



<b>Subject :</b> Human Relations and Compensation	<b>Identification:</b> PO-RH-01 <b>Version:</b> 02
<b>Responsible Management:</b> Human Relations	<b>Published on:</b> 05/05/2023
<b>Related rules:</b>	<b>Review by:</b> 05/05/2026

## 1. Purpose

This policy establishes all TOTVS people management guidelines and responsibilities to be followed throughout the entire People Management Cycle: Attraction, Development and Engagement, based on the attributes of the Culture (#WEARETOTVERS) and the concept of meritocracy (ARCO – Attitude, Result and Consequence) in our actions.

## 2. Scope

This Policy applies to the TOTVS Group and its direct and indirect subsidiaries in Brazil and abroad (the international market), in compliance with the respective local legislation. Companies that do that have TOTVS as a parent company may apply this policy in whole or in part, as determined internally. For acquired companies and joint ventures, this policy may be partially applied during the integration period according to the established schedule.

Exceptionally, this Policy does not apply to controlled companies Supplier, Dimensa, Feedz Tecnologia, Gesplan, Techfin e RD Station. Each of these subsidiaries has its own HR and compensation policies, which are generally consistent with this Policy, with adjustments to reflect the characteristics and stage of development of its business.

## 3. References

- **Labor laws:** national and international laws and standards that govern labor relations in countries where TOTVS operates.
- **Brazilian Labor Code (Consolidação das Leis do Trabalho – CLT):** federal law that consolidates the norms referring to Labor Law and Procedural Labor Law in Brazil and applicable to individual and collective labor relations.
- **Collective bargaining agreement:** legal act agreed between employers' and employees' unions for the establishment of rules in labor relations throughout the scope of the respective categories. It determines obligations and rights for the parties that must be respected during its validity.
- **Code of Ethics and Conduct (CODEC):** establishes the conduct and ethical principles that guide TOTVS' commitment to business integrity and internal and external relationships.
- **Universal Declaration of Human Rights:** adopted by the United Nations, it establishes basic human rights and, despite not being legally binding, it is broadly cited and followed by nations worldwide.
- **UN Global Compact:** TOTVS is a signatory of this compact, whose purpose is to mobilize the international business community to adopt, in their business practices, fundamental and internationally accepted values in the areas of human rights, labor relations, environment, and anticorruption efforts, based on 10 basic principles. This initiative relies on UN agencies, companies, unions, NGOs and other partners to build a more inclusive and egalitarian global market.

## 4. Definitions

**TOTVS Group:** TOTVS S.A. and its direct and indirect subsidiaries in Brazil and abroad (international market).

**TOTVER:** Any employee that works in the TOTVS Group, except those defined in Item 2: Scope. Being a TOTVER is about having technology and knowledge in the DNA. It's about seeing our own success in our customer's success. It's about being curious, collaborative, digital and crazy for results. It's about being great people who accomplish great things.



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**Leader:** professional capable of motivating, influencing and inspiring others in an ethical and positive manner, in order to reach the objectives of the team and the business, guiding activities and monitoring their development and results.

**Succession:** process that identifies professionals who are qualified or have potential to take on other positions at the company.

**Individual Development Plan (IDP):** action plan created to develop, improve or accelerate development of skills identified at any time throughout the people management cycle.

**Performance Evaluation:** annual evaluation process conducted to assess the achievement of results, skills and potential.

**9Box Matrix:** The Nine Box (9 Box) Matrix is a tool used to assess professionals based on two parameters: their results and your behaviors. In a Cartesian plane (x, y), one axis of the Nine Box contains the result (y axis) and x axis reflects adherence to strategic competencies potential of TOTVERS.

**Fixed Compensation:** monthly amount received by professionals as compensation for the roles and responsibilities related to their respective positions.

**Variable Compensation:** amount received by professionals as compensation for reaching targets in a given period of time.

**Executives:** TOTVERS in positions of Executive Management, Board, Vice Presidency or Presidency.

**ARCO – Attitude, Result and Consequence:** methodology created to generate consequences for each TOTVER attitude or action, either positive or not, guiding all meritocracy actions across the company.

**LTIP:** Long-Term Incentive Plan based on the distribution of restricted actions, according to specific conditions. The goal is to better align the interests of TOTVERS to those of shareholder, promoting a sense of ownership and commitment through the concept of investment and risk.

**Targets:** program whose main purpose is to ensure and measure (indicator) all deliverables related to TOTVS's strategic objectives.

## 5. Guidelines

- TOTVS believes that, in order for companies to revalidate their business models and become more productive and efficient, the transformation must begin in their culture and processes, which are led by their employees, enabling and promoting an environment that fosters a sense of belonging and ownership over business results. In this sense, people management is based on the following guidelines:
- Ethical principles: as established by the CODEC, the attributes of the company's Culture, in addition to complying with national and local labor laws of all countries where TOTVS operates, as well as collective bargaining agreements and conventions, in accordance with labor and union relations, and the Universal Declaration of the Rights of the Man and of the Citizen;
- Diversity: actions to attract and develop specific audiences, respecting and promoting diversity among TOTVERS. TOTVS does not practice or tolerate any kind of discrimination based on race, culture, age, religion, gender and sexual orientation or any other kind;
- Attraction: ensure alignment between business needs and people guided by the attributes of the Culture and the technical requirements of each position, considering both internal and external audiences;
- Benefits: ensure fair and competitive compensation models, aligned with best market practices, which enhance attraction and retention of professionals. The compensation and benefits policy is aligned to the company's strategic goals and risk management, based on the medium and long term, in order to avoid adopting practices and metrics that encourage improper conducts that compromise business sustainability.
- Development: provide opportunities of professional growth and guarantee the performance of the meritocracy cycle, consisting of annual performance evaluations, with formal feedback stages, individual development plan (Leader and Subordinate) and establishing semiannual targets based on TOTVS's strategy;
- Careers: TOTVS believes that TOTVERS are the protagonists of their own careers, which is why the company develops processes and tools, such as Career Tracks, that help TOTVERS manager their careers;
- Engagement: continuous initiatives to engage TOTVERS in the company, promoting an environment and encourages innovation and simple solutions, making TOTVS an increasingly better place to work.



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- Training: To promote coaching and development activities that enhance the organization's strategic competencies and reinforce #somostotvers culture as well as provide knowledge management, learning metrics management and direction.



**Figure 1:** Meritocracy Cycle Schedule

## 5.1 #WEARETOTVERS Culture

Culture is a crucial element to define, identify and position what it means to be a TOTVER. It is defined by five guiding principles for all TOTVERS. They are:

### **WE VALUE GOOD PROFESSIONALS WHO ARE GOOD PEOPLE**

- People who make things happen.
- Good people who understand that ethics are non-negotiable.
- Highly motivated, dynamic people.
- People who take responsibility and deliver what they promise.

### **WE ARE DRIVEN BY RESULTS**

- We know that it is results that make the present and future possible.
- We deliver excellent results at all costs.
- We seek sustainable growth.
- Always striving to be better, we are ambitious and creative.

### **WE INVEST IN TECHNOLOGY THAT MAKES IT POSSIBLE**

- Technology is our business.
- We innovate based on our customers' needs.
- We are always looking outward and learning.



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- We focus on the technology that drives our customers' business.

### **WE BUILD LONG-TERM RELATIONSHIPS WITH OUR CLIENTS**

- Every customer is important to us.
- We build long-term partnerships.
- We are accessible to our customers.
- We care for our customers throughout their journey with TOTVS.

### **WHEN WE COLLABORATE, WE BECOME STRONGER**

- We are inquisitive and learn from each other.
- We build trusting relationships.
- We are happy to help others and to ask for help.
- We encourage diversity in people, thought, and opinion.

## **5.2 People Management**

The People Management Cycle is based on the #WEARETOTVERS culture and represents the three main steps taken by each TOTVS leader when managing their teams, practicing meritocracy based on the ARCO (Attitude, Result and Consequence) methodology across all stages of the cycle, as shown in the figure below.



**Figure 2:** People Management Cycle – ARCO

### **5.2.1 Attraction**

The attraction area strives to select market professionals that best match TOTVS opportunities, considering their potential, the required knowledge and the candidate's alignment to the company's Culture (#WEARETOTVERS). TOTVS adopts people management practices as competitive pillars to attract and retain the best professionals, in order to remain competitive in the market. The company invests in its employer brand and applies a compensation and benefits model compatible with the market, besides promoting continuous professional development.

The Attraction and Selection process is guided by an ethical and respectful approach towards professionals, conveying our image of transparency and integrity in order to strengthen the company as an employer.

Among the Attraction's pillars are actions focused on market relations, training programs, internal and external recruitment, and attraction projects for specific audiences.

### **5.2.2 Development**



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The development pillar aims to train and develop TOTVERS for the company's daily challenges, and for the evolution of TOTVER's career. This is considered a key element for TOTVS to remain relevant among its customers and in the technology industry.

The purpose of TOTVS University is: Educating for Growth. We believe that personal development transforms and advances careers. Our Corporate University, based on the REDE methodology, is directed to meet the strategic challenges of the organization, supporting the training and development of TOTVERS as well as leadership in order to achieve the results we seek. We believe that through our knowledge network, those who know how to teach can learn more and more and improve results.

TOTVS University makes use of UNIT, a collaborative educational platform where TOTVERS act as content producers and share their knowledge with other TOTVERS in a large network of continuous learning, aimed at meeting strategic challenges and encouraging TOTVERS to play a leading role in their self-development.

Meritocracy is the main element of TOTVERS' development pillar and is built around the annual performance evaluation, based on the 9Box methodology, which consists of formal feedback stages and guides the creation of individual development plans, as well as the establishment of annual targets aligned with the company's strategy.

### 5.2.2.1 Succession

TOTVS believes that a well-structured succession process guarantees continuous corporate development and improves our ability to react to expected and unexpected changes.

The TOTVS successor mapping process is carried out annually at the same time as the performance management cycle, based on evaluation and approval of the company's management. The mapping is monitored by the Personnel and Remuneration Committee and its results are shared and discussed with the Board of Directors.

Potential successors of first and second level are indicated by TOTVERS themselves in these same positions. The People area, along with Executives (N1s, N2s) and the People and Compensation Committee, reviews such indications in order to identify and expedite the development of skills required by the respective position, promoting close support from leadership and creating real and planned career opportunities based on the aspirations, wishes and skills of TOTVERS.

### 5.2.3 Engagement

The engagement pillar enables a motivating work environment that encourages TOTVERS' deliveries based on the following mechanisms:

- Engagement surveys to gauge the climate on several different aspects of the company;
- Leadership programs to develop the people management competency;
- Acknowledgment of the best innovation/improvement projects, mainly in technical areas;
- Elements of compensation and benefits, seeking market competitiveness;
- Health Management and Quality of Life Program;
- Internal communication, promoting corporate programs and guidelines regarding the strategy, culture, changes in organizational structure, among others;
- Activities and cultural events on commemorative dates;
- Gamification, used as a tool to promote engagement, training, recognition, incentive and assimilation of the culture.

### 5.2.4 Compensation and Benefits Model



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The TOTVER Compensation and Benefits Model consists of fixed compensation, variable compensation and benefits, based on the seniority and competencies of each career level.

For as executives, the variable portion is conditioned to the fulfillment of corporate and individual targets established by the company. In addition, the Long-Term Incentive (LTIP) practice is also adopted, granting eligible audiences (based on certain conditions) the right to own company stock, as a way to reinforce long-term commitment with TOTVS and business sustainability. Each compensation structure heavily abides by meritocracy practices outlined by the People Area and applicable labor laws.

The remuneration of the board of directors is proposed by the Personnel and Compensation Committee, discussed by the Board of Directors and submitted annually for approval at the General Shareholders' Meeting.

In addition, TOTVS has a life balance and health management program that provides optimal work conditions to TOTVERS, including flexible work regimes such as home office or telework.

## 6. Assignments

### **Board of Directors**

- Approve the Human Relations and Compensation Policy;
- Set the company's strategic goals that will guide human resource management;
- Oversee management actions for risks associated to Human Resources elements;
- Determine and validate the company's Succession plan;
- Approve executive bonuses;
- Review and approve the company's Action Plan;
- Approve the annual proposal for the remuneration of the Management (Executive Board, Board and Committees).

### **People and Remuneration Committee**

- Review the Human Relations and Compensation Policy and guarantee compliance with the established guidelines;
- Follow the attributions established in the Bylaws;
- Assist the Board of Directors in establishing the terms of the structure of compensation and other benefits.
- Propose to the Board of Directors the compensation of management and members of Committees, based on market standards;
- Assist the Board in conducting the annual evaluation process of the company's executives, and present to the Board a proposal regarding distribution of the annual global compensation among Officers and Directors;
- Coordinate and oversee the creation and implementation of the company's executive succession plan;
- Assist the Board of Directors in defining profiles for senior management positions, as well as supporting the process of selecting eventual candidates for such positions.

### **Governance and Indication Committee**

- Review this Policy and submit recommendations to the Board of Directors regarding its approval.

### **Audit Committee**

- Oversee and make recommendations regarding the acceptance of responses to people management risks;
- Oversee the deployment of mitigating action plans for documented risks and report their conclusions to the Board of Directors.

### **Personnel Area**

- Outline solutions, implement and monitor People policies and programs, including activities related to attraction, organizational development, compensation, benefits, quality of life, health management, training,



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labor relations, union relations, and consulting to TOTVERS (leaders or not), developing people management, the company's strategies, and anticipating and planning TOTVS' medium- and long-term needs and trends.

### **Internal Controls, Risks and Compliance Department**

- Prepare, submit for approval and disclose this Policy;
- Assist the People area in establishing risk control and management mechanisms related to this Policy.

## 7. Consequence Management

In case of noncompliance with this Policy, appropriate consequence management measures will be adopted to address the nonconformity.

## 8. Approvals

<b>Name/Position</b>	<b>Description</b>
Fernando Augusto Sollak Human Relations Director	Development
Izabel Branco VP of Human Relations	Review
Claudia Karpát Legal Officer	Review
Marcos Corradi Executive Manager Internal Controls, Risks and Compliance	Review
People and Remuneration Committee	Recommendation
Governance and Indication Committee	Recommendation
Board of Directors	Approval