



# SUSTAINABILITY REPORT

# 2020



# Contents

03 - Management's letter

04 - About the Report

05 - Materiality Matrix

07 - PAGES

13 - Corporate Governance

22 - Financial Capital

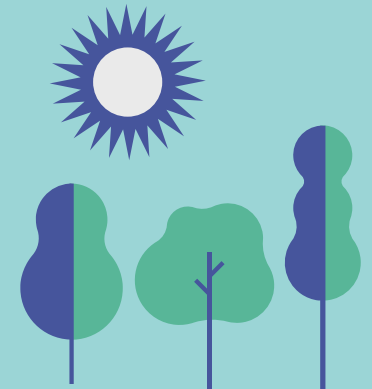
24 - Intellectual Capital

28 - Human Capital

36 - Natural Capital

39 - Social and Relationship Capital

51 - GRI Content



# Management's letter

GRI 102-12 / 102-14

Not every company grows and produces positive results during the COVID-19 pandemic – the greatest of the 21st century. But PagBank PagSeguro managed to do this thanks to the dedication of its employees and the loyalty of its customers. About to complete 15 years of operations and with a history of innovation and pioneering spirit in means of payment and banking services, the Company leads us to the question: what world do we want to help build for future generations?

PagBank PagSeguro's mission has been clear from the start – democratizing financial services in a country dominated by few but powerful financial institutions to which most people do not have access. The mission was (and has been) accomplished – millions of unbanked microentrepreneurs, small businesses and consumers now use our services. This is real and practical financial inclusion with visible results across the country. PagBank PagSeguro offers all its services through a simple, digital, mobile-first approach with the best value for money.

This revolution is based on innovation and technology that fundamentally compose the DNA of UOL Group, where PagBank PagSeguro was born.

Among other businesses, UOL Group developed the largest news, entertainment and services web portal in Brazil, which currently attracts 110 million single users – over 90% of all web surfers in Brazil monthly navigates through UOL every month.

What kind of future do we want? Undoubtedly, a future shaped by financial inclusion that also reduces deep social inequality. With the support of innovation and technology, we will conduct increasingly sustainable businesses while fostering diversity. Our business trajectory shall be based on constant evolution and shared value creation alongside society and our stakeholders.

This first edition of the Sustainability Report represents our initial efforts to assess, measure and propose goals to change our company's ongoing processes, thereby ensuring the continuous improvement of our management model, potential impacts and transparency practices. As for our governance, women account for 43% of our Board of Directors, which is certified by the Women on Board (WOB) initiative.

In the social sphere, our initiatives have had an economical impact on the lives of million young entrepreneurs, and we helped

more experienced entrepreneurs go digital and formalize their businesses, as well as promoted their financial inclusion. Currently, over half of our users are women, and we are present in all Brazilian municipalities, reverberating the impacts of the access to banking services and financial inclusion beyond the country's large economic centers.

In the environmental sphere, we produced our first greenhouse gas emissions inventory (considering the 2019-2020 period) and have studied ways to reduce and mitigate these impacts so we can become a carbon neutral company in the near future.

Enjoy your reading and we will see you at the next report!



**Ricardo Dutra**

Chief Executive Officer



**Alexandre Magnani**

Chief Operating Officer



**Arthur Schunck**

Chief Financial Officer

# About the Report

GRI 102-32 / 102-50 / 102-52 / 102-53

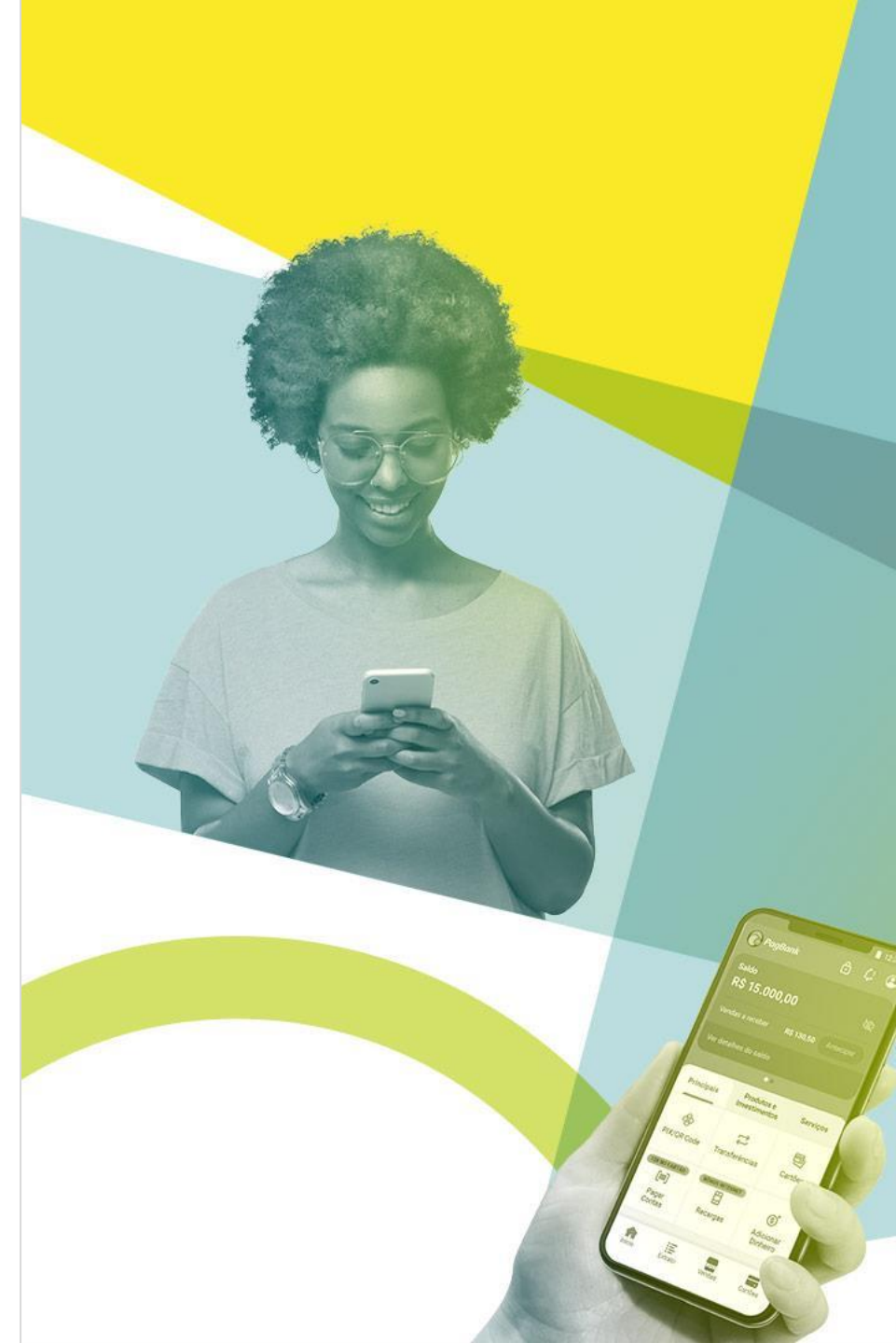
This PagBank PagSeguro's Sustainability Report has been approved by the company's Board of Directors and initiates a series of regular annual reports. The report refers to the GRI 101 standards: 2016 Fundamentals, using the set of indicators set out in the [GRI Content](#) section.

It is noteworthy that the economic, financial, environmental, social and governance information comprise the period between January 1 and December 31, 2020.

Besides including introductory topics like Materiality Matrix and information on the company and its corporate governance model, this report is divided into eight chapters with six main sections:

- (i) Financial Capital, (ii) Intellectual Capital, (iii) Human Capital,
- (iv) Natural Capital, (v) Social Capital and (vi) Relationship Capital.

In case of doubt, send an email to: [ir@pagseguro.com](mailto:ir@pagseguro.com)



# Materiality Matrix

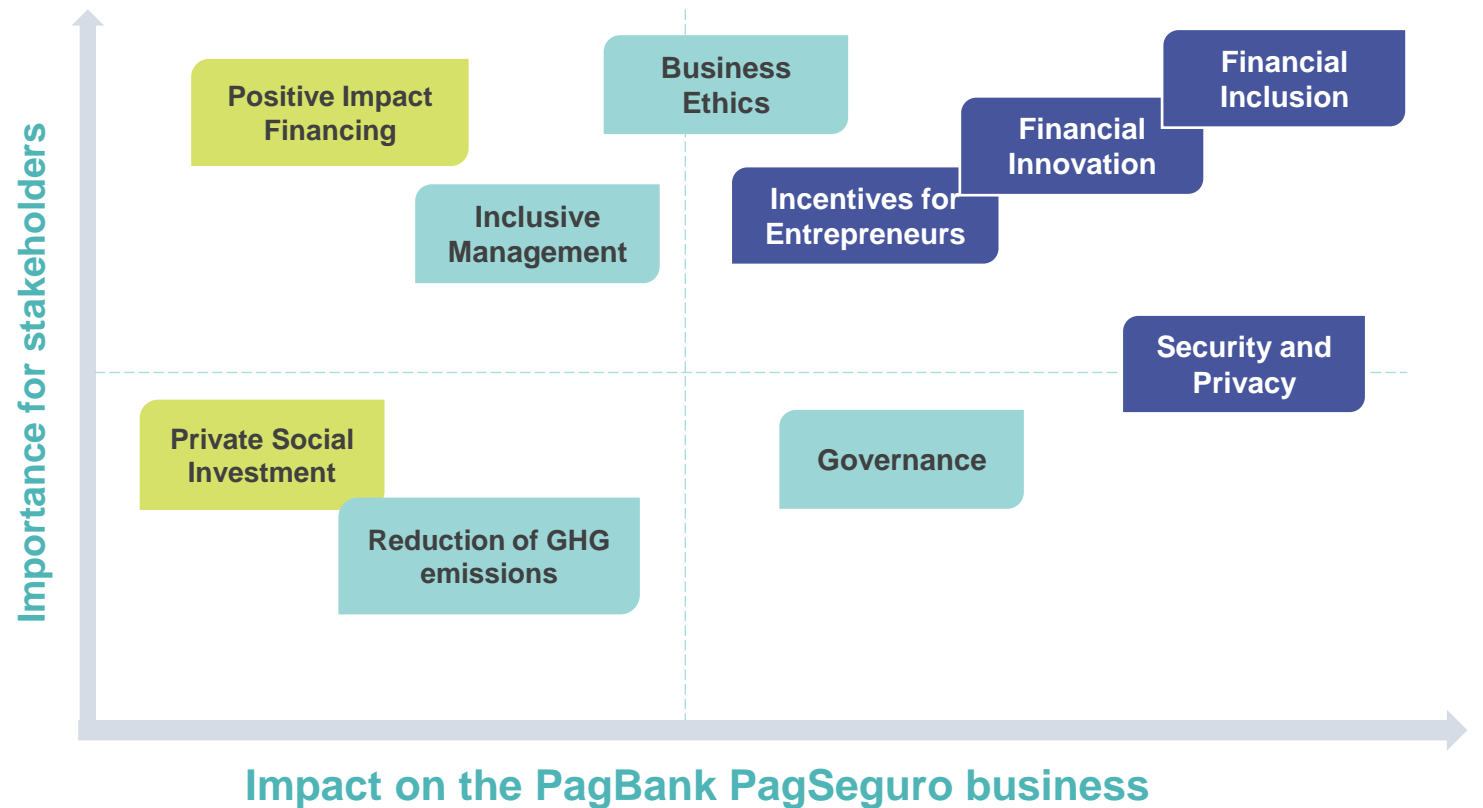
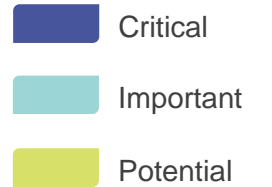
GRI 102-40 / 102-44 / 102-46 / 102-47

PagBank PagSeguro's Materiality Matrix provides information and guidance about the most relevant and priority topics to be addressed in this report.

The Matrix was designed based on the information provided by the company's management and its professionals and identifies the most relevant sustainability issues.

We highlight four critical items in terms of business impact and importance for our stakeholders:

Financial inclusion;  
Financial innovation;  
Incentives for entrepreneurship; and  
Data security and user privacy.



# Sustainable Development Goals (SDGs)

GRI 102-47 / 102-12

Considering the material topics identified by the company, we verified its adherence to the Sustainable Development Goals (SDGs) established by the member states of the UN in 2015.

SDGs consist of 17 ambitious and interconnected goals related to the main development challenges faced by people, government and companies in Brazil and across the world.

They represent a global call for nations to eliminate poverty, protect the environment and the climate, and ensure that people enjoy peace and prosperity everywhere.

The table on the side presents the correlation among PagBank PagSeguro's material topics, the SDGs and the respective targets, so that we can fulfill the 2030 Agenda in Brazil.

	SDG Goals	
<b>Financial Inclusion</b>	4.4 and 10.2	 
<b>Financial innovation</b>	8.10 and 9.3	 
<b>Incentives for Entrepreneurs</b>	4.4 and 8.3	 
<b>Security and Privacy</b>	8.2, 17.8 and 17.13	 
<b>Business Ethics</b>	16.2 and 16.5	
<b>Inclusive Management</b>	4.3, 4.4, 5.1, 5.5, 5.a, 5.b, 5.c e 8.5 and 16.b	   
<b>Governance</b>	16.5 and 16.7	
<b>Reduction of GHG emissions</b>	9.4, 12.5 and 13.1	  



# Chapter 1

# PAGS



[Back to Contents](#)



# About Us

GRI 102-01 / 102-02 / 102-03 / 102-04 / 102-05 / 102-06 / 102-07 / 102-12 / 102-13

PagBank PagSeguro is a publicly held company with 4,630 employees (as of December 2020) that has been operating in Brazil since 2006 and has been listed on the New York Stock Exchange (NYSE) since January 2018.

The company provides disruptive financial technology solutions with a focus on microentrepreneurs, small- and mid-sized companies, and consumers.

Among its peers, PagBank PagSeguro is the only financial technology group in Brazil whose business model covers the following five pillars:

- Complete face-to-face, online and omnichannel payment solutions;
- Operation as an acquirer processor for cards, Pix, bills, QR Code and cross border payments;
- Multiple digital banking solutions with free account;
- Issuing of credit, debit and prepaid cards; and
- Super app with recharge, public transport and shopping features.

Headquartered in the city of São Paulo and present in over 5,500 Brazilian municipalities, the company's mission is to develop disruptive products

to democratize financial services in Brazil, offering sellers and consumers a complete ecosystem that is digital, simple, mobile-first, secure and accessible.

Since its inception, PagBank PagSeguro has monitored development initiatives for an open and competitive environment in the sectors of finance and digital means of payment. Among the associations of which the Company is a member, we highlight the Brazilian Internet Association (ABRANET); the Brazilian Association of Credit Card Companies and Services (ABECS); and the Brazilian Banking Association (ABBC).

The company also has the Women on Board seal, an independent and non-profit initiative that recognizes, values and highlights companies with at least two women holding positions at the Board of Directors.

PagBank PagSeguro is also a signatory to the United Nations Global Compact – the world's largest voluntary corporate sustainability initiative.





# Our Figures 2020<sup>1</sup>

GRI 102-07



**R\$ 6.8 billion**  
Total Net Revenue and  
Income



**R\$ 231.3 billion<sup>2</sup>**  
Consolidated TPV



**R\$ 96.9 billion<sup>3</sup>**  
Market Cap value



**R\$ 2.2 billion**  
Adj. EBITDA



**7.0 million<sup>4</sup>**  
Active merchants



**+325% growth<sup>3</sup>**  
in stock price since the IPO



**R\$ 612 million**  
Total Credit Portfolio



**7.9 million<sup>5</sup>**  
Active PagBank clients



**Valuable Brand<sup>6</sup>**  
One of the 25 most  
valuable brands in Brazil  
for the first time

1. Reference: 12/31/2020

2. Consolidated TPV (TPV Acquirer + TPV PagBank)

3. Reference: 01/23/2018; Stock Price: US\$21.50; FX: R\$3.24; Total Shares: 315 million | Reference: 12/31/2020; Stock Price: US\$56.88; FX: R\$5.20; Total Shares: 329 million

4. One transaction in the last 12 months

5. Active customers using an additional digital account in addition to acquiring and consumers with balance in their digital account on the last day of the month.

6. Source: Interbrand

# Our Figures

## 2021<sup>1</sup>

GRI 102-07



**R\$ 9.3 billion**

Total Net Revenue and  
Income



**R\$ 392.4 bilhões<sup>2</sup>**

Consolidated TPV



**R\$ 92.7 billion<sup>3</sup>**

Market Cap value



**R\$ 2.7 billion**

Adj. EBITDA



**7.7 million<sup>4</sup>**

Active merchants



**+304% growth<sup>3</sup>**

in stock price since the IPO



**R\$ 1.6 billion**

Total Credit Portfolio



**12.2 million<sup>5</sup>**

Active PagBank clients



**Valuable Brand<sup>6</sup>**

One of the 25 most  
valuable brands in Brazil  
for the first time

1. Reference: LTM 09/30/2021

2. Consolidated TPV (TPV Acquirer + TPV PagBank)

3. Reference: 01/23/2018; Stock Price: US\$21.50; FX: R\$3.24; Total Shares: 315 million Reference | Reference: 09/30/2021 Stock Price: US\$51.72; FX: R\$5.44; Total Shares: 330 million

4. One transaction in the last 12 months

5. Active customers using an additional digital account in addition to acquiring and consumers with balance in their digital account on the last day of the month.

6. Source: Interbrand

# Nossos serviços

GRI 102-02

PagBank PagSeguro is a pioneer in the Brazilian market for online payments and has the largest acceptance network in Brazil - both for online and in person payments.

With a fully online onboarding process, the company offers a free digital PagBank account so that merchants and end consumers can operate in a safe, accessible, scalable, simple, digital and mobile experience.



International Card



Transfers (P2P, TED, PIX),



Investments and applications



Cashback



Withdrawals



Payment of bills and slips



Loans



Prepaid cell phone recharge



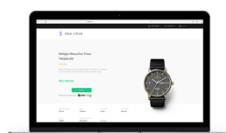
Shopping



Insurance



**In-Person Sales**  
Payment solutions tailored to customers' needs.



**Online Sales**  
E-commerce platforms or even blogs for owners of online stores.



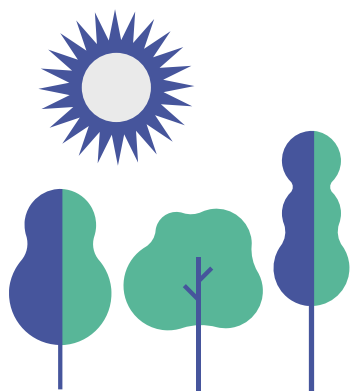
**Safe Purchases**  
Financial and purchase data protection for those who want to buy online.

# Mission

GRI 102-16



To transform and democratize banking and financial for merchants and consumers in Brazil through its digital ecosystem, which is simple, secure, accessible and mobile-first.





Chapter 2

# Corporate Governance



[Back to Contents](#)



# Governance Structure

GRI 102-18

PagBank PagSeguro's governance is based on a robust structure and a complete corporate governance policy that has been approved by the company's senior management.

This policy is based on five pillars - Equity, Transparency, Accountability, Corporate Governance and Corporate Responsibility.

Of these, Corporate Responsibility stands out, which encompasses the company's economic and financial viability, taking into account the long-term sustainability of the business, the creation of shared value and contributions to society.



## Equity

Fair and equal treatment from all partners and other stakeholders, respecting their rights and duties.



## Transparency

To provide stakeholders with information that is relevant to them in a clear way and not only information required by regulations.



## Accountability

To disclose company information in a clear and concise way, assuming responsibility for actions and omissions, while operating with diligence and responsibility when performing its roles.



## Corporate Governance

Set of laws, regulations, policies and processes establishing how the company shall be run, respecting the relationship with its stakeholders.



## Corporate Responsibility

To ensure the company's economic and financial feasibility.

# Governance Structure

GRI 102-18 / 102-19 / 102-22 / 102-23 / 102-26 / 102-27

PagBank PagSeguro's Board of Directors is in charge of assessing our overall strategy and business policies (including the company's mission, vision and values); overseeing management; electing and removing our executive officers; and appointing our independent auditors, among others. The Board also assesses PagBank PagSeguro's economic, environmental and social matters.

The Board of Directors is made up of seven members, and three of which are independent, under the criteria of the Securities and Exchange Commission (SEC) and the New York Stock Exchange (NYSE). Each board member holds his/her position until resignation or removal (or through the term of office established by the shareholders' resolution that appointed the board member, if any). Appointed board members remain in office until the next annual shareholders' meeting.

In 2020, the WOB (Women on Board), a non-governmental and non-profit organization linked to the United Nations, recognized PagBank PagSeguro for having a diverse Board with more than two women in its composition (Maria Judith de Brito, Noemia Gushiken e Marcia Nogueira de Mello).

The Chairman of the Board of Directors is Luis Frias, who is also the company's main executive.

PagBank PagSeguro's study and diagnosis of sustainability and ESG have been presented and discussed with the Board.

## Board of Directors' composition<sup>1</sup> 2021

Name	Office
Luis Frias	Chairman
Eduardo Alcaro	Vice-Chairman
Maria Judith de Brito	Director
Ricardo Dutra da Silva	Director
Noemia Gushiken	Independent Director
Cleveland Prates Teixeira	Independent Director
Marcia Nogueira de Mello	Independent Director



43% of Independent Directors



43% of Female Directors

1. The Board of Directors is linked to PagSeguro Digital and not to PagSeguro Brasil. Refers to the composition of the Board of Directors in 2021.

# Governance Structure

GRI 102-18 / 102-22

PagBank PagSeguro has executive committees to address specific themes to ensure that the strategies defined by the Company are in line with identified risks and the pertinent legislation.

These committees advise the Board of Directors and the Executive Board on topics of their expertise.

On the right side, the PagBank PagSeguro Committees are listed:



Data Governance

10 members  
Bimonthly



Audit

3 members  
Monthly



Credit and Liquidity Risk

9 members  
Weekly



Compensation

3 members  
Monthly



Corporate Governance

7 members  
Bimonthly



Information Security

6 members  
Bimonthly



Financing

8 members  
Monthly

## Composition of the Audit Committee

Name	Office
Noemia Gushiken	Chairman
Cleaveland Prates Teixeira	Member
Marcia Nogueira de Mello	Member

## Composition of the Credit and Liquidity Risk Committee

Name	Title
Eduardo Alcaro	Chairman
Ricardo Dutra da Silva	Member



# Risk Management

GRI 102-15

As required by the current standards, including the rules and policies of the National Monetary Council (CMN) and the Central Bank of Brazil (BC) for regulated institutions - which our company fully follows -, the Risk Management and Internal Controls structure (RMIC) of PagBank PagSeguro is totally segregated from the operational area of the company and acts independently in the development of its activities, with access to all areas of the company.

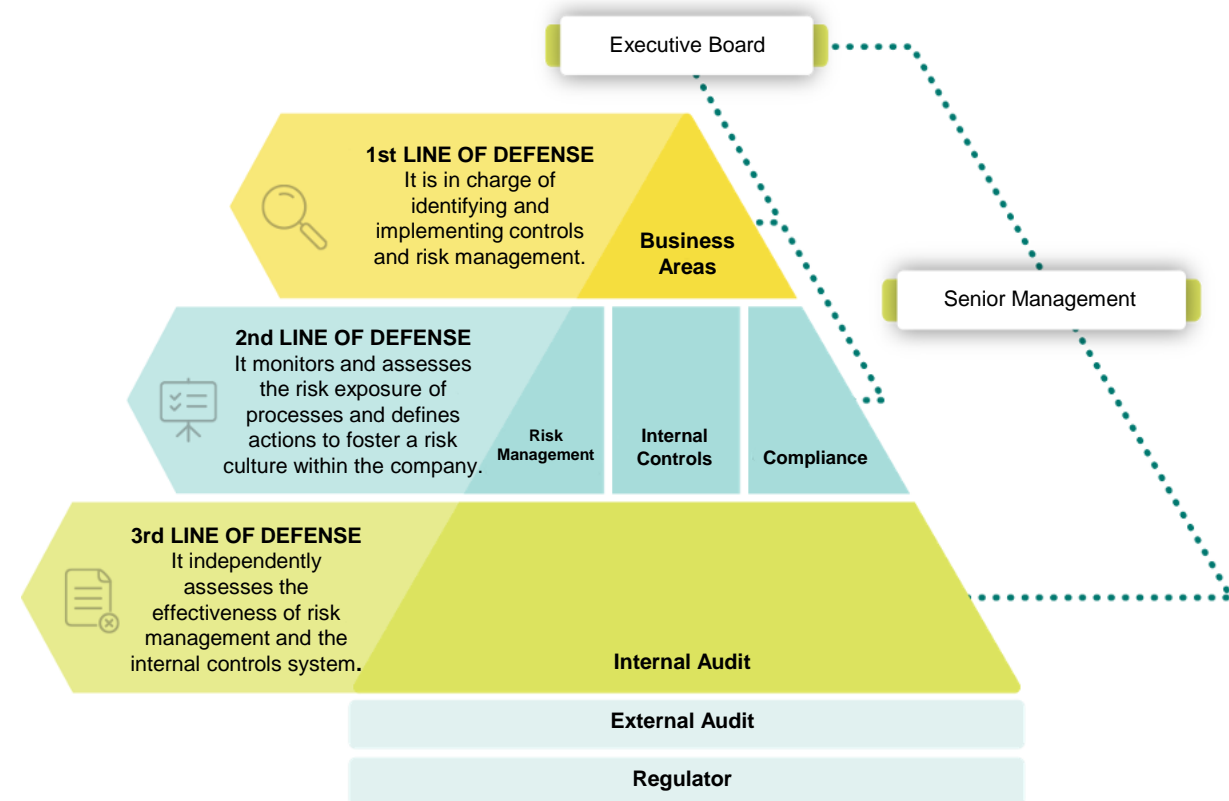
The RMIC structure is responsible for implementing and maintaining the procedures established in the “Policy on Internal Controls, and Operational, Social and Environmental Risk Management”, allowing for the identification, assessment, monitoring, control and mitigation of risks, in accordance with the established responsibilities.

Our operating model is based on the concept of the Three Lines of Defense, with each nucleus acting according to its roles and responsibilities.

**In the 1st Line of Defense** the analysts and managers of the areas where the process takes place work. They are responsible for identifying and implementing controls and managing risks according to their activities, implementing and/or improving the necessary controls and mitigation actions.

**In the 2nd Line of Defense** all professionals from the Operational Risk, Internal Controls and Compliance areas work, responsible for helping the first line in the identification of risks and their mitigation. This line of defense monitors and assesses the exposure of processes to risk, analyzing the quality of the control environment in the 1st Line and acting in an advisory manner, suggesting review of processes or new controls.

**In the 3rd Line of Defense** the Internal Audit area acts, responsible for evaluating the elements of any line of defense, checking the effectiveness of governance, risk management, internal controls and the achievement of expected objectives.



# Risk Management

GRI 102-09 / 102-15 / 408-01 / 409-01

The Operational Risk management adopts a methodology consisted of four stages.

The first stage consists of Identification, which allows for a detailed view of processes within the area and an understanding of the operation's main characteristics through interviews with managers and key professionals in charge of processes, in order to identify events that may compromise the company's operation and the controls associated with risks.

The second stage consists of Analysis and Assessment, which monitors the development of processes and analyzes their implementation, identifying deficiencies and compliance through interviews with the area responsible for them, so as to gather evidence and assess the effectiveness of controls. Assessment is undertaken through the tool "risk calculator",

which is used to measure the level of risk exposure based on impact and likelihood parameters

The third stage consists of Response and Handling, which records the identified weaknesses to define the risk response and the action plan alongside the Risks and Internal Controls area.

The fourth stage consists of Monitoring and Revision, which monitors the control environment through risk indicators according to the established tolerance levels.

The social and environmental risk represents the likelihood of losses arising from social and environmental damage. The company's risk management duties include social and environmental responsibility and the commitment to society and the environment, in line with its pursuit and promotion of sustainable business

development, as well as ethics and transparency in the workplace and while interacting with customers, partners and suppliers.

Supplier management also follows its own assessment and risk control methodology. Over 90% of PagBank PagSeguro's suppliers are based in Brazil and nearly 40% of them fall into the Risk A category, i.e. posing the lowest risk.



Supplier breakdown by risk group



■ Risk A ■ Risk B ■ Risk C



# Business Continuity

GRI 102-15

PagBank PagSeguro's business continuity determines the strategic, operational and corporate structure that is adequate to reestablish the company's capacity to provide its main products and services, after a disruption, at a level previously agreed upon and determined.

PagBank PagSeguro's Business Continuity Plan (BCP) aims to: (i) proactively identify the impacts of an operational disruption; (ii) develop the incident management capacity, producing an effective and possible response through efficient disruption tests; (iii) minimize impacts on the company and protect its main products and services; (iv) increase self-knowledge and how the company interacts with organizations, regulators, government agencies and emergency services; and (v) strengthen teamwork.

The plan sets out strategies and actions to ensure the functioning and availability of the company's essential services during an

incident – and until it is normalized – in connection with suppliers, the business, systems, processes, infrastructure, logistics chain and people.

The Business Continuity Management area is in charge of providing the company's professionals with guidance on the preparation of all documents and continuity processes. Besides providing guidance, the area is also responsible for the continuous improvement of processes, monitoring and reporting to the executive board on training and awareness-raising actions, including the mandatory training program for all employees, managers and executives.

The business continuity policy is based on ISO 22301.

**To ensure continuity, the Business Continuity Plan is supported by the following pillars:**



# Ethics and Compliance

GRI 102-16 / 102-17 / 102-25

PagBank PagSeguro's management model is based, among other principles, on business ethics. The company's Code of Ethics and Conduct issues guidelines to be followed by all employees, managers and executives, defining how professional activities shall be conducted.

Transparency, ethics, respect for privacy and information security, building an inclusive work environment - free from harassment of any nature (be it sexual or moral) and discrimination or prejudice of any kind, based on race, color, religion, gender, sexual orientation and others - are some of the bases of this policy.

Additionally, it is the charge of the professionals to daily foster a collaborative and respectful relationship with colleagues, customers, suppliers, partners and managers, so that workplace relationships are always based on professionalism and mutual respect.

The company promotes compliance with laws and anti-corruption practices, provides clear and unequivocal information for investors, and works round the clock to identify, manage and mitigate any conflicts of interest that may affect the impartiality of professionals performing roles related to the provision of investment products and others.

Any doubt, question or report of non-compliance with the Code of Conduct can be sent by email to the Reporting Channel ([canaldedenuncias@uolinc.com](mailto:canaldedenuncias@uolinc.com)).

The organization guarantees the professionals who use the Reporting Channel protection against retaliation, a process exempt from investigation, confidentiality regarding allegations and the results and measures taken in relation to the reported case. All reports will be immediately investigated by the HR Department, who may designate a qualified professional to assist with the

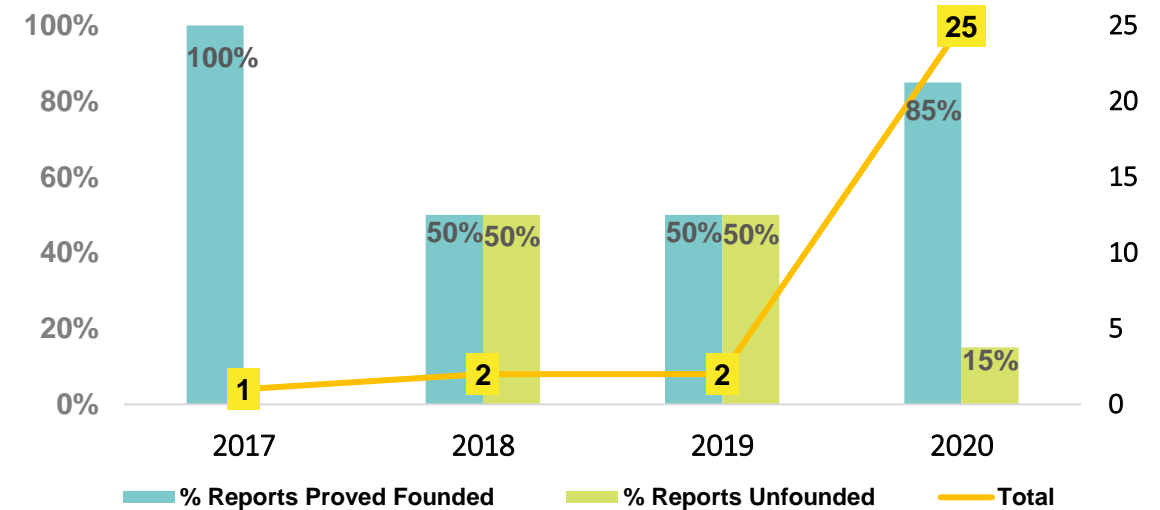
investigation, with legal advice if necessary.

All reports (25) received through the Reporting Channel in 2020 were solved, with 85% of reports proved founded and 15% unfounded after the end of the investigations. All the appropriate measures regarding the reports have been taken..



**100%**  
of reports solved

**Total reports received through the Reporting Channel**



# Fraud Prevention and Money Laundering

GRI 205-02

Due to the nature of PagBank PagSeguro's operations, it is of fundamental importance to identify and prevent suspected money laundering and the financing of terrorism from happening, in compliance with legal and regulatory obligations, and the company's Code of Ethics and Conduct.

To ensure that all professionals and other employees observe the best practices to prevent and fight unlawful activities, the company has created a mandatory training program for those directly engaged in the company's operations, covering topics like Information Security, Anti-Money Laundering and Combating the Financing of Terrorism (PMLFT), Fight against Corruption, the Brazilian General Data Protection Law (LGPD), and the Business Continuity Plan (BCP), among others

Once hired, the professionals shall complete the mandatory training program in up to 15 days, and a refresher course is provided for them every year. The Anti-Money Laundering and Combating the Financing of Terrorism (PMLFT), and the Fight against Corruption training programs were completed by 98% of the professionals in 2020..

In addition to training, the organization has clauses in employment contracts and contracts with customers and suppliers that oblige professionals to follow all guidelines and procedures.

PagBank PagSeguro has the following structures and procedures to prevent and fight money laundering and the financing of terrorism, and all professionals shall comply with them::

## Customer Identification

Our Know Your Customer process includes, in addition to registration, proof of customer identification, with all important information being maintained and updated.

## Customer Qualification

Customer qualification consists of obtaining information regarding the customer's income, assets, economic activity or business nature, as well as verifying if the customer is a Politically Exposed Person (PEP).





Chapter 3

# Financial Capital



[Back to Contents](#)



# Economic and Financial Performance

GRI 102-07 / 201-01

2020 was a different and challenging year, with the spread of covid-19, which caused disruptions to many businesses, in the market and in travel, in addition to quarantine, mobility restrictions and negative impacts on the economy in Brazil and worldwide.

These interruptions had a direct impact on our TPV (Total Payments Volume) in the first and second quarters of 2020, as most Brazilian capitals were partially closed from mid-March to August 2020.

PagBank PagSeguro continued to grow and invested in its HUB operation and also delivered many new features in the PagBank application.

In summary, despite all the difficulties, the company ended the year with a GAAP net income of R\$ 1.3 billion.

<b>Statements of Value Added PagSeguro Digital</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
<b>Revenues</b>		
Revenue from services	5,059,463	3,862,627
Revenue from the sales of goods	-	243,728
Revenue from financial intermediation	2,322,557	2,180,834
Losses with chargebacks, uncollectible instruments and fraud	(288,309)	(200,633)
Cancellations	(59,064)	(48,546)
<b>Inputs purchased from third parties</b>		
Cost of services provided and financial intermediation expenses	(2,832,765)	(1,815,083)
Cost of goods sold	-	(463,293)
Materials, energy and other inputs	(928,860)	(729,248)
(Impairment) recovery of assets	(4,886)	30,523
<b>Gross value added</b>	<b>3,268,136</b>	<b>3,060,910</b>
<b>Retentions</b>		
Depreciation and amortization	(376,335)	(128,348)
<b>Wealth created, net</b>	<b>2,891,800</b>	<b>2,932,562</b>
<b>Wealth received in transfer</b>		
Equity pickup	(100)	-
<b>Total wealth for distribution</b>	<b>2,891,700</b>	<b>2,932,562</b>
<b>Distribution of wealth</b>		
Personnel and related taxes	(619,137)	(399,104)
Taxes and contributions	(925,439)	(1,154,838)
Third-party compensation	(54,825)	(11,594)
Earnings retention	(1,291,658)	(1,365,597)
Minority shareholders	(642)	(1,428)
<b>Wealth distributed</b>	<b>(2,891,700)</b>	<b>(2,932,562)</b>
<b>Distribution of wealth</b>	<b>2020</b>	<b>2021</b>
<i>Employees</i>	21%	14%
<i>Government</i>	32%	39%
<i>Third Parties</i>	2%	0%
<i>Shareholders</i>	45%	47%



Chapter 4

# Intellectual Capital



[Back to Contents](#)





# Privacy and Information Security

GRI 418-01

Respect for the privacy, protection and security of users and customers are relevant values to PagBank PagSeguro. To put these values into practice, the company's Information Security area ensures that the data of the organization, its professionals, partners and customers are protected, creating value and contributing to the success of the business.

The strategy consists of maintaining a secure environment in which everyone can access the company's ecosystem of solutions. To that end, the company developed an Information Security Master Plan containing 28 specific objectives and governance practices based on ISO 27000 controls and indicators. The guidelines are based on over 15 policies defined and approved at the company's various structural levels. Confidentiality, integrity and availability are fundamental guidelines.

An Information Security Committee has also been set up, which reports to the Board of Directors. It is made up of six members and meets every two months to present indicators and main events.

PagBank PagSeguro annually hires specialized companies to perform security penetration tests, complementing its internal tests.

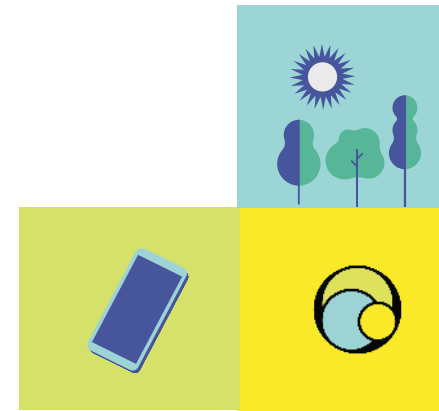
Despite external cyberattack attempts, PagBank PagSeguro did not record loss concerning services or any data privacy violation of its customers, professionals, partners or investors. Our protection is enough to mitigate business impacts.

The company also has specific data privacy and governance policies, with good data processing practices and guidelines. It is mandatory, for example, to "mask" personal and strategic data, and there are specific rules to manipulate data, thus avoiding accidental losses.

PagBank PagSeguro fully follows the rules and policies of the National Monetary Council (CMN) and the Central Bank of Brazil (BC) for regulated institutions and adheres to and complies with the Payment Card Industry Data Security Standard (PCI-DSS), with the General Data Protection Law (LGPD), with the Money Laundering Prevention Law and with the security resolutions of

the Central Bank of Brazil.

The company also has an LGPD Committee, which includes a member of the Board of Directors, a member of the Technology, Legal and Regulatory areas and the Data Protection Officer.



# Privacy and Information Security

GRI 418-01

Tens of millions of reais were invested in data security, including the following projects:

In 2019:

- License Migration from Microsoft A3 to A5 (including all security and data protection elements);
- License purchase including all Oracle's security items;
- IBM solution that monitors databases;
- IBM service to monitor data indicators; and
- Migration to a new structure with greater access segregation and log protection containing data.

In 2020:

- Working box for users to manipulate data with security;
- IDM coverage expanded;
- Protected manipulation of classified data;
- 24/7 Cybersecurity Operations Center to monitor incidents and mitigate data leakage attempts; and
- PagBank PagSeguro's private cloud to provide a highly resilient and secure infrastructure.



GRI 203-02

The Vulnerability Management is controlled by monthly indicators generated by advanced technology tools. The reports are forwarded to the departments and professionals in charge, who take measures respecting the deadline set forth in the policy.

To provide immediate greater security, PagBank PagSeguro uses compensatory control solutions with several instantaneous protection options. Our computer technology facilities provide solutions to monitor sensitive and/or classified data manipulation.

As for development, we have dedicated security teams in each business unit, where developers model cyber threats and perform penetration tests to validate application security. All faults found are recorded in a centralized platform and communicated to the people in charge for immediate correction.

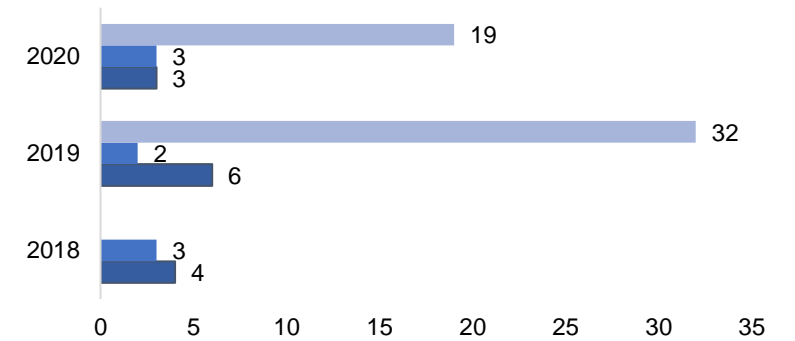
Unavailability indices are prepared in minutes, with the amount of time during which the system was operational and available recorded, including the number of events affecting availability every year (from 2018 to 2020).

From 2019 to 2020, the total number of events dropped from 40 to 25, down 38%. The system was operational during 99.9% of the time on average, and no event required correction that would destabilize the system for over 14 hours.

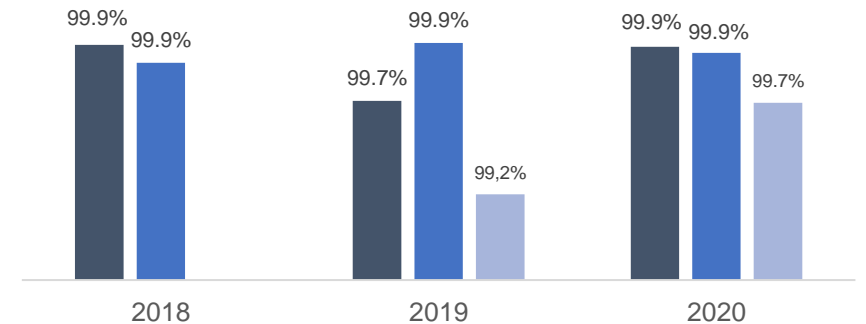
To ensure greater security, PagBank PagSeguro has an offensive security team to conduct tests on applications under development. All vulnerabilities found are reported and recorded, being later monitored by the risk department.

		Unavailability (in minutes)	Average Unavailability (in minutes)	Maximum Unavailability (in minutes)
2020	In Person Payment	138	46	100
	Cards	312	104	260
	PagBank	1,486	78	404
2019	In Person Payment	885	148	616
	Cards	74	37	56
	PagBank	4,050	127	847
2018	In Person Payment	98	25	53
	Cartões	582	194	380

Number of events



% of available time





## Chapter 5

# Human Capital



[Back to Contents](#)



# People Management and Diversity

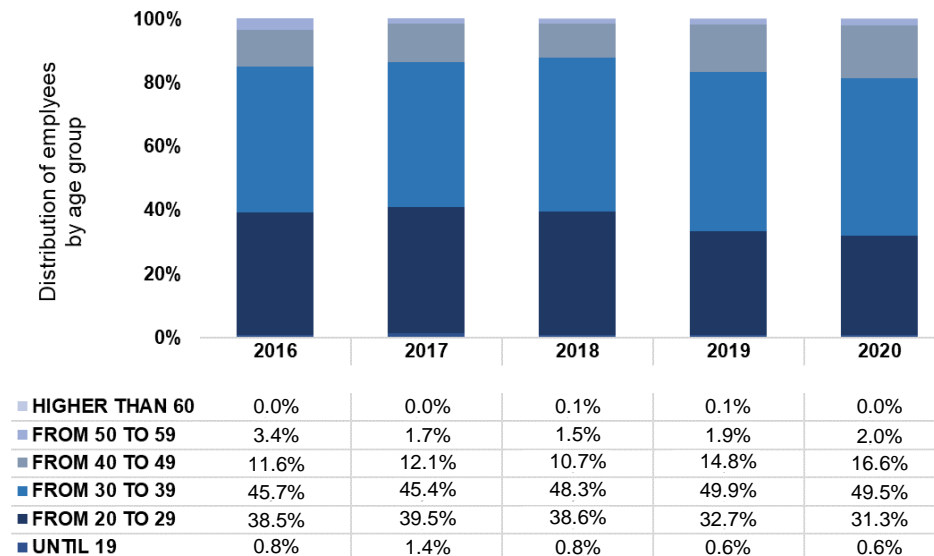
GRI 102-08 / 405-01

One of PagBank PagSeguro's main pillars is the appreciation of its employees. The company seeks to promote diversity, respecting individuals and their differences, and is recognized for fostering a healthy, safe, inclusive and meritocratic workplace environment, driving production and professional development. Sexual or moral harassment, discrimination or prejudice of any kind based on race, color, religion or gender are strictly prohibited. On December 31, 2020, PagBank PagSeguro had 4,630 employees.

The company's DNA consist of technology and innovation, with young teams helping foster a relaxed and open atmosphere, while valuing diversity and respecting differences. As shown in the company's historical evolution from 2016 to 2020, over 80% of its professionals are younger than 39 years old, and a third of them is from 20 to 29 years old.

Around 36% of our employees are female. The highlight is the Board of Directors, where there are 3 women in a group of 7 members, with recognition, received in 2020, by the Women on Board (WOB), as previously mentioned.

Approximately 27.6% of our employees are black (considering the sum of the black and brown), and from 2016 to 2020, the share of black employees rose by 38%.



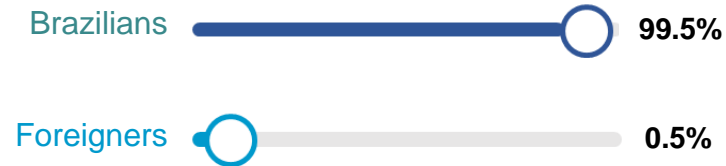
		2016	2017	2018	2019	2020
GÊNERO	Women	33.3%	35.5%	38.7%	37.4%	35.7%
	Men	66.7%	64.5%	61.3%	62.6%	64.3%
RAÇA	Yellow	3.2%	3.0%	1.9%	1.3%	1.4%
	White	76.8%	74.7%	76.6%	79.0%	66.8%
	Indigenous	0.0%	0.1%	0.1%	0.0%	0.0%
	Not Informed	0.0%	0.1%	0.1%	0.0%	4.1%
	Black	3.6%	4.6%	6.0%	5.6%	5.9%
	Brown	16.4%	17.5%	15.3%	14.1%	21.7%

# People Management and Diversity

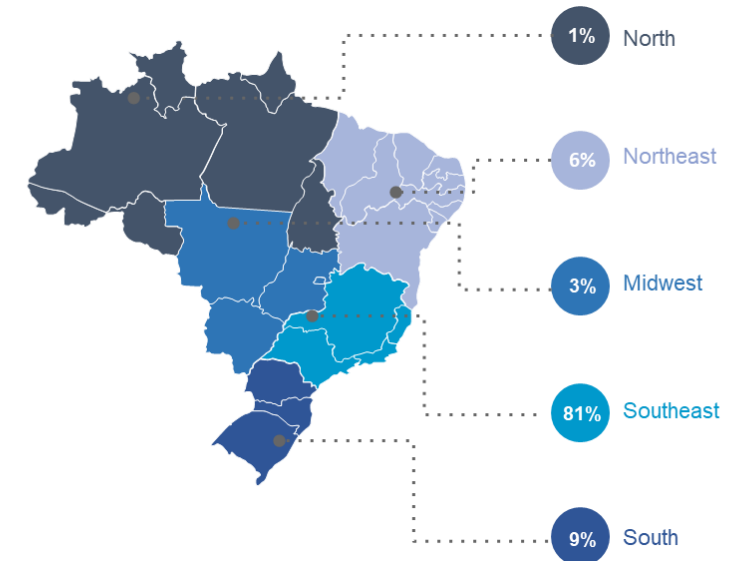
GRI 102-08 / 405-01

The PagBank PagSeguro team is diverse in terms of geographic origin, and this diversity increased in the period from 2016 to 2020: the company's professionals come from 682 different cities and 25 different countries. About 25% of employees of foreign origin are Venezuelan.

PagBank PagSeguro has 4,630 professionals born in almost all states of the federation, with a concentration of 80% in the Southeast region. The biggest growth in the period between 2016 and 2020, of more than 20 times, was that of the North and Northeast regions.



	2016	2017	2018	2019	2020
North	1	1	1	2	51
Northeast	6	9	14	89	292
Midwest	1	2	5	64	160
Southeast	434	700	1,126	2,185	3,729
South	59	66	68	197	398
<b>Total</b>	<b>501</b>	<b>778</b>	<b>1,214</b>	<b>2,537</b>	<b>4,630</b>
<b># States</b>	<b>13</b>	<b>12</b>	<b>16</b>	<b>20</b>	<b>25</b>



# Talent Management

GRI 102-08 / 401-02 / 404-02 / 404-03 / 405-01

At PagBank PagSeguro, people management and talent retention are strongly based on meritocracy and skills. The hierarchical levels are clear for all Company professionals, who are promoted based on meritocracy. Managers are responsible for recognizing their teams.

Regarding talent retention, leaders are responsible for ensuring that promotions and recognitions be fair and transparent.

PagBank PagSeguro has several programs to attract and retain talents, such as:

- Partnerships with universities to attract talents, especially those offering courses related to information technology areas;
- PagTalents: internship program that prepares young people for the business needs;

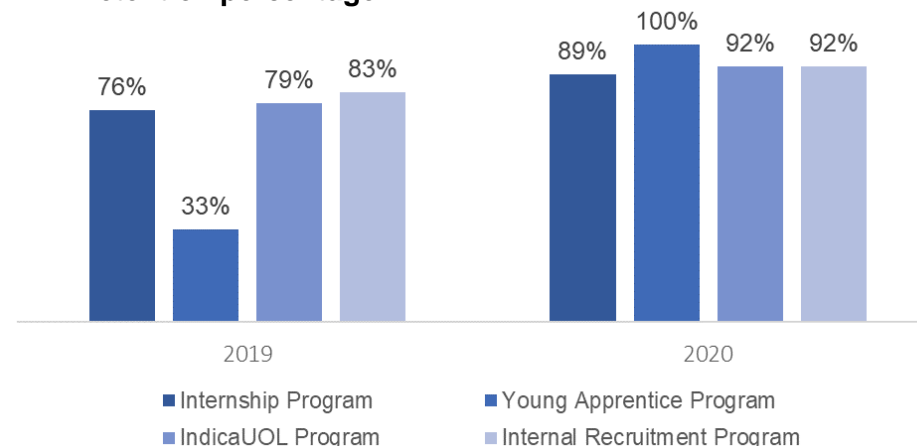
- Young Apprentice: opportunities for young people to learn in theory and practice in their first professional experience;
- Internal Recruitment: opportunities for internal talents to grow in the Company, furthering the development of their careers;
- Indica UOL: cash awards to Company professionals who recommend market talents.

PagBank PagSeguro has several other forms of recognition. The commercial teams, for example, in addition to being benefitted from monthly sales, can be recognized in sales campaigns.

## New professionals by program



## Retention percentage



**72%**  
of the interns were hired in 2020



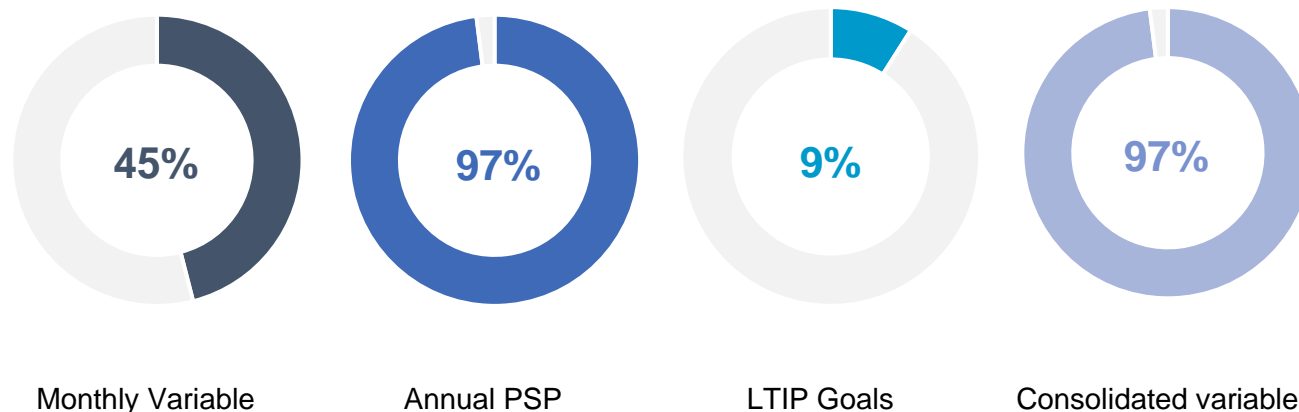
**R\$ 2,000**  
per indication in Indica UOL

# Talent Management

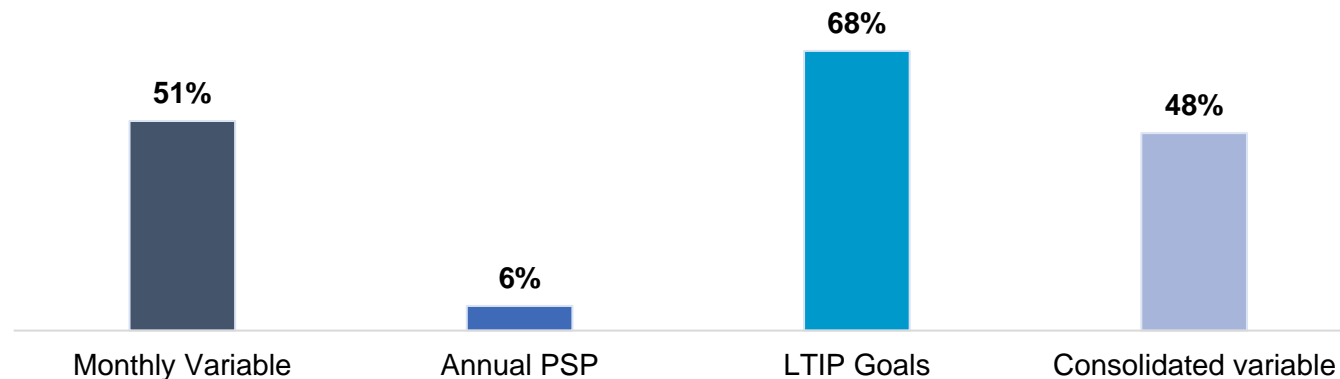
GRI 102-08 / 401-02 / 404-02 / 404-03 / 405-01

All hired professionals are also eligible for annual variable compensation through the Profit-Sharing Plan (PSP). The results are collectively measured by teams and projects and usually refer to net revenue, net cash generation, and net income targets. PagSeguro believes in the value of teamwork and the perpetuity of the results obtained in this model. Some professionals (9% of the total) may receive part of their variable compensation in Company shares through the Long-Term Incentive Plan (LTIP). This is another important tool to retain executives by engaging professionals in the pursuit of sustainable results that increase the value of Company in the market. This share may account for 70% of the total compensation for professionals eligible for the LTIP.

## Employees eligible to variable compensation



## Variable compensation as a percentage of total compensation





# People Management and Well-Being

GRI 102-08 / 401-03 / 403-06 / 404-01 / 404-02

PagBank PagSeguro uses a digital platform in the selection process to online manage the stages and the status of the positions, and to schedule interviews. Another digital platform speeds up the process of receiving the documents of the selected candidates

When hired, the professionals start using an online platform with access to Company policies, mandatory and optional courses, notices, marketing campaigns, workplace gym video classes, among others. It is also possible to book quick massage sessions and periodic exams entirely online.

PagSeguro's professionals benefit from flexible working hours and each of them can negotiate with their managers the best time to work. Such flexibility allows professionals to organize themselves to attend personal commitments or leisure activities, maintaining an efficient work delivery. This model also benefits parents who have young children, allowing them to attend school meetings and/or accompany them in medical appointments..

In 2020, with the Coronavirus pandemic, the Company was able to quickly implement a full-time work-from-home model. PagBank PagSeguro had already implemented such a

culture, especially for the technology teams. In 2019, 40% of employees worked under the in-person model and 35% under the work-from-home model.

Regarding well-being, PagSeguro offers several benefits to improve the quality of life of its professionals. The Company has a partnership with fitness center networks, subsidizing the professionals' monthly fees. Employees at the main offices of PagBank PagSeguro have gymnastics at work every weekday (after the start of the pandemic, with online classes).

The Company offers online free and confidential psychological, financial, and legal services to its professionals and their families, called Fique Bem. The service is available 24 hours a day, 7 days a week.

The professionals may also benefit from Espaço Mobilidade, located at the main Company offices, which are exclusively prepared for parking bicycles and/or scooters, with power points for recharging batteries. It also offers dressing rooms for employees to take a shower before beginning their work.

Maternity leave at PagBank PagSeguro follows, in addition to the legal deadline of 120 days, the

incentive to extend for another 15 days of breastfeeding leave. Aiming to offer a greater bond between parents and children, the company also encourages professionals to enjoy vacations following maternity leave.

The company also distributes maternity kits to all professionals at the time of birth or adoption of their children, which include a personalized book to record keep the baby's special moments. From 2016 to 2020, the number of kits distributed increased by more than five times, benefitting 102 employees last year.



# People Management and Training

GRI 404-01 / 404-02

PagBank PagSeguro invests in courses, training, and collective activities for employees to expand knowledge and interact with other Company professionals.

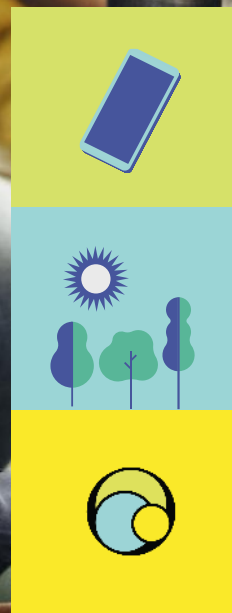
The main type of corporate education is offered through the UniUOL corporate university (from UOL Edtech, a UOL Group company), which consists of a corporate education platform that offers an active and continuous learning environment that manages the Company's entire strategic education actions.

On this platform, the professional is the protagonist of the learning process. Professionals access customized learning paths (some mandatory), in line with the organization's needs and individual career goals.

In all, between 2019 and 2020 there were more than 2,000 professionals in on-site and remote courses, more than 9,000 hours of training, more than 5,000 participations in internal training, almost 200 internal groups and approximately 45 external training sessions. An investment of more than half a

million reais in training in the last two years, for international courses and seminars.

In the online modality, there were around 3,000 training sessions, with more than 20,000 hours, 20,000 accesses to the UniUOL platform, 38,000 accesses to teaching videos, more than 3,000 downloads of content in the library and almost 4,000 trail conclusions mandatory, with topics related to Information Security, Money Laundering Prevention and Terrorism Financing (MLPFT), among others.



# People Management and General Indicators

GRI 102-08 / 401-01 / 404-01 / 404-02

On the side, the main indicators of training and qualification, well-being and people management in general.

	Indicador	2016	2017	2018	2019	2020
<b>Training sessions (% of conclusion)</b>	MLPFT (Money Laundering Prevention and Terrorism Financing)	-	-	85%	34%	98%
	Information Security	-	-	41%	10%	90%
	Occupational Safety	-	-	100%	100%	100%
<b>UniUOL courses</b>	Total UniUOL courses	-	-	567	828	1,144
	% of employees who concluded at least one (1) course	-	-	95%	73%	99%
	Average number of courses per employee	-	-	10	5	8
<b>Well-being</b>	Number of quick massage sessions	11,028	12,682	13,232	18,005	4,753
	Number of periodic fitness exams	3,105	1,187	2,742	3,345	2,165
	Number of well-being-oriented employees	--	--	--	--	323
<b>Home Office</b>	% of hours under the work-from-home model	--	--	--	40%	100%
	% employees working from home	--	--	--	35%	78%
	Average number of days per week under the work-from-home model	--	--	--	2	5
<b>People Management</b>	% of employees with private pension plan	14%	16%	16%	10%	9%
	Number of employees hired	238	410	687	1,800	3,014
	Total number of layoffs	88	120	223	586	1,365
	Total number of contract termination requests	42	62	115	283	557
	Turnover	10%	10%	10%	15%	12%
<b>Atena Platform (Education)</b>	Total invested in training - R\$ thousands	-	R\$ 848	R\$ 1,402	R\$ 2,879	R\$ 763
	Total online + in-person training sessions	-	-	10,908	11,353	33,416
	Average enrollment rate in online and in-person courses	-	-	80%	55%	93%
	Total hours in online and in-person courses	-	-	16,070	3,189	28,179



Chapter 6

# Natural Capital



[Back to Contents](#)



# Environmental Management - Environmental Indicators

GRI 302-01 / 303-05 / 306-3 / 306-5

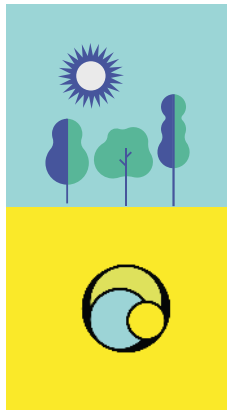
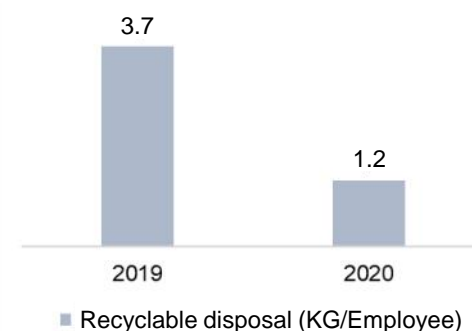
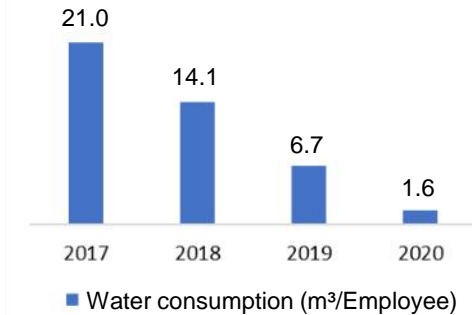
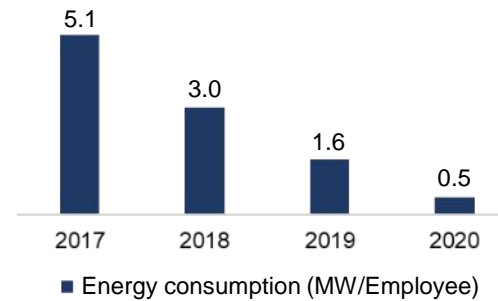
PagBank PagSeguro adopts internal measures to save water and power, and treat waste, thus cooperating to efficient use of environmental resources. The main measures adopted in 2020 to restrict the use of scarce natural resources were:

1. LED lighting in the offices.
2. Selective collection of waste at the company's sites.
3. Waste disposal with separation of materials for recycling.
4. Pressure taps with timers in the sinks.
5. Operational lighting shutoff rounds in places not in use.
6. More efficient VRV air conditioning system.

Due to the pandemic and the significant increase in the number of employees working from home, water consumed per employee fell by 76% YoY in 2020, while energy per employee fell by 70% in the same period.

Because of the lower traffic of people in the administrative centers, the volume of waste generated also fell. Waste internally generated and sent to recycling fell by 67% YoY in 2020.

In addition to the actions taken over 2020, several other measures to reduce the environmental impact are planned to become operational in the next two years (2021/2022), such as (i) adaptation of close-coupled toilets to the DUO activation system, dosing water flows to 3 liters for liquid waste and 6 liters for solid waste; (ii) study for the installation of solar energy panels in common areas of the building; and (iii) study for the reuse of rainwater for the irrigation of green areas..



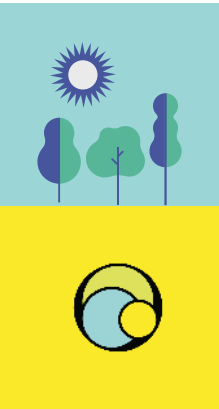
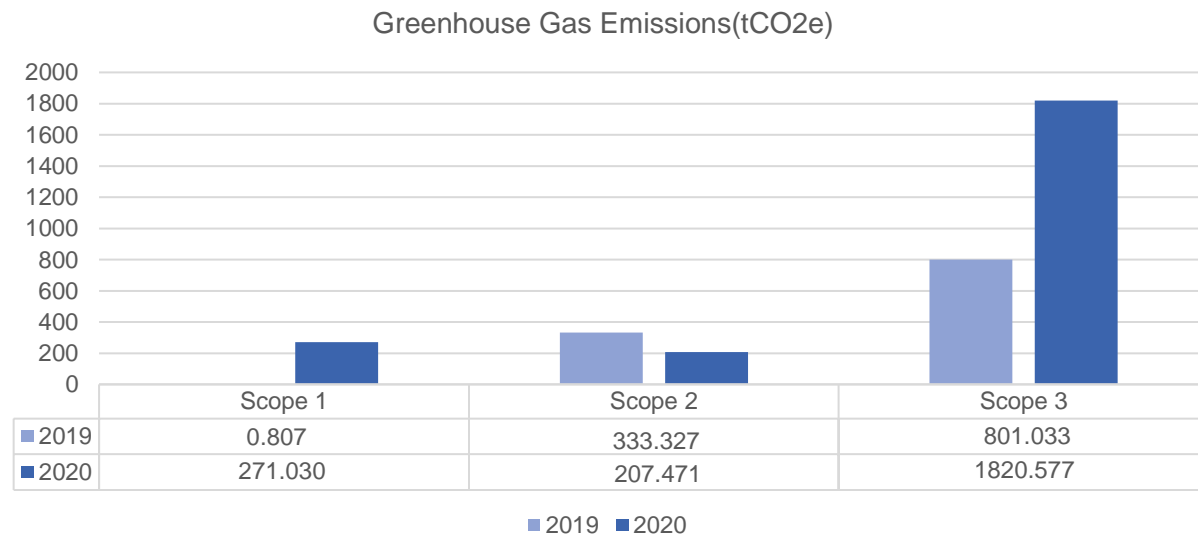
# Environmental Management - Emissions

GRI 302-01 / 303-05 / 306-3 / 306-5

PagBank PagSeguro conducted the first Greenhouse Gas Inventory for 2019 and 2020, considering the emissions of Scope 1 (Direct GHG Emissions), Scope 2 (Indirect GHG Power Emissions), and Scope 3 (Other Indirect GHG Emissions).

PagBank PagSeguro has been studying ways to reduce and mitigate its climate impacts to become a carbon-neutral company in the near future.

Emissions (tCO2e)		
	2019	2020
<b>Scope 1</b>	0.807	271.030
Mobile combustion	0.475	0.653
Fugitives	0.332	270.377
<b>Scope 2</b>	333.327	207.471
Acquisition of electricity	333.327	207.471
<b>Scope 3</b>	801.033	1,820.577
Business trips	92.193	194.737
Transport and distribution (downstream)	708.84	1,625.84
<b>Total</b>	<b>2,270.334</b>	<b>4,598.156</b>





Chapter 7

# Social and Relationship Capital



[Back to Contents](#)



# Support to Entrepreneurship

GRI 203-02

The positive social impact generated by PagBank PagSeguro's activities is the most important item among the relevant sustainability aspects. The business and focus of the Company's activities further financial inclusion and entrepreneurship for low-income and minority populations. Through PagBank PagSeguro's POS, millions of small, nano, and micro entrepreneurs enabled the transaction of products and services throughout Brazil and in various sectors of the economy.

In 2020, more than R\$9 billion were transacted by almost 300,000 clients in sectors with a positive impact, such as health, education, and sanitation. This volume accounts for around 6% of the total transacted per year in PagSeguro.

The negative impact sectors, such as gambling and tobacco, accounted for only 0.05% of the total transacted, and only 0.02% of the asset base. The volume transacted by the third sector exceeded R\$1 billion in 2019, including more than 40,000 NGOs, associations, public entities, and other institutions of this segment.

	Indicators (% of Total)	2017	2018	2019	2020
Positive Impact Sectors	TPV	6.25%	5.79%	5.52%	6.08%
	Active Merchants	3.12%	2.99%	2.77%	3.25%
Third Sector	TPV	0.97%	0.93%	0.90%	0.52%
	Active Merchants	0.74%	0.83%	0.80%	0.47%
Negative Impact Sectors	TPV	0.04%	0.05%	0.05%	0.05%
	Active Merchants	0.01%	0.02%	0.02%	0.02%
Sectors with no Explicit Impact	TPV	92.74%	93.23%	93.53%	93.35%
	Active Merchants	96.13%	96.16%	96.41%	96.26%



# Support to Entrepreneurship

GRI 203-02

In 2020, individual clients transacted nearly half of the entire volume at PagBank PagSeguro, totaling over R\$70 billion transacted by approximately 6 million entrepreneurs. This figure represents increases of 25% in volume and 33% in the number of clients, both compared to 2019. Since 2015, over 5 million new individuals have been making transactions via PagBank PagSeguro.

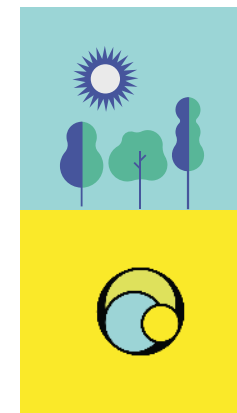
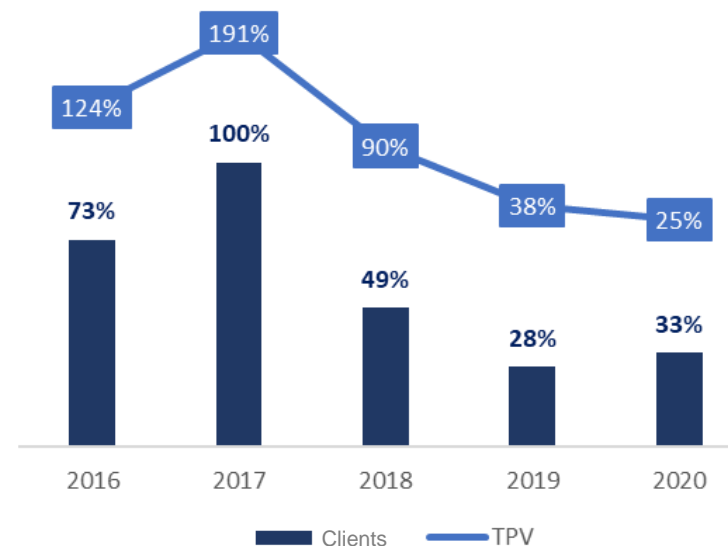
This group of entrepreneurs has access to exclusive content offered by PagBank PagSeguro in the areas of financial education and support to entrepreneurship. On average, there were around 500,000 monthly accesses to content materials on PagBank PagSeguro's website over 2020.

In addition to informal entrepreneurs, PagSeguro maintains important relationships with Individual Microentrepreneurs (MEIs). Around 15% of the customer base's transacted volume, i.e. 400,000 active PagSeguro clients, are MEIs. This group's transactions came to around R\$25 billion in 2020 through PagSeguro POS. YoY, the volume of transactions increased by nearly 80% in 2020.

## TPV (Total Payments Volume) - in % of total (Entrepreneurs)



## Annual Growth - Individuals

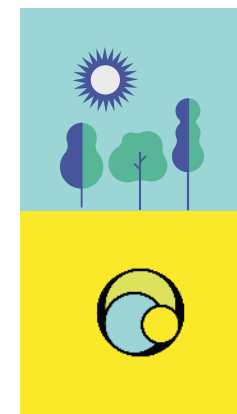
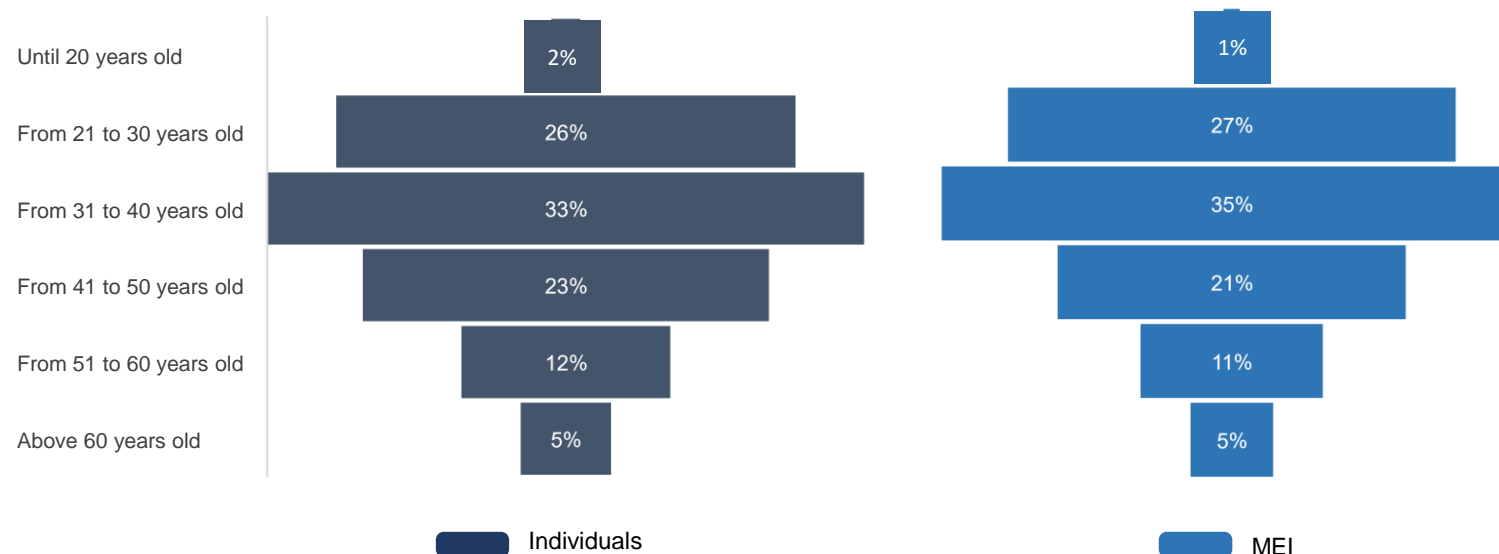


# Support to Entrepreneurship

GRI 203-02

More than 25% of MEI clients are people under 30 years old, who are starting their first business. Around 16% are people over 50 years old, who usually use POS to supplement their retirement. Both individuals and MEI find the gateway to the financial system in PagBank PagSeguro. According to an internal survey conducted with clients in January 2020, 79% of all active clients who acquired a POS in the last two months did not accept a card as a payment method before acquiring PagSeguro POS. Of the clients who opened a PagBank payment account in October 2020, 13% were classified as sellers who did not have an account before PagBank. This is a real financial inclusion!

### Distribution of age range of individual and MEI customers in 2020



# Support to Entrepreneurship

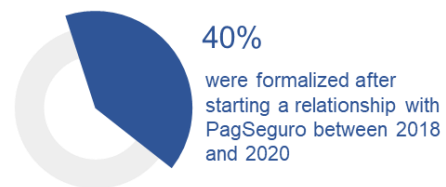
GRI 203-02

25% of those who contract PagBank PagSeguro seek to formalize as a MEI. From 2018 to 2020, two out of five individuals became MEI after opening an account with PagBank PagSeguro.

The number of informal PagSeguro clients who became MEIs increases every year. The percentage of individual PagSeguro clients who became MEIs almost doubled from 2018 to 2020. Around 18% of the clients who became MEIs achieved this goal in less than 3 months after starting a relationship with PagBank PagSeguro.

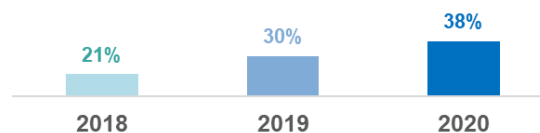
Most of this social goal of PagBank PagSeguro's business is also seen in the capillarity of its operations. The Company increased its presence in more than 300 municipalities in 2019 compared to 2018. In 2020, PagBank PagSeguro was present in 100% of the country, with active customers in 5,570 Brazilian municipalities.

## Formalization after the beginning of the relationship as a client

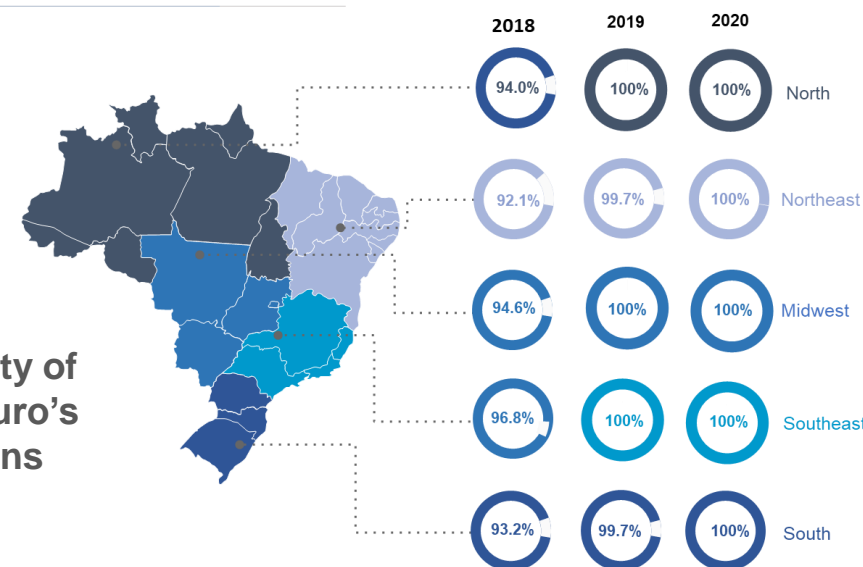


Time for Formalization	% Total
0 - 30 days	7.9%
31 - 60 days	5.5%
61 - 90 days	4.8%
91 - 180 days	12.1%
More than 180 days	69.8%

**Historic**  
% individual customers who formalized after starting a relationship with PagSeguro



## Capillarity of PagSeguro's operations



5,570 municipalities with PagBank PagSeguro presence

# Support to Entrepreneurship

GRI 203-02

In addition to enabling economic activity and the inclusion of millions of people with no access to the financial system, PagBank PagSeguro also grants loans to this public.

In 2020, two thirds of PagBank PagSeguro's loan portfolio was granted under conditions similar to microcredit, especially to individuals, who accounted for 94.6% of the balance of such loans, and 97.1% to borrowers. Compared to December 2019, loans granted under conditions similar to microcredit grew by 20%, and by 29% to borrowers.

According to an internal survey conducted with clients, 28% of individual borrowers did not have a bank relationship or credit history, confirming the importance of PagBank PagSeguro as a gateway for these clients into the Brazilian financial system.

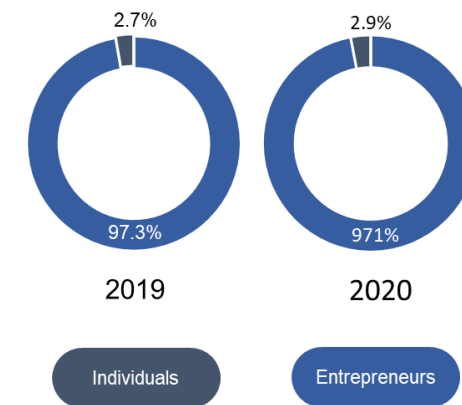
To evaluate the social impact generated by the Company's business, the borrower database was cross-referenced with Brazilian public welfare databases. Beneficiaries of emergency aid, the Bolsa Família program, and the Long-Term Benefit (BPC) databases were included in this cross reference.

According to this analysis, 62% of borrowers of loans granted under conditions similar to microcredit belong to the high social impact category, i.e. they are beneficiaries of at least one of the three programs to fight social inequality. 82% of these beneficiaries receive emergency aid, 16% belong to the Bolsa Família program, and 2% are pensioners who receive the Long-Term Benefit (BPC).

Approximately R\$150 million were granted as loans to this public in 2020. Compared to 2019, excluding the emergency aid that did not exist at the time, the impact borrowers portfolio grew by 32%.

	Microcredit	2019	2020
	<b>Total Portfolio Volume</b> <i>(in million of reais)</i>	<b>Aprox. 190</b>	<b>Aprox. 230</b>
Individuals	% Volume	94.5%	94.6%
	% Clients	97.3%	97.1%
Entrepreneurs	% Volume	5.5%	5.4%
	% Clients	2.7%	2.9%

Distribution of customers in the portfolio



**62%**

Clients of loans similar to high social impact microcredit

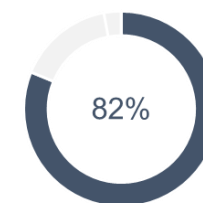


**~ R\$ 150 MM**

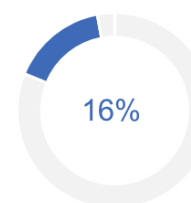
Loans similar to microcredit granted to this public

% of beneficiary borrowers

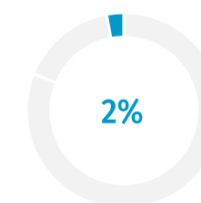
**Emergency Aid**



**Bolsa Família**



**BPC**



# Support to Entrepreneurship

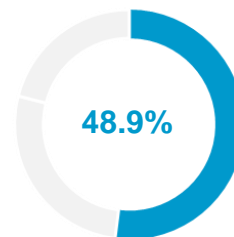
GRI 203-02

Similar to the credit granting analysis for social program beneficiaries, the total number of PagBank PagSeguro's impact clients is relevant concerning the number of clients who become members in each of the three social programs under analysis (emergency aid, Bolsa Família, and BPC), as well as the representativeness of these clients in the Company.

Nearly half of all PagBank PagSeguro's individual clients benefitted from social programs in 2020, 98.7% of whom received emergency aid during the pandemic.

The significant presence of emergency aid beneficiaries in 2018 and 2019 reinforces the track record of financial inclusion generated by PagSeguro. Bolsa Família is paid to 5% of PagSeguro's clients, and BPC to 0.2% of the clients. By adding all benefits, approximately 2.5 million high-impact individuals are served by PagSeguro.

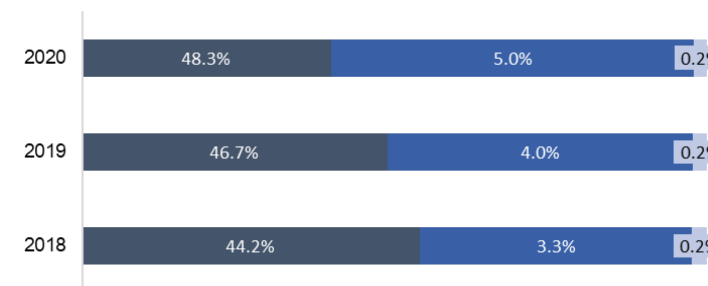
The client base increased from 2018 to 2020, being bancarized and inserted into the financial system via PagBank PagSeguro's business model, which has digitalization and low cost as pillars. These entrepreneurs have never been invisible to the Company. More than 1 million new impact clients were included in PagBank PagSeguro's base in the last two years.



Individual customers who had a social program in 2020.

+ 4.17 p.p. than compared to 2018

Social Program (% of individual customers)	2018	2019	2020
Emergencial Aind	44.2%	46.7%	48.3%
Bolsa Família	3.3%	4.0%	5.0%
Long-Term Benefit	0.2%	0.2%	0.2%



The share of women in the base increased by 0.8 p.p. in 2020, compared to 2018



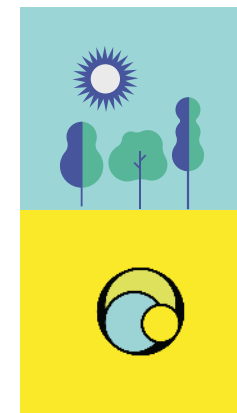
The share of black and brown people rose by 1.69 p.p. in 2020, compared to 2018



The share of less-educated individuals grew by 3.74 p.p. in 2020, compared to 2018



The share of careers that suggest income supplementation increased by 3.2 p.p. in 2020, compared to 2018



# Support to Entrepreneurship

GRI 203-02

Data related to the value and number of clients granted loans similar to microcredit by gender show that in 2020, 47% of the borrowers with a portfolio balance were women, accounting for 43% of the total. Although the share in terms of volume has fallen by 0.1 percentage point from 2019 to 2020, the number of female clients granted loans increased by 0.4 percentage points in this period.

Regarding the age group, loans similar to microcredit were mainly granted to entrepreneurs with ages between 26 and 45 years old.

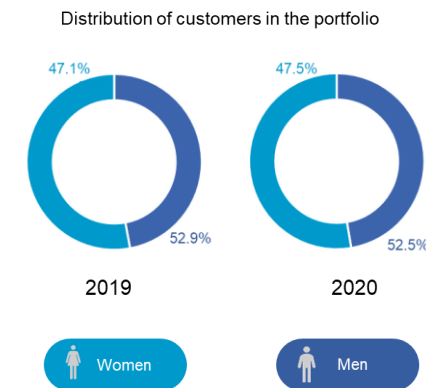
The balance of individuals above 65 years old rose by 65% from 2019 to 2020, while the loans portfolio for individuals from 18 to 25 years old increased by 29%, reinforcing the high social impact of PagBank PagSeguro's business model.

Still regarding diversity and entrepreneurship, data were collected from samples of PagBank PagSeguro's clients who are also in public databases that collect social information, such as the IRS, Superior Electoral Court, and Simples Nacional, and summarized by gender, race, and education

Regarding gender, 82% of the total clients came from PagBank PagSeguro. 50.9% of the users were women in 2020, an increase of 1.6% over 2018. At least since 2018, PagSeguro's clients have mostly consisted of women.

Regarding race, the share of white individuals fell by 3.1% from 2018 to 2020, when minorities were included in the list of products and services offered by PagBank PagSeguro. It is worth noting the 7% increase of black individuals and 32% of indigenous clients.

		Microcredit	2019	2020
		<b>Total Portfolio Volume</b> <i>(in millions of reais)</i>	<b>Aprox. 190</b>	<b>Aprox. 230</b>
Women	% Volume		43.3%	43.2%
	% Clients		47.1%	47.5%
Men	% Volume		56.7%	56.8%
	% Clients		52.9%	52.5%



		2018	2019	2020
GENDER	Women	50.1%	50.3%	50.9%
	Men	49.9%	49.7%	49.1%
RACE	White	55.6%	54.9%	53.9%
	Brown	35.0%	35.4%	36.1%
	Black	8.8%	9.1%	9.4%
	Yellow	0.4%	0.4%	0.4%
	Indigenous	0.1%	0.2%	0.2%
	Read and write	1.9%	1.9%	2.0%
EDUCATION	Incomplete Elementary School	6.3%	6.7%	7.3%
	Complete Elementary School	9.2%	9.6%	10.1%
	Incomplete high school	4.8%	5.1%	5.5%
	Complete high school	42.3%	42.5%	43.4%
	Incomplete higher education	7.0%	7.0%	7.0%
Complete higher education	28.5%	27.1%	24.7%	

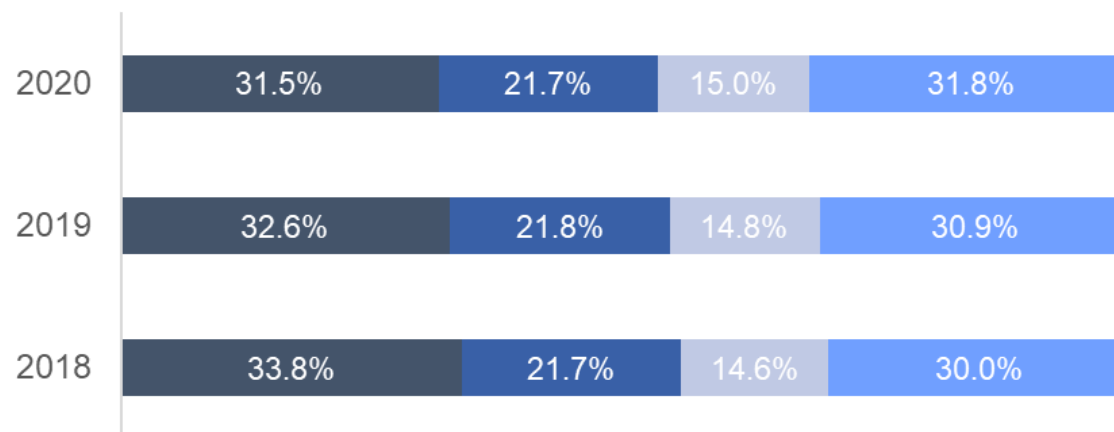
# Support to Entrepreneurship

GRI 203-02

Regarding work occupation, based on the categories entrepreneurs/businesspeople, self-employed individuals, and individuals with income supplementation, around one third of PagBank PagSeguro's clients are entrepreneurs, 22% are self-employed individuals, and 15% are individuals who potentially work with activities to supplement household income. Firefighters, police officers, public servants in general, teachers, students, and housewives are included in occupations that seek to supplement household income through the payment methods made available by PagBank PagSeguro.

The categories remained virtually flat over the years, but it is worth noting the 3.2% increase in occupations that supplement income from 2018 to 2020.

Occupation	2018	2019	2020
Entrepreneurs and merchants	33.8%	32.6%	31.5%
Self-employed individuals	21.7%	21.8%	21.7%
Income supplement	14.6%	14.8%	15.0%
Other categories	30.0%	30.9%	31.8%



# Health and Positive Impact

GRI 203-02

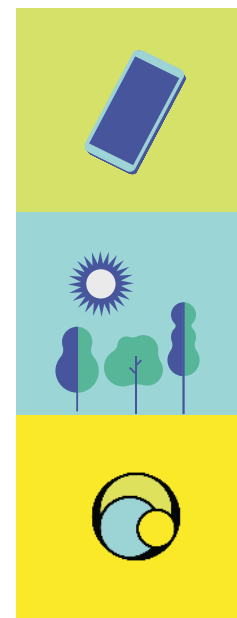
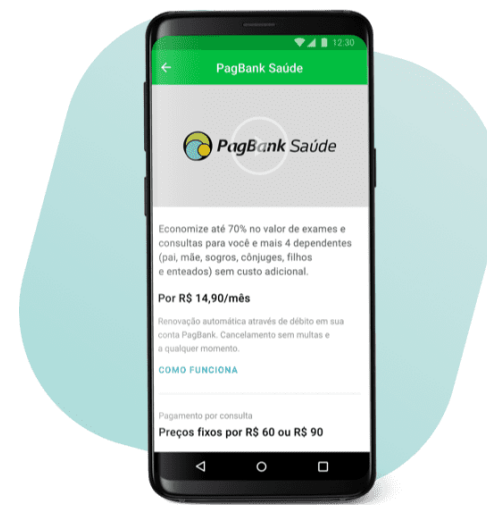
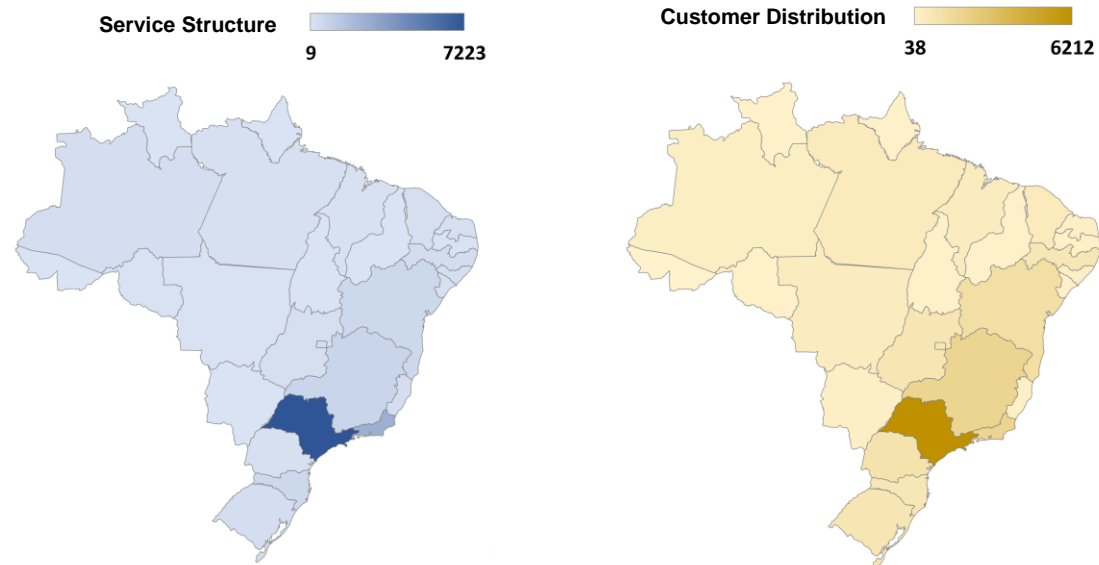
PagSeguro directly operates with products and services that seek to improve its clients' health and well-being. PagBank Saúde offers low-cost solutions to PagSeguro's clients. The services include medical assistance to users and their families for a reduced monthly fee.

Similar to most of PagSeguro's products and services, PagBank Saúde is also digital. Users make medical appointments from their homes, via video conferencing, or in person, if they prefer. The number of consultations is not limited, and the list of doctors is available online through a smartphone application.

In 2020, more than 15,000 appointment requests were made, 81% of which by vendors, and 19% by consumers. 22% of clients account for the historical average use of these services, which benefitted more than 10,000 people.

Regarding the breakdown of the health system by region, PagBank Saúde has approximately 16,000 clinics and medical offices throughout Brazil. There are 3.5 clients on average for each available structure. All Brazilian states have a service structure and active clients, reinforcing the capillarity and scope of the services offered by PagSeguro.

The assistance is provided through 7 steps. (i) After scheduling the service through the application, (ii) PagSeguro sends users three options of clinics or laboratories. (iii) The client chooses one of the options and the (iv) best time and date. The whole process takes up to 10 business days, but on average, it may be concluded earlier. Given (v) PagSeguro's digitization and management, (vi) appointments are concluded in up to 48 hours. The average time (vii) to confirm an appointment is five hours.





# Health and Positive Impact

GRI 203-02

In addition to PagBank Saúde, PagSeguro also generated a positive impact through the Bolsa Merenda de Minas Gerais program.

In a partnership with the Government of the Minas Gerais State, PagBank PagSeguro made it possible to receive cash stipend in PagBank's digital account. In addition to this free service, the Company deposited an additional R\$20 for beneficiaries who opened a digital account to receive the R\$50 monthly allowance

Such an assistance was offered by the Government of the Minas Gerais State through the State Secretariat of Social Development. The beneficiaries included state school students in social isolation due to the Covid-19 pandemic.

The benefit was exclusive to state school students enrolled in the Single Registry, with monthly family income of up to R\$89 per person.

In all, 380,000 were eligible for the benefit. Of the 195,000 individuals who downloaded the digital bank application, 160,000 received bank cards and 105,000 continued to use PagBank even after receiving the benefit.

**Have you heard about the Bolsa Merenda MG project?**

The infographic features a yellow background with two overlapping bank cards (one grey, one orange) and the logos for PagBank and PagSeguro at the bottom.

#### About the project

Benefit offered by the Government of the Minas Gerais State through the transfer of funds to state school students.

#### What did PagBank do?

The benefit was available on the digital account through a partnership between PagBank and the Government of the Minas Gerais State.

#### What was the challenge?

Since part of the benefits is offered to needy families with no Internet access, we created a methodology to send the cards.

#### Teams involved in the project:

- Logistics
- Card Issue
- New Businesses
- Engineering
- Customer Service

#### What were the results of the Bolsa Merenda project?



**+ 195,000 people downloaded our application**



**+ 160,000 cards delivered**



**+ 105,000 people used PagBank after receiving the benefit**



# Private Social Investment

GRI 203-01

PagBank PagSeguro collaborates financially with social projects through incentive laws. In 2018, over R\$6.5 million was donated to nine projects. In 2019, R\$387,000 was destined for seven projects.

In 2020, PagSeguro implemented several philanthropy actions together with other UOL Group companies. 6,700 Easter eggs were donated to the Paraisópolis community in São Paulo, which has over 100,000 inhabitants.

Because of the pandemic, 1,500 face masks were donated to the Campo Limpo Hospital, UPAs (Emergency Care Units), and UBSs (Basic Health Units) in the South Area of São Paulo, and to volunteers from the Paraisópolis community who worked to assist families.

Over 100,200 food baskets and 100,000 ready-to-eat meals were delivered, as well as 10,000 Fiesta Seara poultry to Non-Governmental Organizations (such as Ação da Cidadania, Gastromotiva, and União dos Moradores e Comércio de Paraisópolis).

On April 12, 2020, PagBank PagSeguro promoted a live performance with the artist Michel Teló. In addition to entertaining millions of Brazilians, the main purpose of the live performance was to raise funds that were converted into hygiene and health products for UNICEF (United Nations Children's Fund) in Brazil. Because of the action it was possible to donate cash and alcohol-based hand sanitizers. The artists Wesley Safadão and Raça Negra also performed live in a partnership with the Company.

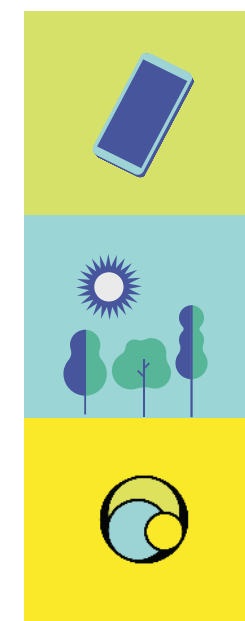
PagSeguro PagBank promoted several actions to support the millions of micro and small entrepreneurs who are Company clients and faced difficulties during the pandemic, such as fee of 0% for sales through QR Code, sales incentive with payment link for clients not selling online, 10% cash back for purchases in Brazil's main pharmacy chains.

## 2019

PROJECT	AMOUNT DONATED	BENEFICIARIES/PUBLIC
Bem Sertanejo - 3rd edition	2,700,000	40,000 viewers
Quebrada project	700,000	Movie
Corrida e Caminhada Caminho da Paz	400,000	2,000 people
ITF - Beach Tennis Championship	250,000	700 people
NAR - São Paulo High-Performance Sports Center (Península Institute)	250,000	1,500 athletes
APAE - Reference Center for Qualification and Inclusion	900,000	300 children
Goiás Eye Bank Foundation	450,000	430 elderly people
Abrigo Nossa Senhora de Lourdes project	450,000	50 elderly people
Expansion of the Oncological Neurosurgery Service at Hospital Centro de Tratamento Infanto-juvenil	407,700	180 children
<b>TOTAL</b>	<b>6,507,700</b>	<b>Over 45,000 people</b>

## 2020


SOCIAL PROJECT	AMOUNT DONATED	BENEFICIARIES/PUBLIC
Bem Sertanejo - 4th edition	89,015	40 mil espectadores
Assopoc - Associação dos Protetores das Pessoas Carentes	33,000	140 elderly people
Hospital De Amor - Barretos	33,000	43,000 children
Olga Kos Institute	33,000	160 people per month
Expansion of Early Diagnosis	33,000	800 patients
ADD - Sports Association for the Disabled	33,000	120 wheelchair users
Circo dos Sonhos	133,000	65,000 people
<b>TOTAL</b>	<b>387,015</b>	<b>Over 150,000 people</b>





# Chapter 8

# **GRI Content**

 [Back to Contents](#)

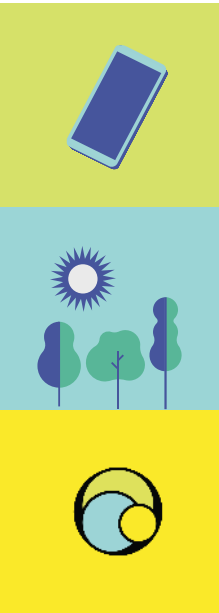


# GRI Summary

GRI 102-55

GRI-referenced | GRI 101: Foundations 2016

Standard	GRI	Indicator	Reference
GRI 102: General Disclosures 2016	102-01	Name of the organization	8
	102-02	Activities, brands, products, and services	8, 9, 10
	102-03	Location of headquarters	8
	102-04	Location of operations	8
	102-05	Ownership and legal form	8
	102-06	Markets served	8
	102-07	Scale of the organization - total number of employees	8, 9, 10, 23
	102-08	Information on employees and other workers	29-33, 35
	102-09	Supply chain	18
	102-12	External initiatives	3, 6, 8
	102-13	External initiatives	8
	102-14	Statement from senior decision-maker	3
	102-15	Key impacts, risks, and opportunities	17, 18, 19
	102-16	Values, principles, standards, and norms of behavior	12, 20
	102-17	Mechanisms for advice and concerns about ethics	20
	102-18	Governance structure	14, 15, 16
	102-19	Delegating authority	15
	102-22	Composition of the highest governance body and its committees	15, 16
	102-23	Chair of the highest governance body	15
	102-25	Conflicts of interest	20
	102-26	Role of highest governance body in setting purpose, values, and strategy	15
	102-27	Collective knowledge of highest governance body	15
	102-32	Highest governance body's role in sustainability reporting	4
	102-40	List of stakeholder groups	5
	102-44	Key topics and concerns raised	5
	102-46	Defining report content and topic Boundaries	5
	102-47	List of material topics	5, 6
	102-50	Reporting period	4
	102-52	Reporting cycle	4
	102-53	Contact point for questions regarding the report	4
	102-55	GRI content index	52, 53



# GRI Summary

GRI 102-55

GRI-referenced | GRI 101: Foundations 2016

Standard	GRI	Indicator	Reference
GRI 201: Economic Performance 2016	201-01	Direct economic value generated and distributed	23
GRI 203: Indirect Economic Impacts 2016	203-01	Infrastructure investments and services supported	50
	203-02	Significant indirect economic impacts	40-49
GRI 205: Anti-corruption 2016	205-02	Communication and training about anti-corruption policies and procedures	21
GRI 302: Energy 2016 GRI 303: Water and Effluents 2016	302-01	Energy consumption within the organization	37, 38
	303-05	Water consumption	37, 38
GRI 305: Emissions 2016	305-01	Direct (Scope 1) GHG emissions	37, 38
	305-02	Energy indirect (Scope 2) GHG emissions	37, 38
	305-03	Other indirect (Scope 3) GHG emissions	37, 38
GRI 306: Waste 2016	306-03	Waste generated	37, 38
	306-05	Waste directed to disposal	37, 38
	401-01	New employee hires and employee turnover	35
GRI 401: Employment 2016	401-02	Benefits provided to full-time employees that are not provided to temporary or part-time employees	31,32
	401-03	Parental leave	33
GRI 403: Occupational Health and Safety 2016	403-06	Promotion of worker health	33
	404-01	Average hours of training per year per employee	33, 34, 35
GRI 404: Training and Education 2016	404-02	Programs for upgrading employee skills and transition assistance programs	31-35
	404-03	Percentage of employees receiving regular performance and career development reviews	31, 32
	405-01	Diversity of governance bodies and employees	29-32
GRI 405: Diversity and Equal Opportunity 2016			
GRI 408: Child Labor 2016	408-01	Operations and suppliers at significant risk for incidents of child labor	18
GRI 409: Forced or Compulsory Labor 2016	409-01	Operations and suppliers at significant risk for incidents of forced or compulsory labor	18
GRI 418: Customer Privacy 2016	418-01	Substantiated complaints concerning breaches of customer privacy and losses of customer data	25, 26

