and fun experiments that help us achieve great things. Learning and teaching are our passions.

Through a co-creation process with all company boards, employees can now navigate tailored learning paths conducive with the organization's needs and individual goals.

Andragogy permeates all of Cielo's learning experiences. According to the contents of the chosen paths, for example, employees

are given stamps, such as fearless, aggregators, solvers, in love with the client, and others.

The aim is to secure more assertive, exponential results with employees as they take control of their own careers.

The training portfolio also boasts ongoing in-company education, with post-graduation, recycling courses and extension courses aligned with the business and skills of the future that the company wants to nurture in its employees which they also feel the need for, in a jointly built process and a fundamental pillar of this transformation.

Also of importance is the way the squads are trained. The digital transformation pillar and new working model have a customized learning path, aligned with strategic directives.

This progress is a continuous process for the company to achieve its results through human development.

We invested R\$ 2.91 million through Cielo University in 2019, used to provide 45,950 hours of training, an average of 16 hours per employee - 15 for men and 18 for women. Resources were also allocated to education (undergraduate, graduate and language courses), in continuity of the formal education of employees, a benefit used by 156 employees amounting to R\$ 958,000.

We adjusted the investment in training and development in order to seek greater assertiveness and efficiency, steering training based on assessing each employee's potential and applying the matter to their role. We believe that this way we create more value for the employer and results for the business. **GRI 404-1**

Leader X

Aimed at leaders, this broaches skills and aims to disseminate content and methods that steer the company's strategy to its purpose of driving business across the board.

Performance review

Cielo leadership is committed to the continuous development of its employees. The company assesses 100% of eligible employees (except for trainees and apprentices, who receive regular feedback) by way of its Talent Management Forum. The direct supervisor, peers and senior managers participate in this initiative.

GRI 404-3

The results of the forum are used to define merit and promotions, as well as choosing Key People – elite employees who are awarded Company shares – as well as to map potential successors and generate development measures to be incorporated by Cielo University.

There were 500 recognitions in 2019 leading to promotions and pay raises, and 62 employees were elected Key People, which means that around 15% of our staff benefited.

Skills are divided into level of complexity, so that the process is transparent and clear as to the traits expected by the Company.

The performance appraisal process is linked to the Company's Profit Sharing Program, for which all employees admitted up to September 30 of the year of the appraisal are eligible. For employees admitted in the previous quarter, a standard score is defined for the Profit Sharing Program by means of a union agreement. Only apprentices, interns, temporary workers and service providers do not participate in the process.

Compensation and benefits GRI 103-2, 103-3, 404

The Company pays salaries compatible with sector averages. Variable compensation has been introduced for the commercial team, with a focus on driving new business. Take-home pay can rise by as much as 75%.

Following the creation of the Process Management department in 2018, we began reviewing the corporate target management model, as well as its ramifications and incentives. These were disseminated to and monitored for all employees.

The amounts invested in employees include the contributions to the private pension plan, which is voluntary. Employees may contribute between 0%



Recognition: 500 employees received promotions and pay rises in 2019

and 7.8% of their salary, and the Cielo matching contribution varies between 100% and 200% of this amount, based on the employee's age. In 2019, contributions totaled R\$ 10.8 million, complemented by the employees' contribution of R\$ 8.8 million - around 47% of the work force opted to participate in the plan. **GRI 201-3**

Two sessions were held in the year so that employees could submit queries to consultants from the pension entities in charge of the plans: Bradesco and BrasilPrev.

Help finding new employment GRI 404-2

Cielo provides a reinsertion program for terminated employees. This is applicable from level 12 (specialists/coordinators and above) and is conditional on validation by Human Resources. The initiative is supported by a renowned partner, to support the professional's career transition process. It lasts from three months (six sessions) to a year (according to the level), and we cover 100% of the cost. As a result, more than 70% of professionals found new employment under the program in 2019.

Cielo organizes a Pensions Q&A for employees and invites consultants from two pension entities in charge of the company's plans –Bradesco and BrasilPrev –, who address queries regarding plan yields, identifying the most assertive profile, discount percentages and the company's matching contribution.

Two such sessions took place in 2019, supported by Benefits Consultants regarding accession via appdata and gathering signatures on forms. **GRI 201-3**

Cielo's platform-to-employment program helped 70% of recipients return to the market

Human Resources monitors the process through progress reports, which in addition to the professional's placement status show how much of the resources they are using provided by the partner consultancy firm to support the process.

Retired former employees, who were dismissed at no fault of their own or because their positions were phased out, have access to this advice and early restricted actions with a future transfer date.



De Bem com a Vida

Concerned about the well-being of its employees, Cielo has its De Bem com a Vida program. In 2019 this consisted of 28 initiatives and two events, and was awarded the Gold Medal in the National Quality of Life Awards. In place for 17 years, leadership played a greater role in the project in the year, which is founded upon three pillars: Balanced Health, Always Moving and Facilities for You.



BALANCE HEALTH

- » Everything in Order
- » Mental Health
- » #prontofalei/Psychologist
- » Na Medida/Nutritionist
- » General Practitioner
- » Cardiologist
- » Endocrinologist
- » Xô Gripe
- » ComTato:
- » Bendita Fruta
- » Little seed
- » Breast-feeding support room
- » Family History
- » In-company collection
- » Mapping Health/Coaching
- » Pink October and Blue November
- » Tudo Zen/Massages Bem me Care

ALWAYS MOVING

- » Gympass
- » Sesc
- » Olympics
- » Stretch and Pull

FACILITIES FOR YOU

- » Store
- » Café
- » Hora do Lanche
- » Tá na Mesa
- » De Unha Feita/ Manicure Bem me Care
- » Partnerships
- » #SOUDBCV

79%

approval
is the target of the
2020 work place survey

One percent better
than last time



Choosing priorities

A survey was conducted on more than 1.6 thousand employees in 2019. The aim is to help the *De Bem com a Vida* practice determine its priority initiatives. The data provided, which is confidential, will inform initiatives aimed at mental health and improving stress, anxiety and depression levels.

For 2020 the target is to focus on sustaining the mental health program; implementing medical gynecology and telemedicine specialties; reviewing the format of Little Seed; and centralizing beauty salon, well-being and Oriental medicine services; amongst others.

Climate survey GRI 102-43, 102-44

Cielo is in no doubt that it will only be able to tackle business challenges with a team consisting of highly engaged people who enjoy working at the company. The human factor comprises strategic directives that aim to **“Streamline and drive business for all”** and our Vision of **“Being the most sought after smart platform in Brazilian commerce.”**

The Company believes that having an engaging organization climate is fundamental to its performance and allows each employee to create an emotional bond with their work and the organization. After carrying out the 2018 climate survey, this survey then began to be carried out every two years, as we believe that this is the time strategically necessary to maximize positive approval points and correct and turnaround items which the survey shows need improving.

The latest survey conducted in 2018 found an approval rating of 78%, with 77% for women and 78% for men. The target for next year's edition (2020) is 79%. The pillar of corporate culture was therefore a major theme in the second quarter of 2019. By determining a new business model we also established new purposes, vision, strategic directives, cultural attributes, operating pillars and organizational capabilities of Cielo. 90% of employees signed up to the project and in 2020 we will continue rolling out an assertive program with a view to furthering engagement and buy-in.

Employee engagement



Community GRI 102-43, 103-2, 103-3, 203

Aligned with our Sustainability Policy and Corporate Responsibility and Sustainability values, Cielo sponsors social projects based on the United Nations' (UN) Sustainable Development Goals (SDGs), related to our business.

One of the leading initiatives is the 1,000 Women Program, which arose out of a partnership between Sebrae-SP and companies, NGOs and institutions, which offers certified free coaching to socially vulnerable women. The project targets entrepreneurs who are working on the street or in reclusion, the elderly (60+), immigrants, indigenous peoples, black people, the disabled, refugees, transgender and victims of violence. Under the project women can draw on their skills to start up a small business and be trained to be more competitive and innovative in the employment market. Cielo began sponsoring this initiative because it identified with its goals - sustainability, inclusion and support for entrepreneurship – and participated in the program's annual assessment board, which recognizes the best projects carried out by participants.

GRI FS14

Investments are made in social projects through incentive laws, such as Lei Rouanet, Federal Sports Incentive Act, FIA (Youth Fund), PRONON (National Cancer Care Program), Lei do Idoso and PRONAS/PCD (National Health Care Program for People with Disabilities).

Initiatives must also align with the Company's priority issues, such as Education and Entrepreneurship, and Income Opportunities.

By means of the Sustainability and Corporate Responsibility practice, more than 13,400 people were impacted and over R\$ 3 million invested in 15 social projects throughout Brazil, 14 of which were via incentive laws and one via private investment. See the sponsored projects in the Attachments.

Laws	Sponsored social projects 2019	Direct beneficiaries	Amounts
Own funds	1 (Sebrae/SP)	Up to 2,200	R\$ 75,660.00
Elderly	4 (Conexão Serviço de Integração Social/Itapevi-SP; Instituto Anima and IPPE/Belo Horizonte-SP; ITEVA/Eusébio - CE)	Up to 5,640	R\$ 1,288,848.15
FIA	7 (Instituto Social Ser Mais/SP; Projeto Âncora and AFESU/Cotia-SP; CEPAC and Assoc. PROJOV/Barueri-SP; Hospital Pequeno Príncipe/Curitiba-SP; CEAP/Pedreira-SP)	Up to 5,545	R\$ 1,289,238.15
PRONON	1 (Cancer Foundation/RJ)	Up to 20	R\$ 174,558.15
PRONAS	2 (APAE Arinos-MG and Fundação Cristiano Varella)	Up to 60	R\$ 174,558.15
Grand total	15		R\$ 3,002,862.60

See appendixes for further details. (page 112)

Movement for Good GRI 203-1

Through the volunteering program, Cielo engages its employees in social actions that benefit communities and support personal development. These initiatives align with the Company's Strategic Sustainability Plan, which fosters entrepreneurship.

A number of voluntary initiatives accordingly take place under Movement for Good to achieve this goal, also aimed at education, as stated in Cielo's private strategic social-investment plan.

These include initiatives carried out in partnership with social projects related to Cielo's business.

The V2V volunteer platform provides information about a number of initiatives, encouraging employees to do volunteer work. Volunteers in projects that Cielo is not a part of have access to a tool to mobilize other colleagues to join their volunteer initiatives independently.

In 2019 Cielo's volunteers dedicated 1,916 hours during working hours, nearly 7 times more than the total of 277 hours in 2018.

The plan for 2020 is to set up volunteer committees and a results measurement and recognition program to value and further engage employees.

Corporative Social Initiatives

9 initiatives	408 volunteer participants	700 people benefited	37h and 30 minutes
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Programs

4 initiatives	106 volunteer participants	1,094 people benefited	820 bed table and bath apparel
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Independent Initiatives

8 initiatives	983 volunteer participants	849 people benefited	
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Education and Entrepreneurship Programs

2 initiatives	45 volunteer participants	10 people benefited	11 hours spent on delivering the initiatives
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Employees accumulated
1,976
hours

of volunteer work donated during working hours, nearly 7 times more than in 2018

Target for
2019

Foster initiatives that guarantee engagement of 12.1% to 14% of head office employees over the course of 2019.

achieved: see corporative initiatives

Our key initiatives in the year included:



2019 WINTER CAMPAIGN

The initiative included the sale of blankets at the head office and via payment by link for branches. R\$ 19 thousand was raised, which enabled the purchasing of 420 single blankets and 400 double blankets.



SOCIAL TRANSFORMATION

GRI 103-2, 103-3, FS16

On National Volunteer Day, Cielo demonstrated the importance of sponsoring projects that foster social transformation. One such project is Projeto Âncora, an initiative which uses an innovative teaching methodology, without classrooms, to directly benefit socially vulnerable children, adolescents and their families in Cotia and the surrounding region.



2019 BLOOD DONATION CAMPAIGN (IN COMPANY)

Donation of blood to the Paulista blood bank, founded in 1957, which currently boasts a portfolio of over 40 clients including hospitals, clinics and emergency departments. 104 volunteer donors participated in the initiative, filling 74 blood bags.



MENTORING FOR YOUNG PEOPLE

GRI 103-2, 103-3, FS16

By way of an exclusive online platform, Cielo volunteers mentor socially vulnerable young people cared for by Instituto Ser Mais. The mentorship lasts four months and addresses the topics: choosing universities, deciding on careers and personal planning; ethical and professional conduct and skills development; financial planning and time management, and entrepreneurship.

Commercial initiatives GRI 203-1

Cielo undertakes commercial initiatives aimed at contributing to the financial sustainability of non-profit civil society organizations. It does this via differentiated charges, exemption from membership, connectivity and terminal rental fees, in addition to special prices, charging lower rates on these organizations' financial transactions. By forgoing terminal rental fees and offering special prices, in 2019 the Company benefited 4,007 clients, with a total discount of around R\$ 11.8 million on terminal rentals.

Other donations

As a means of contributing to social development, when Cielo remodels or changes its offices, it donates the materials that will no longer be used to social organizations, charities and non-profit associations and institutions. In 2019, the Company donated materials (sofas, pouffes, a shredder, among other items) worth R\$ 91,365.36.

Suppliers and partners GRI 102-9

In 2019 our supply chain comprised 900 partners from different segments, both locally and globally. Of these, 23 are considered critical to our ability to deliver services to customers.

During the year, payments to suppliers totaled R\$ 2.6 billion, with 80% going to 48 suppliers. OPEX expenditure decreased by R\$ 170 million, helped by competitive procurement and electronic negotiation efforts.

In Procurement, the onboarding process continued to screen suppliers on their administrative capabilities, and for key suppliers we introduced a Supplier Relationship Management (SRM) program to assess social, environmental and other

aspects, including data protection and data privacy practices, for conformity to applicable regulations, such as Brazilian Central Bank Circular No. 3.909 (General Data Protection Act).

In addition, a new digital signature platform for all supplier contracts came online. The tool has reduced average contract signature times to 13 days, while also reducing paper usage and ultimately CO₂ emissions from document transportation and handling. A total of 337 supplier documents (contracts and amendments) were digitally signed during the period.



A sustainable supply chain GRI 103-2, 103-3, 308, 414

Cielo’s Sustainable Procurement Matrix was revisited in 2019. The Matrix establishes the weights assigned to each item in our Supplier Sustainability Questionnaire, and provides recommendations to suppliers on environmental, social and economic aspects. It also addresses social and environmental aspects such as the risk of corruption and/or money laundering, labor risk, adherence to sustainable practices, technological innovation and our influence on the supplier’s social practices. In 2019 the matrix was applied in 53 purchase categories.

Cielo uses a tiered system for classifying risks and opportunities in supplier relations, where tier 1 is critical for business sustainability, tier 2 is relevant for business sustainability and tier 3 is not relevant.

In 2019 we created a Supplier Relationship Management (SRM) program in which

360° assessments are conducted on tier 1 suppliers (the 25 most critical suppliers, including logistics, customer service, technology, telecommunications carriers and other suppliers). Assessment results are now reported on a quarterly basis during meetings of the Executive Board. The primary goals of the program are to improve performance, reduce expenses, create new opportunities, mitigate risks, and ensure compliance with ISE/DJSI, ISO 14000 and applicable laws, regulations and governance practices.

Each year, our entire supplier base is assessed on financial, labor, reputational, performance and other aspects. If any nonconformities are identified in supplier questionnaires or audits, the relevant suppliers are removed from our supplier base. In addition, all suppliers are periodically monitored.

Social and environmental aspects were given greater weight in the 2019 assessment, with suppliers being required to answer a questionnaire and undergo an on-site audit. However, no significant environmental impacts were identified in the year in supplier assessments.

In total, 412 new suppliers were onboarded in 2019, with only 67 requiring screening against environmental requirements. Of these, 60 suppliers were screened and

selected based on environmental criteria during onboarding (by answering an environmental questionnaire) and seven were onboarded on an exceptional basis due to demand. **GRI 308-1, 414-1**

We also assessed suppliers for compliance with BACEN Resolution 4.658/18 (on the Brazilian General Data Protection Act (LGPD)). This resolution establishes requirements on cyber security policies and other requirements for data processing, data storage and cloud computing services applicable to financial institutions and other entities authorized to operate by the Brazilian Central Bank.

Suppliers GRI 308-1

Total new suppliers considered for onboarding	67
Total new suppliers that were screened using environmental criteria	60
Percentage of new suppliers that were screened using environmental criteria (%)	89.55

Supplier monitoring and assessment

The primary policies governing supplier assessments on social and economic aspects are our procurement policy, sustainability policy and supplier code of Ethics.

Using Balanced Scorecard (BSC) methodology, our supplier performance assessment program monitors suppliers on quality, competitive mindset, speed, sustainability and innovation – with the latter criteria incorporated in 2019. In the year, the assessment identified 63 new supplier opportunities.

In relation to supplier management policies and procedures, in 2019 we conducted revisions to amend, update or simplify the following documents: Business Continuity Plan questionnaire and procedure; Procurement Policy for the Cielo website; audit questionnaire; and terms and conditions on money laundering prevention. We also implemented *Dash Fiori*, a tool to manage supplier contract balances and expiration.

This year's supplier meeting, which we have held annually since 2010, was themed

around Customer Centricity. The purpose of the meeting was to share our strategy with tier 1 suppliers, and address subjects such as slave/child labor, discrimination, valuing diversity, harassment, and antitrust practices, among other subjects. **GRI 308-2, 414-2**

In 2019, innovation was included in the criteria for supplier performance assessments



Other initiatives

In logistics, we identified opportunities to use bicycles instead of motorcycles to deliver paper rolls. We currently have a fleet of 900 motorcycle couriers, of which 650 are Cielo employees; at least 14% of our motorcycles have flex-fuel engines.

We also made electronic signatures mandatory for 100% of applicable supplier contracts, with a total of 125 contracts and amendments signed in the year. In addition to shortening contract signature times to 13 days, the new requirement has also reduced paper usage – the equivalent of 7.1 metric tons of wood, 800,000 liters of

water consumption, 384 kilograms (kg) of CO₂ emissions and 140 kg of waste avoided.

In 2019 Cielo implemented a policy of purchasing paper rolls without Bisphenol A, a chemical component that can pose a health hazard to manufacturing workers. In addition, the new paper rolls are made of white paper manufactured using a new technology that reduces grammage. Each roll now has 20% more paper and therefore lasts longer, generating delivery logistics savings of R\$ 974,976.

Operational Efficiency



Operational efficiency GRI 103-2, 103-3

Low levels of inflation, which led to a gradual lowering of interest rates and a recovery in the jobs market, enabled changes to be made in 2019 to the country and the payment terminals market – ushering in economic growth and driving retail sales.

Due to the expected growth in competition, Cielo made important structural changes such as segmenting clients into Corporate Accounts, Retail and Sole Proprietors. As a result of these and other measures, business grew steadily, with the volume captured rising by 9% and the number of clients by 18%, to the milestone of 1.6 million.

We upgraded our systems and processes which made it possible to substantially improve customer satisfaction. We also recorded a record number of transactions per second during Black Friday, selling more than 1.3 million terminals.

Cielo achieved the milestone of 1.6 million clients in 2019



Business performance GRI 103-2, 103-3

Consolidated net revenue was R\$ 11,347.3 million in 2019, a decrease of R\$ 338.5 million or 2.9% on the R\$ 11,685.8 million in 2018.

The reduction in net revenue from the capture, transmission, processing and financial settlement of transactions made by credit and debit card, and in equipment rental revenue is substantially

due to pressure on average prices caused by competition in the segment, partially offset by higher revenue from the product 'payment in two days', the expansion the M4U, Stelo and Cateno lines, the appreciation of the US dollar affecting revenue from our US operation (Merchant e-Solutions) and the consolidation of Stelo that began in 4Q18.

The consolidated cost of services rendered was R\$ 7,252.2 million in 2019, an increase of R\$ 1,009.5 million or 16.2% on 2018. Further information can be seen at: <https://ri.cielo.com.br/en/financial-information/results-center/>

KEY BUSINESS, FINANCIAL AND FISCAL INFORMATION FOR THE REGIONS OR COUNTRIES WE OPERATE (IN R\$ MILLION) GRI 102-7

Operation by country	2017			2018			2019		
	Brazil	Overseas*	Total	Brazil	Overseas	Total	Brazil	Overseas	Total
Net revenue	9,993,822	1,606,519	11,600,341	9,832,731	1,853,108	11,685,839	9,443,791	1,903,514	11,347,305
Gross profit (loss)	5,544,100	282,520	5,826,620	5,130,908	311,827	5,442,735	3,824,049	271,047	4,095,096
Operating income (loss) before financial income/loss	4,346,256	(201,510)	4,144,746	3,747,140	(67,730)	3,679,410	2,077,998	(139,875)	1,938,123
Income (loss) before income tax (IRPJ) and social contribution (CSLL)	6,127,258	(250,534)	5,876,724	4,778,300	(121,177)	4,657,123	2,717,222	(195,981)	2,521,241
Net income (loss) for the period	4,274,728	(211,370)	4,063,358	3,374,445	(16,819)	3,357,626	1,934,787	(148,905)	1,785,882
Tax paid	3,211,980	739	3,212,719	2,613,252	5,350	2,618,602	2,011	(45)	1,966
Services tax	-	-	-	1,220,398	1,238	1,221,636	(1,149,106)	(1,442)	(1,150,548)
Taxes on current earnings	-	-	-	1,392,855	4,111	1,396,966	(782,435)	47,076	(735,359)

Denotes operations carried out in the US by the companies Cielo USA Inc. and Merchant e-Solutions Inc. (Me-S). Cielo USA Inc.'s activities include holding interests in other companies as a partner, stakeholder or shareholder, and includes 100% of Me-S, which in turn provides services related to the execution of electronic payments with credit and debit cards in the USA. Note that Cielo also has a stake in the company Cielo Cayman Island ("Cielo Cayman"), which has been inactive since its foundation (it has not executed any operational, non-operational, asset-related or financial activities).

See taxes paid by municipality in Attachments. (page 112)

FINANCIAL PERFORMANCE AND EBITDA (IN R\$ MILLION)

Results	2017	2018	2019
Net income	4,056.1	3,341.9	1,580.2
Noncontrolling interests	208.6	217.5	205.7
Finance income (costs)	(1,755.0)	(1,246.8)	(583.1)
Income tax and social contribution	1,821.2	1,390.1	735.4
Depreciation and amortization	947.6	932.1	1,071.7
EBITDA	5,277.9	4,634.8	3,009.8
EBITDA margin (%)	45.5	39.7	26.5

STATEMENT OF ADDED VALUE (DVA) (IN R\$ MILLIONS) GRI 201-1

	Brazil			Overseas			Consolidated		
	2017	2018	2019	2017	2018	2019	2017	2018	2019
Shareholders (interest on equity)	4,265	3,610	2,332	0	0	0	4,265	3,610	2,332
Employees (compensation, benefits and employer charges)	587	623	760	86	101	116	673	725	876
Government (taxes, charges and payroll charges)	3,271	2,903	2,011	(37)	(103)	(45)	3,234	2,801	1,966
Interest expense (interest and rental)	906	408	118	54	63	66	960	542	184

Tax strategy

Cielo adopts a tax strategy based on its own tax management policy, reviewed **and validated in 2018 by the Board of Directors, with a view to ensuring transparency and constant business progress, in alignment with good market practices and available publicly on our sustainability and investor relations sites.** This process demonstrates Cielo's commitment to sustainable development and the adoption of best practices for investors, regulatory agencies and other external stakeholders.

The fiscal strategy is overseen by the tax department (Controller's Department) and related departments, which handle the tax processes of Cielo and its direct or indirect associated companies, monitored by senior management, and discussed opportunely in the corporate governance committees.

Sustainability management

By means of its Sustainability Policy, Cielo reaffirms its commitment to sustainable development with guidelines governing social, environmental and governance matters. Applicable to all executives and employees, it addresses ethics in relations, anti-corruption, social responsibility, respect for human rights, value chain responsibility, fair competition, social investments, voluntary work, efficient management of natural resources and sustainability governance.

Our environmental impacts and issues are assessed periodically by a matrix that incorporates incidence, probability, severity and scale. In line with ISO 14001, measures are adopted based on the assessment to mitigate impacts and raise employee awareness.

Sustainability Committee

Comprised of four Board of Directors' members, two of whom are independent, one representative of each of the controlling shareholders, and the vice president for Organizational Development (statutory officer), the Committee's work

demonstrates the importance of the matter to the Company.

Activities related to this area are also discussed in board meetings, with presentations on the initiatives in place at least once every six months and quarterly reports from the Sustainability Committee, which met four times in 2019. The issues addressed in the year included: the Sustainability Committee's annual activity report; recommendations for the structure of the 2019 sustainability report; status of the implementation and execution of the Strategic Sustainability Planning for the period 2017-2021; Climate Strategy; activities of the Diversity Forum and Groups defending LGBTQI+, Gender, ethnicity and PWD movements; creation of the Diversity Forum and monitoring of initiatives that ensure alignment with best management practices recommended by corporate sustainability indexes.

Another tool used in management are reports on sustainability indexes – the B3's Corporate Sustainability Index (ISE), and the Dow Jones Sustainability Index (DJSI) –, which assist in the assessment and improvement of internal practices.

Environment Week

The first Environment Week was held in 2019 in order to engage and articulate good sustainable practices. Guest speakers included the sustainable development consultant of the UN Global Compact, Ana Carolina Paci, who spoke about the "17 Sustainable Development Goals (SDGs)". Cielo went a whole day without printing or using plastic cups.

The week also included a gardening workshop, fun ways to make juice drinks, the donation of aluminum seals to help people in need of wheelchairs, the purchase of organic produce and swapping of toys, games, DVDs and books.

Progress in environmental management GRI 103-2, 103-3

In 2019 Cielo invested 173,816.15 in managing environmental impacts, an increase of more than 700% over 2018, with funds allocated to purchasing furniture made of certified reforested wood, lighting retrofits with highly efficient LED lamps, recyclable carpets, and waste bins made of recycled material for waste segregation.

For control purposes, water and electricity consumption, lamp disposals, mileage covered by company buses and other metrics are compiled on a monthly basis as inputs for our GHG inventory. The data are reviewed in meetings with the relevant functions to develop action plans for mitigation.

ISO 14001:2015 Certification

Cielo secured certification to ISO 14001:2015 in 2019 after implementing changes in our management systems and procedures, including training for all third-party employees at our head office. Activities planned for 2020 include monitoring against legal requirements, assessment of our control system and recertification.

Energy GRI 103-2, 103-3, 302

Cielo's head office building and branch offices are supplied with electricity by local utilities. The head office building has a smart refrigeration system, high-efficiency lighting and a power generator for emergencies. To prevent our operations from being impacted in the event of a power outage, the building has emergency diesel generator sets that are operated by the facilities managers.

We monitor electricity consumption at our head office, branches and physical stores based on information provided by the power utilities. The electricity consumption figures for our head office building include Braspag, Stelo and Cateno (floors were swapped in August, but with electricity consumption remaining centralized). In 2019, our consolidated total energy consumption was 16,567.53 GJ (4,602,091.81 kWh), a 20% increase compared with 2018. Of this total, 14,136.35 GJ (3,926,764.27 kWh) was consumed at our head office, an increase of 2.5% on the previous year's consumption of 13,787.99 GJ (3,829,996.33 kWh).

In 2019 Cielo decided to purchase i-RECs (international Renewable Energy Certificates) to support the production and consumption of clean energy. We purchased a total of 5,194 REC Brazil certificates in the year, covering the electricity consumption of Cielo, Servinet, Aliança, Braspag, Cateno, M4U and Stelo.



700%
higher investment in
environmental
impact mitigation
compared to 2018

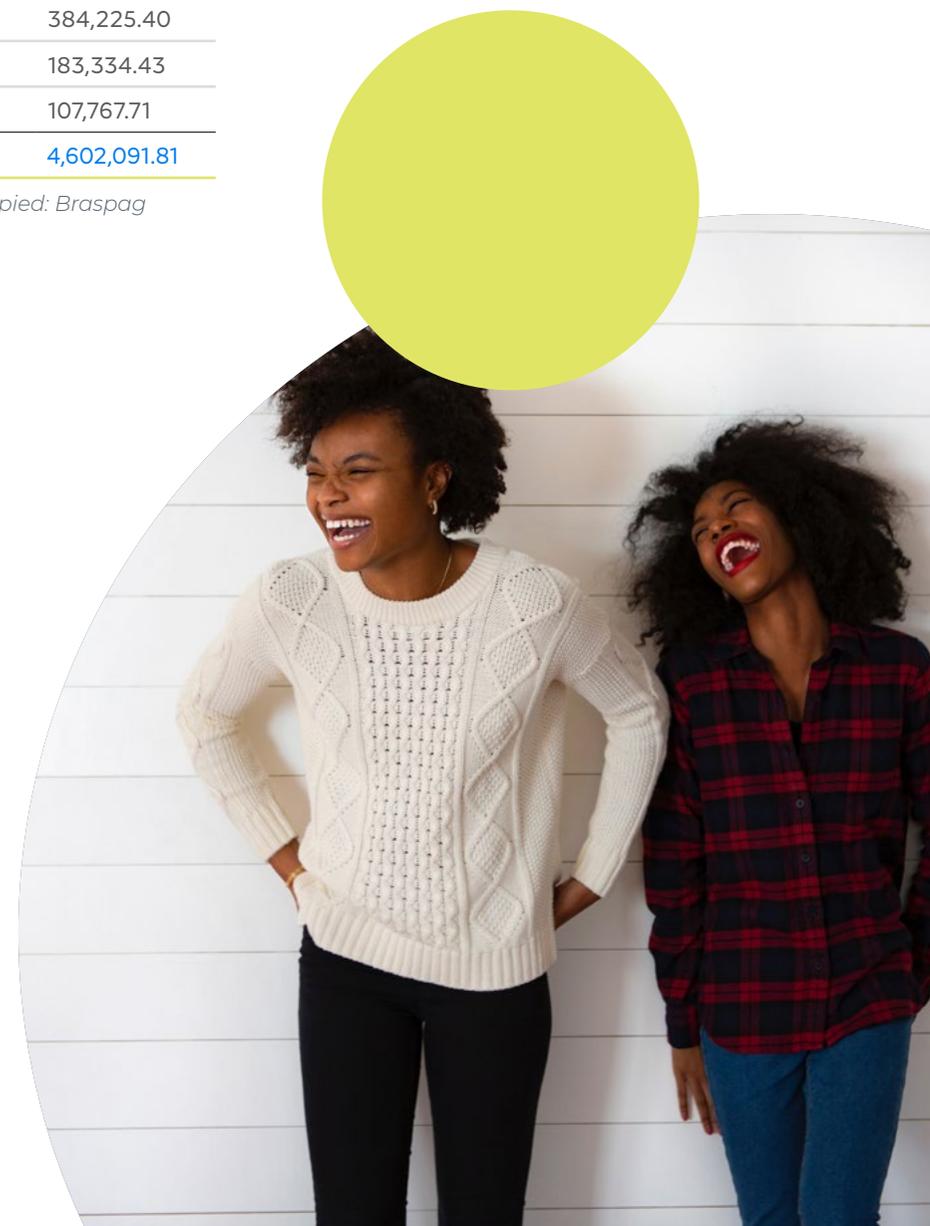
Energy consumption by operation ¹ GRI 302-1	2017		2018		2019	
	GJ	kWh	GJ	kWh	GJ	kWh
Cielo, Servinet and Stelo	12,091.325	3,358,701.42	12,091.3	3,358,751.4	14,136.35	3,926,764.27
Stores and branches	1,161.734	322,703.80	1,161.7	322,703.8	1,383.21	384,225.40
Braspag	288.736	80,204.33	288.7	80,204.3	660.00	183,334.43
Cateno	246.192	68,386.78	246.2	68,386.8	387.96	107,767.71
Total	13,001.7	3,611,588.5	13,787.9	3,830,046.3	16,567.53	4,602,091.81

¹Cielo's electricity consumption is apportioned among subsidiaries based on the amount of square footage occupied: Braspag (2.20%); Cateno (1.87%); Stelo (1.05%).

Gasoline consumption by our commercial fleet and vehicles fueled using employees' fuel allowance (Alelo Auto) was 55,752.39 GJ (1,882,599.39 liters) in the period; the increase was due to the expansion of our salesforce, which uses vehicles provided on lease by Cielo.

Cielo has no control over the use of diesel oil as the generators are automatically operated in the event of a utility power outage.

In 2019, Cielo also consumed 5.12 GJ of biodiesel and 28,407.23 GJ of hydrous ethyl alcohol (ethanol).



ENERGY CONSUMPTION (GJ) GRI 302-1

Type of energy	2017	2018	2019
Direct energy consumed from non-renewable sources			
Diesel fuel (generators)	142.00	173.19	47.55
Gasoline	30,927.12	30,296.04	47,385.92
CNG	0	0	2.27
Total	31,069.12	30,469.23	47,435.75
Direct energy consumed from renewable sources			
Biodiesel	N.A.	17.31	5.12
Hydrous ethyl alcohol (ethanol)	N.A.	7,420.44	28,407.23
Total	N.A.	7,437.75	28,412.35
Indirect energy			
Electricity	14,724.93	13,787.99	16,567.53
Total	14,724.93	13,787.99	16,567.53

¹ Energy consumption figures (GRI 302-1) refer to Scope 1 and 2 of the GHG inventory.

² Scope: Cielo, Stelo, Cateno and Braspag*

* Energy consumption at our head office, branches and subsidiaries hosted at the head office building.

Energy

Target_2019

Reduce energy consumption by 1% compared with 2018, at our head office, stores (except stores located in shopping malls) and branches (except those which have been relocated)

Status_2019

Target not met

Reason_2019

Despite energy saving campaigns carried out during the year, total consumption increased by 20% due to the Stelo acquisition and our higher headcount. To mitigate the increase, Cielo elected to source electricity from renewable sources only, by purchasing international Renewable Energy Certificates (i-RECs)

Target_2020

Purchase 100% of our electricity from renewable sources

Water GRI 103-2, 103-3, 303

In 2019, Cielo consumed 3,764.25 m³ of potable water at our head office (3,535.52 m³ in 2018), supplied by a utility company. All water used at our head office building is treated for reuse. A total of 8,801 m³ of water were treated for reuse at our head office building in 2019, of which 34.14% were reused by Cielo. Of the total volume of reclaimed water, 3,694 m³ was consumed.

GRI 303-1

A wastewater treatment plant located on the fourth underground floor of our head office building is equipped with a system for collecting wastewater for treatment in accordance with the rules established by the São Paulo environmental agency (CETESB).

The minimum monthly water treatment volume under contract is 3,500 m³. In 2019:

- » 8,801 m³ of water were consumed and treated
- » 3,694 m³ of reclaimed water were consumed
- » 209 m³ of water were consumed but could not be treated

Water utility fees are charged on a proportional basis by the facilities managers. The building has a rainwater harvesting system for plant watering and external washing. This volume is not computed because it is not used in internal areas of the Company.

Faucets at our offices are equipped with aerators and an automatic shut off system. We believe we have exhausted available means for reducing consumption, and now have a fixed target of not exceeding 10 liters per person/day. To this end, we conduct campaigns to raise awareness about responsible water consumption. Water consumption in the year increased in tandem with our workforce. In 2019, an average of 5.3 liters of water were consumed per person, compared to 5.69 liters per person in 2018. Our target for 2020 is to maintain consumption at up to 10 liters per person/day.

Water consumption (m³)

GRI 303-1



Water

Target_2019

Maintain water consumption at same levels as 2018

Status 2019

Met

Target_2020

Up to 10 liters per person/day

Effluents and waste GRI 103-2, 103-3, 306

At Cielo all waste disposal is carried out by environmentally compliant companies that are regulated by the appropriate authorities, with traceability systems based on reports and certificates that are accessible online. Transportation is handled by the disposal companies themselves.

Up to July 2019, waste volumes were counted by number of bags, but have since been counted by weight. Waste materials are sorted and sent for recycling or landfilling.

In 2019, the total weight of waste was 368,765 kg, of which 253,145 kg were sent for recycling, equivalent to 69% of the total waste generated by the Company.



Effluents

Target_2019

Recycle more than 90% of the waste generated by our operations (POS, marketing material, organic waste at head office, cables and supplies)

Status 2019

Target not met

Reason_2019

Waste materials are now weighed, providing a more accurate measure of waste volumes

Target_2020

A waste target will be set after assessing waste volumes generated in 2020.

TOTAL WEIGHT OF WASTE, BY TYPE AND DISPOSAL METHOD (kg) GRI 306-2

Type of waste ¹	2017	2018	2019	Method of disposal
Cielo terminals	75,880	0	-	Co-processing
Cielo terminals ²	118,974	174,479	56,707	Recycling
Marketing material	25,170	2,690	3,938	Co-processing
Supplies (cables and power supplies)	171,027	136,631	71,014	Recycling
Organic waste ³	22,343	26,772	111,682	Landfill
Recyclable waste ³	30,872	27,748	125,424	Recycling
Total	444,266	368,320	368,765	

¹ Cielo generates no hazardous waste; all waste materials in the table are nonhazardous. Cielo has a process in place for returning used payment terminal batteries to the manufacturer in accordance with the Brazilian Waste Management Policy. Transportation is handled by the manufacturer.

² Terminal disposal volumes were reduced in 2019 due to: the elimination of a disposal backlog from 2018; the steady frequency of disposal in 2019; and a reduced inventory of obsolete equipment.

³ In 2019 the method of measurement was changed to daily weight. For previous months, estimates were made based on weight trends during the months in which waste materials were weighed.

Reverse logistics

Cielo has a partnership with Sinctronics for reverse logistics of end-of-life payment terminals. The partner company has the infrastructure and technology to collect and process electronics into raw materials and parts for new products.

Sinctronics' operations are compliant the National Solid Waste Policy and DD76, a directive introduced in 2019 that requires companies to implement reverse logistics systems as a condition of obtaining operation licenses. A total of 15,012 kg of plastic, 1,105 kg of iron and 4,421 kg of circuit boards were recycled within the partnership in 2019. Since 2017, when reverse logistics were first implemented, we have obtained revenues of R\$ 500,000 from materials that would have otherwise been disposed of. The recycled plastic has been used to make honeycomb boxes for use at Distribution Centers, at a lower cost than for the cardboard boxes previously used.

Emissions GRI 103-2, 103-3, 305

Cielo contributes to mitigating climate change on four action fronts: assessing impact, reducing emissions, offsetting greenhouse gas (GHG) emissions not avoided, and reporting transparently.

In our annual GHG emissions inventory for our operations and affiliates, we identify the primary sources of emissions from our operations and opportunities to mitigate impacts. Inventories are developed in accordance with the Brazilian GHG Protocol Program methodology and are independently audited. In addition, emissions are published in the Brazilian GHG Protocol Program Register and in the Carbon Disclosure Project (CPD) and ICO₂.

Our progress in transitioning toward a low carbon economy is reflected in our CDP ratings. In 2019, our rating was upgraded directly from C to B, skipping the intermediate B-.

In 2019, emissions from direct and reverse logistics rose by more than 190% as a result of the increased use of air freight in replacement of trucking during a shortage crisis. Also contributing to the increase was the increased number of payment terminals purchased as part of our strategy of selling rather than renting terminals.

EMISSIONS BRAZIL (CIELO, SERVINET, ALIANÇA, BRASPAG, CATENO, M4U, STELO¹) (tCO₂e) GRI 305-1, 305-2, 305-3

	2017	2018	2019
Scope 1	1,894.20	2,700.46	4,239.36
Mobile combustion	1,893.98	2,646.00	4,239.21
Fugitive	0.22	54.46	0.15
Scope 2	477.16	333.56	395.67
Purchased electricity	477.16	333.56	395.67
Scope 3	16,593.00	22,000.58	42,033.07
Goods and services purchased	727.85	492.24	253.55
Employee commuting	2,129.88	3,246.14	2,772.45
Waste generated in operations	15.98	89.24	431.52
Transportation and distribution (downstream)	7.00	0.77	1.96
Transportation and distribution (upstream)	12,103.59	16,431.45	37,481.06
Use of goods and services sold	463.52	244.72	238.15
Business travel	1,145.18	1,496.02	854.37
Total	18,964.36	25,034.59	46,668.10

¹Stelo emissions were incorporated in 2018.

SCOPE 3 EMISSIONS – TRANSPORTATION AND DISTRIBUTION (UPSTREAM) – CIELO, SERVINET AND ALIANÇA (tCO₂e) GRI 305-3

	2018	2019	Change
Customer service on the ground (courier)	3,962.25	3,942.10	-0.5%
Paper rolls	760.33	745.01	-2.0%
Disposal (terminals, supplies and marketing)	6.51	2.87	-55.9%
Manufacturer (new terminals)	2,599.88	6,350.26	144.3%
Reverse and direct	9,054.79	26,399.15	191.5%
Milk run	39.56	39.68	0.3%
Material transportation	7.58	1.62	-79.1%
Total	16,430.90	37,480.70	128.11%

EMISSIONS USA (MERCHANT E-SOLUTIONS) (tCO₂e) GRI 305-1, 305-2, 305-3

	2017	2018	2019
Scope 1	3.87	30.19	0.23
Stationary combustion	3.87	3.73	0.23
Mobile combustion	-	26.45	-
Scope 2	296.32	308.63	335.53
Purchased electricity	283.30	297.64	322.84
Purchased electricity	13.02	10.99	12.69
Scope 3	560.39	1,095.80	1,022.45
Employee commuting	515.88	565.64	565.64
Transportation and distribution (downstream)	12.99	13.85	11.16
Business travel	31.52	516.31	445.65
Total	860.58	1,434.62	1,358.22

Emissions offsetting

In 2019 we offset 100% of our Scope 1 emissions in Brazil and the US by purchasing carbon credits from the “Ituxi protege florestas” project, in an area with high rates of deforestation in the Amazon, known as the “deforestation belt”. The project covers an area of 50,000 hectares that is home to a wide variety of endemic and threatened species, as well as ecological corridors that are essential in maintaining the biome’s rich biodiversity. The initiative also provides the local community with land titling support and protection against squatters, as well as providing income opportunities through sustainable activities, such as Brazil nut harvesting. A total of 4,240 tCO₂e in emissions were offset.

Emissions

Scope 1

Target_2019

Reduce emissions by 1% compared to 2018, provided no further staff are hired to the commercial team

Status_2019

Not met

Reason_2019

The commercial team hired approximately 400 employees

Target_2020

Fuel fleet vehicles with ethanol only and reduce mobile combustion emissions by 90%

Scope 2

Target_2019

Reduce electricity consumption by 1% compared with 2018, at our head office, stores (except stores located in shopping malls) and branches (except those which have been relocated)

Status_2019

Target not met

Reason_2019

In addition to the increase in our headcount, the figures for Stelo were incorporated in the figures for Cielo

Target_2020

Obtain certification for 100% of electricity consumed

Scope 3

Target_2019

Avoid 3% of estimated emissions per year through mechanisms to mitigate the projected increase in field service mileage as the economy recovers: self-service at stores, branches and partner banks and commercial executives installing terminals on clients' premises

Status_2019

Met

Reason_2019

Cielo avoided 295.84 tCO₂e by providing 142,447 services via self-service

Target_2020

The projected market recovery prevented a target from being established

About Cateno



About Cateno

Cateno Gestão de Contas de Pagamento S.A. is a company based in Barueri, São Paulo State, Southeastern Brazil, that specializes in the development and management of payment solutions in Brazil. Cateno is responsible for issuing, managing and processing Ourocard credit and debit card transactions for Banco do Brasil. It also offers authorization and fraud intelligence services, as well as digital payment accounts and prepaid cards.

GRI 102-1, 102-2, 102-3, 102-4, 102-6

Cateno is a joint venture between Cielo (70%) and Banco do Brasil (30%). In a disruptive market that is rapidly transitioning from physical to digital, Cateno connects banks, customers and issuers in a diversified ecosystem of possibilities, providing efficiency, agility and security. **GRI 102-5**

History

The company was founded in November 2014 when Cielo and BB Elo Cartões, a wholly-owned subsidiary of Banco do Brasil, formed a joint venture for the management of Ourocard credit and debit card payment accounts.

**Cielo has a
70% stake and
Banco do Brasil
a 30% stake in
Cateno**



Timeline

2019

January – Cateno becomes the first joint venture in Brazil to obtain PCI-DSS certification, with an ROC and AOC report prepared by the auditors of record. This certification attests that the company's services are secure and compliant with mandatory security requirements.

December – Cateno reaches the 500 million transaction threshold to obtain authorization as a payment processor.

2018

May – Cateno becomes an issuer of Elo-branded prepaid cards. Operating alongside Banco do Brasil, the Cateno joint venture will support the bankarization of a large portion of Brazil's underserved population.

2015

January – Following regulatory approval, Banco do Brasil awards Token the rights to manage Ourocard postpaid and debit card payment accounts. One of the goals in the arrangement is to form alliances with other partners to explore opportunities in the electronic payments market in Brazil.

February – Joint venture contracts are signed between Cielo and BB, and the company is named Cateno Gestão de Contas de Pagamento S.A. Developed by FutureBrand, a multinational branding strategy consultancy, the new brand embodies Cateno's key attributes: solidity, efficiency, innovation, technology and inclusion.

2014

November – Token Gestão de Contas de Pagamento S.A., is founded as a joint venture between Banco do Brasil (BB) – through BB Elo Cartões – and Cielo to operate as a provider of payment account management solutions. BB Elo Cartões, a wholly-owned subsidiary of BB, holds a 30% stake in the venture and Cielo 70%.

December – the Brazilian Central Bank (BACEN) authorizes the ownership interests of BB Elo Cartões and Cielo in Token Gestão de Contas de Pagamento S.A. The joint venture is also approved by the antitrust regulator, CADE.

Sustainability policy

Cateno has a policy in place to support sustainable development. The Policy is monitored by the Human Resources department and is based on eight guiding principles:

- » Ethical Conduct;
- » Anticorruption Practices;
- » Respect for Human Rights;
- » Fair Competition;
- » Value Chain;
- » Engagement and Social Investment;
- » Environmental Management;
- » Sustainability Governance.

In 2019 the company developed its first materiality matrix to further develop its approach to sustainability in a way that takes account of stakeholder perceptions.

Materiality Exercise

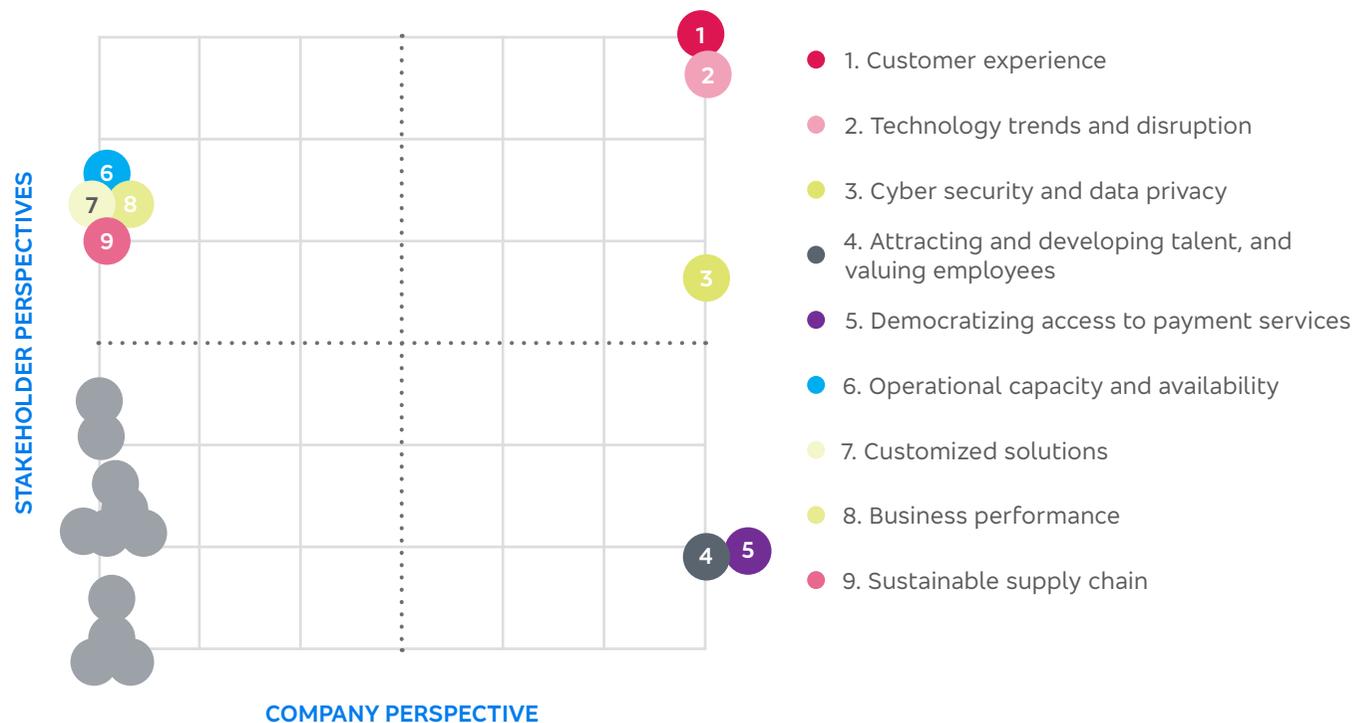
With support from a specialized consultancy, the materiality exercise was conducted in accordance with the Global Reporting Initiative (GRI) framework in four stages: **identification** of stakeholders; stakeholder **prioritization** and stakeholder survey; **review** of survey results, development and **validation** of the materiality matrix with the leadership team, and discussion on risks and opportunities.

Cateno's most significant stakeholder groups were identified as: the Executive Board, shareholders Cielo and Banco do Brasil, partners (Elo, Sequoia, Conductor

and Valid) and suppliers. The views of these stakeholder groups were elicited through interviews and online surveys.

GRI 102-40, 102-42, 102-43

The materiality exercise also included industry research, internal document reviews and benchmarking. This yielded a short list of 20 topics which, following analysis and validation reflecting the company's (internal dimension) and stakeholders' (external dimension) perspectives, were narrowed to the following nine priority topics.



Material topics	Focus	Challenge	SDG
1. Cyber security and data privacy	<ul style="list-style-type: none"> » data privacy » customer security 	<ul style="list-style-type: none"> » fraud prevention » data breaches 	
2. Technology trends and disruption	<ul style="list-style-type: none"> » innovation » competitiveness 	<ul style="list-style-type: none"> » adaptability » agile change management 	
3. Ethics, integrity and anticorruption practices	<ul style="list-style-type: none"> » anti-corruption » standards of ethics and integrity 	<ul style="list-style-type: none"> » strong relations with suppliers and partners 	
4. Risk management	<ul style="list-style-type: none"> » risk management in strategic planning 	<ul style="list-style-type: none"> » regulatory risks 	
5. Corporate governance	<ul style="list-style-type: none"> » governance structure 	<ul style="list-style-type: none"> » disseminate strategic planning to partners to ensure alignment 	
6. Customer experience	<ul style="list-style-type: none"> » customer focus 	<ul style="list-style-type: none"> » build loyalty through the customer experience 	
7. Customer base expansion	<ul style="list-style-type: none"> » emerging market 	<ul style="list-style-type: none"> » agile partners and suppliers for expansion 	
8. Customized solutions	<ul style="list-style-type: none"> » long-term vision 	<ul style="list-style-type: none"> » customer centricity » technology for growth 	
9. Operational capacity and availability	<ul style="list-style-type: none"> » excellence in service 	<ul style="list-style-type: none"> » high-quality and agile delivery 	

Corporate governance GRI 102-18

Cateno's corporate governance structure comprises a Board of Directors with five members (the highest governance body), an Audit Board composed of three members, and four committees reporting to both boards, each consisting of four members: a Finance Committee, an Audit Committee, an Operations Committee and a Risk Committee created in 2019.

Also in 2019, the company made initial preparations to include a fifth advisory committee (People & Sustainability), which should be formally established in 2020. Currently, a similar committee reports directly to the CEO.

The organizational chart opposite shows the number of representatives from each joint venture partner.



Security certifications

Cateno received PCI-DSS certification in 2019, attesting that its services are compliant with mandatory security standards. The process for certification to ISO 27001 (Information Security Management Systems) was also initiated in 2019 and should be completed in mid-2020. With these certifications, Cateno will be prepared to comply with Brazil's General Data Protection Act, which will enter into effect in August 2020.

Ethical principles GRI 102-16

Governance and stakeholder engagement practices at Cateno are based on the highest standards of conduct as expressed in the company's mission, vision and values.

The company has a Code of Ethics in place that is maintained and enforced with support from an independent ethics hotline for anonymous or identified reporting of concerns. The hotline website address is: <https://canalconfidencial.com.br/cateno>.

Mission

Enhance profitability and business opportunities for customers and shareholders through innovative, secure and efficient payment solutions.

Vision

To be recognized as a leader for innovation and efficiency in a diversified, competitive and fast-changing market, by investing in people, tools and solutions that wow and surprise our customers.

Values

- » Ethical, respectful and close relationships;
- » Commitment to transparency;
- » Owner mindset;
- » Wowed customers;
- » Passion for our business;
- » Efficiency in everything we do;
- » Innovative solutions.



Products and solutions

Cateno continued on its journey to upgrade the technology embedded in its payment solutions throughout 2019. Examples include new features introduced for Cateno's prepaid accounts, including payment of bills and taxes, a wider range of top-up services (previously limited to mobile top-ups), and a variety of subscription services, including Sky, Spotify and Uber.

Several self-service features have also been introduced on the transaction portal and app, such as requesting duplicate copies of card invoices and tracking Elo prepaid card orders and deliveries.

However, Cateno's flagship operations are: issuance and management of Ourocard debit and credit cards, payment accounts and customized prepaid cards for different company profiles. The company aims to tangibly deliver the convenience of financial services and a continuous pipeline of new features that are responsive to the industry's needs.

Cateno also has an open platform with more than 80 proprietary APIs that connect different features to prepaid payment and authorization and anti-fraud intelligence solutions.

Cielo Pay: newly launched in the year

Developed over the course of four months, Cielo Pay is an app launched in partnership with Cielo in 2019. The tool combines account and digital wallet functionality as well as the benefit of business support for small enterprises.

Performance in the year

Cateno delivered a strong performance in 2019, including solid financial results, improvements in corporate governance, and external recognition that have solidified its presence as a leading player in the the Brazilian market.

Financial capital

While its primary results were slightly down on the previous year – largely due to higher operating and finance expense – Cateno's overall performance in 2019 contributed to 55.7% of Cielo's total net income in the year.

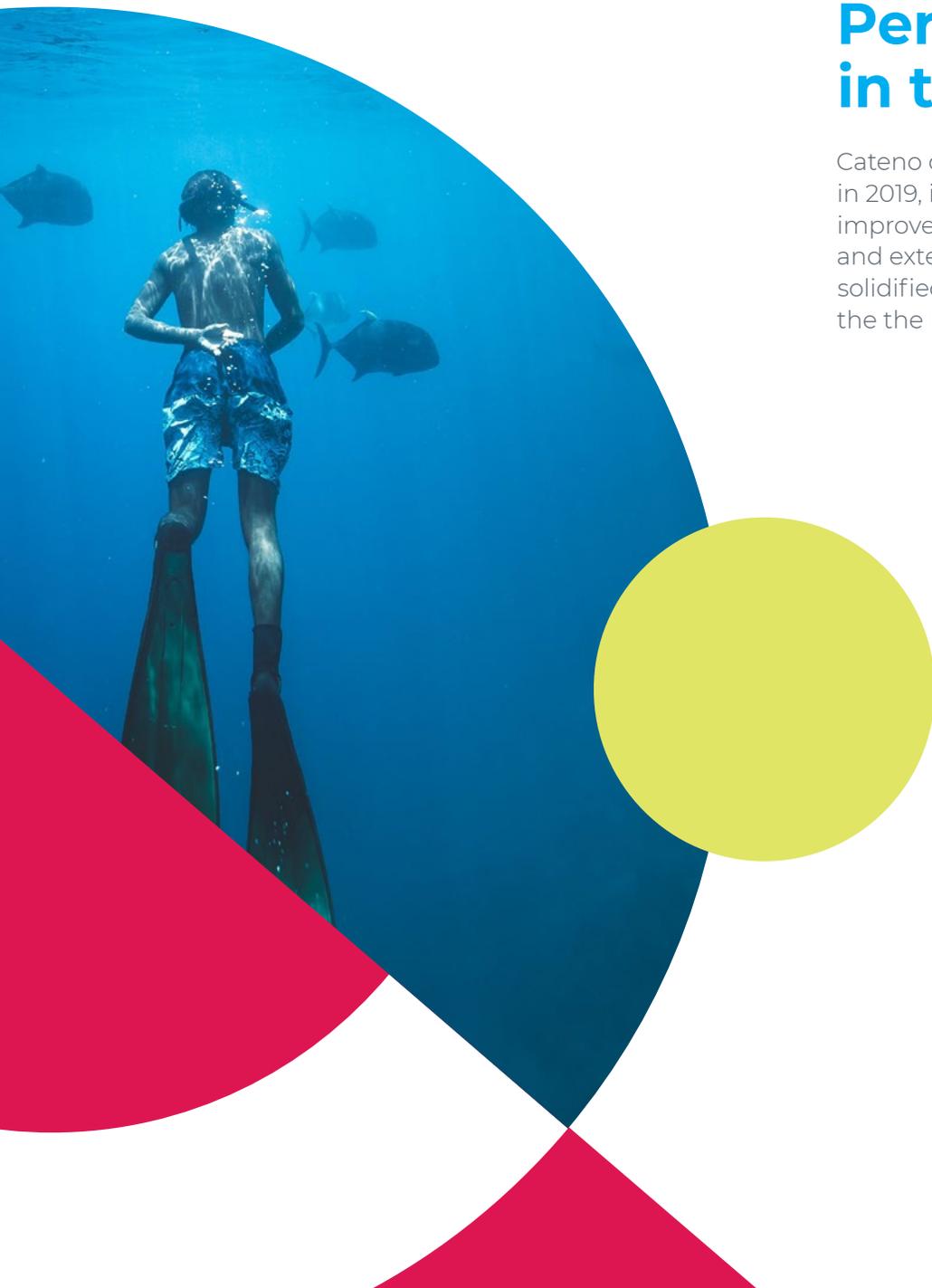
GRI 102-7

EBITDA:
R\$ 1,299.4 million
(-4.5% compared to 2018)

Net revenue:
R\$ 2,773,299.06

Net income:
R\$ 677.8 million
(-5.5% compared to 2018)

Net income + liabilities:
R\$ 12,990,632,257



Human and intellectual capital

Cateno has experienced professionals and multidisciplinary teams that collaborate with emerging startups and partners in business development efforts. The company ended 2019 with a total workforce of 109 employees, all of whom – with the exception of statutory officers – are covered by collective bargaining agreements. **GRI 102-7, 102-41**

WORKFORCE BY EMPLOYMENT CONTRACT AND GENDER GRI 102-8

Age group	Women	Men	Total
Under 30	8	15	23
30 to 50	46	33	79
Over 50	4	3	7
Total	58	51	109

RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN, BY GENDER GRI 405-2

	Women	Men	Total
Average salary	8,173.47	12,683.66	10,573.39
Percentage	45%	55%	100%

Workforce by AGE GROUP AND MINORITY GRI 102-8

Ethnicity	Under 30	30 to 50	Over 50	Total
Asian	2	2	-	4
White	10	64	7	81
Indigenous	-	1	-	1
Mixed race	8	10	-	18
Black	3	2	-	5
Total	23	79	7	109

TURNOVER GRI 401-1

Type	Number
Hires	46
Terminations	23
Total	69
Employees	109
Annual turnover	32%
Monthly turnover (average)	3%
Interns	29

Training

In 2019 Cateno established a corporate university – UniCateno – providing mandatory training courses on ethics and risk management for employees.

AVERAGE HOURS OF TRAINING BY GENDER AND EMPLOYEE CATEGORY GRI 404-1

Positions	Men	Women	Total
Coordinators	374	16	390
Managers	324	680	1,004
Specialists/consultants	870	1,015	1,885
Team	408	3,894	4,302
Interns	16	-	16
Total	1,992	5,605	7,597

Social and relationship capital

At year-end 2019, Cateno had a diverse pool of 55 suppliers throughout Brazil. Of these suppliers, only two are considered critical due to their direct involvement in processing prepaid and corporate network transactions. Payments to suppliers were a total of R\$ 15 million in the period, an increase of 20% compared to 2018 reflecting growth in products sold. **GRI 102-9**

Natural capital

In environmental protection and natural resource stewardship, Cateno's most significant contribution in 2019 was its migration to digital invoices delivered via SMS, eliminating 2 million paper invoices per month, or virtually half of the previous total. Cateno will continue to grow the share of digital invoices in 2020, working towards a goal of 100% digital invoicing.

Cateno has independently developed Greenhouse Gas (GHG) Emissions Inventories since 2017. While the joint venture has compiled emissions data since 2016, they were previously computed and reported in Cielo's emissions inventory.

GREENHOUSE GAS (GHG) EMISSIONS GRI 305-1, 305-2, 305-3

tCO ₂ equivalent	2017	2018	2019
Direct emissions (Scope 1)	39.39	32.01	53.30
Mobile combustion	39.39	31.9	53.30
Fugitive	-	0.11	-
Indirect emissions (Scope 2)	6.67	5.23	8.87
Purchased electricity	6.67	5.23	8.87
Indirect emissions (Scope 3)	179.38	851.29	167.84
Employee commuting	77.65	606.16	59.79
Transportation and distribution (upstream)	0.26	0.05	0.11
Business travel	101.47	245.08	107.94
Total	225.44	888.53	230.02

Appendixes



Materiality matrix review GRI 102-44 e 102-46

Independent consultants were engaged to perform a review of our materiality matrix in 2019, based on surveys that revealed 20 topics that are current in our industry and related to our pillars.

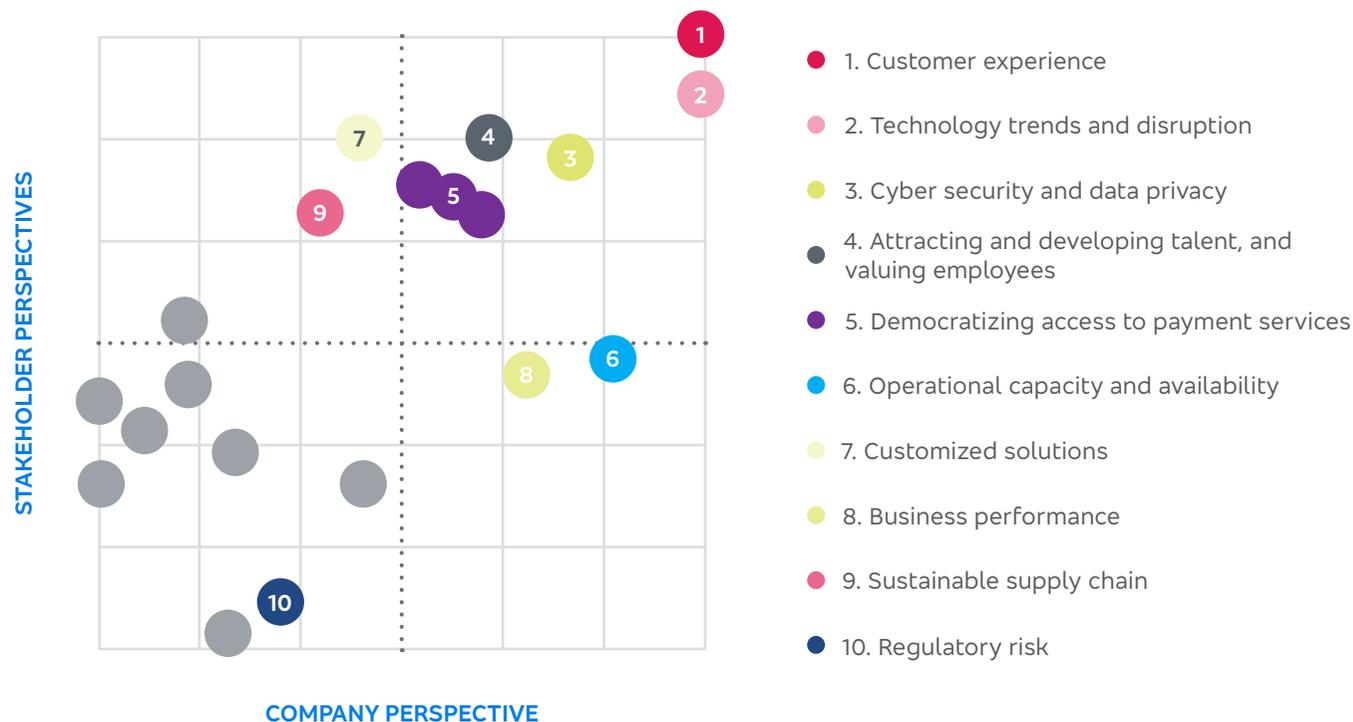
We then conducted an online survey of employees, banks, suppliers and other stakeholders to elicit their views on the shortlisted topics.

A review of this content, and of other publications such as the RobecoSAM Sustainability Yearbook 2018, *Balanço ABECS* (Brazilian Association of Credit Card and Services Companies), informed the development of a materiality matrix conforming to the Global Reporting Initiative (GRI) Standards and aligned with the UN Sustainable Development Goals (SDGs) and Global Compact.

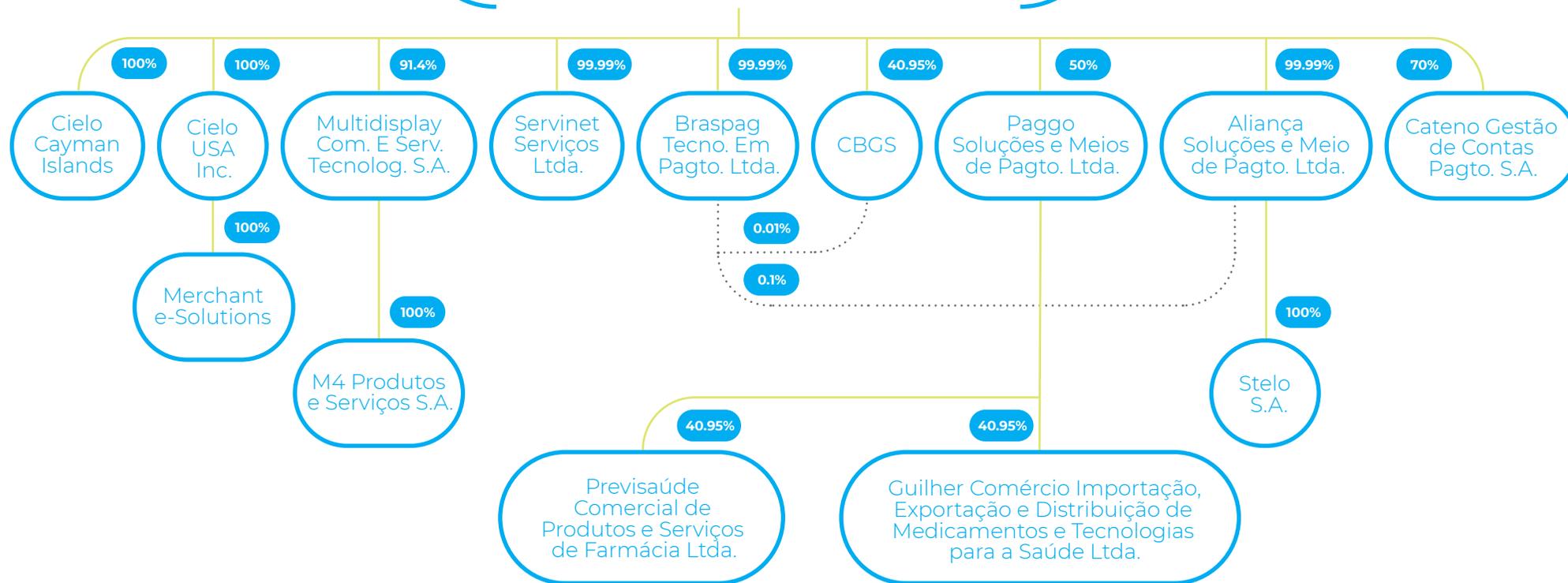
In the external dimension, we we considered the views of our stakeholders and in the internal dimension the views of the company. Regulatory Risks are considered a priority topic by the Executive Board: "Corporate governance, ethics and integrity are the basis of everything we do at Cielo".

Topics were also prioritized that help create tangible and financial value for the Company, such as improved margins, increased revenues and better valuations. Non-financial, intangible topics were additionally evaluated, such as brand value, risk management and managing stakeholder expectations.

Our materiality review assessed topics that create tangible and financial value for the business



Corporate structure



Changes in governance positions in 2019: GRI 102-18

Artur Padula Omuro, representing Bradesco, stepped down from his position as member of the Board of Directors, and was replaced by Carlos Hamilton Vasconcelos Araújo, representing Banco do Brasil.

Carlos Hamilton Vasconcelos Araújo, representing Banco do Brasil, stepped down

from his position as member of the Board of Directors, and was replaced by Mauro Ribeiro Neto, representing the same institution.

Sergio Saraiva Castelo Branco de Pontes submitted a letter resigning from his position as Statutory Officer (Chief Organizational Development Officer).

Paulo Adriano Rômulo Naliato was appointed as officer (Chief Organizational Development Officer).

Cielo also has an equity interest in Cielo Cayman Island ("Cielo Cayman"), which has been inactive since its foundation (it has not engaged in any operational, non-operational, asset-related or financial activities).

PRIVATE PENSION PLAN CONTRIBUTIONS GRI 201-3

Contribution salary – salary band	%
1 st band: the portion of the employee's salary not exceeding 15 UR (reference units)	2
2 nd band: the employee's nominal salary minus the lesser of 15 UR	0 to 7.8

PRIVATE PENSION PLAN GRI 201-3

Contribution salary – salary band	Cielo matching contribution in multiples
Up to 40	1
41 to 50	1.5
Older than 51	2.0

In 2019 Cielo received R\$ 22,621,811.88 in financial assistance from the government: **GRI 201-4**

» R\$ 9,909,265.35 under *Lei do Bem* (innovation projects);

» R\$ 9,465,110.55 in tax-deducted donations (under the Rouanet Act, Sports Legislation, the Fund for the Rights of Children and Adolescents, the Elderly Fund, the National Health Care Program for People with Disabilities and the National Cancer Care Program);

» R\$ 3,102,035.71 within the Workers' Meal Program (PAT);

» R\$ 145,400.28 in extended paid parental leave.

Private Social Investment GRI 203-1

Law	Author	Name	Summary	Beneficiaries	Amount (R\$)
FIA	Instituto Social Ser Mais	Projeto Ateliê Arte +	Raise adolescent awareness to create projects, making and producing wooden artifacts in order to nurture education in values, professional induction and income generation.	Up to 200 direct beneficiaries	R\$ 160,390.00
FIA	Projeto Âncora	Innovative Social Transformation Program	Provide interaction between the institution and surrounding community, helping children, adolescents and their families come together. The project focuses on easing social risks, bolstering and guaranteeing the right to harmonious family and community coexistence.	Up to 200 direct beneficiaries	R\$ 400,000.00
FIA	AFESU	2018-2019 Casa do Moinho Professional Coaching Program	This is based on four projects: one supporting schools and three for professional induction. The programs aims to provide quality professional coaching and study opportunities in conjunction with intellectual, social and emotional development. Both the school support project and professional induction projects aim to nurture the development of skills, providing sharing experiences.	Up to 125 direct beneficiaries	R\$ 70,000.00
FIA	CEPAC	Social Interaction- and Bond-Building Service – Capacity Building	To help 100 adolescents and young people aged between 15 and 18 prepare for the employment market. Educational workshops are offered - administrative assistant and storage assistant, IT, citizenship, English, communications and expression. The Service has the priority of helping them deal with possible social risks and/or personal situations, strengthening their independence and upholding their rights.	Up to 100 direct beneficiaries	R\$ 155,000.00

Private Social Investment GRI 203-1

Law	Author	Name	Summary	Beneficiaries	Amount (R\$)
FIA	PROJOV Association - Rotary program for young people	Social Interaction- and Bond-Building Service – Vocational Training	Protects adolescents in the municipality by providing professional guidance. It includes: Education, work and citizenship as a pillar envisaging complete protection. Adolescents are given classes in Portuguese, maths, citizenship and school tutoring.	Up to 100 direct beneficiaries	R\$ 100,000.00
FIA	CEPAC	Social Interaction- and Bond-Building Service – Capacity Building	Professional training for young people aged between 15 and 18. Educational workshops are offered– administrative assistant and storage assistant, IT, citizenship, English, communications and expression.	Up to 100 direct beneficiaries	R\$ 229,290.00
FIA	Hospital Pequeno Príncipe	Integral Health II – Block: Education and Culture	The project aims to guarantee children and adolescents the right to education during treatment at the HPP hospital, on two fronts, encouraging educational continuity: (1) Patients hospitalized in the mid-to long-term receive tutorship with a tailored study plan based on the curriculum content of their school of origin; (2) Patients hospitalized for shorter stays receive educational materials and teachers to study on the ward.	Up to 4,500 direct beneficiaries	R\$ 155,000.00
FIA	PROJOV Association - Rotary program for young people	Social Interaction- and Bond-Building Service – Vocational Training	The proposed service protects adolescents in the municipality by providing professional guidance. This training is based on the three pillars of: Education, Work and Citizenship as the main front envisaging complete protection of participants. Adolescents are given classes in Portuguese, maths, citizenship and school tutoring.	Up to 100 direct beneficiaries	R\$ 100,000.00
FIA	CEAP - Centro Educacional Assistencial Profissionalizante	Expanding Horizons	The project serves socially vulnerable young people aged between 10 and 14, offering qualification courses in robotics, IT and creativity and innovation. It also serves as school tutoring, understanding the reality young people live and breathe. The project offers human development.	Up to 320 direct beneficiaries	R\$ 174,558.15
ELDERLY	Conexão Serviço de Integração Social	Viva Maturity – Itapevi	Based on the eighth UN sustainable goal “Promote inclusive and sustainable economic growth, employment and decent work for all” and Federal Law 8842/94, which governs the national project for the elderly, the project provides a space for living, coexistence and social and educational work for people aged 60 or over.	Up to 350 direct beneficiaries	R\$ 617,000.00
ELDERLY	Instituto Anima	A Terceira Idade Faz, Conhece, Aprende e Joga – year II	Provides access to education and quality coaching for the elderly in a healthy environment that nurtures creativity and boosts self-esteem.	Up to 4,030 direct beneficiaries	R\$ 242,290.00
ELDERLY	Instituto de Pesquisas e Projetos Empreendedores - IPPE	Midlife Entrepreneurship – Valuing the wisdom of maturity	This aims to minimize problems related to old age and the marketplace, given the vast wisdom accumulated by the elderly.	Up to 1,100 direct beneficiaries	R\$ 255,000.00

Private Social Investment GRI 203-1

Law	Author	Name	Summary	Beneficiaries	Amount (R\$)
ELDERLY	Instituto Tecnológico e Vocacional Avançado - ITEVA	Connectivity+60	Proposes the development and potential acquisition of skills in information and communication technologies based on the vocation and wishes of people aged 60 and over through tailored activities and cognitive stimulation, supporting work and income creation.	Up to 160 direct beneficiaries	R\$ 174,558.15
Pronas	Apae Arinos MG	Coaching the multi-professional team of Apae/Serdi de Arinos	The project's scope includes offering three professional courses and a coffee break; hiring a project coordinator and service providers.	Up to 20 direct beneficiaries	R\$ 47,718.96
Pronas	Fundação Cristiano Varella	Research to investigate the effects of Pilates on recovering movement in patients suffering from neck and head cancer	Research to determine the efficiency and safety of the Pilates method, compared with conventional physiotherapy, in the early restoration of movement in patients undergoing oncological treatment for head and neck cancer.	Up to 40 direct beneficiaries	R\$ 126,839.19
Pronon	Cancer Foundation	Research to investigate the effects of Pilates on recovering movement in patients suffering from neck and head cancer	The project aims to assess the safety and efficacy of genetically modified T lymphocytes anti-CD19 therapy (CARs) for treating leukemia and lymphomas, which proposes to develop protocols for in vitro generation of these cells, lastly carrying out a pilot study on eight acute leukemia and lymphoma patients from INCA/Fundação do Câncer.	Up to 20 direct beneficiaries	R\$ 174,558.15
Own Funds	Sebrae - SP	1,000 Women Program	Helping socially vulnerable women by fostering entrepreneurship as an opportunity to create income and work.	Up to 2,200 direct beneficiaries	R\$ 75,660.00

Support for events, festivals and cultural activities in 2019 GRI 201-4, 203-1

Law	Author	Name	Summary	Amount (R\$)
Cultural Incentive Law (Rouanet)	T4F Entretenimento S.A.	<i>The Phantom of the Opera</i>	Assembly and production of the Broadway musical at the Renault Theater. This tells the story of the opera soprano in Paris, Christine Daaé, who develops a mysterious obsession with a musical genius known as The Phantom of the Opera. Location: São Paulo (SP). Audience: 800 thousand people.	2,386,233.09
Cultural Incentive Law (Rouanet)	Arte Projeto Promoções Ltda.	Fatura São Paulo e Tiradentes	Gastronomy event aimed at promoting and developing Brazilian gastronomy, bringing together products, producers, chefs, industry, markets and connoisseurs of good food. Location/public: Tiradentes (MG), 20 thousand people; São Paulo (SP), 8 thousand people.	920,000.00
Cultural Incentive Law (Rouanet)	Grape Festival Commission and Agroindustrial Trade Fairs	Grape Festival – Viva Una Bela Giornata	Event with presentations of typical bands, folk dancing, choirs and a theater play, with tickets at affordable prices and free admission for public school students and community associations. Location: Caxias do Sul (RS) Audience: 600 thousand people.	150,000.00

Support for events, festivals and cultural activities in 2019 GRI 201-4, 203-1

Law	Author	Name	Summary	Amount (R\$)
Cultural Incentive Law (Rouanet)	Parnaxx Ltda.	Curitiba Theater Festival	The 28th edition of the largest theater festival in Brazil brought together theater actors from Brazil and Latin America. Location: Curitiba (PR). Audience: more than 200 thousand people.	650,000.00
Cultural Incentive Law (Rouanet)	Fundação Promotora de Exposições de Blumenau	Oktoberfest	Event championing German culture that takes place annually in October in Vila Germânica, Blumenau. There are presentations by folk groups, typical German instrumental bands, school bands, allegorical floats and traditional cultural societies. Location Blumenau (SC). Audience: more than 576 thousand people.	500,000.00
Cultural Incentive Law (Rouanet)	Maná Produções, Comunicação e Eventos Ltda.	Parintins Folklore Festival	A range of cultural presentations that take place annually in Parintins (AM) over the course of three days. There are excellent presentations of Bois-Bumbás mirins dance groups, in addition to three presentations of Boi Garantido and three presentations of Boi Caprichoso. Location: Parintins (AM). Audience: 100 thousand people.	400,000.00
Cultural Incentive Law (Rouanet)	2D Comunicação, Projetos Culturais, Promoções e Eventos Ltda.	Tempero no Forte e Bahia	Support for the good music and food festival that champions Brazilian cuisine: third edition in Salvador and 14 th at Praia do Forte in 2019. Location: Salvador and Praia do Forte (BA). Audience: 20 thousand people.	300,000.00
Cultural Incentive Law (Rouanet)	Rua 34 Produções Artísticas Ltda.-ME	Tim Burton	At the invitation of Tim Burton Productions, the Brazilian producer created an unprecedented, interactive and immersive exhibition commemorating ten years since the launch of the publication <i>"The Art of Tim Burton"</i> . Location: Brasília (DF). Audience: 147 thousand people.	No contribution in 2019. Total paid in 2016.
Cultural Incentive Law (Rouanet)	Campo da Produção Eventos e Promoções Ltda.	Disney on Ice	A spectacular theatrical musical production of ice-skating in 2020 with batches of affordable tickets. Location: Porto Alegre (RS); Curitiba (PR) and Rio de Janeiro (RJ).	156,435.57
Sports Incentive Act	Brazilian Judo Confederation (CBJ)	CBJ Events	Nationwide events guaranteeing the participation of athletes from all Brazilian states in high-level competitions, promoting judo in Brazil and exchange programs for athletes and delegations. Location: multiple cities in Brazil. Benefiting more than 7 thousand people.	505,940.00
Sports Incentive Act	Brazilian Judo Confederation (CBJ)	Preparing youth teams	Support for the training and preparation of Brazilian youth teams of the CBJ, with athletes participating in Federation events and international events organized by the International Judo Federation (IJF) and Pan-American Judo Confederation. Location: a number of Brazilian cities and countries. Beneficiaries: 113 people.	859,727.17

ANTICORRUPTION TRAINING GRI 205-2

Region		2019	
		Informed	Trained
North	number	85	78
	%	100	92
Northeast	number	253	243
	%	100	96
Midwest	number	150	139
	%	100	93
Southeast	number	2,668	2,446
	%	100	92
South	number	319	261
	%	100	82

Employee category		2019	
		Informed	Trained
Executive Board	number	31	29
	%	100	94
Manager	number	371	352
	%	100	95
Coordinator	number	177	172
	%	100	97
Specialists/ consultants	number	604	579
	%	100	96
Salesforce	number	1,553	1,342
	%	100	86
Team	number	739	693
	%	100	94
Total	number	3,475	3,167
	%	100	91

NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER GRI 401-1

Total number and rate of new employee hires by age group

Years	2017			2018			2019		
	Men	Women	Rate	Men	Women	Rate	Men	Women	Rate
Under 30	130	75	9.4	285	165	14.5	335	186	15.0
30 to 50	174	126	13.9	719	472	38.3	780	475	36.1
Over 50	7	0	0.3	17	7	0.7	45	16	2.0
Total	311	201	23.7	1,021	644	53.5	1,160	677	53.1

The percentage shown refers to the termination rate rather than the turnover rate.

TOTAL NUMBER AND RATE OF NEW EMPLOYEE HIRES, BY REGION

Years	2017			2018			2019		
	Region	Men	Women	Rate	Men	Women	Rate	Men	Women
North	10	2	0.6	38	23	2.0	34	25	2.0
Northeast	17	15	1.4	103	59	5.2	128	58	5.0
Midwest	11	8	0.9	60	53	3.6	66	40	3.1
Southeast	262	162	19.6	711	439	37.0	764	465	35.4
South	11	14	1.1	109	70	5.7	168	89	7.4
Total	311	201	23.7	1,021	644	53.5	1,160	677	52.9

TOTAL NUMBER AND RATE OF EMPLOYEE TURNOVER BY AGE GROUP

Age group	2017			2018			2019		
	Men	Women	Rate	Men	Women	Rate	Men	Women	Rate
Under 30	82	55	6.3	80	41	3.8	211	112	9.3
30 to 50	285	175	21.3	271	194	14.9	703	462	33.5
Over 50	20	11	1.4	18	13	0.9	43	14	1.6
Total	386	241	29	369	248	19.6	957	588	44.4

TOTAL NUMBER AND RATE OF EMPLOYEE TURNOVER BY REGION

Region	2017			2018			2019		
	Men	Women	Rate	Men	Women	Rate	Men	Women	Rate
North	13	7	0.9	10	8	0.6	29	15	1.3
Northeast	25	16	1.9	19	21	1.2	96	59	4.5
Midwest	25	16	1.9	20	17	1.1	52	33	2.4
Southeast	313	199	23.7	311	188	16.0	660	419	31.1
South	18	10	1.3	9	14	0.7	120	62	5.2
Total	386	241	29	369	248	19.6	957	588	44.4

PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS
GRI 404-3

Year	2019		
	Employee category	Men	Women
Executive Board			
Total number of employees	7	1	8
Number of employees assessed	7	1	8
Percentage	100	100	100
Managers/directors			
Total number of employees	252	150	402
Number of employees assessed	252	150	402
Percentage	100	100	100
Coordinators			
Total number of employees	105	72	177
Number of employees assessed	105	72	177
Percentage	100	100	100
Specialists/consultants			
Total number of employees	423	181	604
Number of employees assessed	423	181	604
Percentage	100	100	100
Salesforce			
Total number of employees	941	612	1,553
Number of employees assessed	941	612	1,553
Percentage	100	100	100
Team			
Total number of employees	348	391	739
Number of employees assessed	348	391	739
Percentage	100	100	100

Total			
Total number of employees	2,069	1,406	3,475
Number of employees assessed	2,069	1,406	3,475
Percentage	100	100	100

**Previous reports have indicated only that 100% of eligible employees have been assessed.*

AVERAGE HOURS OF TRAINING PER EMPLOYEE GRI 404-1

Employee category	Women	Men	Total
Executive Board	1	6	5
Managers/directors	15	15	15
Coordinators	8	8	8
Specialists/consultants	6	5	5
Salesforce	9	10	9
Team	8	10	9
Interns	30	28	29
Total	18	15	16

INVESTMENT IN EMPLOYEE TRAINING DURING THE REPORTING PERIOD

Cielo University	2017			2018			2019		
	Participants	Investment (R\$ million)	Average investment per participant (R\$ thousand)	Participants	Investment (R\$ million)	Average investment per participant (R\$ thousand)	Participants	Investment (R\$ million)	Average investment per participant (R\$ thousand)
Corporate training	2,794	3.40	1.20	3,586	2.81	0.78	4,434	1.794	0.40
Specific training	223	0.80	3.70	161	0.55	3.42	67	0.158	2.36
Formal and continuing education	346	1.70	4.90	301	1.53	5.08	156	0.958	6.14

PERCENTAGE OF EMPLOYEES, BY EMPLOYEE CATEGORY AND BY GENDER GRI 405-1

Year	2019		
Employee category	Men	Women	Total
Executive Board			
Number	7	1	8
Percentage	87.5%	12.5%	100%
Managers/directors			
Number	252	150	402
Percentage	62.7%	37.3%	100%
Coordinator			
Number	105	72	177
Percentage	59.3%	40.7%	100%
Specialists/consultants			
Number	423	181	604
Percentage	70%	30%	100%
Salesforce			
Number	941	612	1,553
Percentage	60.6%	39.4%	100%
Team			
Number	348	391	739
Percentage	47.1%	52.9%	100%
Total			
Number	2,069	1,406	3,475
Percentage	59.5%	40.5%	100%

PERCENTAGE OF EMPLOYEES, BY EMPLOYEE CATEGORY AND BY AGE GROUP GRI 405-1

Years	2017	2018	2019
Employee category	Percentage	Percentage	Percentage
Executive Board			
Under 30	0%	0%	0%
30 to 50	86%	71%	74%
Over 50	14%	29%	25%
Managers/directors			
Under 30	0%	0%	5%
30 to 50	75%	83%	85%
Over 50	25%	18%	10%
Coordinator			
Under 30	7%	6%	6%
30 to 50	85%	87%	86%
Over 50	7%	7%	8%
Specialists/consultants			
Under 30	16%	14%	12%
30 to 50	77%	79%	82%
Over 50	7%	7%	6%
Salesforce			
Under 30	21%	21%	21%
30 to 50	76%	77%	76%
Over 50	3%	2%	3%
Team			
Under 30	44%	47%	47%
30 to 50	53%	50%	50%
Over 50	3%	3%	3%

NUMBER OF EMPLOYEES GRI 102-8

By employment type (permanent and temporary), by gender	2017		2018		2019	
	Men	Women	Men	Women	Men	Women
Direct/permanent – full-time	1,235	926	1,836	1,272	2,069	1,406
Temporary – full-time	394	172	807	253	1,086	317
Total	1,629	1,098	2,643	1,525	3,155	1,723

PERCENTAGE OF EMPLOYEES BY WORK CONTRACT, BY GENDER

By employment type (permanent or temporary), by gender	2017 (%)		2018 (%)		2019 (%)	
	Men	Women	Men	Women	Men	Women
Direct/permanent	57.15	42.85	59.07	40.93	59.54	40.46
Temporary *	69.61	30.39	76.13	23.87	77.41	22.59
Grand total by gender	59.74	40.26	63.41	36.59	64.68	35.32

* Third-party employees are computed under "temporary".

TOTAL WORKFORCE BY EMPLOYMENT CONTRACT (DIRECT/PERMANENT), BY REGION GRI 102-8

	2017		2018		2019	
	Men	Women	Men	Women	Men	Women
North	17	12	44	27	47	38
Northeast	46	50	128	86	165	88
Midwest	48	30	80	57	89	61
Southeast	1,072	781	1,443	1,000	1,578	1,090
South	52	53	141	102	190	129
Total by gender	1,235	926	1,836	1,272	2,069	1,406
Total	2,161		3,108		3,475	

TOTAL NUMBER OF TEMPORARY EMPLOYEES, BY REGION GRI 102-8

	2017		2018		2019	
	Men	Women	Men	Women	Men	Women
Midwest	0	0	0	0	0	0
Northeast	1	1	0	0	0	0
North	0	0	0	0	0	0
Southeast	393	171	807	253	1,086	317
South	0	0	0	0	0	0
Total by gender	394	172	807	253	1,086	317
Total	566		1,060		1,403	

TOTAL NUMBER OF EMPLOYEES (DIRECT/PERMANENT), BY RACE* GRI 102-8, 405-1

	2017		2018		2019	
	Men	Women	Men	Women	Men	Women
Asian	52	19	57	26	50	32
White	902	695	1,263	902	1,381	956
Indigenous	1	1	3	1	1	2
Black	54	32	97	50	82	49
Mixed race	226	179	397	278	396	265
Not available	-	-	19	15	159	102
Total by gender	1,235	926	1,836	1,272	2,069	1,406
Total		2,161		3,108		3,475

* Cielo does not compile information about race for temporary employees.

TOTAL NUMBER OF EMPLOYEES (DIRECT/PERMANENT), BY AGE GROUP* GRI 102-8, 405-1

	2017		2018		2019	
	Men	Women	Men	Women	Men	Women
Under 30	285	218	411	283	457	317
30 to 50	869	666	1,329	1,329	1,501	1,035
Over 50	81	42	96	42	111	54
Total by gender	1,235	926	1,836	1,272	2,069	1,406
Total		2,161		3,108		3,475

* Cielo does not compute information about race for temporary employees.

RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN GRI 405-2

Years	2017		2018		2019	
Employee category	Basic salary	Remuneration	Basic salary	Remuneration	Basic salary	Remuneration
Leadership team						
women	0.91	0.87	0.97	0.94	0.85	0.81
men	1.10	1.15	1.03	1.06	1.18	1.24
Salesforce						
women	0.97	0.97	1.06	1.07	1.03	1.03
men	1.03	1.03	0.94	0.93	0.98	0.98
Coordinators						
women	0.95	0.92	0.95	0.92	0.82	0.77
men	1.05	1.08	1.05	1.09	1.22	1.30
Specialists/consultants						
women	0.94	0.95	0.90	0.91	0.87	0.86
men	1.07	1.06	1.11	1.10	1.15	1.16
Team						
women	0.91	0.96	1.00	1.00	0.93	0.93
men	1.03	1.04	1.00	1.00	1.07	1.07

OWNERSHIP STRUCTURE GRI 102-5

	2019	
Ownership structure	Common shares	%
Controlling shareholders	1,594,957,131	58.71
Banco Bradesco	816,637,079	30.06
Columbus Holdings S.A.	778,319,884	28.65
Tempo Serviços Ltda.	38,317,195	1.41
Banco do Brasil	778,320,052	28.65
Lazard Asset Management LLC	971,801,030	35.77
First Eagle	145,961,326	5.37
Treasury	4,095,574	0.15
Free float	1,117,762,356	41.14
Total	2,716,815,061	100.00

102-12 | 102-13 – We subscribe to, endorse and contribute to initiatives and associations focused on social development, environmental protection and our industry. In 2019 our investment in these areas totaled R\$ 1,363,331.64.

CONTRIBUTIONS

Amcham	R\$ 38,356.00
Brazilian Association of Credit Card and Services Companies (ABECS)	R\$ 1,077,248.36
Brazilian Commercial Automation Association (AFRAC)	R\$ 95,912.28
Brazilian Institute for Corporate Governance (IBGC)	R\$ 26,720.00
International Chamber of Commerce (ICC)	R\$ 21,580.00
Corporate Initiatives of the Fundação Getulio Vargas Center for Sustainability Studies (GVces)	R\$ 45,090.00
UN Global Compact	R\$ 58,425.00
Total	R\$ 1,363,331.64

Amcham – At Amcham we are members of several working groups and thematic task forces (tax efficiency and digital economy, for example) that develop proposals and suggestions for improving the business environment.

ABECS – Cielo monitors discussions about the payments sector, and is currently leading discussions about the Total Effective Cost of electronic payment processing services. The relevant committee is chaired by our CEO, Paulo Caffarelli.

AFRAC – We participate in discussions at Payments Committee meetings and sponsor Autocom, a technology trade show organized by AFRAC.

ICC Brasil – Cielo's Legal Director chairs the ICC Digital Economy Committee. Cielo has led discussions about the startup framework (Public consultation launched in June 2019) and regulations on e-commerce, bringing Brazil into the debate on this topic at the WTO. Both agendas will remain a priority in 2020.

IBGC – Caffarelli was a guest speaker in a panel at the 20th IBGC Conference titled "Transforming culture to transform business". The event focused on two major themes: "the human factor in corporate governance" and "impacts from the digital era", with several sessions open to the public as well as closed sessions on the main stage. Cielo made the case that human factors and corporate governance are essential in corporations' efforts to evolve and adapt in the face of fierce competition in the acquiring market.

Corporate Initiatives of the Fundação Getulio Vargas Center for Sustainability Studies (GVces) – Brazilian GHG Protocol Program, Business for Climate (EPC), Applied Lifecycle (CiViA), Local Development and Major Projects (ID Local), Innovation and Sustainability in the Value Chain (ISCV).

UN Global Compact – Cielo is a member of the Global Compact Network Brazil's thematic groups on Energy and Climate, SDGs, Human Rights and Anticorruption.

**GIFE: in 2019 Cielo discontinued contributions to this institution.*

SERVICE TAX (ISS) AMOUNTS PAID IN 2019, BY MUNICIPALITY

Municipality	Total (R\$)
Barueri (SP)	122,443,643.94
Belém (PA)	233,473.76
Belo Horizonte (BH)	1,042,398.75
Blumenau (SC)	13,172.40
Brasília (DF)	779,595.66
Campinas (SP)	722,764.92
Cuiabá (MT)	235,059.86
Curitiba (PR)	974,021.16
Florianópolis (SC)	589,320.17
Fortaleza (CE)	377,103.93
Goiânia (GO)	244,225.99
Manaus (AM)	243,056.03
Osasco (SP)	1,022.49
Palmas (TO)	50,157.17
Ponta Grossa (PR)	2,973.10
Porto Alegre (RS)	700,962.32
Recife (PE)	517,394.34
Ribeirão Preto (SP)	502,635.07
Rio de Janeiro (RJ)	9,442,269.20
Salvador (BA)	773,260.05
São José dos Campos (SP)	66,988.06
São Paulo (SP)	8,576,206.62
Total	148,531,704.99



The GRI's Materiality Disclosures Service assesses whether disclosures 102-40 to 10-49 are in the right sections of the GRI content index and labeled appropriately with report content.

The service was applied to the Portuguese version of the report.

GRI Content Index GRI 102-55

GENERAL DISCLOSURES

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	102-41 Collective bargaining agreements	69 Our collective bargaining agreement applies to 100% of direct employees, excluding only interns, directors and statutory officers.		3	8
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	Reporting practices				
GRI 102: General disclosures 2016	102-45 Entities included in the consolidated financial statements	4			
	102-46 Defining report content and topic Boundaries	6, 7, 8 The social and environmental data presented in the report covers 100% of our operations			
	102-47 List of material topics	6, 7, 8, 9, 10			
	102-48 Restatements of information	4 Our financial reporting information migrated from IRFS to COSIF from 2018 to 2019.			
	102-49 Changes in reporting	4, 5			
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	102-54 Claims of reporting in accordance with the GRI Standards	This report has been developed in accordance with the GRI Standards: Core option			
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GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	6-8			
	103-2 The management approach and its components	37, 41			
	103-3 Evaluation of the management approach	37, 41			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	38		10	16
	205-2 Communication and training on anti-corruption policies and procedures	41, 42, 116		10	16
	205-3 Confirmed incidents of corruption and actions taken	40 No cases were reported in 2019. In addition, no legal proceedings relating to corruption were brought against Cielo.		10	16

GRI Standard	Disclosure	Page	Omission	Global Compact	SDG
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GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	6-8			
	103-2 The management approach and its components	37		1, 8	1, 8, 16
	103-3 Evaluation of the management approach	37			
GRI 206: Anti-competitive behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	38			16
Energy					
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	6-8			
	103-2 The management approach and its components	89		1, 8	1, 8, 16
	103-3 Evaluation of the management approach	89			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	90, 91		7, 8	7, 8, 12, 13
Water					
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	6-8			
	103-2 The management approach and its components	92			
	103-3 Evaluation of the management approach	92			
GRI 303: Water 2016	303-1 Water withdrawal by source	92		7, 8	6, 7
Emissions					
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	6-8			
	103-2 The management approach and its components	95		1, 8	1, 8, 16
	103-3 Evaluation of the management approach	95			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	95, 96		7, 8	3, 12, 13, 14, 15
	305-2 Indirect (Scope 2) GHG emissions	95, 96		7, 8	3, 12, 13, 14, 15
	305-3 Other indirect (Scope 3) GHG emissions	95, 96		7, 8	3, 12, 13, 14, 15

GRI Standard	Disclosure	Page	Omission	Global Compact	SDG
Effluents and waste					
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	6-8			
	103-2 The management approach and its components	93		1, 8	1, 8, 16
	103-3 Evaluation of the management approach	93			
GRI 306: Effluents and waste 2016	306-2 Waste by type and disposal method	94		8	3, 6, 12
	306-4 Transportation of hazardous waste	Cielo has a process in place for returning used payment terminal batteries to the manufacturer in accordance with the Brazilian Waste Management Policy. Transportation is handled by the manufacturer		8	3, 12
Environmental compliance					
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	6-8			
	103-2 The management approach and its components	30		1, 8	1, 8, 16
	103-3 Evaluation of the management approach	30			
GRI 307: Environmental compliance 2016	307-1 Non-compliance with environmental laws and regulations	We identified no instances of noncompliance with environmental laws and/or regulations.		8	16
Supplier environmental assessment					
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	6-8			
	103-2 The management approach and its components	82		1, 8	1, 8, 16
	103-3 Evaluation of the management approach	82			
GRI 308: Supplier environmental assessment 2016	308-1 New suppliers that were screened using environmental criteria	82		8	
	308-2 Negative environmental impacts in the supply chain and actions taken	83		8	
Employment					
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	6-8			
	103-2 The management approach and its components	71		1, 8	1, 5, 8, 16
	103-3 Evaluation of the management approach	71			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	69, 116		6	5, 8

GRI Standard	Disclosure	Page	Omission	Global Compact	SDG
Training and education					
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	6-8			
	103-2 The management approach and its components	71, 73			
	103-3 Evaluation of the management approach	71, 73			
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	71, 72, 119		4, 5, 8	
	404-2 Programs for upgrading employee skills and transition assistance programs	71, 74		8	
	404-3 Percentage of employees receiving regular performance and career development reviews	73, 118		5, 8	
Diversity and equal opportunity					
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	6-8			
	103-2 The management approach and its components	70		1, 8	1, 5, 8, 16
	103-3 Evaluation of the management approach	70			
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	22, 120, 123		6	5, 8
	405-2 Ratio of basic salary and remuneration of women to men	124		6	5, 8, 10
Supplier social assessment					
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	6-8			
	103-2 The management approach and its components	82		1, 8	1, 5, 8, 16
	103-3 Evaluation of the management approach	82			
GRI 414: Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria	82		2	5, 8, 16
	414-2 Negative social impacts in the supply chain and actions taken	83		2	5, 8, 16

GRI Standard	Disclosure	Page	Omission	Global Compact	SDG
Public policy					
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	6-8			
	103-2 The management approach and its components	37		1, 8	1, 8, 16
	103-3 Evaluation of the management approach	37			
GRI 415: Public policy 2016	415-1 Political contributions	37 Cielo makes no contributions to political parties, in accordance with the section in our Code of Ethics on Political party contributions and membership.		10	16
Customer privacy					
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	6-8			
	103-2 The management approach and its components	65		1, 8	1, 8, 16
	103-3 Evaluation of the management approach	65			
GRI 418: Customer privacy 2016	418-1 Substantiated complaints regarding breaches of customer privacy and losses of customer data	67			16
Social and economic compliance					
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	6-8			
	103-2 The management approach and its components	30		1, 8	1, 8, 16
	103-3 Evaluation of the management approach	30			
GRI 419: Social and economic compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	We have been subject to certain judgments and monetary and nonmonetary sanctions, but no fines or nonmonetary sanctions deemed material or significant (exceeding 1% of our revenue). However, and only for the purpose of providing an overview of our case history in 2019, a total of 7,987 civil proceedings were concluded in the year, with total awards of R\$ 13,747,099.97. These awards relate to overstated terminal rent charges, disputes with customers (merchants) relating to fraud or chargebacks in their transactions, and other matters.			16

SECTOR CONTENT – FINANCIAL SUPPLEMENT 2016

GRI Standard	Disclosure	Page	Omission	Global Compact	SDG
Product portfolio					
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	6-8			
	103-2 The management approach and its components	30, 65			10
	103-3 Evaluation of the management approach	30, 65			
Financial Services Sector Supplement - Product portfolio	FS1 Policies with specific environmental and social components applied to business lines	30			10
	FS2 Procedures for assessing and screening environmental and social risks in business lines	30			10
	FS3 Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	65			
Local communities					
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	6-8			
	103-2 The management approach and its components	54, 62, 78			
	103-3 Evaluation of the management approach	54, 62, 78			
Financial Services Sector Supplement - Local communities	FS13 Access points in low-populated or economically disadvantaged areas by type	54		7, 8	1, 8, 10
	FS14 Initiatives to improve access to financial services for disadvantaged people	62, 78		7, 8	1, 8, 10
Product and service labeling					
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	6-8			
	103-2 The management approach and its components	61, 80			1
	103-3 Evaluation of the management approach	61, 80			
Financial Sector Supplement - labeling	FS16 Initiatives to enhance financial literacy by type of beneficiary, by type of beneficiary	61, 80			1, 8, 10



KPMG Assurance Services Ltda.
Rua Arquiteto Olavo Redig de Campos, 105, 6º andar - Torre A
04711-904 - São Paulo/SP - Brasil
Caixa Postal 79518 - CEP 04707-970 - São Paulo/SP - Brasil
Telefone +55 (11) 3940-1500
kpmg.com.br

Limited assurance report issued by independent auditors

To the Board of Directors, Shareholders and Stakeholders
Cielo S.A.
Barueri - SP

Introduction

We have been engaged by Cielo S.A. (Cielo or “Company”) to apply limited assurance procedures on the sustainability information disclosed in Cielo’s Sustainability Report 2019, related to the year ended December 31st, 2019.

Responsibilities of Cielo’s Management

The Management of Cielo is responsible for adequately preparing and presenting the sustainability information in the Sustainability Report 2019 in accordance with the *Standards for Sustainability Report of Global Reporting Initiative -GRI*, as well as the internal controls determined necessary to ensure this information is free from material misstatement, resulting from fraud or error.

Independent auditors’ responsibility

Our responsibility is to express a conclusion about the information in the Sustainability Report 2019 based on a limited assurance engagement conducted in accordance with Technical Communication (TC) 07/2012, which was prepared based on NBC TO 3000 (Assurance Engagements Other Than Audits and Reviews), both issued by the Brazilian Federal Accounting Council - CFC and equivalent to international standard ISAE 3000,



issued by the International Federation of Accountants and applicable to Non-Financial Historical Information. These standards require compliance with ethical requirements, including independence ones, and the engagement is also conducted to provide limited assurance that the information disclosed in the Cielo's Sustainability Report 2019, taken as a whole, is free from material misstatement.

A limited assurance engagement conducted in accordance with NBC TO 3000 (ISAE 3000) consists mainly of questions and interviews with the Management of Cielo and other professionals of the Company involved in the preparation of the information disclosed in the Sustainability Report 2019 and use of analytical procedures to obtain evidence that enables us to reach a limited assurance conclusion about the sustainability information taken as a whole. A limited assurance engagement also requires additional procedures when the independent auditor acknowledges issues which may lead them to believe that the information disclosed in the Sustainability Report 2019 taken as a whole could present material misstatement.

The selected procedures were based on our understanding of the issues related to the compilation, materiality and presentation of the information disclosed in the Sustainability Report 2019, on other engagement circumstances and also on our considerations regarding areas and processes associated with material sustainability information disclosed where relevant misstatement could exist. The procedures consisted of:

- (a) Engagement planning: considering the material aspects for Cielo's activities, the relevance of the information disclosed, the amount of quantitative and qualitative information and the operational systems and internal controls that served as a basis for preparation of the information in the Cielo's Sustainability Report 2019. This analysis defined the indicators to be checked in details;
- (b) Understanding and analysis of disclosed information related to material aspects management;
- (c) Analysis of preparation processes of the Sustainability Report 2019 and its structure and content, based on the Principles of Content and Quality of the *Standards* for sustainability report of the Global Reporting Initiative - GRI (GRI-Standards);



- (d) Evaluation of non financial indicators selected:
- Understanding of the calculation methodology and procedures for the compilation of indicators through interviews with management responsible for data preparation;
 - Application of analytical procedures regarding data and interviews for qualitative information and their correlation with indicators disclosed in the Sustainability Report 2019;
 - Analysis of evidence supporting the disclosed information;
- (e) Analysis of whether the performance indicators omission and justification are reasonable to be accepted associated to aspects and topics defined as material in the materiality analysis of the Company;
- (f) Comparison of financial indicators with the financial statements and/or accounting records.

We believe that the information, evidence and results we have obtained are sufficient and appropriate to provide a basis for our limited assurance conclusion.

Scope and limitations

The procedures applied to a limited assurance engagement are substantially less extensive than those applied to a reasonable assurance engagement. Therefore, we cannot provide reasonable assurance that we are aware of all the issues that would have been identified in a reasonable assurance engagement, which aims to issue an opinion. If we had conducted a reasonable assurance engagement, we may have identified other issues and possible misstatements within the information presented in the Sustainability Report 2019.

Nonfinancial data is subject to more inherent limitations than financial data, due to the nature and diversity of the methods used to determine, calculate or estimate these data. Qualitative interpretation of the data's materiality, relevance and accuracy are subject to individual assumptions and judgments. Additionally, we have not examined data related to prior periods, evaluated the adequacy of the company's policies, practices and sustainability performance, nor future projections.

**Conclusion**

Based on the procedures carried out, described earlier in this report, we have not identified any relevant information that leads us to believe that the information in Cielo's Sustainability Report 2019 is not fairly stated in all material aspects in accordance with the *Standards for Sustainability Report of Global Reporting Initiative - GRI (GRI- Standards)*, as well as its source records and files.

Sao Paulo, May 08th, 2020

KPMG Assurance Services Ltda.
CRC 2SP-023228/O-4

A handwritten signature in black ink, appearing to read 'Eduardo V. Cipullo', written over a light blue horizontal line.

Eduardo V. Cipullo
Accountant CRC 1SP135597/O-6

Credits

Corporate information

GRI 102-3 | 102-53

Cielo Head Office: Alameda Xingu, 512 – 21º ao 31º andar, Alphaville – Centro Industrial e Empresarial. CEP: 06455-030 – Barueri (SP) – Brazil. Contact: sustentabilidade@cielo.com.br

Coordination

Executive Officer, Organizational Efficiency, Compensation, Quality of Life & Sustainability

Consulting on compiling disclosures in accordance with the GRI Standards, materiality review, editorial coordination, design, writing and revision

Report Sustentabilidade

Photos

Cielo Image Bank and Unsplash

Audit

KPMG

Date published

5/8/2020