

200

ANNUAL REPORT

19



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INTRODUCTION



For the eleventh consecutive year, B3 releases its Annual Report to present its main business advances in 2019 (from January 1 to December 31), to account for the results achieved in the period, and to provide transparency on the strategies adopted and challenges overcome [102-50; 102-52]

In line with its commitment to enable, connect and develop the financial and capital markets, as well as leveraging Brazil's growth – as expressed in B3's cause -, in 2019 the Company maintained its focus on customers as the main characteristic of its culture, giving priority to operational credibility and agility, without ignoring diversification opportunities in areas around its business.

Accordingly, on the next pages you will find information about the strategy, management and governance, and performance of our business in the economic, financial, environmental and social spheres. The significant changes made in the periods covered in previous reports referring to the list of material topics and limits, as well as updates, are indicated throughout the text. [102-48; 102-49]

The content presented herein – which includes the financial statements audited by Ernst & Young Auditores Independentes – follows the guidelines and methods below: [102-56]

Global Reporting Initiative (GRI)

An international institution that provides guidance to companies and governments about the best ways to communicate the impacts of their activities on critical sustainability issues, such as climate change and human rights. This report was prepared in accordance with the GRI method, in its “Standards” version, “Core” option. The information reported under this model permeates this material and is indicated in the end of the relevant paragraphs in which it is mentioned, as well as in the [GRI Content Summary](#). [102-54]

Sustainable Development Goals (SDG)

A global movement created by the United Nations (UN) to support sustainable development in the scope of the 2030 agenda. This report focuses on five of the 17 goals, which were recommended by the Sustainable Stock Exchanges Initiative (SSE) as the most significant goals for stock exchanges. The correlation between the SDGs and B3's activities is described in the [GRI Content Summary](#).

To clarify any doubt, request further information or give suggestions, please contact B3 by e-mail ri@b3.com.br. [102-53]



MATERIALITY MATRIX

In order to report its information in the GRI Standards format, Core option, B3 follows a matrix that covers six topics that are considered crucial for the sustainable conduction of its business:

- Customer Service and Relationship
- Operational and Technological Efficiency
- Corporate Governance and Risk Management
- Financial Strength
- Development of the Brazilian Capital Markets
- Corporate Culture and People Development

The selection of these topics as the most relevant for B3's business and stakeholders is based on surveys that are conducted with customers by the Brand area, and surveys conducted with shareholders by the Investor Relations department. The information collected in these surveys enabled us to identify the main topics that raise concerns among these audiences. After comparing this information with the previous matrix, these topics were reviewed and adjusted in order to respond to the expectations that were mapped. [102-21; 102-42; 402-43]

The GRI topics reported herein were defined on the bases of the GRI material topics. A list of these indicators is also available on the [GRI Content Summary](#).



The materiality and its limits [102-40; 102-44; 102-46; 102-47; 103-1]

Topic	GRI Standards Performance Topic	Disclosure	Impact Limits	
	<p>Customer Service and Relationship This topic includes the operational assistance to customers' back office and middle office, the daily relationship with this audience, and new services and products, with a permanent focus on customer needs.</p>	<p>GRI 417: Product and service labeling 417-1 417-2 417-3</p> <hr/> <p>GRI 418: Customer Privacy 418-1</p> <hr/> <p>Industry supplement – Financial Services DMA Product Portfolio FS1 FS2 FS5</p>	<p>Inside and outside the company</p>	
	<p>Operational and Technological Efficiency This topic includes the resiliency of platforms, the security provided to customers, cybersecurity and the operational infrastructure.</p>	<p>GRI 203: Indirect economic impacts 203-1 203-2</p>	<p>Inside and outside the company</p>	
	<p>Governance and risk management This topic includes all environmental, social and corporate governance (ESG) practices, as well as the management of risks inside the company..</p>	<p>There is no related GRI performance topic</p>	<p>General Standard Indicator for the option agreed: Core</p>	<p>Inside and outside the company</p>
	<p>Financial Strength This topic includes the efficient management of the company's finances.</p>	<p>GRI 201: Economic performance</p>	<p>201-1 201-2 201-3 201-4</p>	<p>Inside and outside the company</p>
	<p>Development of the Brazilian Capital market This topic includes our involvement in the sophistication of Brazil's capital markets.</p>	<p>GRI 203: Indirect economic impacts</p>	<p>203-1 203-2</p>	<p>Inside and outside the company</p>
	<p>Corporate Culture and People Development This topic includes the relationship and development with internal audiences, and B3's culture movement</p>	<p>GRI 404: Training and education 404-1 404-2 404-3</p> <hr/> <p>GRI 405: Diversity and equal opportunities 405-1</p> <hr/> <p>GRI 406: Non Discrimination 406-1</p>	<p>Inside the company</p>	



MESSAGE FROM THE MANAGEMENT

The year of 2019 saw the consolidation of a cycle of positive change for Brazil's financial and capital markets. Encouraged by historically low levels of interest rates, our customers traded record volumes on the listed and over-the-counter markets on our platforms, significantly expanding their business opportunities.

At the same time, B3 has been pursuing a long-term strategy centered on Brazil and aimed at meeting our customers' needs. We are committed to expanding the Brazilian market, and our strategic priorities are the following: to reinforce B3's key business, to expand the list of products and services directly associated with our markets (listed, over-the-counter and financing), and to seek opportunities for selective diversification in areas that are adjacent to our traditional businesses. We also want to be more open to technological innovation, and to boost customer satisfaction and value creation.

With these aims in view, we made two acquisitions in 2019: BLK, which provides algorithms and trading screens for capital markets customers; and Portal de Documentos, which complements the products we offer in the credit segment. They may contribute little to our earnings in the short term but will certainly broaden and diversify the range of products we can offer to our customers.

The execution of this strategy is underpinned by robust corporate governance practices characterized by transparency, equity, control, accountability and corporate responsibility, and steered by a sound organizational structure consisting of a Board of Directors with a majority of independent members advised by five committees – the Audit Committee, the Nominations and Governance Committee, the Products & Pricing Committee, the Compensation Committee and the Risks and Finance Committee.



**Antonio
Carlos Quintella**
Chairman of the Board
of Directors

The Audit and the Risks and Finance Committees' institutional responsibilities are even more important in the face of themes such as the development of the markets, the large-scale risk management inherent in our business and B3's capital structure. Our corporate risk management model, which aligns strategic objectives with risk appetite, allows us to identify, evaluate, monitor, report, and deal with strategic, operational, financial and regulatory risks, while ensuring that we run a secure operation. Moreover, since 2015, the Company has been certified by the Institute of Internal Auditors (IIA), which recognizes companies that adopt the best international practices and standards of internal auditing.

These principles and practices ensure that normative processes and frameworks serve not just to establish relationships of trust with shareholders, market participants and other stakeholders, but also as a fundamental pillar for B3's sustainable development.

This business strategy has been reflected in an improved performance by the Company. Total revenues in 2019

amounted to R\$6.6 billion, 22.9% higher than in the previous year and recurring net income of R\$3.2 billion, up by 22.9% year-on-year.

The start of 2020 saw the spread of the Covid-19 pandemic, presenting unprecedented challenges to companies and the society, while creating intense volatility in financial markets. In this turbulent scenario we tested and demonstrated the robustness of our technical platforms and the soundness of our risk management models, fulfilling our market infrastructure role and assuring our customers that they could transact their business securely.

Our corporate culture, based on the centrality of the customer, the protagonism of our people, operational excellence and the on incessant search for innovation, reaffirms our commitment to support our customers, the regulators and society in the recovery of the Brazilian market.

Brazil's financial and capital markets showed important developments in 2019. On the demand side, the sophistication and diversification of the portfolios of investors seeking better returns created more demand for existing assets and for new products. We saw the growth of more than 70% in the average number of depository accounts for equities during the period, and a substantial number of these are personal accounts.

On the supply side, Brazilian companies have been increasingly using the capital market as a source of finance. There were 42 public share offerings during the period, which raised close to R\$90 billion; in addition to the R\$291 billion raised through the fixed income market.

B3, with its infrastructure of solutions and services, was ready to support it. The availability of our platforms, an essential metric to assess our operating integrity and robustness, reached 99.96% in 2019, thanks to constant investment in infrastructure and cutting-edge technology, to ensure greater capacity and better performance.

With continued focus on the customer, we have intensified our efforts in three strategic areas: operational excellence, development of products and services, and the structure of fees and tariffs. This made us more agile and enabled the capacity to make more products and services available to the market. Since 2018 we have released 40 of these, and we plan to deliver 40 more during 2020. These results reflect our capacity to manage multiple projects in parallel, in coordination with regulators, service providers and, above all, our customers, who are involved in the key stages of product creation, including the mapping of their requirements.

We have also set up an area for operational customer service, with around 200 members of our staff fully dedicated to improving the experience of customers who contact us. The inclusion of satisfaction survey metrics (NPS - net promoter score) in B3's corporate targets reinforces the importance of the customer as a pillar of our strategy and our desire for constant improvement.

This alignment with customers also reflected in tariff reviews and incentives. We reinforced our policies for individual investors, both in the equities depository services and in the Federal government fixed-income treasury bonds program (Tesouro Direto), in addition to publishing new policies for equities and over-the-counter segments of business which will be implemented throughout 2020. These changes meet the specific requirements of several different classes of customers and reinforces our commitment to share the benefits of scale and operational leverage with the market.



Gilson Finkelsztain
Presidente da B3

Our progress on these fronts has only been possible thanks to our capable, motivated staff. Contributing to the professional development of these people is one of our commitments, and this led us to provide more than 40,000 hours of training for the staff and managers. We also adjusted the performance cycle and the total compensation model, aiming at internal meritocracy and competitiveness in the market. We introduced #MovimentoB3, an initiative including a new building structure with more areas for collaboration, working from home program and a new dress code. We also undertook the first Diversity Census to provide a basis for our decisions and dialogues.

B3 was once again included in the ranking of the 50 most admired companies by Love Mondays, among more than a hundred thousand enterprises in Brazil, and was certified by the Top Employers Institute, which operates in 118 countries and recognizes companies with excellence practices in Human Resources. Also is important to mention the Great Place to Work survey, which recognized B3 for its advanced people management. These recognitions motivate us to pursue our efforts to be among the best companies to work for in Brazil.

As part of the continuing process of releasing and upgrading products, we shall also undertake in 2020 a structural review of the Corporate Sustainability Index (ISE). Our role of fostering the development of the market includes adopting the

best practices for sustainability, and encouraging our customers to do the same.

We have also ratified our commitment to the UN Global Compact, being the first exchange in the world to become a signatory in 2004, and which agenda includes human rights, decent work, the environment and the fight against corruption.

Covid-19 has resulted in an uncertain outlook throughout every market. During the crisis, our priorities have been to preserve the health and safety of our staff and the operational resilience of our platforms, allowing investors to continue to trade without interruption on the different markets we manage and to keep using the services we offer without any issue.

We understand the severity of the crisis and the difficulties in making any sort of forecast, but we believe in the process of evolution of the Brazilian market, which has enormous potential for growth. We shall continue to concentrate on the needs of the markets, both operational and in terms of development of solutions and products, always aiming for B3 to be the company chosen by investors to do business with, thus contributing to Brazil's growth.



2019 HIGHLIGHTS AND RECOGNITIONS



R\$16.7 bn

CASH EQUITIES ADTV*
 ^ 41% vs. 2018

R\$89 bn

in 42 offerings
 (IPOs and follow-ons)

1.7 million

Number of individual
 accounts in the equities
 depository

(Dec'19 against 0.8 million in
 Dec'18)

HIGH LIGHTS

of the year:

PRODUCTS ROADMAP

+40

new products
 and services
 delivered

FEES

New price policies released,
 to be implemented in 2020,
 sharing our operational
 leverage with customers

ACQUISITIONS

BLK and
 Portal de Documentos,
 diversifying our services
 to customers

RECOGNITIONS



FTSE4Good

In recognition of the social and environmental policies and practices adopted, B3 was selected, for the third consecutive year, to integrate the **FTSE4Good Latin America Sustainability Index** of the London Stock Exchange.

Latin America Executive Team 2019.

In this survey, which is published by the English magazine "Institutional Investor," B3 was recognized in several rankings, such as:

**Institutional
 Investor**

- 1st place in Best Practices regarding environmental, social and corporate governance (ESG) actions.
- 2nd place in the Financials/Nonbanks category.
- 2nd place in the CEO, CFO and Investor Relations team category.



**Best company in Corporate
 Governance in Brazil,**
 according to **Época**
NEGÓCIOS 360° yearbook

Top Employers Brazil 2019. This certification is awarded by the Top Employers Institute in recognition of Human Resources practices.



glassdoor
**MELHORES LUGARES
 PARA TRABALHAR 2020**

2020 Best Places to Work,
 by Glassdoor, exclusively
 based on the opinion of
 employees.

COVID-19

The spread of the coronavirus pandemic had a significant, worldwide impact on society and the economy. Amid this scenario, decisions and measures adopted by B3 were divided across four major pillars of action: to protect the employees' health and safety; to ensure business continuity, so that investors are able to continue to access the several markets and services provided by the Company; to maintain its financial health; and to support the society.



Pillars of Action

OUR PEOPLE

Actions relating to health and prevention

- Remote work for 95% of internal collaborators.
- Concentration of employees in fewer floors and support with transportation costs for those working on-site at B3.
- Cancellation of international and domestic business travel for an indefinite period.
- The vaccination against the flu was brought forward for employees and interns, as well as the option for reimbursement.
- Distribution of personal protection equipment for those working on-site B3 (masks and hand sanitizer).
- Quick test for people working physically at B3.
- Reinforced sanitization of B3 buildings, particularly in common areas, which are cleaned every two hours.
- Installation of pedal-activated hand sanitizer totems in the reception area of some buildings.
- Definition of a structured plan for return to on-site work, which will be valid only when the city of São Paulo enters phase 3 of the easing program ("yellow phase") of the Government of

the State of São Paulo.

- The return plan includes several actions, such as: complete sanitization of buildings; mandatory training program for all returning to on-site work at B3; physical signs in the prevention and orientation environments and guidance on the distance between work stations, maximum occupancy of common areas and places for safe disposal of masks; in addition to quick tests for all returning to work at B3 during the quarantine easing perioda.

Actions for the well-being of people

- On-line psychological assistance through the Personal Support Program ("PAP") for employees and their families.
- Partnership with Gympass for on-line physical activities with no cost.
- Weekly tips regarding emotional balance in the Company's internal channels, and video conferences regarding people's well-being and quality of life in times of pandemic, with specialists in different areas.
- Conduction of the Covid-19 Crisis pulse survey, to raise information about the employees during the pandemic, which contributed to analyze measures and make decisions in order

to guarantee comfort and care for the people.

- Partnership for renting or purchasing more comfortable chairs for employees working remotely.

Actions relating to communication and remote access

- Special page at #Intra (B3's internal channel).
- Publication of an educational booklet on the disease.
- Webinar with the infectiologist Esper Kallás.
- Recurring calls with teams and managers for general guidance.
- Adoption and improvement of tools for holding virtual meetings.

BUSINESS CONTINUITY

- Contingency teams present at B3.
- Postponement of deadlines for fees on public offerings analysis and PQO certification.
- Easing of procedures for listed issuers.
- Revision of the trading limits for different products and recurring capacity tests in the trading, clearing and depository systems, protecting the markets in the more volatile days.
- IPO with 100% virtual ceremony, guaranteeing the customers' access to the capital markets.
- Roll-out of the Education Hub, which gathers material from B3, Universities and market partners. The 1st series of the program discussed the economic impacts of the coronavirus crisis.
- B3's presence in the Central Bank's forums, in order to support and take part in discussions on the mechanisms to support the economy

FINANCIAL SUSTAINABILITY

- Zero overtime target.
- Target to reduce compensatory time to zero.
- Suspension of the payment of transportation voucher during the period of the pandemic.
- Jointly revision with managers for the need of new hires at the moment.

SUPPORT TO SOCIETY

- **60 fully equipped ICU beds and donation** of funds to public hospitals in the State of São Paulo..
- **117 thousand students and their families** in situation of extreme vulnerability were supported by the donation of funds to the campaign of Comunitas social organization. With this action, B3 doubled from R\$55 to R\$110 the amount per student subsidized by the government of the State of São Paulo.
- **+30 thousand hygiene baskets donated** to low-income families. This action is the result of a partnership with "Benfeitoria," a crowdfunding platform that has already raised almost R\$2 million. B3's employees have also contributed to this initiative.

- **Donation of funds** for purchasing personal protection equipment (PPE) and hygiene and cleaning products for the homeless and drug addicts living in downtown São Paulo. This action is coordinated in partnership with the "Missão Belém" NGO..
- **Incentive for employees** who do not belong to risk groups – or who do not live with persons belonging to these groups – to donate blood to blood centers in the city of São Paulo. To guarantee the protection of volunteers, B3 subsidized the costs of transportation of the employees to donation sites..
- **#máscarasalva campaign:** a support to the social networks campaign launched by large companies, in order to make people aware of the importance of wearing masks.
- **#TMJB3 Video Manifesto**, which pays a tribute to all the professionals who, just like the capital markets, can't stop. Watch it.





B3

[B]³

4.1 WHO WE ARE

B3 S.A. - Brasil, Bolsa, Balcão works to connect, enable and develop the financial and capital markets. With a strong tradition in product and technology development, we offer a market infrastructure aimed at organizing and enabling trade and post-trade activities, which include securities clearing, settlement, custody and registration. Our customers include banks, brokers, companies, third party assets managers, high frequency traders (HFTs), individuals and pension funds, among others. [102-1; 102-6]

We operate on the exchange and OTC markets, financing of vehicles and real estate, and provide solutions and services based on technology and data: [102-2]



On the listed products front, B3 provides services to market participants, basically, through its trading, clearing, settlement and depository platforms. The products traded include securities, derivatives of interest rates, foreign exchange and commodities.



On the OTC market, we provide infrastructure for registration, clearing, settlement and custody of transactions outside stock exchange environments. Our main products are financial instruments, particularly CBDs issued by banks; corporate debt securities issued by companies; government securities and OTC derivatives.



Regarding vehicle financing, we provide an electronic system for entering restrictions (liens) on financing transactions, as well as services for electronic transmission of contract data to traffic bodies or companies accredited by them. Regarding real estate financing, we provide services of electronic registration of real estate contracts.



In the technology and data segment, we offer systems, solutions, products and services for market participants and issuers, based on the information available in our environments.

We manage our business through a structured and strict set of standards and rules, as well as solid governance and management of risks, thus guaranteeing the strength, agility and credibility of the services we provide. Therefore, it is the infrastructure provided by B3 that makes Brazil's financial market happen.

With its head office in São Paulo, B3 is a publicly held corporation without a controlling shareholder. More than 98% of our shares are traded on our stock exchange environment, and listed on the Novo Mercado segment, which gathers companies that are spontaneously committed to the best Corporate Governance practices.

[102-3; 102-5]

In addition to our São Paulo headquarters, we also have units in Rio de Janeiro (State of Rio de Janeiro) and Alphaville (State of São Paulo). We also have representation offices in London (United Kingdom), Shanghai (China) and Chicago (United States), which support our customers in these markets, and publicize our products and services to potential investors. Our 2,162 employees and interns are distributed across these units. [102-4; 102-7]

B3 also holds equity interest in the stock exchanges of Chile, Mexico, Colombia and Peru. Besides being the only stock, commodities and futures exchange operating in Brazil, B3 has the largest clearinghouse of private securities in the country, being the leading depository of fixed income and equity securities in Latin America.





**CORPORATE
GOVERNANCE AND
RISK MANAGEMENT**

5.1 CORPORATE GOVERNANCE

For B3, generating and sharing sustainable long-term value with its shareholders and other stakeholders means doing business based on a sound corporate governance model.

Aware of its leading role in the capital markets, B3's policies and processes are in line with the highest governance standards, and its actions are guided by transparency, fairness, robust controls, accountability, and corporate and social and environmental responsibility.

Governance structure [102-18]

The Corporate Governance model adopted by B3 relies on two bodies: The Board of Directors and the jointExecutive Board. This model was strengthened with the installation of the Fiscal Council in 2019.



Board of Directors ^[102-26]

A joint decision-making body that establishes the general direction of the business and decides on strategic issues. With the mission to protect and value the Company's wealth, its functions are as follows:

- establishing business targets and strategies, which include the annual review and update of the Strategic Planning together with the Joint Executive Board; ^[102-26; 102-31]
- resolving on the call of the Annual Shareholders' Meeting;
- proposing allocation of income;
- electing, removing and monitoring the Vice-presidents and Executive Officers;
- choosing the independent auditors;
- overseeing the internal control systems, particularly those used in risk management activities; and
- approving and controlling the annual budget. ^[102-29]

As from 2019, the Board of Directors is made up of a maximum of 11 members, instead of 14, as in the previous term of office. This measure was taken as a result of the assessment made by specialized consultants in 2018, with the purpose of improving the practices adopted. In addition to changing the composition of this body, the assessment also included the activities and compensation of Board of Directors members.

Accordingly, in the end of 2019, the Board of Directors of B3 had 11 independent members that were elected at the shareholders' meeting held in the period for a two-year term of office, reelection being permitted. The members do not accumulate executive functions at B3, and they cannot be appointed to other management positions in subsidiaries. [Click here](#) to learn more about the composition of our Board of Directors. ^{[102-23; 102-24].}

Additionally, the members of the Board of Directors are not allowed to participate in the decisions made by this body, other management bodies or subsidiaries that involve a conflict of interests with B3. This requirement, which is provided for in the Company's Bylaws, also prohibits these professionals from voting or interfering in these decisions, whether directly or indirectly. These and other situations of potential conflict of interests are also detailed in our [Code of Conduct](#) and [Related Parties Transactions Policy](#). ^[102-25]

Compensation

The members of the Board of Directors receive a monthly compensation that varies according to their position in this body. On a monthly basis, the Company pays an amount regarding participation of professionals in Advisory Committees, regardless of the number of meetings held in the period, in addition to a long-term component, which is paid in shares issued by B3. For further information about the subject, please see item 13 of the Reference Form, which is available [here](#).

^{[102-35; 102-36].}

Annual Assessment

Em linha com os esforços de melhoria contínua e efetividade das práticas adotadas, o Conselho de Administração realiza, todos os anos, um processo de avaliação formal e estruturada. Conduzida pelo Presidente, a avaliação contempla duas dimensões, cujos resultados são consolidados e discutidos em reunião do órgão, e sustentam um plano de ação para eventuais melhorias:

- **Overall Activities of the Board** – analyzes six categories, two of which were introduced in 2019: engagement in the long-term strategic agenda, and quality and efficiency of the advisory committees, in addition to strategic focus of the Board, knowledge and information about the business, independence of the Board, and organization and operation.
- **Individual Assessment of Members**, analyzes impartiality, effective contribution to the decision making process, and assertiveness of contributions. ^{[102-28].}

Fiscal Council

Installed in 2019, the Fiscal Council controls the Company's accounts in an independent manner. Its responsibilities include inspecting the actions of managers, and checking whether all legal and statutory duties are being fulfilled. It is made up of three permanent members and three alternates.

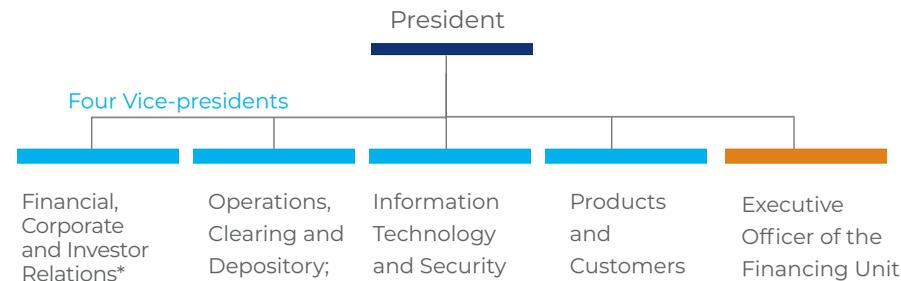
Advisory Committees

The Corporate Governance structure is strengthened by five committees that provide advice to the Board of Directors in performing its functions in the following areas: Audit, Corporate Governance and Nomination, Product & Pricing, Personnel and Compensation, and Risk and Financial.

To learn more about the Committees and their relevant members, which are elected for a term of office of 2 years, visit the [IR website](#) . [102-22].

Joint Executive Board

It is responsible for executing the business strategy established by the Board of Directors. It is tasked with proposing strategic plans, expansion projects and investment programs, annual and multiannual budgets, in addition to establishing guidelines for operational and sustainability activities. In the end of 2019, this board was made up of:



* who is responsible for the Company's economic topics, and the main interface regarding these issues. [102-20]

The composition of this body may include other statutory officers, at the discretion of the Board of Directors. The current members of the Joint Executive Board were reinstated to their positions in 2019, for a new term of office of two years. Further information on the composition of this executive body and its members is available [here](#).

To perform its functions, the Joint Executive Board is supported by eight internal advisory committees and Advisory Chambers. [102-19]

INTERNAL ADVISORY COMMITTEES

They support the Joint Executive Board in business-related matters, based on specific standards and rules. Their activities are divided across eight committees that address the following topics:

- **Anti-money Laundering**
- **Corporate Risk**
- **Conduct and Ethics**
- **Operational Qualification Program (PQO) Certification**
- **Fees**
- **Projects**
- **Sustainability**
- **Central Counterpart (CCP) Risk**

Advisory Chambers

These are made up of market participants, playing an important role in the dialog with customers. They also collaborate towards creating and improving products and services for B3's several business segments.

Policies

B3's Corporate Governance practices and processes are guided by 20 specific policies on topics that range from information disclosure and securities trading, to financial investments and acquisition of goods and services, among others.

One of these policies, relating to indemnities, was published in 2019. This document provides for the indemnity of employees whose positions or management functions, whether statutory or not, resulted in loss or damage to the professionals.

This set of policies also includes a specific policy on Social and Environmental Responsibility. The document ratifies the strategic importance of this topic for B3, and establishes that the role performed by the Company as a driver of the Brazilian market, by promoting practices in its value chain, be supplemented with initiatives that may enable it, as a publicly held company, to advance in this agenda. [\[102-11\]](#)

For further information on these and other policies, as well as the full text of the documents, click [here](#).

Ethics [\[103-2; 103-3\]](#)

Our Code of Conduct provides guidance to the employees about the behavior standards and rules that the Company expects from them in the work environment, and in their relationship with customers and other audiences. This document is based on B3's cause and values, which are aspects that have been guiding the organizational culture of our Company. See the document [here](#). [\[102-16\]](#)

Our employees are informed about the Code and have access to it. This knowledge is formalized by the signature of an instrument in which they also undertake to respect the guidelines provided for in the Code. Additionally, the Company launches promotional campaigns, which, in 2019, were reinforced through the presentation of videos, communications and posts. These initiatives are supported by other awareness mechanisms, such as training programs and conferences.

One of the topics discussed in the Code of Conduct are the contributions given to political candidates or parties. According to the legislation in force, the Company and the Senior Management are not allowed to make such contributions. However, our employees and interns may be allowed to do so, as long as some recommendations are respected. In 2019, the Conduct and Ethics Committee received no information about any donations given to political parties. [\[415-1\]](#)

Promoting a fair and ethical environment also includes the use of mechanisms to prevent illegal acts, always respecting the local and international laws and best practices on the fight against corruption and fraud.

The principles and actions adopted by B3 to prevent these situations are gathered in the Policy on Prevention and Fight against Corruption and Fraud. All employees, interns and service providers working at B3 premises must be aware of these documents. In 2019, B3 invested in actions to engage this audience, increasing to 97% the proportion of employees and interns that participated in mandatory corporate training programs. [\[205-1; 205-2\]](#)

In 2019, B3 was not a party to any lawsuit relating to this topic. There were no corruption cases or disciplinary and contractual measures involving our employees and trade partners in the period. [\[205-3\]](#)

Whistleblowing Channels

B3's employees, as well as its trade partners and other audiences, may rely on whistleblowing channels to report non ethical behaviors, or behaviors that are not in compliance with the legislation. All channels guarantee confidentiality of the information provided, which will only be accessed by the persons involved in the investigation process. Also, non-retaliation is assured to the persons who make the reports. [102-17]

The information received through the whistleblowing channels is investigated according to the Rules on the Handling of Reports and Fraud, and submitted to the Internal Conduct and Ethics Committee. The Audit Office, the People, the Brand and Marketing Office, and the Communications Superintendence are responsible for the investigations, depending on the case, and they count on the support of the Governance and Integrated Management Office, and the Legal

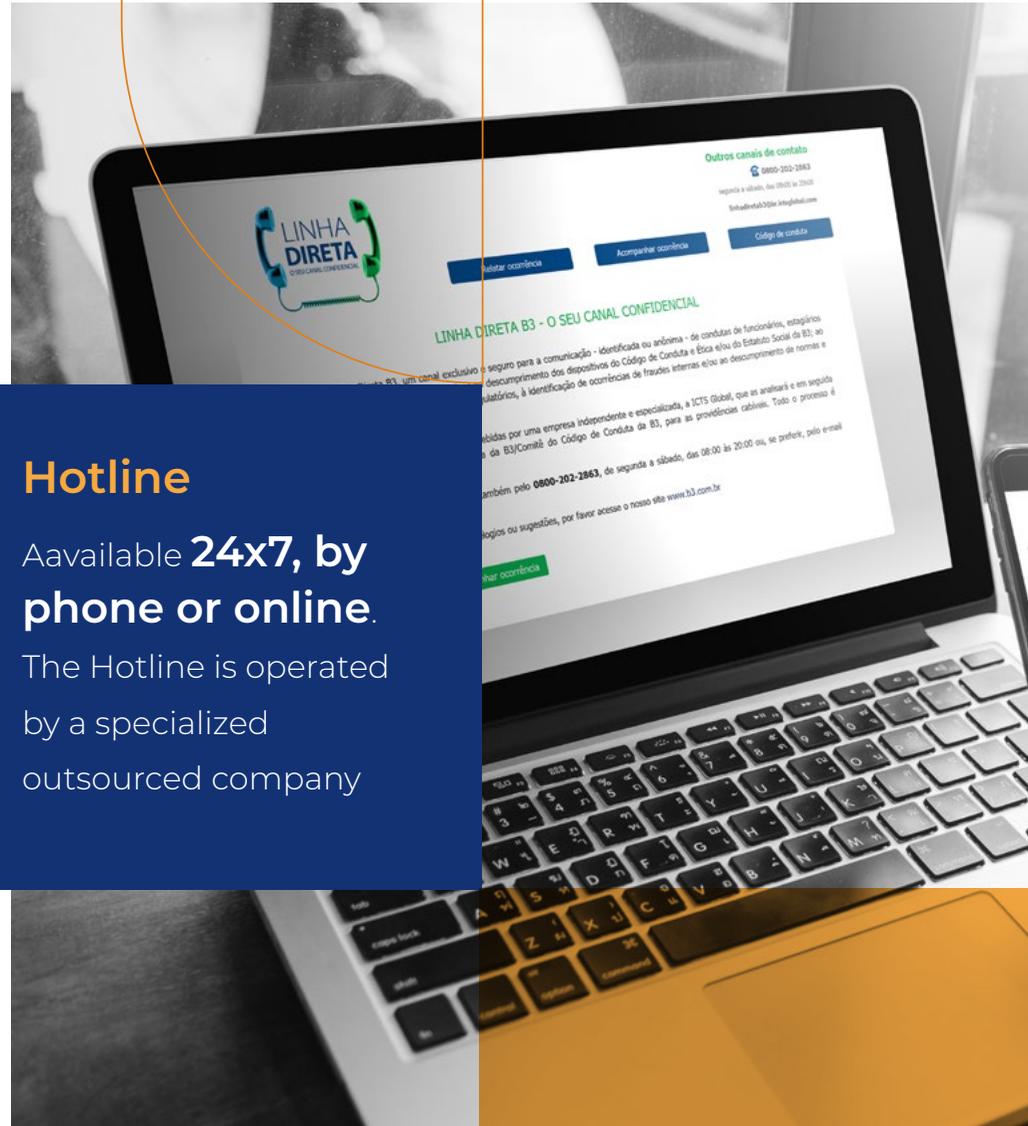
Office. The main conducts reinforced in the Company's communications channels refer to possible situations of moral harassment, discriminatory practices, suspicion of fraud and undue advantages.

Code of Conduct and Ethics Channel

used for reports or to solve doubts about behaviors. The reports can be made anonymously, and confidentiality is respected. 25% of the reports received through this channel in 2019 related to some type of discrimination or harassment. The channel can be accessed by e-mail codigoconduta@b3.com.br [406-1]

Audit Committee Channel

This channel was created to receive internal and internal reports on the quality and integrity of the financial statements of the Company, appropriateness of transactions with related parties, and conflicts of interest. The channel can be accessed by e-mail auditoria.interna@b3.com.br



Hotline

Available **24x7**, by **phone or online**.

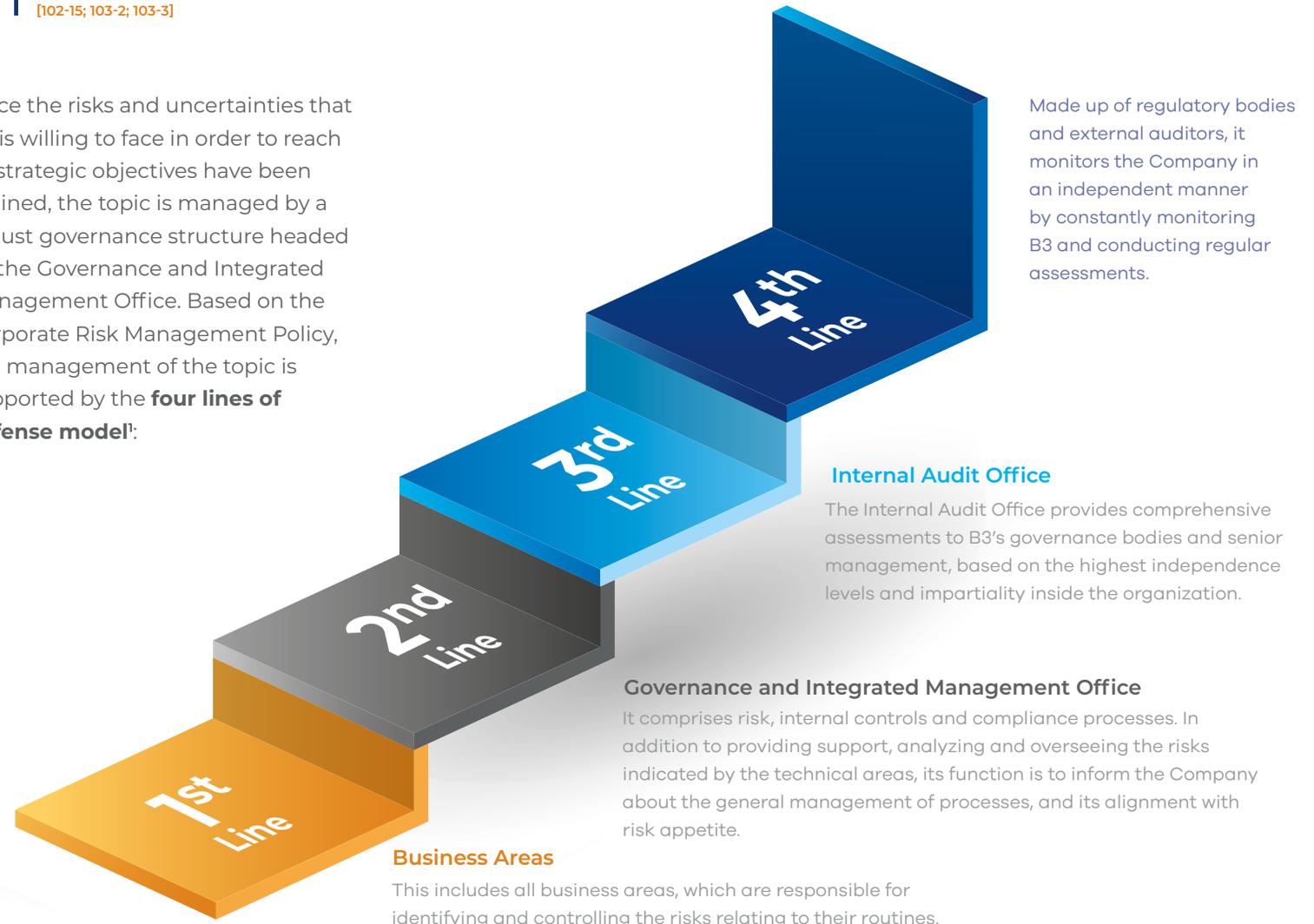
The Hotline is operated by a specialized outsourced company

5.2 RISK MANAGEMENT [102-15; 103-2; 103-3]

The strategic objectives defined by the Board of Directors guide the risk management activities of B3. They are used as the basis for definition of risk appetite and tolerance, and the appropriate management of this topic is essential for the Company to reach the targets established for its business. [102-30]

The identification of corporate risks is based on two approaches. The first approach, called “top down” includes high-level risks that may impact B3 as a company, according to the opinion of Management – including the President, the Vice-President and the Offices – on the main exposures of B3’s business model, and the causes and consequences of each risk. The second approach, called “bottom up,” consists of the understanding of the topic from another point of view: the detailed context of processes and controls, which includes the persons responsible for executing these processes.

Once the risks and uncertainties that B3 is willing to face in order to reach its strategic objectives have been defined, the topic is managed by a robust governance structure headed by the Governance and Integrated Management Office. Based on the Corporate Risk Management Policy, the management of the topic is supported by the **four lines of defense model**¹:



¹ The “four lines of defense model” for financial institutions. This paper was published by the Financial Stability Institute of the Bank of International Settlements (BIS). Available at <https://www.bis.org/fsi/fsipapers11.pdf>

Risk universe

The corporate risks to which B3 is exposed according to the top down and bottom up approaches are divided in **four** macro categories. For further details, please refer to the Reference Form [here](#).

Corporate risks



Strategic risk

possibility of implementing an unsuccessful or ineffective strategy that fails to achieve the results intended. .



Regulatory risk

occurrence of changes in the regulations and actions of regulatory bodies, whether at the international or domestic level, that may result in growing competitive pressure, and significantly affect the efficient management of business.



Operational risk

possibility of loss as a result of failure, deficiency or inappropriateness of internal controls, persons and technological environment, or external events. This includes legal risks relating to the inappropriateness of or deficiency in the agreements signed by the Company..[205-1]



Financial risk

possibility of issuing incomplete, inaccurate or untimely financial, management, regulatory, tax, statutory and sustainability reports that would expose the Company to fines, penalties and other sanctions.

Internal Controls

Focusing on the efficiency and effectiveness of operations, integrity of data records and information, compliance and risk-based approaches, the procedures adopted by the internal controls are focused on reducing the possibility of financial loss and deterioration of the institutional image. The internal controls are also intended to improve quality of accounting data, and to safeguard compliance requirements with the legislation and regulations in force.

The analysis and monitoring of the internal controls system is conducted by a specific team that develops its activities according to the Compliance and Internal Controls Policy, which is available [here](#).

Information Security

[103-2; 103-3]

The management of a wide volume of information is inherent to B3's activities. In order to ensure that the best information security practices are being used, the Company dedicates a whole operational structure to this topic, which is headed by a specific unit. This topic is controlled by an exclusive policy that guides management activities. It therefore commits to preserve the confidentiality, availability and integrity. It seeks to ensure that any information is only accessed by – and made available to – the authorized persons, when required, and that these data are complete and were not modified without authorization during their life cycle. In 2019, there were no complaints about leakage, theft or loss of data of B3's customers. Learn more about the actions of B3 in this area by accessing the Information Security Policy, [here](#). [418-1]



STRATEGY





Due to the growth prospects for the markets where it operates, as favored by a context of inflation under control and interest rates at historical lows, B3's business strategy is centered on Brazil and aimed at contributing to the development of our clients' business. To take advantage of this favorable moment, the Company seeks to break barriers so that the markets can expand.

Following guidelines as operating credibility, innovation, agility and relationship, as well as pricing and incentives, B3's business strategy is supported by **three pillars**:

1 Development of products and services

2 Operating strength and credibility

3 Pricing and incentives



STRATEGIC PILLARS

1. Development of products and services

[103-2; 103-3]

Keeping track of client demands for new products and services and quickly responding to changes and innovations taking place in the markets where it operates are critical requirements for B3's business. For this reason, releasing new products—or improving and perfecting existing ones by anticipating local and international trends—is part of the Company's day-to-day business. But doing so only makes sense if those products actually live up to client expectations.

Accordingly, B3 works in very close proximity to that public. B3 has a Client Relationship team whose constant interaction enables us to map their main needs, according to the various client profiles. The information gathered is promptly shared with the Products team, which will proceed to look into such demands and determine whether turning them into projects is viable. This synergy between the two business areas brings agility to the development of products and services, which is considered a crucial aspect of our business.

Our proximity to clients also allows B3 to determine, together with this public, the topics that will be the subject of study or implementation in the following year. This planning materializes as a roadmap contemplating priority actions and indicates the four-month period in which a certain project is expected to be put into action.

For 2019, the roadmap comprised 30 projects and studies for the exchange (listed) and over-the-counter markets. Among them is the

settlement period in the spot market for equities on D+2, thus aligning this routine with international practices. Another product released was the RLP (Retail Liquidity Provider), which enables the broker, investment bank, multiple bank or another participant contracted by the brokers themselves to be the counterparty in purchase and sale orders for retail clients' securities. As a result, they can provide greater liquidity in trades. Both of them met the clients' demands, which is a prerequisite for B3. [203-1]

Collective construction

Some of the products that were part of the roadmap for 2019:

RELEASED TO THE MARKET

Market	Product	Description	Justification
OTC	Burdens and liens	Systems adjustment for application of the Financial Assets Registration and Deposit rules, and possibility to create Liens and Encumbrances on such assets, in compliance with Resolution No. 4.593/17 and Circular No. 3.912/18	B3 became the first institution to adhere to the lien on Financial Assets where they are in the Centralized Registration and Deposit System, providing the service for more than 40 assets
	Secured Real Estate Bill (LIG)	An automated LIG solution that even contemplates integration with the Selic environment	LIG, a security backed by real estate credits, was created with a view to fostering the real estate market in Brazil. At the close of 2019, the first year of issuance, the total LIG inventory amounted to R\$11 billion and had more than 3,000 investors.
LISTED	EQUITY DERIVATIVES	Listing of futures contracts and rolling of the Nikkei 225 (Japan) and S&P Merval (Argentina) indices.	Products that serve as hedging instruments and allow for the creation of market strategies. They meet the demand received especially from asset management companies and investors looking for global exposure.
		200 new Non-Sponsored BDRs released, totaling 309 programs traded on B3. These assets were also released for use as guarantee margins.	
	Reduction of the Ibovespa standard option lot.	Reduction of the standard lot: from 10 to one contract.	Seeks to make it possible for smaller investors to trade in the contract. Meets requests from individual clients and small investment funds.
CASH EQUITIES	Autonomous Market Maker	89 shares, 2 ETFs and 309 BDRs were included.	As part of the program designed to develop liquidity and performance of participating assets, this expansion of eligible securities reflected in 13 new accredited institutions and in significant results in terms of the daily average volume and quantity of assets traded.

EM DESENVOLVIMENTO

Electronic Securities Lending Trading

The solution aims to provide greater transparency, optimize pricing and, as a result, increase liquidity in this market. Through it, the buy side will be able to access the platform and enter its offerings, which will always be brokered by a B3 participant. It will also enable the master account to be used by investment fund managers. Settlement, in turn, will be through the liquid module, with B3 acting as the central counterparty. The loan agreement will be standardized and provide for automatic renewal if none of the parties requests early settlement. Brokers will have to negotiate brokerage fees directly with clients, with the spread model ceasing to exist.

Exercício Automático de Opções sobre Ações e ETFs

Option exercise automation – A functionality that already exists in international stock exchanges on which these securities are traded—it will also change other trading characteristics of this product: the maturity date, which is currently on the 3rd Friday of each month, will move to the 3rd Monday of each month to coincide with the maturity dates in major international markets; and the last trading day, which is currently on D-1 of maturity date, will be the same as the maturity date, giving investors 1 additional trading day. The model was set up and the systems were developed in 2019. Options featuring the new functionality are already open, with maturities beginning in May 2021.

All products, whether released or under development, meet the requirements and criteria set forth by the rules published by the relevant regulatory agencies, such as the Central Bank and the Brazilian Securities Commission (CVM).. [417-1]

2. Operational excellence and credibility

Just as important as releasing products to meet clients' demands and keeping up with market trends is excellence in execution and service. For B3, it is essential that its platforms are ready to face the operating and technological challenges arising as the markets where it operates evolve.

In 2019, the number of offerings of shares was the largest in a four-year period, while the daily average of trades increased nearly fourfold, from 1.3 million in January 2017 to 4.4 million at the close of 2019. As for the number of messages, that same period saw it increased from 24.2 million to 116.4 million.

That substantial growth did not compromise the operation of our platforms. In the past few years, constant investments were made in technology, including, for example, the consolidation of the Company's data centers, which used to be ten spread over two States and were brought down to three, all of which in São Paulo. Not only did the concentration of activities reduce maintenance expenses and technological risks, it also yielded performance improvements and contributed to platform availability rate of 99.96% for 2019. Also, no total interruption of business was recorded in the past four years.

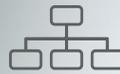


Opened in 2014 in the municipality of Santana do Parnaíba, B3 Data Center was granted LEED certification by the USGreen Building Council (USGBC), a certification for buildings meeting sustainability criteria such as rational use of natural resources (water and electricity, for example).

[+ information](#)

ATENDE B3

12
specialized
service centers



1
superintendence
solely dedicated to
coordination



200
analysts



2
THOUSAND
calls handled
daily

Our relationship with clients, in turn, was redesigned in 2019. Reinforcing our commitment to work in close proximity to that public, the Company created **ATENDE B3**, a service model consisting of 12 client service centers specializing in the different verticals of the business, which are coordinated by the Customer Experience Superintendence.

The new design draws on efforts that started years ago to improve the Company's interface with clients. B3 had already separated the relationship team and the product and service development team in order to improve the service they provide to this public, and the results of that initiative were already perceived, as shown in the annual NPS (Net Promoter Score) surveys, a methodology adopted to measure client satisfaction. However, those surveys also pointed to improvement opportunities, which led to the model being now put in place.

Accordingly, the previous design, comprising approximately 40 service teams using various communication methods (e-mail, systems, and telephone, for example), was replaced by a simplified process structure consisting of 200 analysts allocated across 12 centers. As a result, clients now interact with specialized operators to address their issues, and efforts are made to solve problems as early as the first call. This performance, in fact, is continuously monitored. At the end of each call, the client receives via the system a request for evaluation. The feedback helps B3 map new gaps, which may be related to the tool, to training, to attitude or to the infrastructure, and build the best B2B (business-to-business) service model in Brazil.

3. Pricing and incentives

New pricing policies were announced by B3 in 2020 that aim to share results with clients through discounts and incentives. The changes cover three fronts:

- cash equities trading and post-trading: discounts apply as volumes expand with the goal of foster an increase in trades, and prices are now equal for local and foreign investors.
- central depository: certain fixed rates were removed, and an exemption was created for investors with portfolios up to R\$20,000, with the goal of incentivizing growth in the individual investor base.
- securities lending: customer's cost cuts and incentives for electronic trading.

This new pricing model is based on the principle of giving progressive discounts to those who trade more, incentives to the securities lending market and volume and liquidity expansion. What B3 aims to accomplish through these changes is to foster the markets where it operates in the medium and long terms by stimulating increase in trading volumes and expansion of the individual client base.

The price list that applies to the over-the-counter market was updated to incorporate adaptations and changes required by clients, as well as to adjust some of them for inflation.

The changes will be introduced over the course of 2020, so that brokers and other intermediaries can adapt their systems. For more information, click [here](#).





SUSTAINABILITY



Strategically important to B3, sustainability is addressed from two angles: inducing good practices in the capital markets, and developing an internal agenda that allows B3, as a publicly-held company, to advance on this issue, too.

7.1 ESG PRODUCTS AND SERVICES

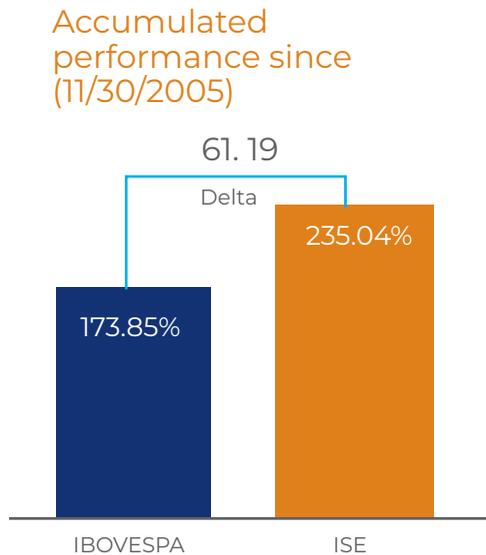
B3 is at the center of the financial and capital markets. In this position, its role is to induce best practices in sustainability to stakeholders and providing ESG (Environmental, Social and Corporate Governance) products and services to support clients in this transition. Accordingly, the sustainability strategy for 2020-2021 aims to strengthen existing products and identify new work fronts, fostering development and the release of products and services that will boost this agenda with companies and investors. [102-15; 201-2]

Corporate Sustainability Index (ISE)

The ISE was the 4th sustainability index to be created in the world and highlights companies boasting best practices in the Brazilian market. The companies holding the 200 most liquid shares in B3 are invited to participate. The admission process entails answering a questionnaire that breaks down into seven dimensions: Economic and Financial, General, Environmental, Corporate Governance, Social, Climate Change, and Product Type. Through a quantitative and qualitative analysis, B3 elects up to 40 companies to make up the index portfolio, which will be in effect for one year. [201-2]

Having companies participate in the ISE process also stimulates improvement in the Company's management, as good practices contribute to the continuity of business through more consistent results and higher value added for stakeholders—shareholders, clients, employees and interns, suppliers, and society.

Given its ongoing product process focusing on clients, B3 will be working on a proposal to conduct a structural review of the ISE 2020. The changes are expected to be implemented in the 2021 cycle and will allow for an expansion of opportunities for index-related products in the future.



ETF ISE (ISUS11)
Shareholders' Equity of: R\$ 25,730,934.98
(06/08/2020), [gerido pelo Itaú](#).

Carbon Efficient Index (ICO2)

The ICO2 turned 10 years old in 2019. From the outset, it has been intended to be a progress-driving instrument for climate change discussions in Brazil. Companies' adherence thereto demonstrates their commitment to climate-related issues and to the transparency of emission information, while giving a preview of how they are preparing for a low-carbon economy. [201-2]

Preparing an inventory of Greenhouse Gas (GHG) emissions is the first step in a company's climate journey, and this is one of the prerequisites for participating in the ICO2.

The index is composed of shares of companies participating in the IBrX-50 index (the 50 most liquid) that agreed to take part in this initiative (voluntarily) and adopt transparency practices with respect to greenhouse gas (GHG) emissions.



ETF ICO2 (ECO011)
ETF Shareholders' Equity: R\$ 51,674,239.00
(06/08/2020) [managed by Blackrock](#).

Asset Managers use the theoretical portfolio of sustainability indices, as well as those of other market indices, as a reference for the performance of their fund. More and more investors have been turned on to the ESG agenda, especially the risks of not looking at and incorporating these issues into their analyses.

Pressure from investors helps to boost this agenda, and it is B3's role to impart visibility to campaigns advertising best practices in sustainability.

[For + information on the ISE and ICO2](#)

Trade Corporate Governance Index (IGCT)

This index reflects the assets of all companies having unique corporate governance that are listed on the Novo Mercado, and corporate governance Level 1 and Level 2 segments. It is similar to the Corporate Governance Index (IGC), but with one additional requirement: the asset has to be present in 95% of all trading sessions during the effectiveness of the three previous portfolios.

Green Bonds

The efforts to impart visibility to green bonds in B3's trading system completed one year in 2019. In that period, there was an increase in the number of issues: 15 out of 10 companies, 14 of which having issued debentures, and one a Certificate of Real Estate Receivables (CRI), adding up to R\$5.2 billion. B3 continues to work with market players toward fostering and advancing green finance discussions in Brazil.

Certificate of Structured Transactions (COE)

Bank fund-raising instruments with fixed and variable income elements in a single product, the COEs feature defined indices and gain and loss scenarios for different investor profiles. They are one of the newest products in the Brazilian market,

providing diversification and access to international markets. In addition, thanks to their great flexibility, they enable the offering of investments that are already a trend in other countries, such as those which do not break any environmental,

social and corporate governance principles. About 25 sustainability COEs were issued in 2019, adding up to more than R\$140 million in volume raised.

CBIO

RenovaBio, which is short for the National Policy on Biofuels instituted by Law No. 13.576/2017, is aimed at expanding the production of biofuels in Brazil. It makes use of two key tools: setting nationwide emission reduction targets for the fuel matrix and certifying biofuel production based on the contribution made to mitigating a specified amount of greenhouse gas effects relative to the fossil alternative.

The connection between these two tools will be established by the issue of Decarbonization Credits (CBIOs), i.e. a financial asset traded on a stock exchange.

B3 will act as the registrar for the CBIO, a role that makes it responsible for disclosing on a daily basis the inventory and trading price of the instrument and it will always be informed of any change of ownership of to such instruments. The securities can be traded directly between the parties or through B3's Trader trading platform.

Additionally, B3 keeps track of laws and agreements, both domestic and international, that may trigger taxation and/or the creation of cap and trade linked to compulsory reduction targets

and the provision of climate change-related products. The main agricultural commodities traded on the Exchange (coffee, corn, soy, cattle, and ethanol) are susceptible to physical events that can influence their respective prices, a risk to which listed companies whose activities are linked thereto are also exposed. [201-2]

7.2 ECO-EFFICIENCY AND CLIMATE CHANGE MANAGEMENT

B3's contribution to solutions for fighting climate change and its effects on society also reflects in initiatives that are directly related to the Company's operation, with measures put in place to identify, manage and mitigate any environmental impacts of its activities.

Eco-efficiency [103-2; 103-3]

Several initiatives are carried out, involving employee and interns on B3's premises, to encourage a conscientious use of water, energy and paper. Solid waste is managed, too, including electronic waste. In 2019, B3 found no breach of any environmental laws and/or regulations. [307-1]

Moving forward on these issues is also a priority of #MovimentoB3, an action involving the redesigning of the Company's sites located in São Paulo's old downtown area. The project contemplates measures designed to contribute to a rational and sustainable use of inputs, comprising natural lighting, a water reuse system in both buildings, and the remodeling of all restrooms, changing and adapting installations to sustainability and accessibility standards.



- Water-saving devices in flush valves and faucets to limit flow rates and reduce consumption.
- Low-flush valves used to reduce water flow rates in toilet bowls.
- Utilization of reuse water (groundwater) to supply toilets and urinals.



Water



Natural Resources



Energy Efficiency

- Lights fitted with low-consumption lamps (LED).
- Utilization of natural light in work areas.
- High-efficiency air conditioning (high COP).
- Automatic activation of lights and air conditioning (hourly schedule).

#MovimentoB3

Uso racional e sustentável de insumos



Air quality

- Places for collection and storage of recyclable materials.
- Center for recyclable waste storage.
- Use of a biodigester in the kitchen area, considerably reducing the generation of organic waste.
- Reuse of structural materials of the building (façade, frames, framework, etc.).
- Reuse of a significant part of the existing furnishings.
- Prioritization of materials with recycled contents.
- Prioritization of domestically produced materials.



Lower CO2 emissions

- Proximity to public transportation.
- Absence of parking spaces on the premises to encourage people to commute by any means other than cars.
- Preservation of a landmark building in the city's downtown area, optimizing the use of the existing urban infrastructure

- Assured compliance with the minimum outside air renovation rates imposed by the ANVISA.
- Use of efficient air conditioner filters (G4).
- Ban on smoking less than 8 meters away from any openings and outside air intakes.
- Priority to using low-VOC (volatile organic compound) chemicals.

#MovimentoB3 in Numbers

Results of recycling initiatives:

R\$750,000

saved by reusing in the project materials that would otherwise have been disposed of.

50 tons

of waste recycled.

8 tons

of confidential documents shredded and sent off for disposal.

1 ton

of copper cables sent off for environmentally compliant disposal. The funds raised by this action were given to SOS Mata Atlântica's Florestas do Futuro project, corresponding to 75 tree seedlings planted..

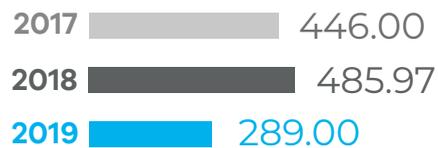
Energy

Managing energy consumption comprises monthly measurements taken in order to spot any waste, proposing improvements and attaining reductions. For 2019, consumption amounted to 700 GJ, a little less than the 750 GJ recorded for the previous year. That decrease

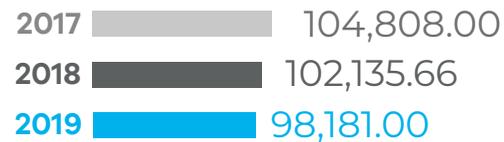
in consumption reflects the progress made in the retrofitting of B3's buildings located in Downtown São Paulo, with certain floors being vacated and new technologies implemented.

Total energy consumed (GJ) [302-1, 302-4]

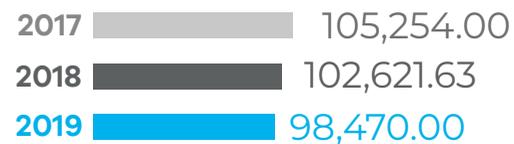
Fuels from non-renewable sources



Energy consumed (electricity)



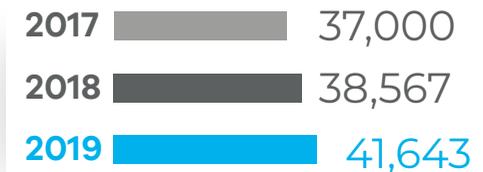
Total energy consumed



Water

Water consumption increased by approximately 8% in 2019 relative to the previous year, with a boost from construction and the higher number of employees. Upon completion of construction, lower consumption levels are expected to be achieved, as already is the case with the facilities that have already been through remodeling. With the replacement of faucets, it was found that water expenses decreased by 29% in the building at Praça Antonio Prado, and by 34.5% at the XV de Novembro building..

Total water consumed [303-1]



Waste

Solid waste is managed as well, including electronic waste. With the retrofit, incentives were created for proper disposal—which includes new policies for personal material storage spaces—and, as a result, a larger volume of waste was sent off for recycling. The proceeds from the sales of recyclable materials revert to B3 Social. Given the nature of B3's activities, its waste consists of materials used in office environments that are not classified as hazardous. In 2019, B3 found no breach of any environmental laws and/or regulations. [\[307-1\]](#)

Total waste for 2019 [306-2]

Downtown Sites	Recyclable 	Non-recyclable 
 Centro	53,958 kg	86,924 kg
 Brás (Vocational Training Association - AP)	1,014.9 kg	1,696 kg
 Santana de Parnaíba (Data Center)	3,085.26 kg	3,509.86 kg

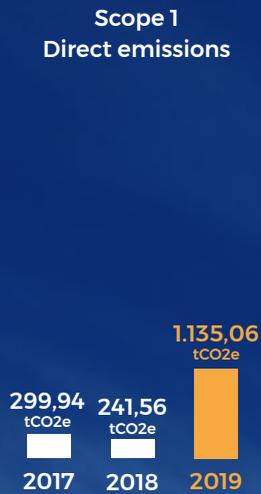
In 2019, the sale of recyclable waste totaled R\$5,724.39, which were allocated to the NGO Missão Belém, in the city of São Paulo. The organization works with homeless and unsheltered persons and in almost **15 years, has served more than 60,000 individuals.** The choice for the organization was the result of the vote of B3's volunteers, during the event to celebrate international volunteers day.

Climate change management

Emissions [305-1, 305-2, 305-3, 305-5; 305-6; 305-7]

One of the initiatives taken to minimize the impact of our operations on the environment is the management and offset of greenhouse gas emissions. To manage this issue, B3 has prepared

since 2010 an Inventory of GHG Emissions, a third-party-verified document included in the Public Emissions Record of the Brazilian Program under the GHG Protocol.



Increased 369.90% compared to 2018, due to the increase in the amount of refrigerant gases replaced in B3 units' HVAC system (heating, ventilation and air conditioning) during 2019.

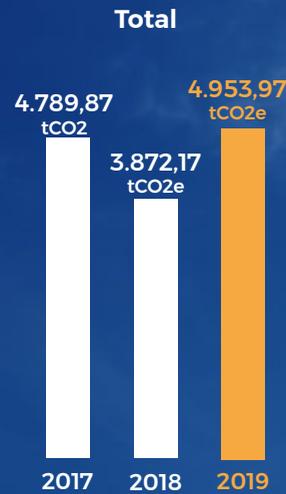
Regarding scope



Increase of 2.29%, as a consequence of a 10% growth in the total number of employees in 2019, and a 1.35% increase in the average annual emission factor of the Brazilian GRID for 2019



Increase 9.32%, due to more respondents participating in the employee movement survey, and the increase in mileage with business trips.



The inventory released in 2020, based on 2019 numbers, indicates a total of emissions of 4,953.97 tCO_{2e}, 27.94% against the previous edition.

[Download the 2019 Report](#)

Carbon-neutral

Since 2013 (reference years 2011 and 2012), B3 has offset its Greenhouse Gas (GHG) emissions that may not be reduced, which makes it a carbon-neutral company.

In 2019, B3 adhered to the Compromisso com o Clima [Commitment to Climate] program, a platform that connects companies looking to offset their emissions through projects that create positive environmental and social actions all over Brazil. Therefore, it was the first year that B3 offset its emissions using that platform, with a total 3,900 Verified Emission Reduction (VER) / tCo_{2e} (total offset, Scopes 1, 2 and 3), relative to 2018 emissions. The chosen project was the Fuel Switch Project by Malhas Menegotti Indústria Têxtil, an initiative designed to meet the thermal energy (steam) requirements for the textile production activities of the manufacturing plant located in the town of Jaguará do Sul, Santa Catarina. [201-2]

Transparency

Since 2009, B3 has answered the annual CDP (formerly Carbon Disclosure Project) questionnaire. Through this initiative, we seek to impart transparency to the information and set up internal processes to identify climate change-related risks. [Click here](#) to view the report, available in English.



**OPERATIONAL
PERFORMANCE**



Statement of value added (DVA) [102-7; 201-1; 103-2; 103-3]

The value added by B3 for the fiscal year ended 2019 amounted to R\$6.6 billion. The distribution of that value added among its various stakeholders is shown in the table below, and it is worth highlighting R\$2.7 million that were used to make an interest on equity payment to shareholders in the fiscal year 2019 and R\$829.2 million used to cover salaries and employment-related costs. The tax line increased, too, reflecting an increase in revenues for 2019.

	2019	2018
Revenues	6,576,507	5,351,875
Distribution of value added	5,309,822	4,178,490
Taxes	1,307.7	780.3
Personnel	829.2	754.1
Shareholders	2,714.2	1,435.0
Third parties	459.7	555.7
Retained	-	653.4

2019 RESULTS

As previously reported to the market, since the first quarter of 2019, the Company adopted a new breakdown of its revenues in different markets and services. The reconciliation of these changes and of the historical bases are available on the Investor Relations website. All comparisons in this document are in relation to the year 2018, unless otherwise stated.

8.1 LISTED

Equities

		2019	2018	2019/2018 (%)
Cash Market	ADTV (R\$ million)	16,738.7	11,878.9	40.9%
	Margin (bps)	4.335	4.650	-0.315 bps
Average Market capitalization	(R\$ billion)	4,060.8	3,358.2	20.9%
Turnover velocity	Annualized (%)	102.2%	86.7%	1,556 bps
Options market (stocks/Indices)	ADTV (R\$ million)	338.9	298.9	13.4%
	Margin (bps)	14.139	14.304	-0.165 bps
Foward market	ADTV (R\$ million)	184.9	131.1	41.0%
	Margin (bps)	12.968	13.000	-0.032 bps
Future stock indices ¹	ADV (thousands of contracts)	1,474.7	696.0	111.9%
	Average RPC (R\$)	1.004	0.871	15.2%
Investors number	Average (thousand)	1,256.2	731.2	71.8%
Securities lendings	Average open positions (R\$ billion)	59.3	45.8	29.3%

Note: ADTV stands for Average Daily Traded Value); ADV stands for Average Daily Volume; RPC stands for Revenue per Contract; and bps stands for basis point.

¹O volume dos mini contratos está ponderado nos respectivos contratos-padrão, impactando tanto os volumes quanto a RPC desses grupos de contratos.

The highlights in the equities segment were the growth of 40.9% in the ADTV on the cash equities market and of 111.9% in the volumes of stock indices futures contracts. In the cash equities market, this increase reflects both the 20.9% growth in average market capitalization¹ as well as the higher turnover velocity², which rose to 102.2% in 2019. In the futures contracts market, the positive performance can be attributed to the growth in trading of Mini contracts, particularly by individual investors and by High Frequency Traders (HFT).

The trading/post-trading margin in cash equities was 4.335 bps. The 0.315 bps decrease is mostly explained by (i) the marginal discounts given to the market in accordance with B3's pricing policy³ for 2019 and (ii) the greater participation of domestic institutional investors, who have lower fees. The average RPC of the stock indices futures contracts increased by 15.2%, mainly on account of B3's new form to charge for the mini version of these contracts from Mar'19 onward.

The 71.8% growth in the number of active investors in the equities depository once again provides evidence of the increased interest in diversifying investments in a lower interest rate scenario. By means of its incentive programs, B3 continues to support brokerage firms that have focused on attracting new clients to the equities market.

FICC

		2019	2018	2019/2018 (%)
Interest rates in BRL	ADV (thousand of contracts)	2,811.7	1,949.5	44.2%
	Average RPC (R\$)	0.876	1.072	-18.3%
Interest rates in USD	ADV (thousand of contracts)	349.4	338.1	3.4%
	Average RPC (R\$)	1.742	1.697	2.7%
FX rates	ADV (thousand of contracts)	750.4	690.1	8.7%
	Average RPC (R\$)	3.877	3.355	15.6%
Commodities	ADV (thousand of contracts)	9.3	8.9	4.2%
	Average RPC (R\$)	2.241	1.980	13.2%
Total	Total ADV (thousand of contracts)	3,920.8	2,986.6	31.3%
	Average RPC (R\$)	1.531	1.673	-8.5%

In 2019, the average daily volume traded totaled 3.9 million contracts, an increase of 31.3%, as a result of the growth in the volumes traded in all contracts, with highlight going to Interest rates in BRL contracts, which was driven by the successive interest rate cuts implemented in Brazil. The average RPC dropped 8.5%, mainly due to the growth of Interest rate in BLR options contracts, which carry a lower RPC. This decrease was partially offset by the 8.3% appreciation of the US\$ against the R\$ during the period, which had a positive impact on the RPC of FX rate, Interest rate in USD and Commodities contracts as well as B3's new way of charging the FX mini contracts since Mar'19.

¹O volume dos mini contratos está ponderado nos respectivos contratos-padrão, impactando tanto os volumes quanto a RPC desses grupos de contratos.

² Market capitalization is obtained by multiplying the number of shares issued by the listed companies by their respective market prices.

⁴ Turnover velocity is obtained by dividing the volume traded on the cash equities market during the period, by the average market capitalization in the year.

⁵ According to the table of fees in force, marginal discounts are granted to the entire market whenever the month's average daily trading exceeds the levels of R\$9 billion, R\$11 billion and R\$13 billion.

8.2 OTC

Fixed income instruments

		2019	2018	2019/2018 (%)
New issues	Bank funding (total in R\$billion)	9,197.9	8,214.7	12.0%
	Bank funding (average in R\$billion)	1,220.0	1,097.5	11.2%
Stock	Corporate debt (average in R\$billion)	625.1	674.3	-7.3%
	Number os investors (average in thousand)	1,057.6	652.8	62.0%
Treasury Direct	Stock (average in R\$billion)	63.6	50.8	25.2%

The volume of new issues and the outstanding positions of bank funding instruments recorded in the year increased by 12.0% and 11.2%, respectively, mainly due to the growth in issues of Bank Deposit Certificates and Interbank Deposit Certificates, which accounted for 60.4% and 35.9% of new issues, respectively, during 2019. In the opposite direction, even taking into account the increase in corporate debt issues in the capital markets, the average outstanding position of corporate debt instruments decreased by 7.3% as a

consequence of the significant amount of redemption of debentures issued by leasing companies, as a result of regulatory changes⁵. Debentures issued by leasing companies represented 34.0% of the average corporate debt outstanding position in 2019 (against 53.2% in 2018).

Another highlight of the fixed income market was the sharp growth in Treasury Direct, which registered a 62.0% increase in number of investors, while the outstanding position rose by 25.2%. B3 offers an incentive program for brokerage firms to expand their number of investors and outstanding positions of this product. The program, as from 2020, is going to be revised annually, and the targets set for 2020 were adjusted considering the results obtained in 2019. This incentive program is yet another example of the way in which the Company supports its clients in developing the Brazilian market.

Derivatives

		2019	2018	2019/2018 (%)
New issues	(total in R\$billion)	10,734.9	9,240.0	16.2%
Estoque	(average in R\$billion)	2,620.8	2,331.9	12.4%

The registration of new issues in the OTC derivatives market and structured transactions market showed a growth of 16.2%, which was largely concentrated in FX swap and forward contracts. The average volume of outstanding positions increased by 12.4%.

⁵In Oct/16, the Central Bank issued a resolution prohibiting the execution, extension and renewal of repo transactions involving securities issued by companies linked to the same financial conglomerate, including debentures of its leasing companies.

8.3 FINANCING INFRASTRUCTURE

		2019	2018	2019/2018 (%)
SNG	Number of vehicles sold (thousand)	18,586,9	17,814.5	4.3%
	Number of vehicles financed (thousand)	6,113,7	5,486.4	11.4%
	% Vehicles financed / vehicles sold	32.9%	30.8%	210 bps
Contracts Systems	Contracts added (thousand)	3,617.9	3,440.6	5.2%
	% Contracts added / vehicles financed	59,2%	62,7%	-353 bps

In 2019, the number of additions in the National Liens System (SNG) posted an 11.4% growth, which can be explained by the 4.3% increase in the total number of vehicles sold added to the higher credit penetration, which totaled 32.9% in 2019.

In the Contracts System, the number of transactions was 5.2% higher in 2019, reflecting the growth in the number of vehicles financed, which was partially offset by the reduction in B3's market share, which was 59.2%. In the analysis of market share, we can observe the negative effect of the interruption of B3's service in the state of Paraná as from October'18, and of the change in the business model in certain states during the second half of 2019 (additional explanations can be found in the Revenue analysis). These effects were partially offset by the return of the service in the states of Minas Gerais and Piauí as from May'19.

8.4 TECHNOLOGY, DATA AND SERVICES

Technology and access

		2019	2018	2019/2018 (%)
Monthly Utilization	Average number of clients	13,302	12,474	6.6%
CIP	Processed electronic cash transfers (thousand)	839,526	637,692	31.7%

The average number of clients that pay the monthly utilization fees related to services in the OTC segment posted a 6.6% increase, reflecting the growth of the asset management industry (byside) in Brazil, and the number of electronic fund transfers (EFTs) processed during the year, which was up 31.7%..



RELATIONSHIPS



9.1 MARKET AND REGULATORY BODIES

B3 maintains a calendar for its long-term relationships with companies, regulators and other market players. The purpose of such interfaces is to listen to the demands and take part in discussions and joint efforts that may enable the Company to propose and present advancements for the development of the capital markets. With companies, for example, B3 tracks their evolution and maturing journey until they go public. With regulators, it seeks to contribute to the creation of important measures for the capital markets, lowering barriers or costs so that other companies can access it.

Working close to the different market players brought results in the course of 2019, such as a change introduced by the regulator regarding the confidential treatment of the registration of public offerings and the disclosure of registration of offerings during the black-out period, adding another 64 days in

the year for allocation of offerings. Other issues, such as advances in the regulation of Brazilian Depository Receipts (BDRs), which would enable securities issued by companies listed on international stock exchanges to be traded by non-qualified investors, in addition to the possibility of trading BDRs from Brazilian companies that went public on international exchanges, remain under discussion.

An additional advance, done by B3 itself upon hearing the market players, was the elimination of the listing fee triggered for offerings below R\$500 million on the Novo Mercado and Level 2 segments, a policy that was viewed as a barrier to smaller offerings being held on Novo Mercado.

The discussion groups in which the Company take part include the Ministry of Economy's **Capital Market Initiative (Iniciativa de Mercado**

de Capitais, or IMK), an action that combines the technological innovation agenda with the microeconomic agenda. Divided into four dimensions (inclusion, competitiveness, transparency and financial education), the working agenda seeks to assess and propose regulatory improvement actions to reduce the cost of capital. It also aims to stimulate long-term growth in savings account, improve the efficiency of financial intermediation and private investment, and develop the capital, insurance and private pension markets in Brazil.

In addition, B3 also participates in several working groups of **CVM's Financial Innovation Laboratory (LAB)**, such as the Financial Instruments and Impact Investments, Fintechs, Green Finance and ESG Risk and Transparency Management. In 2019, these groups discussed such issues as venture philanthropy, SDGs, green bonds,

social impact businesses, social-environmental and climate risks, and the importance of transparency of ESG issues for investor decision-making, as well as related actions.

Another initiative supported by B3 is the **Task Force on Climate-Related Financial Disclosures (TCFD)**, an initiative of the FSB (Financial Stability Council), aimed at the development of recommendations that help companies anywhere in the world to release financial information related to climate change. B3 has been involved in discussions on the TCFD since the creation of the group and worked in collaboration with the Brazilian Federation of Banks (FEBRABAN) to review the draft documents. B3 signed the letters of support for the recommendations in 2017 and follows the unfolding of the initiative in Brazil along with several market players. [\[201-2\]](#)

9.2 PEOPLE

At the close of 2019, B3 had 2,162 employees, up 7% vs. the previous year. This increase reflects the integration of employees of BLK and Portal de Documentos, both companies acquired in the period. Of the total staff, 67% are men and 94% are hired for indefinite periods.

Employees aged 30 to 50 make up the largest age group, representing 63% of the total. Considering functional categories, 68% are allocated to staff.



intraB3



SUBSCRIBE

Number of employees by age group ^[401-1]

Age group	2017	2018	2019
Under 30 years old	541	592	675
30-50 years old	1253	1302	1362
Over 50 years old	129	121	125
Total	1923	2015	2162

Number of employees by contract type and gender ^[102-8]

Contract type	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Specified period	55	40	95	68	46	114	84	47	131
Indefinite period	1232	596	1828	1263	638	1901	1364	667	2031
Total	1287	636	1923	1331	684	2015	1448	714	2162

Number of employees by functional category

Functional Category	2017	2018	2019
Officers	31	24	34
Superintendents	109	115	113
Managers	234	238	254
Coordinators			165
Teams	1454	1536	1472
Interns	95	102	124
Total	1923	2015	2162

Total number and rate of new hires by gender [401-1]

Gender	2017		2018		2019	
	Total	Rate	Total	Rate	Total	Rate
Men	155	0,12	207	0,16	266	0,18
Women	95	0,15	117	0,17	164	0,23
Total	250	0,13	324	0,16	430	0,20

Total number and rate of staff (employees and interns) who left the company by age group [401-1]

Age group	2017		2018		2019	
	Total	Rate	Total	Rate	Total	Rate
Under 30 years old	211	0,39	75	0,13	86	0,13
30-50 years old	167	0,13	186	0,14	171	0,13
Over 50 years old	49	0,38	26	0,21	15	0,12
Total	427	0,22	287	0,14	272	0,13

Total number and rate of staff (employees and interns) who left the company by gender [401-1]

Gender	2017		2018		2019	
	Total	Taxa	Total	Taxa	Total	Taxa
Men	270	0,21	189	0,14	156	0,11
Woman	157	0,25	98	0,14	116	0,16
Total	427	0,22	287	0,14	272	0,13

*total number of hired employees / total number of active employees in Dec'19 by gender. | ** total number of discharged employees / total number of active employees in Dec'19 by age. |

***total number of discharged employees / total number of active employees in Dec'19 by gender. Dez/19 por gênero.

Compensation [103-2; 103-3]

Compensation consists of a fixed salary and a variable component. For the fixed portion, a national minimum wage floor of R\$998.00 for men and women was adopted in 2019, keeping compensation packages in line with market practices. The average salaries paid by hierarchic level was proportional to one time the baseline amount for apprentices, 2.1 times for assistants—a position for which

the period recorded a higher number of admissions—and 4.3 times for analysts I. The difference in salaries paid to women holding executive offices was 1 time the base salary and 1.05 times the amount paid to men. All employees and interns are covered by collective bargaining agreements. [102-41; 202-1; 405-2]

Cultura

Since 2017, B3 has been consolidating its cause and values into a journey that engages all its employees. It believes that this is the way to achieve a strong culture showing coherence with its business strategy. These values are parameters for the selection of talents, guiding the performance and reward strategy, and being the basis for definition of the company's priorities.

Causa

We work to enable, connect, and develop the financial and capital markets. Together with our customers and society, we will leverage Brazil's growth.



Valores



Openness and Collaboration

To listen with empathy; to present arguments clearly and respectfully, valuing the diversity of opinions. To be available to collaborate and ask for help, if needed.



An environment that provides for people development

To have professionals who are protagonists of their own careers, taking all development opportunities available, and creating a network of knowledge multipliers.



The correct attitude today, tomorrow and always

To act in line with the cause/values, and react against anti-ethical behavior or misconduct. To make decisions with a view to the long term and considering their impacts on stakeholders.



Proximity to and satisfaction of customers

To put ourselves in our customers' place in order to understand their needs, and anticipate solutions that may generate value.



Operational strength and credibility

To ensure the best delivery, with decisions based on data, material information, and exchange of knowledge. To map, assess and manage risks on a permanent basis.

Value Proposition as an Employer

Having a strong culture generates a more engaging and attractive employer brand. Three pillars were created to materialize what it is like to work at B3: (404-2)

we connect the market

Unique interactions and business, in a solid and reliable organization managed by professionals who are a reference on the market.

we evolve with the market

A challenging work where employees are protagonists of their development and are offered learning opportunities.

relations matter

Friendly environment, with mutual respect and total focus on customers.

Development initiatives [103-2; 103-3]

B3 offers its employees a full range of development opportunities. The average number of hours of training per employee in 2019 was 24.01, 15% more than in 2018. Total hours of study for women were 22% more than for men, maintaining

the trend seen in previous years. Among the different grades, managers and interns received the greatest amount of training, with 42.15 and 39.81 hours, respectively. General staff had the least amount of training, with 19.98 hours.

404-1.a Average hours of training for staff (employees and interns) during the year by gender

i. Gender	2017			2018			2019		
	Hours of training	Average hours of training	Total number of employees	Hours of training	Average hours of training	Total number of employees	Hours of training	Average hours of training	Total number of employees
Mens	1287	15,912.00	12.36	1322	26,432.00	19.99	1448	31,832.00	21.98
Woman	636	8,326.00	13.09	659	14,037.00	21.30	714	20,074.00	28.11
Total	1923	24,238.00	12.60	1981	40,469.00	20.43	2162	51,906.00	24.01

404-1.a
Average hours of training for staff (employees and interns) during the year by job category

ii. Job category	2017			2018			2019		
	Average hours of training	Total number of employees	Hours of training	Average hours of training	Total number of employees	Hours of training	Average hours of training	Total number of employees	Hours of training
Officers	31	468.00	15.10	30	731.40	24.38	34	829.00	24,38
Superintendents	109	1,406.00	12.90	114	1,076.30	9.44	113	2,725.00	24,12
Managers	234	2,812.00	12.02	234	9,276.00	39.64	254	10,706.00	42,15
General staff	1454	18,748.00	12.89	1501	27,460.00	18.29	1637	32,708.00	19,98
Interns	95	804.00	8.46	102	1,925.30	18.88	124	4,936.00	39,81
Total	1923	24,238.00	12.60	1981	40,469.00	20.43	2162	51,906.00	24,01

Development initiatives are also intended to spread the B3 Culture, based on two pillars:

INSTITUCIONAL

1100% of the leadership attended three development modules: two held in 2019 and one in 2018, with a duration of 16 hours each. Culture Journeys were also held, consisting of three meetings with representatives of other companies to broaden leaders' views of other organizations, people and initiatives. The other employees took part in a development module focused on the B3 culture and brand, lasting eight hours.

ESPECÍFICO

To explore the opportunities mapped by the Development Needs Survey (LND), aimed at identifying each area's specific challenges. The initiative is supplemented by a training agenda directed towards the areas' needs, defined jointly with the leaders.

Other training given during the year:

Benefits Club.

Training platform with more than 130 partner institutions, in Brazil and abroad, offering employees and interns discounts ranging from 10% to 70% on education and training.

BELT (Believe, Enhance and Lead to Transform)

CProgram. Q people to design improvement initiatives for procedures in their areas and implement them in their work. Participants receive three types of gradual certifications. In 2019, 309 people completed the training program.

In-house facilitation

Values and encourages internal multiplication of knowhow: exchange of skills and experiences between employees and interns, providing opportunities for them to train others on matters in which they specialize. In 2019, facilitators were trained on 25 technical and behavioral subjects and knowledge management.

B3 recognizes

Recognition program intended to demonstrate B3 culture. The platform is for employees and interns to recognize colleagues' attitudes and behavior consistently demonstrating the company's values. In 2019, 7,994 recognitions took place in four categories: leaders recognizing everyone, employees recognizing leaders, all recognizing all and work groups. Some of these categories earn miles, that can be exchanged on the platform for training opportunities.



Fostering innovation

Employees can take part in B3's initiatives encouraging innovation in the capital market:

Foresee

A B3 Innovation Program based on three pillars: market development, internal culture training and new opportunities. It includes connections between entrepreneurs and companies, discussing new trends, promoting interactions between people, startups and institutions, as well as partnerships. Employees who take an active part in this agenda become multipliers of the subject in their areas, and are given the title of SEERS. In 2019, 150 employees and interns gained this distinction.

KNOW (*Knowledge Network Opportunity Workshops*): meetings between employees and professionals who are references in the market to discuss new technology and trends.



QUALITY OF LIFE PROGRAM – B3 Balance

A CoThe Company goes beyond the benefits required by law (life insurance, emergency loans, food vouchers, meal vouchers, nursery or babysitter allowances) and offers more than 40 options, including activities intended to promote health and wellbeing. These alternatives are part of the Quality of Life Program, based on three pillars: + Balance, + Health and + Leisure and Culture [401-2]. The benefits offered include:



Massage and Workplace Exercise
Stop to relax, stretch and unwind



Bread and fruit
Pause for a snack



Baby on the way
Maternity leave, paternity leave and a room for nursing mothers



Outpatients clinic with specialties
Employees may dress to express their personality



Dress Code
Employees may dress to express their personality



Flexi Time
To make working hours as convenient as possible

EQUÍBRIO B3



Year-end party
To commemorate achievements



Birthday day off
A day off as a present in the birthday month



Incentive for physical activity
Reimbursement of 70%, maximum R\$100



Working from home
Connected anywhere: better quality of life and less CO2 emissions



#Time B3
Running together and integrating the families



Medical leave under social security
Illness allowance brought forward and supplemented



Personal Support Program
Psychological, social, legal and financial advice



Emergency loans
Access to funds in the event of accidents or unforeseen situations



Bazaars
Products at a discount on special dates



Bank of hours
Rest following overtime worked

To add to the list, there is a defined contribution pension plan, which all employees can join if they wish (there were 1,816 participants in 2019). Employees contribute between around 1% and 7% of their monthly salary, and this is matched 100% by B3. The capital to cover the plan is totally separate from the Company and managed by Mercaprev (a private pension plan company). [201-3]

Quality of Life
Check the figures for #EquilibrioB3 in 2019

+540
birthday days off

+14k
Massages

+330k
ml of milk in the Nursing Mothers' Room

6865
physical activity reimbursements

30
tons of fruit in the afternoon

+1500
hours of workplace exercise

75
blood donors

7
bazaars



B3 de casa nova!

#MovimentoB3

B3 took a step forward in culture building in 2019: we started refurbishing the offices in the old downtown area of São Paulo, in Praça Antônio Prado and Rua XV de Novembro.

The initiative, christened #MovimentoB3, is a four-hand approach to building up the B3 experience: from culture to the work environment and dynamic, from discourse to the way of welcoming people, from history to the experience of visitation.

Accustomed to a highly compartmentalized environment, employees start working in open areas which make interaction and collaboration easier. The result, planned for November 2020, will be the contrast of the neoclassical facades of the two buildings with a modern work environment following the latest world trends and with a high level of technology available on a high level of technology embarked.



45,000
hours

of work carried out in 2019, between planning, procurement and works



+300
people

working on 13,000 square meters of works simultaneously



11
departments

involved in the project

DIVERSITY [103-2; 103-3]

B3 Culture has reached a level of maturity. In this journey we have sought to create a more diverse and inclusive environment, where people can be themselves. The Company believes that in this way strategy, decisions and dialogues will be more complete.

To this end, a series of initiatives were introduced in 2019, aimed at five groups: Women, Blacks, LGBT+, people with disabilities and people older than 50. Diversity Centers were set up for each of these fronts, consisting of employees from different areas and positions.

This strategy was motivated by the Diversity Census. Held in 2018, the census questionnaire was answered by 90% of the employees, and this enabled us to map a demographic profile of the organization, as well as identifying specific concerns and challenges.

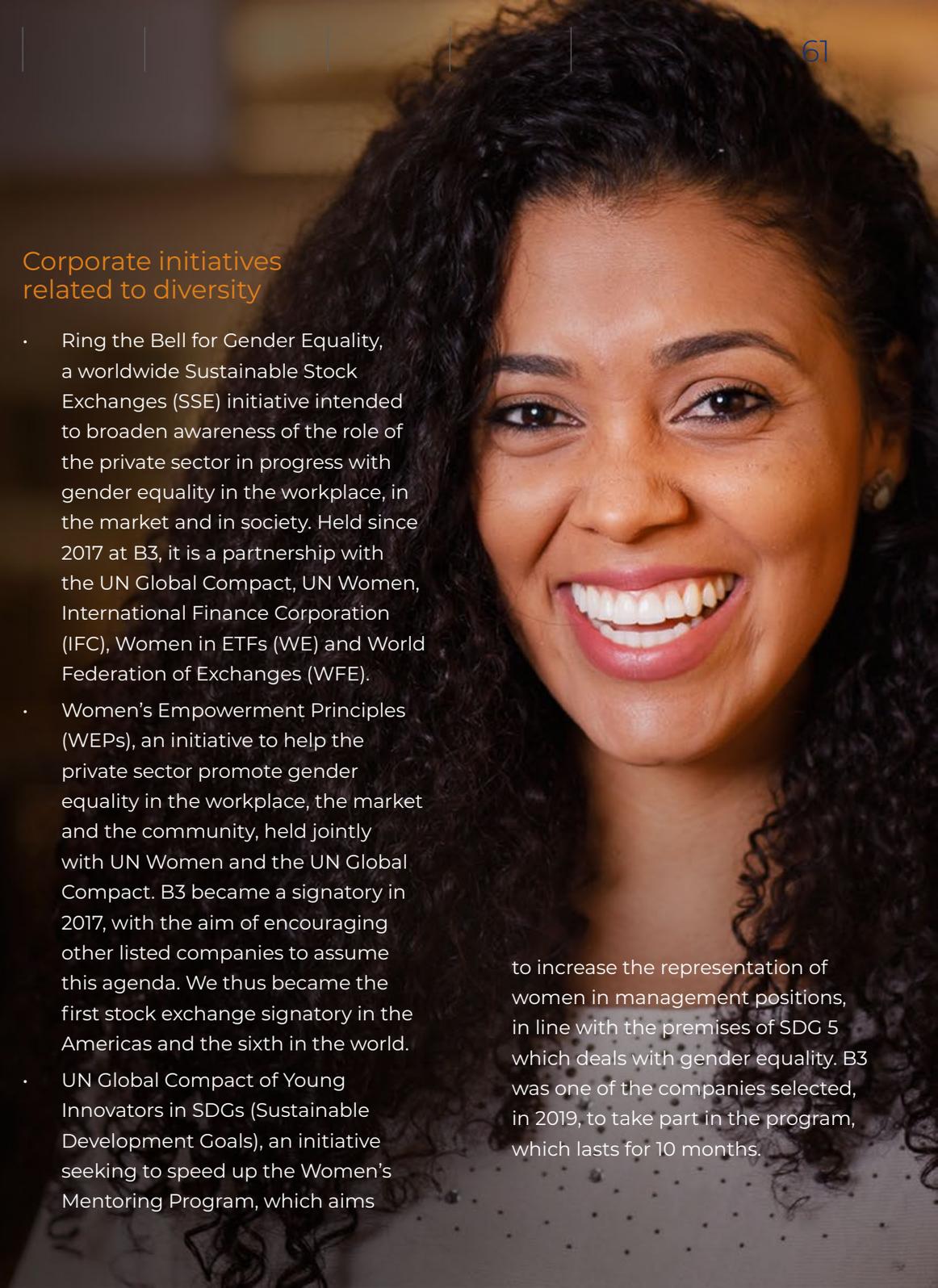
Progress in 2019

- Designed a dashboard to monitor the indicators related to the subject.
- A closer partnership between the people area and the compliance team, for an approach more in line with the B3 Code of Conduct.
- Reformulation of the dress code, making the rules for dress in the office more flexible, to give employees more freedom to express themselves.
- Technical training for 60 members of the diversity centers: 24 hours of classes during the year
- Publication of a Diversity manifesto.
- 22 hours of training for senior management on the subject.
- Inclusion of the topic in the new employees induction program. Thus the 600 new hires during the year had initial training on diversity.
- Involvement of B3 in more than 15 events on Diversity and Inclusion.

Corporate initiatives related to diversity

- Ring the Bell for Gender Equality, a worldwide Sustainable Stock Exchanges (SSE) initiative intended to broaden awareness of the role of the private sector in progress with gender equality in the workplace, in the market and in society. Held since 2017 at B3, it is a partnership with the UN Global Compact, UN Women, International Finance Corporation (IFC), Women in ETFs (WE) and World Federation of Exchanges (WFE).
- Women's Empowerment Principles (WEPs), an initiative to help the private sector promote gender equality in the workplace, the market and the community, held jointly with UN Women and the UN Global Compact. B3 became a signatory in 2017, with the aim of encouraging other listed companies to assume this agenda. We thus became the first stock exchange signatory in the Americas and the sixth in the world.
- UN Global Compact of Young Innovators in SDGs (Sustainable Development Goals), an initiative seeking to speed up the Women's Mentoring Program, which aims

to increase the representation of women in management positions, in line with the premises of SDG 5 which deals with gender equality. B3 was one of the companies selected, in 2019, to take part in the program, which lasts for 10 months.





OCCUPATIONAL HEALTH AND SAFETY

[103-2; 103-3]

To care for the health and safety of employees and interns, B3 is committed to complying with the regulations, reducing levels of absenteeism, and permanently upgrading premises to provide healthy and safe work environments. One example of this is extending the areas used for clinical/occupational care, as part of the retrofit initiated in 2019 in the B3 buildings located in downtown São Paulo. Although

occupational health and safety is an important part of people management, the Company agreements with the unions do not cover these issues. [403-4]

Internally, these matters are handled by the Special Safety Engineering and Occupational Medicine Service (SESMT). It consists of an occupational health doctor and an occupational safety technician, and has the status of a management body. The doctor's functions include monitoring any dismissals jointly with the social assistant.

All B3 employees are represented by formal health and safety committees. There are two Internal Accident Prevention Commissions, one with 18 and one with 8 members, representing 1.37% of the total staff. The Company also has a fire brigade with 100 members, representing 5.27% of the total staff. [403-1]

Practically all the work done in B3 is administrative, and so there are relatively few occupational accidents or diseases. Four of the accidents which occurred in 2019 were between work and home. Since they

were caused by external factors no specific measures were taken by the Company. There was one accident on B3 premises, when an employee hurt himself when going from one floor to another. To avoid this happening again, the layout and furniture are being modernized and upgraded. There were no cases of employees' absence for psychological reasons during the year. [403-3]

9.3

SUPPLY CHAIN [103-2; 103-3]

Given the type of activity at B3 – market infrastructure, developing products and technology -, our main suppliers are companies operating in related segments: suppliers of hardware and software solutions such as servers, network equipment, mainframes, equipment maintenance, technical support and specialists for specific projects. [102-9]

In order to be engaged, these partners – which are a fundamental part of our business – have to comply with the guidelines and directives in our Suppliers' Code of Conduct, which outlines B3's criteria and practices relating to corporate governance, trade relations, work relations and sustainability.

In 2019, 220 suppliers went through the approval process, and all of them

met the criteria for documentation, reputation, economic and financial condition, labor relations and social security situation. No negative social or environmental effects were found.

[308-1; 308-2; 414-1; 414-2]

This stage also includes the signing of an acknowledgment of the terms of our Code of Conduct – which among other things requires them to comply with the environmental laws - and the completion of a questionnaire to prove that they meet social and environmental standards. The standard agreements, for all suppliers, have clauses covering labor and social security issues.

B3 does not tolerate the use of child labor or any form of forced or obligatory labor. To ensure that human rights are observed

throughout the relationship chain, the Code of Conduct requires suppliers to abide by the labor laws in their dealings with their employees and partners. If they are found to use child labor or slave labor, or fail to meet labor and social security obligations, B3 is entitled to terminate the agreement unilaterally and immediately.

The situation of contractors is checked from time to time during the life of each agreement, using the same criteria as at the approval stage. In 2019, we found no contractors at risk of involvement in child labor or slave labor. [408-1; 409-1]

During the year R\$624 million were committed on agreements with 744 suppliers, 96% of them local (i.e. operating in Brazil). There where no

significant changes in the supply chain structure during the year. However, with the start of the retrofit of buildings in downtown São Paulo, 79 companies were engaged for the works. [102-10]

These partners, at the time of engagement, are notified of the “General Works Execution Conditions”, a document requiring them to be responsible for organizing and cleaning the work areas, and for managing solid waste produced, disposing of it as required by law.

[308-2]

9.4

SOCIETY AND COMMUNITIES [103-2; 103-3]

B3 Education

Education, for B3, is a way to constant development of the capital market and the companies and the people who operate in it. Programs developed in this area are intended to help educate investors and train market professionals, enhancing the operational solidity and credibility of the B3's markets.. [203-2]

Notable among the initiatives of 2019 were:

- *Ring the Bell for Financial Literacy*. Held in partnership with the Brazilian Securities Commission (CVM), the Inter American Development Bank (IADB) and the Financial Innovation Laboratory (LAB), the event marked the opening of World Investor Week, coordinated worldwide by IOSCO, and in Brazil by the CVM.

- ENEF Week and World Investor Week. In-class courses and financial education content offered free of charge by B3 and its clients (banks and brokers) during the event.
- Courses on the capital markets. Regular and constant supply of introductory online courses about B3 and its markets (equities, fundamentalist analysis, fixed income, tesouro direto [treasury direct], the swaps and options market, and the futures market for agricultural commodities). This also includes certification and recertification tests for the Operational Qualification Program (PQO) in the areas of operations, sales, back office, compliance, risk, custody, settlement and registration. There are also courses to train market professional in equities, fixed income, derivatives, financial markets, economic psychology and risk.
- Training initiatives in partnership with clients of B3. More than two thousand professionals trained from institutions such as Banco do Brasil, Caixa Econômica Federal, Bradesco, EasyInvest and XP.
- TOP training course for teachers, held by the CVM jointly with B3 and other market institutions.
- Conference on behavioral sciences and investor education, and the global OECD/CVM symposium, also arranged by the CVM, with the support of B3, Anbima and Sebrae.

B3 Social [203-1; 413-1]

Education, for B3, is a strategic front, permeating corporate culture and the entire business, and the Company's activities in the social spheres reinforce this view. The work we do is related to training young people for the jobs market, and voluntary work. The projects undertaken by B3 Social, a not-for-profit civil society organization, are underpinned by the Sustainable Development Goals (SDGs):

- **Vocational Training Association (AP)** – Social inclusion program for young people from low-income families in the metropolitan region of São Paulo. Since it was set up, in 1996, it has trained more than 4,300 vulnerable young people in courses in administration, civil construction and the beauty and wellbeing segments. This

total includes 108 students in the first half of 2019. During the remainder of the year there were no activities because the building was being remodeled and the courses on offer revised. Operations will resume in 2020, when new courses will be offered that are more in line with the requirements of the jobs market.

- **Volunteers In Action Program** - Intended to engage employees, interns, family members and contractors in social initiatives, and to fulfill and reaffirm B3's commitment to promoting corporate volunteer work as an instrument of social mobilization, citizenship and personal development. It includes a Working Group with some 25 members who meet monthly to support the strategy and operate the program. In 2019, 138 volunteers donated their time, work and talent in 18 face-to-face events and five fundraising campaigns, totaling 1,535 hours of dedication. Nineteen organizations were involved and 1,440 people benefited. In 2020

the format of this initiative is to be altered.

As with the projects, B3 Social too is going through a stage of transition. Created in 2007, its work for ten years involved education, social assistance, sport and social and environmental responsibility. In 2017 it assumed its current format, in line with the Company's corporate positioning, and it will move from being the operator to the financier of social projects in education and sport, as well as social development and insertion.





9.5

INSTITUTIONAL PARTNERSHIPS [102-12; 102-13]

B3 believes in the worth of partnerships and therefore acts as associate, participant, member and/or signatory of various institutions and commitments focusing on ESG discussions. In this way, we seek to monitor the trends and regulations that may affect our operations and our stakeholders, to help us design new products and services.

Participation in various market initiatives

- First stock exchange to sign the UN Global Compact in 2004. Also a member of the Board of the initiative and of the local committee.
- Signatory to the Principles for Responsible Investment (PRI), since 2010.
- Founding signatory of Sustainable Stock Exchanges (SSE), in 2012.
- Member of the Sustainability Working Group of the World

Federation of Exchanges (WFE), since 2014.

- Member of the Technical Council, CDP Latin America.
- Member of the Social Responsibility and Sustainability Commission and the Intra-sector Commission for Sustainability and the Environment of the Brazilian Federation of Banks (FEBRABAN).
- Member of the Working Groups for Financial Instruments and Impact Investments, Green Finance, ESG Risk Management and Transparency of the CVM's Financial Innovation Laboratory (LAB).
- Member of the Capital Market Initiative (IMK) of the Ministry of the Economy.

Supporter of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board (FSB).



GRI CONTENT SUMMARY

GRI Content Summary [102-55]

GRI 101: Foundation 2016

GRI 102: General disclosures 2016	Standard	Page	Omission	UNGC	SDG
Perfil da organização					
	102-1: Name of the organization	18			
	102-2: Activities, brands, products, and services	18			
	102-3: Location of headquarters	18			
	102-4: Location of operations	18			
	102-5: Ownership and legal form	18			
	102-6: Markets served	18			
	102-7: Scale of the organization	18 and 50			
	102-8: Information on employees and other workers	52		6	8
	102-9: Supply chain	63			
	102-10: Significant changes to the organization and its supply chain	63			
	102-11: Precautionary principle or approach	23			
	102-12: External initiatives	66			
	102-13: Membership of associations	66			
Strategy					
	102-14: Statement from senior decision-maker	9 and 11			
	102-15: Key impacts, risks, and opportunities	22 and 33			

GRI 102: General disclosures 2016	Standard	Page	Omission	UNGC	SDG
Ethics and integrity					
	102-16: Values, principles, standards, and norms of behavior	23		10	16
	102-17: Mechanisms for advice and concerns about ethics	24		10	16
Governance structure					
	102-18: Governance structure	20			
	102-19: Delegating authority	22			
	102-20: Executive-level responsibility for economic, environmental, and social topics	22			
	102-21: Consulting stakeholders on economic, environmental, and social topics	5			16
	102-22: Composition of the highest governance body and its committees	5			5, 16
	102-23: Chair of the highest governance body	20			16
	102-24: Nominating and selecting the highest governance body	20			5, 16
	102-25: Conflicts of interest	20			16
	102-26: Role of highest governance body in setting purpose, values, and strategy	20			
	102-28: Evaluating the highest governance body's performance	21			
	102-29: Identifying and managing economic, environmental, and social impacts	20			16
	102-30: Effectiveness of risk management processes	25			
	102-31: Review of economic, environmental, and social topics	20			
	102-35: Remuneration policies	21			
	102-36: Process for determining remuneration	21			

GRI 102: General disclosures 2016	Standard	Page	Omission	UNGC	SDG
Stakeholder engagement					
	102-40: List of stakeholder groups	6			
	102-41: Collective bargaining agreements	54		3	8
	102-42: Identifying and selecting stakeholders	5			
	102-43: Approach to stakeholder engagement	5			
	102-44: Key topics and concerns raised	6			
Reporting practice					
	102-45: Entities included in the consolidated financial statements	Banco B3, Bolsa de Valores do RJ (former stock exchange of Rio de Janeiro, incorporated), Portal de Documentos and BLK.			
	102-46: Defining report content and topic boundaries	6			
	102-47: List of material topics	6			
	102-48: Restatements of information	4			
	102-49: Changes in reporting	4			
	102-50: Reporting period	4			
	102-51: Date of most recent report	June 2019			
	102-52: Reporting cycle	4			
	102-53: Contact point for questions regarding the report	4			
	102-54: Claims of reporting in accordance with the GRI Standards	4			
	102-55: GRI content index	68			
	102-56: External assurance	4			

Material topics	Standard	Page	Omission	UNGC	SDG
GRI 201: Economic performance 2016					
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	6			
	103-2: The management approach and its components	45		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	45			
	201-1: Direct economic value generated and distributed	45			2, 5, 7, 8, 9
	201-2: Financial implications and other risks and opportunities due to climate change	36 a 38, 43 and 50		7	13
	201-3: Defined benefit plan obligations and other retirement plans	59			
	201-4: Financial assistance received from government	Não há.			
GRI 202: Market presence 2016					
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	6			
	103-2: The management approach and its components	54		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	54			
	202-1: Ratios of standard entry level wage by gender compared to local minimum wage	54		6	1, 5, 8
GRI 203: Indirect economic impacts 2016					
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	6			
	103-2: The management approach and its components	29		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	29			
	203-1: Infrastructure investments and services supported	29			2, 5, 7, 9, 11
	203-2: Significant indirect economic impacts	64			1, 2, 3, 8, 10, 17

Material topics	Standard	Page	Omission	UNGC	SDG
GRI 205: Anti-corruption					
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	6			
	103-2: The management approach and its components	23		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	23			
	205-1: Operations assessed for risks related to corruption	23 and 26		10	16
	205-2: Communication and training about anti-corruption policies and procedures	23		10	16
	205-3: Confirmed incidents of corruption and actions taken	23		10	16
GRI 302: Energy 2016					
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	6			
	103-2: The management approach and its components	36		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	39			
	302-1: Energy consumption within the organization	41		7, 8	7, 8, 12, 13
	302-4: Reduction of energy consumption	41		8, 9	7, 8, 12, 13
	GRI 303: Water 2016				
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	6			
	103-2: The management approach and its components	39		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	39			
	303-1: Water withdrawal by source	41		7, 8	6

Material topics	Standard	Page	Omission	UNGC	SDG
GRI 305: Emissions 2016					
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	6			
	103-2: The management approach and its components	39		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	39			
	305-1: Direct (Scope 1) GHG emissions	43		7, 8	3, 12, 13, 14, 15
	305-2: Energy indirect (Scope 2) GHG emissions	43		7, 8	3, 12, 13, 14, 15
	305-3: Outras emissões indiretas de gases de efeito estufa – Escopo 3	43		7, 8	3, 12, 13, 14, 15
	305-5: Reduction of GHG emissions	43		8, 9	13, 14, 15
	305-6: Emissions of ozone-depleting substances (ODS)	43		7, 8	3, 12, 13
	305-7: Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	43		7, 8	3, 12, 13, 14, 15
GRI 306: Effluents and waste 2016					
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	6			
	103-2: The management approach and its components	39		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	39			
	306-2: Waste by type and disposal method	45		8	3, 6, 12

Material topics	Standard	Page	Omission	UNGC	SDG
GRI 307: Conformidade ambiental 2016					
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	6			
	103-2: The management approach and its components	42		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	42			
	307-1: Non-compliance with environmental laws and regulations	42 and 45		8	16
GRI 308: Supplier environmental assessment 2016					
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	6			
	103-2: The management approach and its components	63		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	63			
	308-1: New suppliers that were screened using environmental criteria	63		8	
	308-2: Negative environmental impacts in the supply chain and actions taken	63		8	
GRI 401: Employment 2016					
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	6			
	103-2: The management approach and its components	54		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	54			
	401-1: New employee hires and employee turnover	53		6	5, 8
	401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees	59			8
	401-3: Parental leave	Click here		6	5, 8

Material topics	Standard	Page	Omission	UNGC	SDG
GRI 402: Labor/Management relations 2016					
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	6			
	103-2: The management approach and its components	54		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	54			
	402-1: Minimum notice periods regarding operational changes		We notify possible changes as much in advance as possible, mainly to minimize impacts and ensure that information is shared at all levels. The Collective Agreement stipulates a minimum period of 60 days for the information to be shared.	3	8
GRI 403: Occupational health and safety 2016					
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	6			
	103-2: The management approach and its components	62		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	62			
	403-1: Workers representation in formal joint management-worker health and safety committees	62			8
	403-2: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	62			3, 8
	403-4: Health and safety topics covered in formal agreements with trade unions	62			8

Material topics	Standard	Page	Omission	UNGC	SDG
GRI 404: Training and education 2016					
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	6			
	103-2: The management approach and its components	55		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	55			
	404-1: Average hours of training per year per employee	55 and 56		6	4, 5, 8
	404-2: Programs for upgrading employee skills and transition assistance programs	54			8
	404-3: Percentage of employees receiving regular performance and career development reviews	100%		6	5, 8
GRI 405: Diversity and equal opportunity 2016					
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	6			
	103-2: The management approach and its components	60		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	60			
	405-1: Diversity of governance bodies and employees	52, 53		6	5, 8
	405-2: Ratio of basic salary and remuneration of women to men	s		6	5, 8, 10
	GRI 406: Non-Discrimination 2016				
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	6			
	103-2: The management approach and its components	60		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	60			
	406-1: Incidents of discrimination and corrective actions taken	24		6	5, 8, 16

Material topics	Standard	Page	Omission	UNGC	SDG
GRI 408: Child labor 2016					
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	6			
	103-2: The management approach and its components	63		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	63			
	408-1: Operations and suppliers at significant risk for incidents of child labor	63		5	8, 16
GRI 409: Forced or compulsory labor 2016					
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	6			
	103-2: The management approach and its components	63		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	63			
	409-1: Operations and suppliers at significant risk for incidents of forced or compulsory labor	63		4	8
GRI 413: Local communities 2016					
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	6			
	103-2: The management approach and its components	64		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	64			
	413-1: Operations with local community engagement, impact assessments, and development programs	64		1	

Material topics	Standard	Page	Omission	UNGC	SDG
GRI 414: Supplier social assessment 2016					
GRI 103: Abordagem de gestão 2016	103-1: Explanation of the material topic and its boundary	6			
	103-2: The management approach and its components	63		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	63			
	414-1: New suppliers that were screened using social criteria	63		2	6, 8, 16
	414-2: Negative social impacts in the supply chain and actions taken	63		2	6, 8, 16
GRI 415: Public policy 2016					
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	6			
	103-2: The management approach and its components	23		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	23			
	415-1: Political contributions	23		10	16

Material topics	Standard	Page	Omission	UNGC	SDG
GRI 416: Customer health and safety 2016					
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	6			
	103-2: The management approach and its components	29		1, 8	1, 5, 8, 16
	103-3: Avaliação da abordagem de gestão	29			
	103-3: Evaluation of the management approach	31			12, 16
	417-2: Incidents of non-compliance concerning product and service information and labeling		The material judicial and administrative proceedings are disclosed in the Reference Form (items 4.3 to 4.6) Risk Factors – judicial / administrative and arbitration proceedings), and also in the Explanatory Notes to the Financial Statements, in Notices to the Market and Material Facts (https://ri.b3.com.br/en/investor-services/download-center/).		16
	417-3: Incidents of non-compliance concerning marketing communications		The material judicial and administrative proceedings are disclosed in the Reference Form (items 4.3 to 4.6) Risk Factors – judicial / administrative and arbitration proceedings), and also in the Explanatory Notes to the Financial Statements, in Notices to the Market and Material Facts (https://ri.b3.com.br/en/investor-services/download-center/).		

Material topics	Standard	Page	Omission	UNGC	SDG
GRI 418: Customer privacy 2016					
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	6			
	103-2: The management approach and its components	26		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	26			
	418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	26			16
GRI 419: Conformidades socioeconômicas 2016					
GRI 103: Management approach	103-1: Explanation of the material topic and its boundary	6			
	103-2: The management approach and its components	25		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	25			
	419-1: Non-compliance with laws and regulations in the social and economic area		In 2019, B3 did not receive significant fines and non-monetary sanctions for non-compliance with laws and / or regulations in the social and economic area.		16



EXHIBITS

 [Financial Statements](#)

 [Earnings Release](#)



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