

2022 INTEGRATED REPORT



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ABOUT THE REPORT

[GRI 2-2, 2-3, 2-14, 2-29]

We disclose our Integrated Report for the base year 2022 (hereinafter referred to as the “Integrated Report”). This publication upholds the ongoing process, started in 2015, of annually reporting our economic, social, and environmental performances, while also providing accountability and disclosing our challenges to our stakeholders, the market, and society at large.

It is also part of our vow to consistently upgrade and widen the coverage of this publication. Thus, in addition to following the guidelines of the Global Reporting Initiative (GRI), it is part of our Communication on Progress (COP) of the Global Compact, the United Nations Sustainable Development Goals (SDGs), and considers the assumptions of integrated reporting, in accordance with the guidelines of the International Integrated Reporting Council (IIRC).

For this edition, we undertook a process of deepening our materiality to expand the discussion of material topics, considering the aspects of positive and negative impacts for TOTVS and its stakeholders. [GRI 2-29]

By doing so, we aspire to present a holistic outlook of TOTVS and the way we have made progress in business, partnerships, and solution development, as well as the commitments outlined in our Sustainability and ESG Agenda.

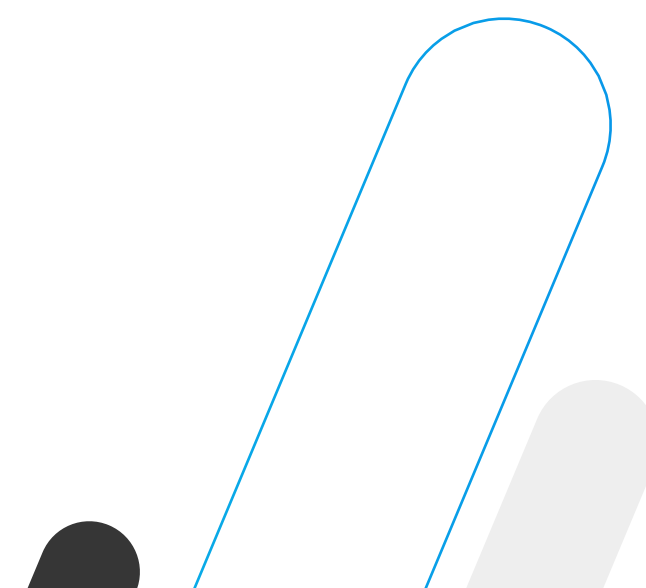
Targeting all strategic stakeholders, including but not limited to shareholders, employees, clients, customers, suppliers, partners, governments, teaching and research institutes, third sector organizations, and society at large, this report encompasses TOTVS’s activities and operations for the period of January 1 through December 31, 2022. [GRI 2-3]

The Integrated Report was produced under the guidance of the Investor Relations Board and involved the engagement of several areas of the Company that are responsible for managing GRI indicators and take part in the annual cycle of data collection and the construction of editorial content. Its approval process encompasses the recommendation stage, involving the participation of the Statutory Audit Committee and the Governance and Nomination Committee,

both of which are advisory bodies to the governance structure. The approval stage follows, during which the Board of Directors ratifies the document intended for publication in the market. [GRI 2-14]

The Integrated Report underwent external assurance by KPMG for the second consecutive year to assess adherence to GRI aspects and guidelines, as well as the Integrated Report’s premises. The financial information provided herein contemplates the Company’s combined operations and underwent an external audit, also by KPMG, upon the disclosure of TOTVS’s 2022 complete financial statements. [GRI 2-5]

Should you have any comments, questions, suggestions, or contributions on the Report, please contact us via email: ri@totvs.com.br.



MATERIALITY

[GRI 3-1 | 3-2]





TOTVS employs robust strategies for engaging in dialogue and consultation with its key stakeholders to continuously analyze and enhance its sustainability and ESG practices. After consulting with different areas of the company, these stakeholders are identified and prioritized according to their degree of relevance and the impacts of their activities on the organization and vice versa.

In line with the updated guidelines of the Global Reporting Initiative (GRI), we have broadened our perspective on the material topics relevant to TOTVS for the 2022 Integrated Report. This includes a comprehensive analysis of their impact, whether real or potential, on the company's operations and strategies.

About the deepening process

Approximately 30 professionals, including TOTVS's leaders and experts in material topics, were brought together in person to delve deeper into materiality for the 2022 Integrated Report. During the May 2023 event held at TOTVS headquarters in Sao Paulo, TOTVERS pooled their specialized knowledge to conduct an in-depth analysis of how TOTVS defines, manages, and reposts its most relevant economic, environmental, and social impacts.

For that purpose, participants were divided into four groups, and each discussed three of the 12 material topics identified in the previous report, with the participation of the company's internal and external stakeholders taking part in the course of action, as listed below.

Group A	Group B	Group C	Group D
			
THEME 1 - Working conditions and quality of life	THEME 1 - Education and communication	THEME 1 - Innovation and technology solution	THEME 1 - Social investment
THEME 2 - Diversity and inclusion	THEME 2 - Ethics, responsibility and transparency in business	THEME 2 - Digital transformation and new business models	THEME 2 - Technology, digital inclusion and social inequality
THEME 3 - Talent attraction and retention	THEME 3 - New ways of working	THEME 3 - Customer relationship and satisfaction	THEME 3 - Clarity of purpose

Results and consolidation

Through contextual conversations within the organization, we endeavored to delineate the actual and potential, negative and positive impacts on the economy, the environment, and people, including their human rights.

The approaches took into account the impact assessment of TOTVS's activities, business relations, and performance in society, besides the policies, commitments, and management strategies that the company employs in these areas. Thus, the result of the deepening of materiality for the 2022 Integrated Report remained as follows:





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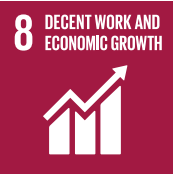


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Topics	Importance for TOTVS	Examples of potential externalities	Impacted audiences	Related GRI indicators	Correlation with SDGs
1. WORKING CONDITIONS AND QUALITY OF LIFE Health and safety, quality of life, fair and industry-compatible wages. It also considers general working conditions and fair working hours.	The well-being and quality of life of its employees, inside and outside the office, is essential for employees to be more willing to accomplish their duties. Due to the pandemic, TOTVS started to pay even more attention to the physical, mental and emotional health of its employees, finding new ways to bring people together and cooperate remotely.	Positive ones <ul style="list-style-type: none">Health: prevention and care (physical and mental)Hybrid model: improves the quality of life Negative ones <ul style="list-style-type: none">The challenge of achieving a work-life balancePhysical health: the challenge of ensuring ergonomics in the home office	TOTVERS	2-30 401-1 401-2 401-3 403-9 403-10	
2. DIVERSITY AND INCLUSION Diverse and inclusive workforce, with greater representation of gender, race, ethnicity, sexual orientation, among other factors.	Promoting human rights, diversity and inclusion are part of TOTVS' culture and values. The importance of diversity and inclusion (D&I) led the Company to build a program based on this value, divided into four pillars: gender, LGBTI+, people with disabilities, race and ethnicity. The program was officially launched in March 2020, after conducting a wide survey with our internal audience. Fun and inclusion is also one of our strategic pillars to retain and attract the best talent. We believe that a more diverse and inclusive workforce is important for innovation and for understanding the needs of an increasingly diverse customer base.	Positive ones <ul style="list-style-type: none">Fostering diversity among internal and external stakeholdersAffinity groups to strengthen the work atmosphereThe feeling of belongingBolstering the employability and inclusion of women, PwD, and young individuals experiencing social vulnerability in the labor market Negative ones <ul style="list-style-type: none">Challenge of expanding D&I actions across all tiers of the organizationChallenge of expanding accessibility in productsChallenge of mapping requirements for digital and physical accessibility	TOTVERS	202-1 405-1 405-2	
3. TALENT ATTRACTION AND RETENTION Employer brand strength and ability to attract and retain the best talents.	TOTVS aims at selecting professionals in the market who are most adherent to the Company's opportunities, considering the potential, the required knowledge and the candidate's suitability for the Company's Culture (#WEARETOTVERS). We adopt people management practices as elements of competitive support in attracting and retaining the best talents, positioning ourselves in a competitive way in relation to the market. To this end, we invest in our employer brand strength, and apply a compensation and benefits model compatible with the market, in addition to providing an environment of continuous professional development.	Positive ones <ul style="list-style-type: none">Attractiveness of the brand and generation of opportunities for new entrants to the job marketHybrid and flexible working modelInitiatives to attract diversity (women, blacks, etc.)Strong culture, with a diverse and multidisciplinary teamSecuring steadfast engagement and retention of talents who surpass industry standards Negative ones <ul style="list-style-type: none">Challenge of increasing attractiveness for IT professionalsChallenge of retaining talent in a highly competitive and churning industry sector	TOTVERS	202-1 202-2 401-1 401-2 401-3 404-2 404-3	



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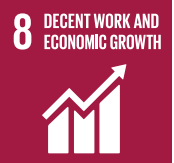

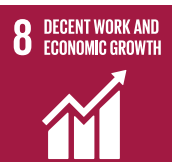

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Topics	Importance for TOTVS	Examples of potential externalities	Impacted audiences	Related GRI indicators	Correlation with SDGs
4. EDUCATION & COMMUNICATION Investment in training, communication, education and qualification of the workforce in new tools and technologies.	Understanding the importance of quality training and the huge challenge of training and qualifying professionals for the technology sector, TOTVS has developed a program called 'Network University', in which TOTVERS themselves produce and share content on a collaborative platform available to any employee. Also, the Company engages with other agents in the ecosystem to support the development of new professionals in Brazil. The Company is the founder and maintainer of the Social Opportunity Institute (IOS - Instituto de Oportunidade Social), through which it offers training for socially vulnerable young people for the labor market, with the purpose of providing access to technology and employment of qualified professionals for the economy of the future. And, in partnership with the Government of the State of São Paulo, it participates in the Minha Chance (My Chance) Program, which trains young students from State Vocational Schools ("ETECs") and State Technology Colleges ("FATECs").	Positive ones <ul style="list-style-type: none">Continuous development of professionals, who are deemed as protagonists of the processTechnologies that are favorable and available to employees to expand the educational modelCloser relationship with the academy and entities for the training of skilled labor Negative ones <ul style="list-style-type: none">Shortage of talent in technical areas and knowledge related to new technologies	TOTVERS Customers Investors Universities, Colleges and Research Centers TECH sector Social Opportunity Institute (IOS) Students Government	404-1 404-2	  
5. NEW WAYS OF WORKING Remote work; migration of professionals to teleworking (home office).	Due to the health crisis scenario due to the Covid-19 pandemic, teleworking was implemented throughout the Company. In order to enable staff migration, TOTVS offered courses via network university and live sessions through an e-learning platform and infrastructure availability for TOTVERS. Another important factor was the breaking of geographic barriers in relation to attracting talent. Flexibility and hybrid working models are the "new normal".	Positive ones <ul style="list-style-type: none">Promotion of hybrid work and an appropriate structure for remote workGreater diversity of professionals (diversity and inclusion)Our work model stands out from competitors Negative ones <ul style="list-style-type: none">Greater challenge in the management of the internal audience in different work modelsSocial isolation: impact on the work culture and teamwork	TOTVERS Customers Suppliers Franchises	2-30 404-1 404-2	
6. ETHICS, RESPONSIBILITY AND TRANSPARENCY IN BUSINESS Maintain the highest level of discipline and financial management, ethics and responsibility, transparency of business practices and communication of results. Continuous improvement of accountability of the value generated by the business to its audiences.	We value ethics, responsibility and transparency in business when relating and communicating with stakeholders throughout TOTVS' value chain. We understand that monitoring, management and communication of economic, social, environmental and governance performance must be carried out in a clear and transparent manner, based on structured management and reporting processes, and with the guarantee that practical commitments are made for the evolution of the sustainability agenda integrated into the business.	Positive ones <ul style="list-style-type: none">Culture and philosophy of information transparencyTrust in our brand and expanded access to capitalDelivering results with excellence and accountability, rather than at any price Negative ones <ul style="list-style-type: none">New regulations can impact the development of new technologies, and possible deterioration of political, economic and social issues can become obstacles to competitiveness of business and the country	TOTVS Senior Management and Leaders TOTVERS Franchises Customers Suppliers Investors Partners Innovation ecosystem - universities, research centers, startups Civil society Setor de TECH Government	2-16 2-20 2-23 2-26 205-3 414-1 418-1	



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7. DIGITAL TRANSFORMATION AND NEW BUSINESS MODELS The company's investment in infrastructure, digitization, in its management software and digital product development processes. Adoption and offer of new technologies.	The evolution to new business models has been successful. New services and integrated models (licensing and subscription) contribute to greater business profitability, considering the constant changes in technological, market, legislation and behavioral aspects. The digital transformation was further accelerated by the context of the Covid-19 pandemic. With accelerated digitization due to the isolation imposed by the Covid-19 pandemic, we have even more widely adopted online sales channels and teleworking models: our remote project deliveries went from 25% to 90% and cloud solutions to new customers increased from 65% to over 85%.	Positive ones <ul style="list-style-type: none">TOTVS's extensive reach and influence within the technology ecosystem can serve as a catalyst for bolstering ESG education and culture in Brazil, particularly for small and medium-sized companiesProducts and solutions that span the entire value chain in 12 strategic industry sectorsFostering open innovation with the ecosystem and creating disruptive business models and investments Negative ones <ul style="list-style-type: none">Challenge of encouraging the adoption of new technologies and making progress with the potential maturity of IT use by Brazilian organizations	Customers TOTVERS Franchises Investors	2-6 404-1 404-3 418-1	 
8. CUSTOMER RELATIONSHIP AND SATISFACTION Continuous improvement of customer service and relationship processes and management of satisfaction and retention rates.	With a base of nearly 70,000 customers, one of the Company's main characteristics is the capillarity of its distribution model, which translates into its strong presence, close relationship, loyalty and partnership with its customers. The business model focuses on the customer, directly understanding the particularities and needs of their business (B2B - Business to Business) and also considering the needs of their final consumers (B2C - Business to Consumer), with the purpose of increasing the efficiency and profitability of its customers through technology and innovation that generate results and value to their business.	Positive ones <ul style="list-style-type: none">Structure and channels for service and solutions offered to clients and customersFollow-up processes and indicators to attract and retain customers (NPS)A natural technology provider and partner of customers in developing their ESG journey Negative ones <ul style="list-style-type: none">Challenge of expanding the solutions that align with sustainability and ESG demandsChallenge of expanding collaboration with the ecosystem to support the creation of sustainability solutions	Customers Franchises Investors TOTVERS	2-29 418-1	
9. INNOVATION AND TECHNOLOGY SOLUTION Innovations in products and services: for cities, smart transport, health, education, etc. Technology as an inducer to improve the quality of life. It involves partnerships for the development of sustainability solutions.	Market leader in Brazil and one of the three top players in Latin America, TOTVS generates income and royalties for the country and move the national economy forward through investments in research and development and new technologies applied to 12 strategic segments of the economy. It also promotes the development of technologies and solutions related to the most modern trends such as Big Data, Mobile, Social Media, Cloud, Artificial Intelligence, Computer Vision, Virtual Reality, Augmented Reality, among others, and the training of highly qualified professionals, contributing to the advancement of Brazil's innovative activity. We believe in the role of technology as a provider of solutions for contemporary social and environmental challenges.	Positive ones <ul style="list-style-type: none">Opportunities for bringing partners or developing sustainability solutionsA natural technology provider and partner of customers in developing their ESG journeyIncreased personal satisfaction of employees by stimulating creativity, innovation, and professional development Negative ones <ul style="list-style-type: none">Challenge of expanding the solutions that align with sustainability and ESG demandsChallenge of expanding and scaling up the process of capturing and dealing with innovation suggestions for customers, especially in sustainability solutions, due to the fact that the base is widely spread out	Customers Investors Partners Innovation eco system - univer sities, colleges, research centers, startups Civil society TECH sector TOTVERS	2-6 201-1 203-1	 



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Topics	Importance for TOTVS	Examples of potential externalities	Impacted audiences	Related GRI indicators	Correlation with SDGs
10. SOCIAL INVESTMENT Investment of the company's financial resources in projects and organizations that demonstrate commitment to sustainable development and the social and digital transformation of the country.	As a national Company with the responsibility of being the largest technology Company in Brazil, TOTVS believes that it is part of its legacy to promote the development of the technology sector, especially among young people, so that they may invest in careers for the future, but who may also have the skills to understand dilemmas and propose solutions, as techs, but also as citizens, capable of intervening positively in their own realities and communities. Therefore, among the various initiatives on social and environmental responsibility it promotes, there is the Social Opportunity Institute (IOS), of which it is founder and maintainer.	Positive ones <ul style="list-style-type: none">• Education on technology• Raising the leaders' awareness of their role as citizens, and promotion of inclusion and employability of young people in the job market• Reduction of inequality and poverty with an impact on the income of the families of young people trained by the Institute of Social Opportunity (IOS) Negative ones <ul style="list-style-type: none">• Challenge to expand the employability within TOTVS of youth trained by the IOS• Challenge of influencing public policies to promote education and technology, especially in basic education	TOTVS senior management and leadership TOTVERS IOS Governments Civil Society Organizations (CSOs) Society	2-28 201-1 203-1	
11. TECHNOLOGY, DIGITAL INCLUSION AND SOCIAL INEQUALITY Company support to expand access to technology in poor regions and underdeveloped countries with little or no Internet connection.	Technology is a great agent of transformation and companies in the sector can train people so that they assume new roles in the future. TOTVS, as the largest national Company and with its capacity for political, economic and social influence, understands its role in contributing to the digital inclusion of Brazilians and, therefore, to the reduction of social inequalities in the country.	Positive ones <ul style="list-style-type: none">• Opportunities for students having technical education and/or career• Expand a program of affirmative-action job vacancies and for public school students as mechanisms to reduce social inequality• TOTVS University as a continuing education mechanism for talents Negative ones <ul style="list-style-type: none">• Challenge of making selection processes more inclusive• Challenge of expanding the digitalization of public schools and NGOs with a vocational training bias	TOTVERS IOS Government Civil Society Universities, colleges and vocational schools Startups Society (especially children and young people from socially vulnerable families)	2-28 201-1 203-1	
12. CLARITY OF PURPOSE Clear expression of the company's solutions to economic, environmental and social issues. Create value for all stakeholders	We are committed to the development of a sustainable agenda, which reflects the purpose and vision of the TOTVS Group on how our businesses can positively influence and impact society, as an employer and social agent. We believe in the transforming power of technology, in the ability to contribute to building an increasingly digital, prosperous, productive, inclusive and sustainable ecosystem. Our Sustainability Policy and our ESG Agenda reflect our commitment to the integration of economic, environmental, social and governance (ESG) aspects and the quality of our relationship with our stakeholders.	Positive ones <ul style="list-style-type: none">• Promoting the engagement of Leaders with the ESG subject• TOTVS has earned public acknowledgement and is featured in noteworthy ESG ratings• Transparency with sustainability reporting, besides carbon-related policies and inventory Negative ones <ul style="list-style-type: none">• Challenge of expanding solutions, products, and processes focused on the environment• Challenge of making part of the Company's public commitments and targets on this subject	TOTVS Senior Management and Leaders TOTVERS Franchises Customers Suppliers Investors Government Partners Innovation ecosystem - universities, research centers, startups Civil society	2-12 2-14 2-23 2-28	

MESSAGE FROM THE BOARD

2022 was challenging, intense, and pleasant; three words that can help us understand the meaning of a non-trivial year marked by social and economic challenges on a global scale, intense political and diplomatic relations, stories of overcoming, acceleration of new technologies, and great results to tell.

After two years of pandemic, we returned to the offices in an hybrid work model; we could intensify face-to-face contact with our clients and listen even more to their needs, shake hands with new business partners and still enjoy the moments of lighter, fluid, and human interactions with TOTVERs that we had not seen in person for a long time. Some may consider this a beginning; for others, a fresh start. What we actually mean is that the ability of people, businesses, and technology to reinvent themselves has intensified more than ever, enabling new proposals for connection and value generation, making even clearer the need to digitalize personal relationships, processes, and companies, in an irreversible flow.

At TOTVS, the outcome of this movement could not have been different: with an incentive to diversity, whether of people, ideas, and opinions. Our TOTVERs delivered another year of outstanding results with plenty of commitment, work, collaboration, and dedication, one more year of good results. Our 3D

ecosystem is already a reality for clients, and we have been working strongly so that it is increasingly integrated, interconnected, and interdependent. The acquisitions continued to be an important vector in our business strategy and, during this period, Gesplan and Feedz joined our company; besides, we continued with disruptive business proposals such as the creation of a Techfin Joint Venture with Itaú, to establish the largest B2B financial services digital platform, aiming to expand, simplify, and widespread access to all a wide range of financial products in the Brazilian market.

As for ESG (Environmental, Social and Governance), we continue to make progress in our journey with relevant deliveries and achievements. Regarding pillar E, we developed our first carbon footprint inventory based on the GHG Brazil Protocol, covering scopes 1 and 2 of our operations - an initiative in line with the Global Pact and SDG 13 on Climate Change. We also highlight the achievement of a score upgrade on the

Carbon Disclosure Project (CDP), which went from F to C- in this cycle, as well as the fact TOTVS was admitted to the Carbon Efficient Index of B3 (ICO2). As for pillar S, we continue to strengthen our efforts in the education agenda, contributing to the training and employability of young people in situations of social vulnerability through the Institute of Social Opportunity (IOS) and the Start Tech Program.

We approved our Diversity and Inclusion Policy with key directions for this subject, and launched the Talent Bank known as #ELASNATOTVS (Gender) and #INCLUSAONATOTVS (PwD), opening doors and creating opportunities for inclusion in the technology market. Regarding pillar G, we implemented an independent ESG assurance process that encompasses our GRI indicators and the global guidelines of the Integrated Report; we made progress in our exercise to review risk factors, covering ESG analysis and criteria; and MSCI raised our score from “BBB” to “A”, positioning our Company



in a select group of distinguished global companies in the software sector, which reflects our efforts to strengthen our ESG conduct.

After the local elections held in 2022, marked by strong polarization, the moment is now to look forward in this cycle that begins and seek unity, so that together we can enable the country we want to build and that we have the potential to be, in view of the global scenario and value chain. For that, we need to think and plan a country project, guided by focus and performance of short, medium, and long-term goals. Structural reforms are crucial for the government to become lighter and for investments to take place. The implementation of a nationwide plan, which enables technical careers, can boost the competitiveness of Brazilian businesses; and science, technology, and innovation must be considered indispensable elements in business productivity, in improving quality of life, and facing socio economic challenges.

Here at TOTVS we will remain determined, keeping focused on the motto that guides our performance from the beginning: “being equal, while being always different”. This phrase defines the essence and DNA of what it is to be a TOTVER. Our professionals have the autonomy to create, dare, and transform, constantly looking for ways to do something new, different, and exceptional that adds value to the company and our clients, that is, new ways to innovate. The creation of our 3-Dimensional ecosystem is the latest example of

this way of thinking, which, added to the Company’s distinguishing history, such as TOTVS’ Franchise System, creates a unique approach in the domestic and international market.

This is the force that drives us and makes our value proposition of contributing to improve our clients’ results, through technology and innovation, a one-of-a-kind model. We will continue to transform the present and the future, believing that everyone can grow and work together to do so.

This is the basis of our Culture, represented in its five pillars: (i) We value good people who have a good character; (ii) We are driven by results; (iii) We invest in the technology that makes things possible; (iv) We build long-term relationships with our clients; and (v) When we collaborate, we get stronger. Finally, I thank all TOTVERs and participants in our ecosystem who believe in this purpose and daily leave their mark, make a difference, and generate exceptional results.

Let’s move forward with optimism, focus, and energy in our purpose of improving the results of companies and strengthening our relationships with our ecosystem.

Laércio Cosentino
Chairman of the Board





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MESSAGE FROM THE CEO [GRI 2-22]

2022 was another special year for TOTVS! When we started our planning in the middle of 2021, much of the events of the previous year were not yet known and therefore not even expected. It was still a moment of euphoria for the reduced effects of the pandemic, the recovery of the major economies based on the lowest interest rates in history, and the largest tax incentives ever seen since World War II. Most companies and investors were focused on revenue growth and market share gain. The faster, the better.



Here at TOTVS, this focus seemed a little unbalanced. We have always had a dual mandate: revenue growth, yes, but also profitability. And when we look at the scenario, although we do not know exactly what would come next, we have imagined and prepared ourselves for a year more challenging than most players expected, both for Brazil and for the world. Proof of this preparation was the follow-on held in September 2021.

Of course, looking back, we got our vision right, and especially our strategic and tactical decisions right. Accordingly, TOTVS remained a safe haven, with balanced achievements and results. Again, this performance was only possible because we have a team of forever nonconformist people, who have a passion for what they do, as well as clients who are more resilient than average. To all of them, my thanks for another record-breaking year.

We started 2022 with TOTVS as part of the GPTW index. We then returned to the offices in the

hybrid work model and launched the “TOTVS Brasil que Faz” award, which is a tribute to our clients. We were recognized by the Employer Branding Brazil. We acquired Gesplan, the leading company in advanced treasury management. We announced a Joint Venture with Itaú, which changes the pace of development of our Techfin. We held the largest Universo TOTVS in the Company’s history. We brought Feedz, adding more features to our HXM platform. We won the HR’s Top of Mind award for the eleventh time. We won first place in 10 categories in Institutional Investor’s Latin America Executive Team ranking and, for the second year in a row, we were winners of the Anefac Award, the Oscar of Accounting. These were some highlights that make us proud to be part of TOTVS’ history.

More importantly, these achievements appeared in the financial and operating results. As for our growth mandate, the Consolidated Net Revenue went beyond the annual mark of R\$4 billion, a growth of 27% year-over-year, with the highlight being the 32% of

Consolidated Recurring Revenue. If we consider Compound Annual Growth Rate (CAGR) between 2020 and 2022, we achieved an organic result of 23% in Management Recurring Revenue , 38% in Business Performance Recurring Revenue and 33% in Techfin Revenue, percentages rare to be found even in the most successful startups and the best technology companies in the world. As for our profitability mandate, the performance of revenues, combined with the search for operational efficiency, allowed us to continue delivering healthy margins and with a strong generation of Operating Cash, which reached R\$1.2 billion in 2022, an increase of 71% year-over-year, representing 128% of Adjusted EBITDA; and, of course, all this while making the required investments for constructing ecosystem in 3 Dimensions.

In the Management dimension, Recurring Revenue made progress throughout the year, including in 4Q22, with an organic growth of 25% versus 4Q21. This result is mainly due to the progress made in SaaS Revenue,



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Finally, progress made in ESG (Environmental, Social and Governance) is worth highlighting, which remains the premise of our business with the engagement of all TOTVERs. As for “E”, we developed our first inventory of Greenhouse Gas (GHG) emissions, following the model of CDP (Carbon Disclosure Project) and became part of the

Through technology, we will continue to focus on helping companies leverage their business, become more profitable, grow their operations, and continually improve their bottom line. For this is our purpose: to improve the results of companies, to believe that everyone can grow, and work together to do so, that is: to believe in a Brazil that makes it happen!

Dennis Herszkowicz
CEO

TOTVS's Annual Report follows the framework of the International Integrated Report Council (IIRC). As stewards of governance, we are dedicated to the adherence of this methodology and the reported data, as well as to the employment of collective (integrated) reasoning in the preparation and presentation of this document. We acknowledge that this process is a constant journey and we present the progress accomplished year after year. In this seventh release of the Integrated Report, we conclude that we have made progress on both the quantity and quality of criteria met, as well as in constructing a logic of integrated thinking.

Dennis Herszkowicz
CEO



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2022 HIGHLIGHTS [GRI 2-28]

MAJOR RESULTS

Business

- Strengthening of our ecosystem comprising 3 business dimensions (Management, Techfin, and Business Performance), Creation of the joint venture between TOTVS and Itaú bank with the aim of offering a complete digital platform of financial services for small and medium-sized companies
- We purchased Gesplan (a SaaS integrated treasury management solution) and Feedz (a HR Tech dedicated to people engagement, performance, and organizational atmosphere), as well as InovaMind, Mobile2You, Vadu, and RBM to expand products and services for the financial sector, and fintechs through Dimensa and Tallos, dedicated to digital service, through RD Station.
- Raising a total of R\$1.5 billion, we conducted our fourth issuance of non-convertible debentures. This issue aimed to optimize the financial cost and lengthen the profile of gross indebtedness.
- Fitch Ratings upgraded TOTVS's rating from "AA(bra)" to "AA+(bra)" due to the increasing capacity to generate cash, adoption of a growth strategy through acquisitions, diversification of business, and potential for high business growth.

ESG

- TOTVS have become part of B3's GPTW and ICO2 indexes, which, respectively, bring together only companies committed to offering the best working atmosphere to their employees and reducing carbon emissions.
- Our presence was noted in the ESG investment portfolios recommended by BTG, Santander, XP, and J.P. Morgan.
- Morgan Stanley Capital International (MSCI) upgraded TOTVS's score from "BBB" to "A", reflecting our efforts in strengthening ESG aspects of operations.
- The Governance Excellence Score 1, granted by the Institutional Shareholder Services (ISS), was awarded to us.
- We submitted our second Greenhouse Gas (GHG) Emission Inventory following the CDP (Carbon Disclosure Project) model, which is widely acknowledged as a global benchmark on the matter, also considering scope 3 data and incorporating the operations of the acquired companies RD Station and Supplier, in addition to the international market.
- TOTVS's Institute of Social Opportunity (IOS) has been listed as one of the top 200 social organizations globally, ranking 14th in Brazil for its innovative practices, social impact, and governance. This recognition comes from "World 200 Top SGOs" ranking created by thedotgood.
- We resumed in-person work in a hybrid format, combining work-life balance and productivity.
- We extended paternity leave to 40 days, offering 20 additional days to the 20 days we previously granted, 5 days according to the Brazilian (CLT) labor laws, and 15 by the Citizen Company Program.
- We inaugurated the Talent Bank aimed at people with disabilities (#INCLUSAONATOTVS), strengthening our work of promoting diversity and inclusion.
- We launched Start Tech, a job creation program for low-income youth.
- We celebrated two years of our networked university known as "TOTVS Universidade em Rede".

Institutional

- We announced the "2022 TOTVS Brazil that GETS THINGS DONE Award" aimed at recognizing and valuing technology projects that had a positive impact on the productivity of companies.
- The TOTVS Universe, with its face-to-face format, was resumed and drew over 10,000 people for two days in Sao Paulo. This was also the first event following our new positioning in 3 Dimensions.
- With over 130 speakers and content tracks on management, strategy, innovation, customer experience, and customer success, the RD Summit is recognized as the largest marketing and sales event in Latin America. For three consecutive days, this event drew in a crowd of more than 11,000 attendees.



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AWARDS AND RECOGNITION

JANUARY

Company-organization: B3
Listed in the GPTW (Great Place to Work) index of
the most desirable employers
Category **ESG**

Company-organization: Global M&A Network
13th M&A Atlas Awards Deal of the Year for Latin
America in 2021 (midcaps): purchase of RD Station
Category **Institutional**

FEBRUARY

Company-organization: Employer Branding Brazil
Awards: Candidate Attraction Campaign and Best
Creative Action
Category **ESG**

MARCH

Company-organization: Merco (Corporate
Reputation Monitor)
Ranking: 100 companies ranked as having the best
reputation in Brazil
Category **ESG**

JUNE

Company-organization: Exame
Exame's Guide: Best ESG organizations
Category **ESG**

AUGUST

Company-organization:
Institutional Investor Best ESG
Category **ESG**

Company-organization: Institutional Investor
Best CEO, Best CFO, Best IR Professional, Best IR
Program, Best Investor Day, Best Company in the
Industry Sector, Best Crisis Management: Covid-19,
Most Honored Companies
Category **Institutional**

SEPTEMBER

Company-organization: InforChannel
The Reader's Choice 2022 | Commercial Automation,
e-commerce Applications and Digital Systems
Category **Products**

OCTOBER

Company-organization: Época Negócios magazine
360° Ranking: Best ESG Companies in Brazil
Category **ESG**

Company-organization: ANEFAC (National
Association of Finance, Administration, and
Accounting Executives) Transparency Trophy
Category **ESG**

Company-organization: Época Negócios
magazine 360° Ranking: Best Companies in
Brazil, Largest Companies in Net Revenue, and
Stock Exchange Highlights
Category **Institutional**

Company-organization: TopRH Group
Top of Mind HR | Category: Technology for HR
Management
Category **Products**

NOVEMBER

Entity: Municipal Agency of Human Rights and
Citizenship of Sao Paulo city
Human Rights and Diversity Seal:
#ELASNATOTVS
Category **ESG**

Company-organization: Editorial Forum Highlight of
the Year| "Informática Hoje" Yearbook (TI area)
Category **Institutional**

Company-organization: GS1 Brasil
Automation Award: Consumer Experience | Food
Safety and 2D Code Reading at the POS
Category **Products**

DECEMBER

Company-organization: ABQV (Brazilian Association
of Quality of Life)
National Quality of Life Award | Good Practices
Category **ESG**



ABOUT TOTVS

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We are TOTVS, and our purpose is to use cutting-edge technology to boost companies' growth, optimize their operations, and make their business more profitable. Our company provides innovative management software for businesses, financial services, and business performance solutions. Through innovation, we maintain our position as the unrivaled market leader in systems and platforms for business management.

1.1. WHO WE ARE [GRI 2-1]

Since 1983, pioneering has been the hallmark of our brand, when Microsiga Software S.A. was established by Laércio Cosentino and Ernesto Haberkorn. The name TOTVS, which translates to 'everything' or 'everyone' in Latin, was adopted in 2005.

We have become the country's largest technology company by simplifying technology to promote business health and using an innovative franchise model for software and solution distribution. Our reach extends to every corner of the country, and we believe in a Brazil that GETS THINGS DONE. This is ingrained in our DNA and each delivery to our vast customer base of over 70,000, both domestically and internationally.

Our unparalleled nature lies in our ability to connect and serve businesses, regardless of their scale, across all geographical locations in the country, while keeping their individual needs in mind. And more: since 2019, we have been structuring our performance in a unique

and pioneering strategy based on 3 Dimensions of business interconnected and interdependent with each other: Management, Techfin, and Business Performance, something unprecedented and innovative in the technology industry sector, offering clients fresh opportunities and allowing TOTVS to explore new markets. Thus, we establish a connection with the entire customer journey, playing the role of a trusted advisor that clients need to help them thrive and expand from start to finish, all the while aiding in their financial stability.

Our company debuted in 2006 on the Novo Mercado segment of the Sao Paulo Stock Exchange, aka B3, a premium segment known for requiring the highest corporate governance standards: a hallmark of our company since its foundation. As the pioneering domestic technology company to take this step, we take pride in being admitted to B3's GPTW and ICO2 portfolios, which acknowledge companies' best practices in both



workplace and GHG emissions reduction. Creating value is our expertise, and we understand the importance of sharing it. Our connection with the 2030 Agenda and the United Nations Sustainable Development Goals (SDGs) is growing stronger with each passing day.

We place great value on investing in continuous learning to generate the finest and most comprehensive solutions. Our 10,000+ TOTVERS are bold and restless, willing to dive into every challenge, while also scrutinizing and finding answers. TOTVS provides them with an environment for learning, teaching, and venturing into unexplored domains. Our ambition drives us to work in unison to meet our clients' demands.

Our culture's strength is the driving force behind our innovative daily actions. Based on our purpose, 'Our belief is that growth is attainable by all and we work together to make it a reality', we highlight five essential topics in management within TOTVS: as for people, we value skilled people who have a good character; as for results, we are driven by results; as for collaboration, when we collaborate we get stronger; in technology, we invest in the technology that makes things possible; and, as for clients, we build long-term relationships with our customers. Our culture progresses alongside our journey, emphasizing our existing identity and the crucial role of integrating human capital into our 3 Dimensions. The hybrid work model has been firmly embraced as of 2022, providing TOTVERS with an enhanced quality of life and productivity on par with the 100% in-person model.

1.1.1. Partnerships and M&As [GRI 2-6, 3-3]

TOTVS establishes strategic partnerships and acquisitions, with the express purpose of delivering cutting-edge products, in pursuit of sustainability and the expansion of the businesses of our valued clients. Over the course of our journey, we have integrated more than 40 acquisitions to bolster our ecosystem of solutions.

As for Management, we bolstered our capabilities in 2022 by acquiring Gesplan, a company that provides digital financial planning and treasury solutions, thereby increasing our product offerings and expanding our data intelligence resources. Another strategic acquisition was made in Feedz, a company that specializes in the HRX sector and brings digital transformation to Human Resources areas.

Moreover, a partnership with Itaú bank was disclosed in 2022, aiming to further enrich the Techfin dimension and provide companies with an intelligent financial product platform, tailored to their timing, based on integrated data analysis and management software. This joint venture has already been approved without restrictions by the Brazilian Antitrust Agency (CADE) and, in June 2023, by the Central Bank to be initiated, and the closing of the transaction is subject to compliance with the other conditions provided for in the Association and Investment Agreement and Other Covenants entered into on April 12, 2022.

Through Dimensa, our subsidiary in partnership with B3 that provides solutions for the financial market, we announced the acquisitions of RBM, core banking solutions; InovaMind Tech, AI and big data; Vadu, credit analysis; and Mobile2You, financial applications. And on the part of RD Station, purchased by TOTVS in 2021 to boost the Business Performance dimension, Tallos was purchased, which is specialized in digital service.





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Companies purchased in 2022

Throughout the year, we have strengthened our 3-D ecosystem by purchasing companies that possess supplementary businesses to our solutions portfolio. Learn more about them:

● January

InovaMind

A startup that creates digital products and services of onboarding, identity validation, background checking, and risk management. For this, it uses big data and AI in the analysis and enrichment of data, machine learning, and automated document capture processes.

It was purchased through Dimensa, aiming at the expansion of products and services for the financial sector and fintechs. 40 clients. Annual gross revenue: R\$11 million.

Mobile2you

A mobile-house that develops financial applications tailored for companies that want to enter the fintech market. It seamlessly executes operations from the back-office to ensure a full user experience.

It was purchased through Dimensa, aiming at the expansion of products and services for the financial sector and fintechs. 30 clients. Annual gross revenue: R\$11.1 million.

● March

Vadu

It operates in credit management processes, from the very analysis to post-credit monitoring. It uses big data and AI to get essential information that streamlines decision-making, such as anticipating possible company defaults, monitoring the evolution of risks, and monitoring focused on the points of attention of the customer portfolio.

It was purchased through Dimensa, aiming at the expansion of products and services for the financial sector and fintechs. 381 clients. Annual gross revenue: R\$17 million.

● April

Gesplan

The organization provides financial planning and management solutions that seamlessly integrate with ERPs and serve nationwide and international economic conglomerates. Its main solution is the SaaS of integrated Treasury management (Cash & Treasury Management).

It was purchased to expand the coverage and development of tailor-made solutions in the portfolio of TOTVS' Management dimension. 190 clients. Annual gross revenue: R\$16 million.

● August

Tallos

First startup accelerated in Ceará by the Digital Port of Recife, it develops “conversational commerce” solutions that simplify digital service and enhance the sales force of companies.

It was purchased through RD Station to expand the offer of customer relationship solutions in cross-selling format with the CRM product. 600 clients. Annual gross revenue: R\$6.2 million.

RBM

100% SaaS solutions company with easy deployment in core banking, offering products aimed at the fintech market, financial institutions, and receivables managers.

It was purchased through Dimensa, aiming at the expansion of products and services for the financial sector and fintechs. 150 clients. Annual gross revenue: R\$13 million.

● September

Feedz

HR Tech of SaaS solutions for people engagement, performance, and organizational atmosphere. Its OKR tools, performance appraisal, feedbacks, atmosphere surveys, and pulse engagement contribute strategically to human experience management (HXM).

This acquisition aimed to broaden TOTVS's portfolio for the Human Resources sector with HXM solutions that encompass the entire employee journey, thereby reinforcing the Management dimension. 1,000 clients. Annual gross revenue: R\$22 million.



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1.1.2. Our brand [GRI 2-29, 3-3]

By stating that “we are equal, yet consistently distinct”, we underscore our paramount attribute: innovating in an unparalleled manner. As a B2B organization, TOTVS has steadily expanded over its four decades, ultimately establishing itself as a market leader through its innovative practices.

TOTVS on social media



Instagram:
more than **100K** followers, with
28.8K new followers in 2022
(**+23.5%** vs. 2021)



YouTube:
more than **56k** subscribers on our
channels (TOTVS and TOTVS Solutions),
with **7.4K** new subscribers in 2022
(**+14.8%** vs. 2021)



Linkedin:
more than **770K** followers, with
122K new followers in 2022
(**+105%** vs. 2021)



TOTVS in the press
7,200 articles published on the
Brazilian press (**+12.9%**
vs. 2021)

Innovation, exclusivity, reach, delivery, quality, safety, security, and trust are the key elements that ensure the recognition of TOTVS brand by its stakeholders. Our positioning, interlinked with the construction of a 3-Dimensional ecosystem comprising Management, Techfin, and Business Performance, bolsters our present and future vision, reinforcing the aim of making said dimensions increasingly interconnected and interdependent.

TOTVS UNIVERSE

TOTVS’s prestige is also reflected in our events. TOTVS Universe, the country’s biggest technology and business event, has been held in Sao Paulo on an annual basis, and in 2022, its face-to-face edition was resumed. Over the course of June 14th and 15th, we amassed a gathering of over 10,000 individuals for the purpose of engaging in discourse surrounding macro and sector-specific subjects, with presentations from both domestic and international guests, as well as segmented sessions led by TOTVS’s team of experts and executives.

This edition was particularly noteworthy because it marked the debut of our technology ecosystem, which is founded on 3 Dimensions and could be demonstrated in action. It was a moment of attentive listening and genuine connection, during which we could elaborate on the strategy and demonstrate in real-time the application of our solutions. The audience profile reflected the event’s impact on the sector, attracting a diverse group of participants beyond our clients, such as prospects, technology specialists, and investors, who were invited to join the Investor Day.

Besides business content, the TOTVS Universe featured a dedicated schedule for tech enthusiasts, including developers and technology professionals. TOTVS’s team of experts spearheaded hands-on sessions and presentations of our technologies and their practical applications in the Code No Code arena. The Arena Developers community of developers assembled for debates and chats, where André Noel from the “Developer’s Life” channel gave a presentation.

It brings us great pleasure to once again offer an event of this magnitude, showcasing in practice and in depth the greatness of TOTVS and our mission within the business world.

TOTVS Universe 2022 in facts and data:

attendees
10,000+
people



more than
200
contents
provided



90+
segmented sessions





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TOTVS's "A Brazil that GETS THINGS DONE" Award ("TOTVS Brasil que Faz")

In 2022, we had the first edition of the Award known as "TOTVS Brasil que FAZ" (A Brazil that GETS THINGS DONE). Through this initiative, we aim to underscore the vital role digitalization plays in our clients' daily lives, while recognizing cases where our solutions have transformed their business operations and segments.

The awards were bestowed upon our clients in 14 different categories. In 2023, we are having the second edition of the award, whose winners will be announced in June during the TOTVS Universe.

"When TOTVS gives this opportunity, it is bringing great actions that can enhance an entire industry sector and bring innovations that promote competitiveness, cost reduction, or even guarantee the existence of businesses at risk"

Bruno Souza, CIO of Divino Fogão, winner of the Retail 2022 category.

Explore further feedback from both awardees and contenders [here](#)

2022 RH Meeting

During the week of November 7 to 11, we promoted the second edition of the HR Meeting, an online and free event that discussed topics relevant to the HR public, such as mental health, personal and professional development, an inclusive and diverse work environment, ageism in the labor market, and organizational culture. The program was enriched by the presence of notable personalities like Francisco Bosco, a philosopher and author of the book 'O diálogo possível'; Raquel Costa, founder and CEO of Next Academy, California, USA; Ary Fontoura, actor, poet, writer, and theatrical director; and Isaquias Queiroz, Brazilian canoeist, gold medalist at the Tokyo Olympic Games.





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1.2. OUR PRINCIPAL PLACES OF BUSINESS





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1.3. CORPORATE GOVERNANCE

1.3.1. Guidelines

We adopt the most superior market practices to guide our governance. Our reputation as a benchmark for best practices extends to both the technology industry and companies at large.

Our corporate governance area sets yearly goals that are reviewed and endorsed by the Board of Directors, upon the recommendation of the Governance and Nomination Committee. The year 2022 saw the achievement of objectives such as efficient execution of good corporate governance practices in investee companies and the preparation of a competencies mapping for the Board of Directors and Committees, to prevent duplication of efforts.

We conduct business in accordance with the standards outlined in the Code of Best Corporate Governance Practices as defined by the Brazilian Institute of Corporate Governance (IBGC). Among the main practices aligned with the IBGC Code, we have adopted the following:

- Disclosure and negotiation policies;
- Risk Management, Internal Controls, and Compliance Policies;
- Policies for transactions between related parties, and policies on contributions, donations, and sponsorships;
- Within our organization, we maintain a Board of Directors with a majority of independent members (86%), in addition to several committees, including the Statutory Audit Committee, the Strategy Committee, the People and Compensation Committee, and the Governance and Nomination Committee.
- We maintain an Internal Controls, Risks, and Compliance Area, which reports directly to the CEO;
- We maintain an Internal Audit area, which reports to the Statutory Audit Committee.

Our listing on B3-Brasil, Bolsa, Balcão's "Novo Mercado" segment for premium governance companies dates back to 2006, and we are committed to upholding its stringent guidelines. We were the first Brazilian software company to join this elite segment, which comprises the best corporate governance practices of B3 S.A. This segment of B3 admits companies that adopt and commit to practices that go beyond what Brazilian legislation for corporate governance requires.

Our Code of Ethics and Conduct serves as a moral compass for the behavior and relationships of TOTVERS and our stakeholders, requiring absolute adherence from 100% of the company's employees and administrators. In addition, we carry out specific and mandatory training for all TOTVERS. Further information about the Code of Ethics and Conduct is covered in the section "Ethics and compliance".

Furthermore, we maintain a broad and sturdy set of corporate policies, disclosed on the IR website, which strengthen our institutional framework, such as:

- Policy for Hiring and Engaging with Independent Auditors
- Contribution, Donation, and Sponsorship Policy
- Diversity and Inclusion Policy (approved in 2022)
- Policy on Disclosure of Material Information
- Policy for the Preparation and Publication of Normative Documents
- Risk Management, Internal Controls, and Compliance Policy
- Treasury, Credit, and Collection Management Policy
- Litigation Management Policy
- Indemnity Policy

- Policy for Nominating Members for the Board of Directors, its Advisory Committees, and the Statutory Board of Officers
- Securities Trading Policy
- Data Privacy Policy
- Human Relations and Compensation Policy
- Policy for Business and Institutional Relationship with Public Entities
- Corporate Information Security Policy
- Sustainability Policy (ESG)
- Policy for Transactions with Related Parties

Within TOTVS's Internal Standards Framework, the corresponding policies establish the corporate guidelines and responsibilities of each area or governance team of the company, which are approved by the Board of Directors and reviewed at least every three years. The operational standards detail the processes, rules, and criteria to be followed to comply with the Policies and are reviewed every two years.

Internal procedures and controls are reassessed annually and may be updated at any time due to changes in rules, processes, and risk scenario. The other policies are available to all stakeholders and the general public on the website of the Securities and Exchange Committee (CVM) and also on our Investor Relations website, [here](#).



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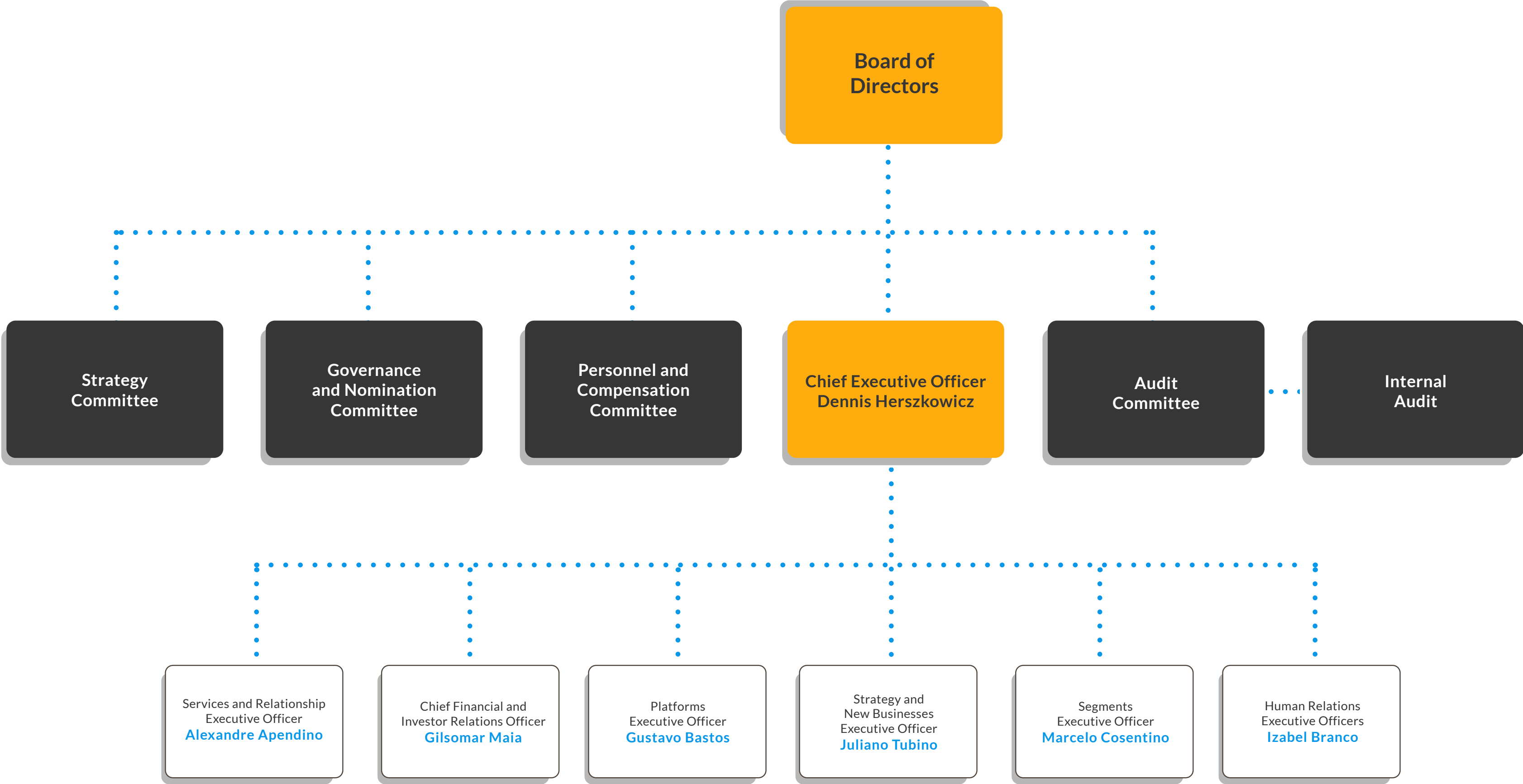
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1.3.2. Governance structure ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾
[GRI 2-9]



⁽¹⁾ Corporate governance structure in force as of December 31, 2022.
⁽²⁾ On February 10, 2023, with a favorable recommendation from the People and Compensation Committee, the Board approved the re-election of the members of the Board of Executive Officers.
⁽³⁾ In March 2023, Juliano Tubino assumed the presidency of RD Station, and his position was changed to Business Performance Executive Officer.
⁽⁴⁾ On June 30, 2023, Ms. Izabel Cristina Branco submitted her resignation letter to the position of Human Relations VP, which became effective as of July 24, 2023.



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Board of Directors

[GRI 2-9, 2-10, 2-11, 2-12, 2-17, 2-18, 3-3]

The Board of Directors is the highest authority in TOTVS's governance structure. It is accountable for approving and supervising the implementation of strategies, execution of general business plans, and policies. Among other duties, the Board of Directors designates and supervises the management of the company's executive officers. In line with the provisions of the Brazilian Corporate Law, the Board also has the duty of approving the hiring of independent auditors responsible for auditing the Company's financial statements.

Its operating guidelines are established in corporate policies, in the Charters of the Board of Directors and Advisory Committees, in addition to the Company's Bylaws. The Company's Bylaws specify that the Board of Directors must be composed of at least five, but no more than seven individuals. The directors are elected through a General Meeting of Shareholders, serving a unified term of two consecutive annual years, which is defined as the duration between two Annual General Meetings.

We have a Policy for Nominating Members for the Board of Directors, its Advisory Committees, and the Statutory Board of Officers, as approved by the Board on December 15, 2020. The purpose of this policy is to establish the procedure and basic prerequisites for nominating members to these entities, with the aim of guaranteeing that the eligibility criteria for their corresponding compositions are in harmony with TOTVS's principles,

values, and culture, strategy, stage of development, and expected performance standards of these areas.

This policy also sets forth that the Governance and Nomination Committee has a key role in the five stages of that process, to wit: (i) analysis of the existing and desired profiles of the board; (ii) Board assessment process; (iii) engagement with the key shareholders with the aim of gathering insights and suggestions; (iv) identification of candidates to be added to the Management's Proposal; and (v) management of the process of separate nominations to the Board made directly by the shareholders, if any.

Pursuant to this policy, the Governance and Nomination Committee has the duty of handpicking and nominating to the Board of Directors potential candidates who fulfill the legal requirements and cater to the company's needs, taking into account the opinions of relevant stakeholders, for election at the General Meeting of Shareholders. The Governance and Nomination Committee will conduct its reviews and make recommendations to the Board based on this Policy.

The re-election and dismissal of the members of the Board can be carried out by TOTVS's shareholders meeting during a General Meeting at their discretion. Pursuant to the standards set forth by the Novo Mercado Regulation that are reflected in the Company's Bylaws, the Board of Directors is required to have a minimum

of 20% independent directors. Currently 86% are independent. The term of office of the current directors will remain effective until the Annual General Meeting to be held in year 2024.

As per the Brazilian Corporations Law, the Board of Directors cannot vote in Shareholders' Meetings and participate in any transaction or business that may pose a conflict of interest with TOTVS.

Pursuant to the Charter of the Board of Directors, the Company has a structured, formal, and periodic process for assessing the performance of the Board of Directors, the Advisory Committees and the directors, led by the Chairperson of the Board of Directors, with the collaboration of the Corporate Governance area and under the recommendations of the Governance and Nomination Committee. The process can be executed by specialized external consultants or implemented internally by the Company.

The Development Trail for members of the Board of Directors and Advisory Committees is a program created aimed at raising the level of knowledge about TOTVS's business, besides providing updating and improvement in particularly relevant topics such as the ESG Agenda, governance, technology, and innovation.



It is responsible for assisting the Board of Directors to establish the terms of compensation and other benefits, evaluate candidates to be appointed to the Board of Executive Officers, examine

recruitment and hiring practices adopted by TOTVS and its subsidiaries and controlled companies, identify potential leaders and monitor the development of their careers, monitor the preparation and implementation of a succession plan for the company’s executives, and monitor the annual assessment process of the Organization’s executives, among other duties. The People and Compensation Committee must comprise at least three members, all directors, and at least two of them must be independent.

Governance and Nomination Committee

Among its main duties, the following stand out: recommending and monitoring the adoption of good environmental, social, and governance (ESG) practices, as well as giving an opinion on the definition of sustainability targets at TOTVS, establishing the processes for interaction between long-term shareholders and the Board, selecting and nominating members to the Board, as well as candidates to join the Advisory Committees, providing the organization with advice for the

performance assessment of the Board and Committees, and giving an opinion on the disclosure of the Company’s governance practices. It must be composed of at least three members, all directors, and the chairperson of the Board of Directors must be a permanent member of the Committee, and at least two of them must be independent directors.

Strategy Committee

It analyzes and discusses topics that enable the construction of the company’s view of the future and strategic planning, including the strategic ESG guidelines, evaluates the Board’s proposals on potential mergers and acquisitions and issues an opinion on them, stating the need for submitting subjects to the Board of Directors, and issues an opinion on the Company’s budget, recommending its submission to the Board. The Strategy Committee must be composed of four (4) members, three (3) of whom are directors, and the majority of them must be independent members. The Company’s Chief Executive Officer is a permanent attendee at meetings, but cannot vote.

Board of Executive Officers

TOTVS entrusts the Board of Executive Officers with the duty of implementing strategies and managing day-to-day operations, and they serve as the organization’s legal representatives. They are particularly responsible for managing the company and implementing its general policies and guidelines established by the Board of Directors. The officers are elected by TOTVS’s Board of Directors with a unified term of office of two annual terms. The annual term is the period between two Annual General Meetings, and they can be reelected and removed by the Board of Directors at any time. Under the B3 “Novo Mercado” standards, the officers must sign a term of consent adhering to the “Novo Mercado” regulations.

Currently, in addition to the CEO, we have six vice presidents, as shown in the table below. As per the Board of Directors (RCA) Meeting held on February 10, 2023, the reelection of the Statutory Board of Executive Officers was determined.

Composition of the Board of Executive Officers ⁽¹⁾⁽²⁾

Name	Position	Election
Dennis Herszkowicz	Chief Executive Officer	Feb. 10, 2023
Alexandre Haddad Apendino	VP Chief Customer Service and Relationship Officer	Feb. 10, 2023
Gilsomar Maia Sebastião	VP Chief Administrative and Financial Officer, and Investor Relations Officer	Feb. 10, 2023
Gustavo Dutra Bastos	VP Chief Platform Officer	Feb. 10, 2023
Izabel Cristina Branco	VP Chief Human Relations Officer	Feb. 10, 2023
Juliano Tubino	VP Chief Strategy and New Business Officer	Feb. 10, 2023
Marcelo Eduardo Sant’anna Cosentino	VP Chief Business for Segments Officer	Feb. 10, 2023

⁽¹⁾ As of December 31, 2022, the Board of Executive Officers was composed of seven members, listed in the table above.
⁽²⁾ On June 30, 2023, Ms. Izabel Cristina Branco submitted her resignation letter to the position of Human Relations VP, which became effective as of July 24, 2023.

Percentages of composition of the Boar of Executive Officers⁽¹⁾

[GRI 2-9]

By gender	2020	2021	2022
Men	86%	86%	86%
Women	14%	14%	14%
By age group	2020	2021	2022
Between 30 and 50 years of age	100%	100%	100%
Over 50 years of age	0%	0%	0%

⁽¹⁾ It considers the compositions of the Board of Executive Officers on December 31, 2022, 2021 and 2020.



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We implemented an assessment process of executive officers, following the practices recommended by the Brazilian Code of Corporate Governance. Our Board of Directors has the duty, with the assistance of the People and Compensation Committee, to determine the corresponding targets and conduct the annual assessment process of executives based on the achievement of financial and non-financial performance targets, in line with our values and ethical principles.

The latest assessment process of the chief executive officer and the other officers, based on the achievement of both individual targets and corporate targets and the detailing of the standards for accelerating or slowing down the achievement of the company's targets, was conducted by the People and Compensation Committee, which was completed and approved by the Board of Directors at a meeting held on March 15, 2023.

The People and Compensation Committee oversees the yearly assessment of TOTVS executives, taking into account their success in meeting financial and non-financial performance targets, consistent with the company's values and ethical standards.

Regarding succession plans, we are also adhering to the practice recommended by the Brazilian Code of Corporate Governance. Thus, the succession plan of our Board of Executive Officers is approved by the Board of Directors and reviewed annually, and it is up to the People and Compensation Committee to monitor the preparation and implementation of the plan, and the Governance and Nomination Committee to ensure its existence and effectiveness to check any need for adjustments or updates.

1.3.3. Compensation of the Board of Directors [GRI 2-11]

Our Board of Directors members are paid a fixed monthly compensation in line with industry practices, and, as of 2023, as approved by the Extraordinary General Meeting, the independent directors will receive 20% of their fixed compensation in shares, which will be vested within two years after the end of their terms of office. Beginning in 2019, the compensation of the Chairman of the Board of Directors includes a variable component as part of a long-term incentive plan based on shares. Currently, the Company has an effective Share-Based Incentive Plan, known as "Plan 3", approved at the Extraordinary General Meeting held on April 20, 2021 that was updated and amended on April 19, 2023. Plan 3 superseded, as of January 1, 2022, the Share-based Incentive and Retention Plan approved at the Extraordinary General Meeting held on December 15, 2015 that was amended on April 5, 2018 and April 18, 2019 ("Plan 2"), according to which the granting of Restricted Shares carried out under Plan 2 remained intact and in force until December 31, 2021.

The granting of restricted shares is subject to the fulfillment of predefined long-term targets (approved by the Board, without the vote of the Chairman of the Board), which reflect the assertiveness in the contribution and execution of the company's medium and long-term strategy with the purpose of generating value for shareholders.

In addition, the Chairman of the Board of Directors is also entitled to the following benefits: life insurance, medical plan and dental plan, no longer being eligible for the vehicle with driver benefit since May 2021. These forms of compensation aim to acknowledge the distinctive contributions that the Chairman of the Board has been making to TOTVS and the market since he was elected on November 26, 2018. The Chairman of the Board plays a comparable role to that of an extended chairman, encompassing targets with three-year cycles pertaining to



strategy, company's long-term performance, institutional performance, and mentoring of the CEO.

In accordance with standard market practices, committee-affiliated members of the Board of Directors receive a fixed monthly remuneration, in addition to their compensation as TOTVS directors. External members also receive fixed monthly compensation for their participation in committees. On the other hand, members of the Board of Executive Officers do not receive additional compensation for taking part in committees.

Pursuant to Law No. 9,457, of 1997, the compensation of each member of the Fiscal Council (aka Supervisory Board) may not be less than 10% of the average fixed compensation paid to each statutory officer, not considering benefits, representation funds, and profit sharing. TOTVS has not had a Fiscal Council (Supervisory Board) since the end of its term of office that took place on April 19, 2022.

The compensation of the statutory and non-statutory board of executive officers is composed by a mix of short- and long-term variable incentives based on performance, in addition to a fixed base salary, as detailed below.:

Fixed compensation:

- It is the amount received every month by a professional as compensation for the duties and responsibilities corresponding to the position held.

Variable compensation:

- Short-term incentive (Semiannual Bonus): is a short-term incentive that provides variable compensation to professionals every six months. The objective is to reward their personal achievements and the company's overall performance, including each business unit. The Semiannual Bonus is pegged to the overall financial indicators of each business, as well as to individual performance based on the achievement of objective performance metrics that comprise a blend of strategic and operational measures with both financial and non-financial components.
- Long-term incentive (Share Plan): it is the amount of the common restricted shares issued by the company that are delivered to eligible participants, based on individual performance and, in the case of the ILP Performance Program, also on long-term indicators of the company. The terms and conditions for these incentives were set forth in the Share-Based Incentive and Retention Plans approved by the General Meetings held on December 15, 2015 (updated and amended on April 5, 2018), April 18, 2019, April 20, 2021 and April 19, 2022, with the purposes of:

i. increasing the medium and long-term alignment between the interests of executives and shareholders, expanding the sense of ownership and commitment of participants through the concept of investment and risk;

ii. strengthening incentives for long-term permanence and stability of participants within the context of a publicly held Company;

iii. serving as an essential tool for retaining and attracting talent in an industry challenged by global competition and featuring compensation above the average of other sectors;

iv. encouraging the improvement in the company's long-term performance, as ascertained through business indicators. The number of shares granted annually to each participant is based on the assessment of individual performance measured through the "9 Box" method, which considers the effective deliveries of each executive throughout the fiscal year, adherence to the core competencies of TOTVS and the future potential of contribution to the company. The assessments are carried out by the executive's manager, with subsequent calibration by a board composed by the Statutory Board of Executive Officers, in the case of the assessment of non-statutory executive officers; the People and Compensation Committee; and the Board of Directors, in the case of assessment of statutory executive officers. The number

[GRI 2-19, 2-20]

Proportion of each element in the total compensation of the Statutory Board	2020	2021	2022
Fixed	27%	26%	25%
Variable	68%	70%	71%
Benefits	5%	4%	4%

Proportion of each element in the total compensation of the Board of Directors	2020	2021	2022
Fixed	64%	50%	45%
Variable ¹	31%	45%	54%
Benefits ¹	5%	5%	1%

⁽¹⁾ Applicable to the Chairman of the Board of Directors only.

of restricted shares to be granted to each nominated participant is recommended by the People and Compensation Committee, and decided by the Board of Directors.

Benefits

- The set of benefits granted to executives includes health plan, dental plan, meal voucher, private pension, life insurance, car, and fuel voucher. The benefits package is aligned with key market practices. Such a set of benefits is the same for all executives. However, there may be differences in the amounts of the benefits granted depending on the position and the region in which such executive officer works.
- Detailed information on compensation paid to management members is available in section 8 of our 2023 Reference Form, which can be accessed at this [link](#), as well as in the Human Relations and Compensation Policy and the Share-Based Compensation Plan, available [here](#). Such materials are also available on the website of the Brazilian Securities and Exchange Commission (CVM).



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Proportion of each element in the total compensation of the Fiscal Council	2020	2021	2022
Fixed*	-	100%	100%
Variable	-	-	-
Benefits	-	-	-

* The Company did not have a Fiscal Council established until April 2021. The term of office ended on April 19, 2022, and a new Fiscal Council for the Fiscal Year 2022 was not established

Members of the Board of Executive Officers hired in local communities [GRI 202-2]

We promote the hiring of professionals from the surrounding areas in which we operate, if possible. Nevertheless, no established protocol exists that prioritizes the appointment of executives for Top Management roles from nearby communities.

Shareholding composition and structure [GRI 2-6]

We ended the year with a capital stock of R\$2.963 billion. At the end of 2022, this capital stock consisted of 617,183,181 common shares.

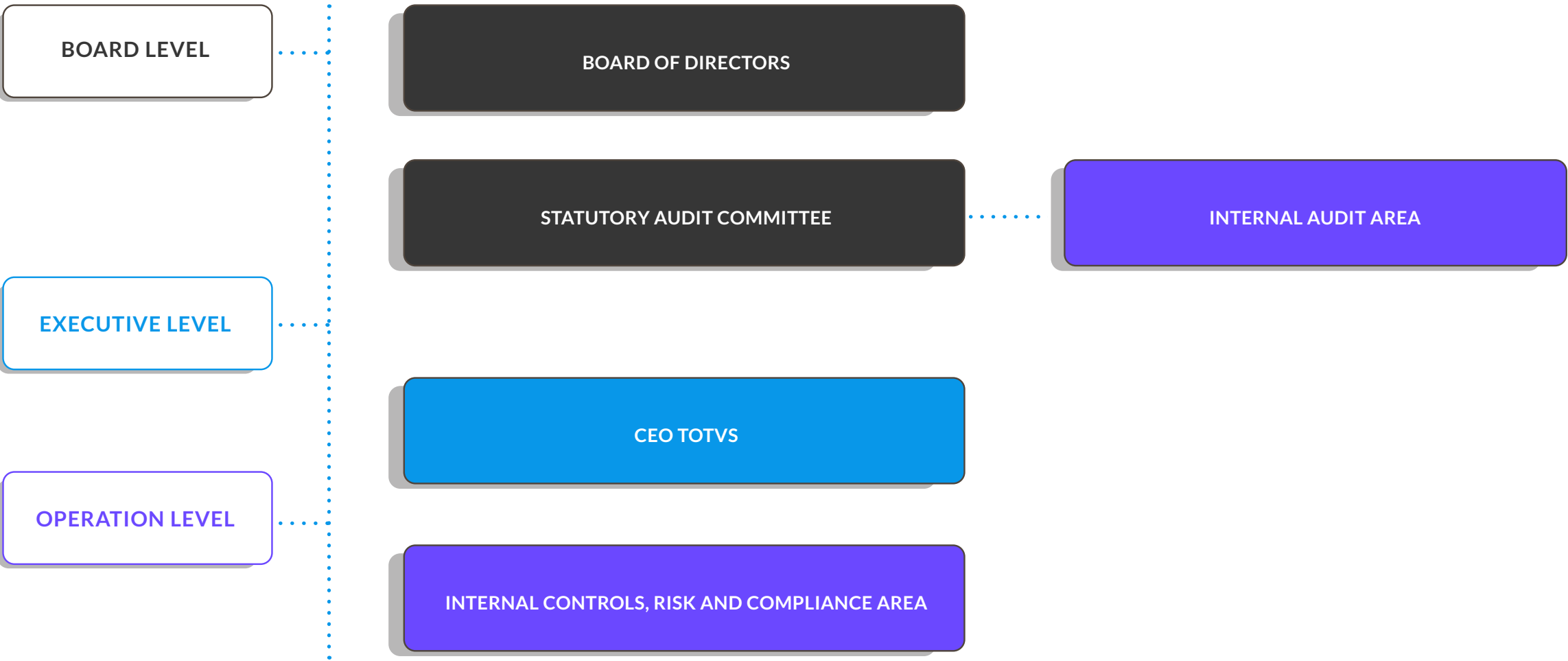
Distribution of the shareholding structure

Shareholder	Shares in 2021	Shares in 2022	% in 2021	% in 2022
LC EH Participações e Empreendimentos S.A.	80,282,970	80,282,970	13.01%	13.01%
GIC Private Limited	39,308,774	37,582,739	6.37%	6.09%
Canada Pension Plan	32,754,201	32,754,201	5.31%	5.31%
BlackRock Inc	29,695,310	31,632,336	4.81%	5.13%
Laércio José de Lucena Cosentino	6,631,704	5,734,635	1.07%	0.93%
CSHG Senta Pua Fia	144,800	144,800	0.02%	0.02%
Other	419,260,546	417,615,746	67.93%	67.66%
Outstanding shares	608,078,305	605,747,427	98.52%	98.15%
Treasury Shares	9,104,876	11,435,754	1.48%	1.85%
Total in units	617,183,181	617,183,181	100%	100%



1.4. Risk management [GRI 2-12, 2-16, 2-26, 3-3] [SDG 8, 9, 12, 17]

Organization Chart Risk management: flow and purviews involved



Risk management is part of the decision-making process at all levels and in all our activities and projects in Brazil and abroad. Considering external and internal factors, we categorize below the risks to which we are exposed:

- Operating risks
- Information technology risks
- Financial risks
- Strategic risks
- Regulatory/compliance risks

The Board of Directors plays a crucial role in defining strategic objectives that drive TOTVS's risk management cycle. The Board is responsible for approving the Risk Management, Internal Controls and Compliance Policy and the risk management methodology to be applied, as well as the levels of appetite for and tolerance to the risks proposed by the board of executive officers and recommended by the Statutory Audit Committee.

In order to ensure its adequacy to the internal and external scenario, it is up to the Board of Directors, upon prior evaluation and recommendation of the CEO, the vice-presidents and the Statutory Audit Committee, to approve the annual review of the risk matrix, as well as to monitor the actions determined for its mitigation, the respective

implementation status and the progress of the Key Risk Indicators (KRIs), through periodic reports carried out by the Internal Controls, Risks, and Compliance area.

The Risk Management, Internal Controls, and Compliance Policy sets forth the principles, guidelines, and responsibilities to be observed in the management of corporate risks, internal controls, and compliance of the company. The document encompasses the complete risk management cycle, including methodology, context establishment, identification, analysis and assessment, treatment, monitoring, and reporting of corporate risks, to ensure the efficacy of the risk management process. This policy covers:

Governance and a risk management culture

The culture of managing risks entails a combination of ethical standards, values, attitudes, and behaviors that are recognized and implemented, and the dissemination of risk management as an integral part of the decision-making process across all tiers of the organization. Managers are primarily responsible for the day-to-day management of the risks associated with their area or business process and for the dissemination of this culture among their subordinates. They also establish and execute appropriate controls and action plans for risk management, under the monitoring of the Internal Controls, Risks, and Compliance area.

Risk, strategy, and definition of goals

Risk management entails the examination of both internal and external factors and their potential repercussions on TOTVS's strategic direction and success in achieving business goals. To this end, risks are periodically identified, assessed, prioritized, and documented to ensure proper management.



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Risk management methodology

The methodology we apply is supported by the components of the Committee of Sponsoring Organizations of the Treadway Commission–Enterprise Risk Management Framework (COSO ERM), in addition to the ISO 31.000 guidelines. Besides aspects of culture, this methodology comprises structured steps for the effectiveness of risk management.

Initially, the context is established, with the capture and understanding of short-, medium- and long-term strategic goals, considering the internal and external environment. From the context, we identify risks through specific tools, such as process mapping and interviews with the corresponding managers in charge. A thorough evaluation of the risks and their respective risk factors is conducted, taking into account their likelihood and consequences. The final risk classification is then assigned to one of the levels outlined in the methodology. A Risk Matrix is used for a comprehensive understanding of risks and support in management.

The mapped risks are subject to treatment by the respective responsible areas through implementing one or more action plans to mitigate the events. Risk monitoring occurs through the constant monitoring of the internal control environment, the progress of key risk indicators (KRIs) created, and the response actions to the identified risks.

Risk Matrix [GRI 2-12, 2-13, 2-15, 2-16, 2-23, 205-1] [SDG 8, 9, 12, 17]

As provided for in the risk management methodology we use, we have a Risk Matrix that is updated periodically, in line with the strategic guidelines of the business and the changes in the internal and external scenarios. TOTVS has taken steps to enhance its adherence to the ESG Agenda by incorporating aspects of the three pillars into the identification of risks and associated risk factors, as well as in the development of mitigation action plans assigned to the responsible business area owners.

Our Risk Matrix was updated at least once a year based on strategic business guidelines and changes in internal and external environments, as well as interviews with risk owners and the Board of Executive Officers. The 2022 update involved the conclusion of the 2021 cycle, incorporating an evaluation of the efficacy of the risk-mitigation action plans implemented during this time, as well as the identification of potential new risk factors.

In order to ensure adequate governance of the risk management process, the Risk Matrix was validated by the vice-presidents and chief executive officer, as well as evaluated and recommended by the Statutory Audit Committee, responsible for submitting the matter for approval by the Board of Directors. Thus, it promotes adequate visibility into the company’s risk management process and the effective involvement of the Top Management and the Company’s governance bodies, which ensures the impartiality of results and allows the analysis of the impact on the direction of our business decisions and strategic initiatives.

Internal controls environment

[GRI 2-12, 2-15, 2-23, 2-26] [SDG 8, 9, 12, 17]

It denotes the structure responsible for verifying the efficiency of existing internal controls and potential impacts arising from changes in the internal and/or external environment. In order to evaluate the effectiveness of internal controls, the business areas responsible for the processes annually carry out the Control Self-Assessment and make available the evidence of performance of the controls for the analysis to be performed by the Internal Controls, Risks and Compliance Area.

In order to assess the correct application and operating efficiency of controls to prevent or detect relevant distortions, the Internal Audit uses the data and documentation of the process generated by the Internal Controls, Risks and Compliance area as a subsidy for carrying out its effectiveness tests.

Commencing in 2023, the Internal Controls, Risks, and Compliance department will conduct control tests as a means of pursuing continuous improvement towards elevated governance and process maturity. The entire process of mapping, review of controls and their respective results are periodically reported to the Statutory Audit Committee.



1.5. ETHICS AND COMPLIANCE

[GRI 2-13, 2-15, 2-23, 2-24, 2-26, 205-2] [SDG 8, 9, 12, 17] [GLOBAL COMPACT 1, 2, 10]

Ethics, integrity, and compliance are non-negotiable principles for TOTVS, and guide our conduct and relationship with clients, customers, business partners, suppliers, investors, public entities and agencies, and other stakeholders in our ecosystem.

Compliance Program

[GRI 2-26] [SDG 17] [GLOBAL COMPACT 1, 2, 10]

Our Compliance Program reinforces our commitment to compliance and aligns with our corporate governance protocols, alongside our Risk Management, Internal Controls, and Compliance framework.

This program disseminates our guidelines regarding the aspects of ethics, transparency, and elimination of corruption through a method aimed at the prevention, detection, and remediation of unlawful and unethical conduct. Our methodology is composed of five pillars in a structured manner:

- 1. Compliance culture:** by strengthening the ethical and compliance culture through the engagement and constant support of the Company's key leaders.
- 2. Risk Assessment:** by identifying, assessing, and addressing the major compliance and anticorruption risks to which TOTVS is exposed in the conduct of its activities.

3. Code of Ethics and Conduct, corporate policies and procedures: establishment and formalization of internal guidelines, standards, and procedures that must be followed by TOTVERS and third parties within the scope of the Compliance Program.

4. Communication and training: permanent awareness-raising so that everyone knows the guidelines, rules, and responsibilities to be met within the scope of the Compliance Program.

5. Detection and remediation: identification of any conduct that violates applicable legislation and regulations and the company's internal standards. As a result, it secures the discontinuation of any unethical actions and the enforcement of disciplinary measures for those actions.

The prevention and elimination of corruption practices are fundamental goals of the Compliance Program, which is the subject of periodic reporting to the Statutory Audit Committee and the Board of Directors. Moreover, within the scope of the Program, the Internal Controls, Risks, and Compliance area is responsible for developing and updating the Code of Ethics and Conduct, which determines the expected behaviors and conducts, as well as conducts not tolerated by the Company. Likewise, we expect ethical conduct consistent with these guidelines from all third parties with whom we establish a relationship.





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It is also within the purview of the program to perform due diligence procedures for third-party compliance. The aim is to identify any compliance risks related to these third parties, including but not limited to national and international governmental sanctions, investigations and potential negative media relating to events of corruption, fraud, money laundering, among other illicit practices. This process is also adopted for the base of active suppliers and philanthropic organizations and is a fundamental element for decision-making on the establishment and continuity of the relationship with these third parties.

The Compliance Program is audited periodically, allowing the independent assessment of the results achieved for each pillar and, when necessary, the establishment of improvement actions.

Code of Ethics and Conduct

[GRI 2-15, 2-23, 2-24, 2-26, 205-2]

[SDG 8, 9, 12, 17] [GLOBAL COMPACT 1, 2, 10]

Our Code of Ethics and Conduct sets forth the principles and practices that guide TOTVERS's daily interactions and decisions, including business compliance and internal and external relationships. It is applicable to all directors, officers, shareholders engaged in the control of the company, employees, service providers, franchisees, suppliers, and partners.

The Code's regulations are applicable to all third-party individuals or organizations with any form of connection to TOTVS, who must enter into contractual agreements to acknowledge and comply with these standards.

In order for the guidelines, standards, and updates of our Code of Ethics and Conduct to be known to everyone and to be absorbed as part of the corporate culture, we carry out a permanent work of communication and training/qualification with the target audience.

To read our Code of Ethics and Conduct, please click [here](#).

Ethics and Conduct Channel

[GRI 2-15, 2-23, 2-24, 2-25, 2-26, 205-3]

[SDG 8, 9, 12, 17] [GLOBAL COMPACT 1, 2, 10]

We maintain a direct channel so that any person who relates to us can report, confidentially or not, at his/her discretion, situations that may characterize a violation of TOTVS's Code of Ethics and Conduct and other internal standards or any other practice that breaches or may violate current legislation and/or regulations. It is available on this [link](#) and on the phones 0800-721-5966 (Brazil) and 55 11 3232-0766 (other locations).

This channel is operated by an independent external organization specialized in the management of reporting and complaints. In 2022, 165 complaints were received, duly analyzed and treated (in 2021, 126 cases were reported).

[GRI 2-25, 205-3]

In 2022, as in the previous year, we were not subject to any legal proceeding (i.e., ongoing public investigations, lawsuits, or closed cases), nor did we have cases reported to the Ethics and Conduct Channel referring to cases of corruption against the organization or its employees.





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Ethics and Conduct Committee [GRI 2-23, 2-24, 2-25, 2-26]

To promote the guidelines of the Code of Ethics and Conduct, we have an Ethics and Conduct Committee, a group consisting of employees appointed by the Company's CEO and approved by the Board of Directors. This Committee is responsible for analyzing potential violations of the Code of Ethics and Conduct, other internal standards, or current laws. In the event of a violation, the Committee shall determine the appropriate disciplinary measures.

We have also established the Consequence Management Standard, which sets forth the rules and criteria to be observed in the process of applying disciplinary or legal measures as a result of infractions committed.



Constant training and awareness

[GRI 2-24, 2-25, 205-2][SDG 8][GLOBAL COMPACT 1, 2, 10]

To ensure the effectiveness of our Code of Ethics and Conduct, we extensively disseminate our anti-corruption policies and procedures. This dissemination is done to both internal and external audiences. Internally, we provide training and use the intranet, while externally, we make the information available on TOTVS's institutional and Investor Relations website. In 2022, as part of ongoing training in the field of ethics and anti-corruption, the following initiatives were promoted to build a solid anti-corruption culture:

- Code of Ethics and Conduct: a mandatory training in e-learning format, made available to all TOTVERS and franchisees, with a 95% adherence rate. One's understanding of the training is gauged through ethical queries and predicaments that mandate adherence to the Code of Ethics and Conduct, with successful completion of the course and receipt of the certificate contingent upon achieving a minimum score of 70%.
- Anti-corruption (for the Board of Directors): session held with external consulting for all members of the Board, in order to reinforce awareness on the subject, as well as the risks, roles, and responsibilities of the Directors on the anti-corruption legislation and the Brazilian Corporations Law, also considering the legal and reputational impacts for TOTVS.
- Anti-corruption (for the Board of Executive Officers, and for officers): session held with external consulting for the executive officers and other officers aimed at reinforcing awareness on the subject, as well as the risks, roles, and responsibilities of the officers under the anti-corruption legislation and the Brazilian Corporations Law, also considering the legal and reputational impacts for TOTVS.
- Anti-corruption (for employees who work with purchases): training on the importance of the due diligence process to identify compliance risks, including potential conflicts of interest and specific points of attention inherent to this process, as well as the impacts of the Anti-Corruption Law on the relationship with third parties.
- Compliance (for new employees): as part of the ethics-related training, we carry out monthly compliance onboarding, a virtual training in which ethical and compliance principles are addressed, elimination of corruption, besides presenting the Compliance Program, the major guidelines and rules of the Code of Ethics and Conduct, and the Ethics and Conduct Channel.
- Relationship with public agents: for employees who make part of structures that potentially relate to public agents, we offer an e-learning training on the Business and Institutional Relationship Policy with Public Entities, whose learning is measured through situations and questions throughout the training.



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Conflict of interest and anti-corruption

[GRI 2-15, 2-23, 2-24, 2-25, 2-26]

[SDG 8, 9, 12, 17] [GLOBAL COMPACT 1, 2, 10]

We have several standards and procedures to prevent potential conflicts of interest and to promote ethical and responsible conduct with the government and other stakeholders.

Our Policy for Business and Institutional Relations with Public Entities is mandatory for all TOTVS employees and managers, and it is also valid for franchised units. This policy establishes guidelines and rules of conduct to be followed in our relationship with public agents. We expect and encourage third parties, subcontractors, representatives, consultants, suppliers, and service providers to guide their actions in accordance with said policy when they relate to the company or represent us. [GRI 205-2]

We vigorously strive to eliminate corruption and, thus, disallow any illicit conduct, in compliance with Anti-Corruption Law 12.846/13 and other anti-corruption statutes that are relevant in the countries where we operate.

We have an Anti-Corruption Standard that sets forth the anti-corruption and anti-bribery guidelines and minimum standards to be followed by all TOTVS's employees and management members. This document provides for clear rules on the relationship with public agents and Politically Exposed Persons (PEPs), contributions, donations, and sponsorships, relationship with suppliers and service providers, gifts, presents, and hospitality, accounting books and records, and the express prohibition to facilitation payments. [GRI 205-2]

In 2022, within the scope of this concern, the maps of risks related to compliance and corruption/fraud in the purchasing process were updated, as well as in the Public Sector area, regarding TOTVS's participation in bidding processes, in order to identify the major risks to which the Company is exposed in these processes, as well as to map existing mitigation controls and identify any measures to mitigate risks. [GRI 2-25, 205-1]

Additionally, to prevent and manage potential conflicts of interest, our Policy on Transactions with Related Parties stipulates that the registration of related parties must be overseen and the information managed and controlled. Annually, it is verified with the directors and key members of the Company's Management and their close relatives the existence of links related to participation as members of other boards, accumulation of positions and effective terms of office, and equity interests in other companies.

In order to improve the controls for identifying and monitoring situations of conflicts of interest and as part of the actions of the Compliance Program, we have a specific rule that sets forth provisions to identify and address situations involving potential conflicts of interest and related parties. We also highlight that TOTVS does not have controlling shareholders. [GRI, 2-12, 2-15]





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Transactions with related parties and their respective amounts, as well as the guidelines for handling conflicts of interest, are disclosed to the market through our Reference Form, in accordance with the criteria of the Policy for Transactions with Related Parties and applicable legislation in force. The amounts of these transactions are also disclosed in the financial statements, following the criteria of the applicable regulations.

As part of the awareness-raising measures on conflict of interest, we carry out training with the Contracts area that are focused on monitoring related parties, and with the Human Resources area to reinforce the dissemination of conflict of interest standards arising from internal relationships between employees.

With regard to anti-corruption guidelines and best compliance practices, we also highlight the Contribution, Donation and Sponsorship Policy, which determines the rules to be followed to make any type of contribution, donation or sponsorship, defining the responsibilities and governance required for the process.

For these guidelines to be effectively complied with, we have established internal controls in the processes for approving expenses and for granting any contributions, donations, and sponsorships. These controls are checked periodically by the internal audit team.



The topic of how to identify and treat conflict of interest events is disseminated to all TOTVERS through releases aimed at raising the awareness on this subject and Training on the Code of Ethics and Conduct, besides specific training for certain areas. We also have a structured process for approving expenses and granting contributions, donations, and sponsorships, aimed at ensuring that the corresponding guidelines are being duly complied with.



3rd COMPLIANCE WEEK

In addition to promoting the international anti-corruption day, the Compliance Week is an important initiative to foster and strengthen this subject at TOTVS, providing TOTVERS with advice and encouraging them to build and maintain an ethical and transparent business environment.

Between December 5 and 9, we promoted a series of lectures in a live format addressing topics such as "Nonviolent communication: building more harmonious relationships"; "Is it obvious to do the right thing?"; "Social media: your posts, your identity"; and "Diversity and Inclusion: that's compliance too!". In addition, we gave a specific lecture on prevention of moral and sexual harassment aimed at employees holding leadership positions.

In 2022, we had the participation of 1,269 TOTVERS, an increase of 78% versus the previous year.



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Public anti-corruption commitments

[GRI 2-16, 2-26, 205-2, 3-3] [SDG 4, 8, 9, 10, 12, 17] [GLOBAL COMPACT 10]

Our public anti-corruption agenda aims to bolster governance and compliance through national and international organizations and initiatives, exchanging strategies and adopting novel practices applicable to our daily routines. We are signatories of the following movements:

UN Global Compact: signatory organizations are committed to aligning their strategies and operations with ten universal principles, in the areas of Human Rights, Labor, Environment, and Anti-Corruption, and to develop actions to face the challenges of society. Its principles derive from the Universal Declaration of Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

Business Pact for Compliance and Against Corruption, with the Ethos Institute: the pact seeks to promote a more honest and ethical market and eradicate bribery and corruption. We also take part in the Ethos Institute's Compliance Working Group, which promotes debates and exchange of experiences regarding the implementation of compliance and anti-corruption policies and actions.

1.5.1. Information Security and Data Protection and Privacy [GRI 418-1] [SDG 8, 9, 17]

As a technology company, we are continuously enhancing Information Security and Data Protection and Privacy in all arenas: with clients, employees, partners, and suppliers. Our priorities focus on protecting, preserving, and respecting the privacy and rights of individuals' personal data. Potential risks are managed by specific internal areas, which include an Information Security Incident Response process and a Data Privacy Incident Response plan. In 2022, we did not identify any event that could affect our activities.

Our ethical and governance conduct strengthens us and supports the security of personal information, as provided for by the General Data Protection Law (LGPD). In May 2021, we implemented the Privacy Policy (please read it [here](#)), which governs this subject and shows TOTVS's commitment to customer data in a transparent manner, in addition to the guidelines for safety, security, preservation, and respect when they are treated. It is applicable to all areas of TOTVS, including third parties who in any way treat personal data on behalf of or at the request of the company.





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The Data Privacy Governance program is persistently ongoing and is also implemented in certain acquired companies and our overseas operations. We promote a series of training and awareness workshops to maintain and update our employees on the subject, including mandatory e-learning training for all TOTVERS. Furthermore, we implemented a communication plan that educates them on the legislation's influence on the company's everyday affairs. The guidelines are also mandatory for our franchisees.

The application of Privacy by Design in new processes and products makes us offer solutions already in compliance with the LGPD. As regards our clients, these resources aim to assist them in maintaining and improving their adequacy to legal requirements, in accordance with best management practices and processes related to personal data protection. We emphasize, however, that the use of the resources we provide is always a decision to be made by our client, at their sole discretion and full responsibility. Each client bears the responsibility of determining the most effective means of managing the personal data of their users, customers, and suppliers as per applicable legislation.

2022 REGARDING SECURITY, PROTECTION, AND PRIVACY

Among the Security goals, we completed the implementation of a tool to automate the governance of corporate identities and accesses, improving TOTVERS access management controls, reducing the risk of improper accesses and the service time to perform accesses, besides reviewing the segregation of functions matrix for the major corporate systems, which, throughout 2023, will again be reviewed to identify possible conflicts and their resolutions.

Another completed initiative was the measurement of information security maturity in some areas of TOTVS using the NIST CSF (Cyber Security Framework), which will also continue to expand over 2023. This action allows us to assess strengths and opportunities for improvement, draw comparisons with other companies, and direct resources in a more straightforward and assertive way.

In February 2023, we completed the pilot of the Bug Bounty program, which is an initiative to reliably formalize the process of ethically reporting and handling vulnerabilities that can be identified by third parties and/or clients using our products. Furthermore, it establishes the protocol for resolving these vulnerabilities once authenticated, along with any rewards and acknowledgments for those who disclose them.

Regarding the scope of Cloud, we make available to our cloud Clients the Security Center, which is a self-service security module in which Clients can check firewall rules, multiple-authentication factor, and an encryption add-on in their database (TDE). We have also approved a Zero Trust system for access to our administrative resources, which will be implemented throughout 2023. We also continue with our process of migrating Clients from the Traditional structure to the modern structure of Edges, according to the availability and compatibility of our Clients.

As regards the scope of Data Protection and Privacy, we updated and added new Data Mapping (RoPA) processes across all areas of TOTVS and generate new Impact Reports (RIPD). We have also developed new consent and cookie procedures.

We reached over 57,000 people among TOTVERS and clients in communication actions over the year, with 19,740 TOTVERS trained in conceptual and specific training. We also made an action to raise awareness of data protection and privacy for product support teams and sales executives, with new service processes to settle possible customer questions and the application of best practices.



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1.6. BUSINESS MODEL

1.6.1. Operation and management strategy

Over the course of our journey, we successfully monitored and aided the establishment and expansion of various organizations, a significant number of which have matured into sizable entities, as well as whole industry sectors. We apply innovation as an essential tool in everyday life for sustainability and vision of the future of business.

Despite the fact we already dominate 55% of the Brazilian ERP market, as reported by Gartner consultants in their study “Market Share: All Software Markets, Worldwide, 2022,” and being the leading player in Latin America with a market share of 35%, is there still room for further growth? Should that be the case, it would require innovation. And that’s how in 2019 we started a new moment at TOTVS, with the strategy of acting under 3 Dimensions: Management, Techfin, and Business Performance. This ecosystem was built to complement the journey of our Management solutions clients, who already use ERP, HR products, and 12 other segments as a gateway and management.

As for Management, we actively provide solutions that enhance process efficiency for our clients to optimize their business.

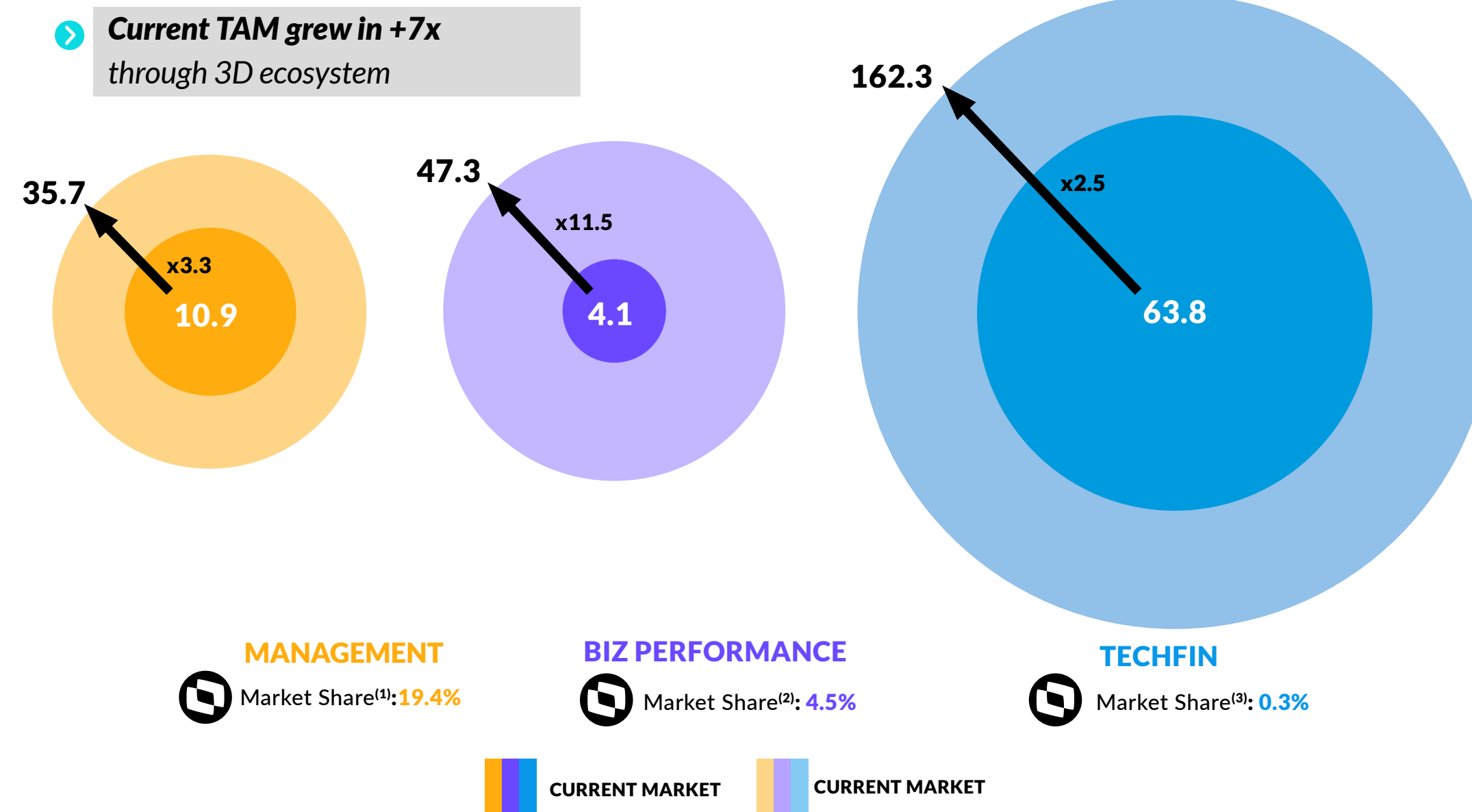
Techfin is the bridge for them to have simple and broad access to financial services, as well as security and efficiency in funding.

With regard to Business Performance, we are the perfect partner to enhance sales outcomes through smarter means.

Our strategy under the 3-D ecosystem has been successful since its implementation and, based on performance, data, and feedback from our clients, the prognosis is for growth in all dimensions. We believe that this projected growth can be achieved based on three directions: organic development, partnerships, and M&As, such as the announcements made in 2022 with Itaú bank, Gesplan, and Feedz, for example.

3D ecosystem expanding our addressable market

TOTAL ADDRESSABLE MARKET (TAM) (R\$ billion)



Source: IDC and TOTVS Market Intelligence | Notes: (1) TOTVS Market share considering, in addition to ERP Back-office and HR solutions, ERP Vertical and other solutions; (2) Business Performance's market share includes the sum of the unaudited recurring revenue of RD Station from Jan/20-May/21 and Tail Target from Jan-Dec/20; (3) Techfin's market share includes the unaudited revenue of Supplier from Jan-Apr/20.

COMPELLING SET OF GROWTH DRIVERS TO FURTHER INCREASE THE POTENTIAL TAM...



1. Potential of software market in Brazil by considering an increase in the potential IT usage maturity of Brazilian companies to a level similar from OECD economies



2. Potential of B2B credit market in Brazil when all companies in Brazil contract credit according to the average onerous indebtedness level of those that have already contracted today



3. New markets (Techfin and Biz Performance) the size of these new markets and their growth potential demonstrate that TOTVS does not need to be dominant in them for the growth coming from the new segments to be relevant



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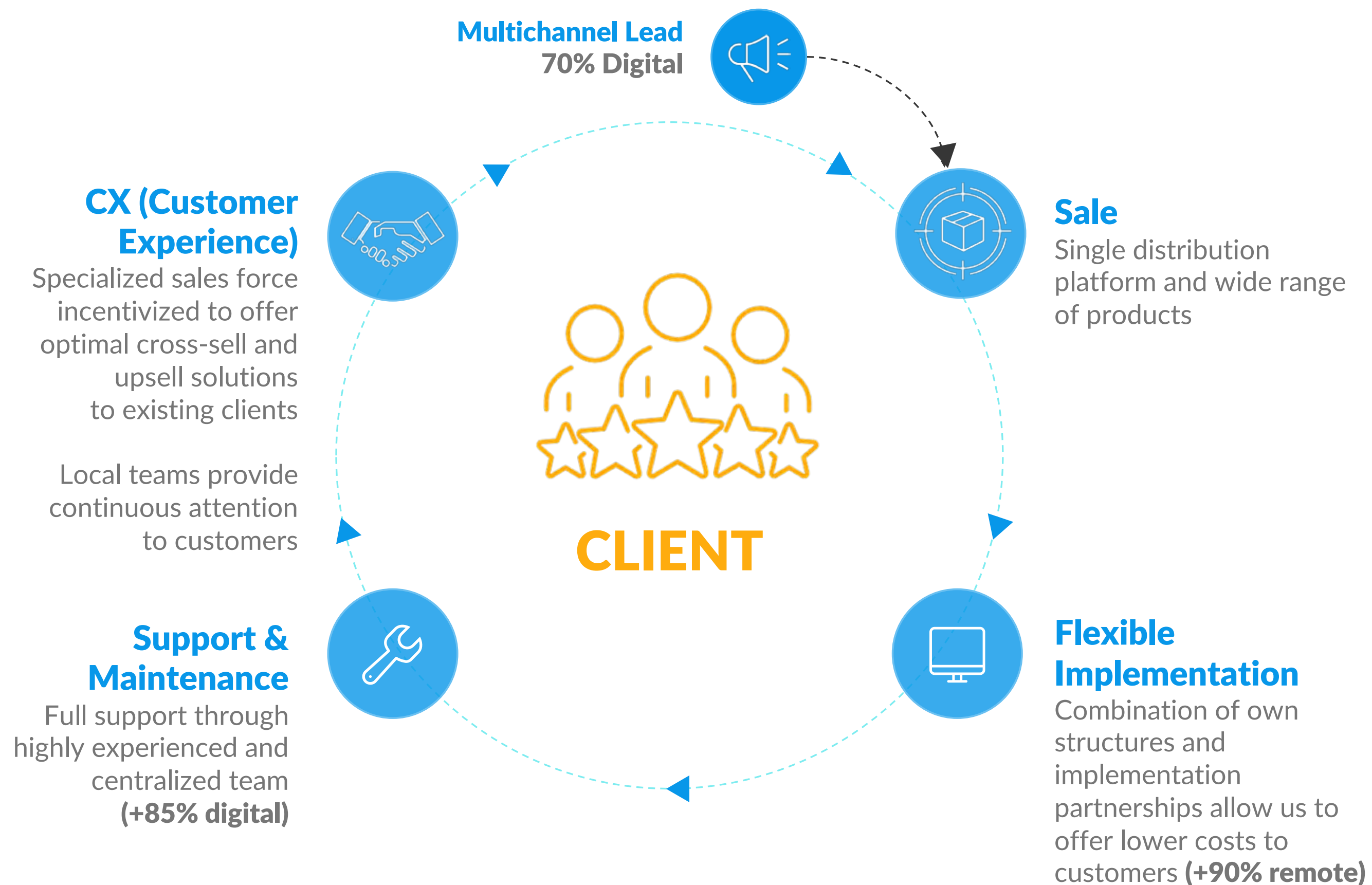
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PRESENCE AND PARTNERSHIP IN ALL STAGES OF THE CUSTOMER JOURNEY STRENGTHEN LOYALTY



Far Beyond ERP: 3D ecosystem



Management



Techfin



Biz
Performance

In 12 strategic segments of the economy and for customers of all sizes



Agribusiness



Construction



Distribution



Education



Financial Services



Health



Hospitality



Legal



Logistics



Manufacturing



Retail



Service
Providers

Flexibly deployed



Cloud

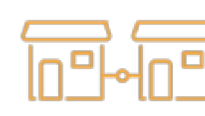


On-premise

Across media



Distribution Platforms



Franchises &
Branches



Multichannel



Partnership



Own sales
force



Affiliates



Digital
Platform



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1.6.2. How do we create value?

Throughout our growth as a company, it has become clear that it is possible to innovate in business model. TOTVS owes much of its size and relevance today to its disruptive initiatives in the technology market.

Examples of this are the opening of the first exclusive franchise in 1990, which allowed the expansion in Brazil at a healthy pace and the differentials of proximity and long-term relationship with clients; and the opening of the units abroad in 1997 (Argentina) and 2003 (Mexico), already looking at the expansion of the business throughout Latin America.

Simplifying the journey involves granting customers the opportunity to choose. At TOTVS, they find products in a wide variety of channels (franchises, sales staff, partners, affiliates, and digital platforms), and they can choose to subscribe monthly via SaaS or purchase the use license and have their own or franchised team support.

We develop products that meet the specific needs of companies in 12 strategic segments of the economy: agribusiness, construction, distribution, education, finance, hospitality, legal, logistics, manufacturing, services, healthcare, and retail.

We are leaders in the ERP market in Brazil and, therefore, we seek to do even more to collaborate with the growth of our clients. To change and improve the way they relate to management systems, we built in 2019 the model based on the 3-dimensional business ecosystem. Through technology, we will continue to focus on helping companies leverage their business, become more profitable, grow their operations, and continually improve their bottom line. For this is our purpose: to improve the results of companies, to believe that everyone can grow, and work together to do so, that is, to believe in a Brazil that gets things done!

Within the ESG Agenda, we consider, based on the structure of the Integrated Report, the creation of value distributed among the six capital concepts shown in the following infographic:





GENERATE VALUE

1

Our driving forces

MANUFACTURED CAPITAL

- 3-Dimensional Strategy (Management, Techfin, and Business Performance)
- Presence in 47 franchised territories in Brazil and across 5 other countries
- Robust, multi-channel distribution model that includes subsidiaries and franchisees
- Acquisition of complementary companies to the portfolio

FINANCIAL CAPITAL

- Resilience and sustainability of recurring revenue (SaaS) combined with a potential growth of transactional revenues
- New avenues of growth in all dimensions and with their complete integration
- Structured risk management processes and discipline in cost management

INTELLECTUAL CAPITAL

- Investments in research and development for innovation production
- Development centers in Brazil and abroad with direct contact with trends and opportunities in new markets
- Customer experience: clients are part of our innovation production

HUMAN CAPITAL

- A unique company with a strong and developed culture
- Building an increasingly diverse and inclusive Company
- Opportunities for career building
- Continuing education with a focus on professional appreciation
- Humanized integration of acquired companies

SOCIAL AND RELATIONSHIP CAPITAL

- Behavior as our clients' trusted advisor
- Loyalty and recognition of clients' initiatives
- Investments in the development of an inclusive digital society
- Governance based on ethics in relations with stakeholders

NATURAL CAPITAL

- Commitment to ESG Agenda, acting on all three pillars
- Contribution to the use of technology in practices aimed at sustainability
- Discussion of the ESG Agenda among the leaders and through a cross-sectional working group

2

Our present undertakings

MANUFACTURED CAPITAL

- Making progress in building our 3-Dimensional Business Strategy
- Integration of the 3 business dimensions
- The company's operations extend across 12 sectors of the economy and cater to customers of all sizes

FINANCIAL CAPITAL

- Maintaining the leadership position in our industry sector and generating positive results
- Focus on organic development, partnerships, and M&As
- Investments in research and development

INTELLECTUAL CAPITAL

- Robust investments in R&D activities
- Constant technical and product improvement
- Partnerships with startups to overcome new challenges that arise

HUMAN CAPITAL

- Improvement of diversity and inclusion actions
- Retention and development of new talent
- Greater connection and opportunities between areas
- Agile and simple management, with the commitment of leaders

SOCIAL AND RELATIONSHIP CAPITAL

- Full presence in our clients' journey
- Awareness and application of the ESG Agenda among clients
- TOTVS and IOS developing actions that generate results and social impact
- Acting as spokesperson for technology in representative bodies

NATURAL CAPITAL

- Adoption of innovation initiatives that can be replicated by clients
- Incorporating an ESG vision into our business model to add even more value to customer solutions
- Mapping of greenhouse gas emissions generated by the business

3

Our intended direction

MANUFACTURED CAPITAL

- A fully interconnected and interdependent 3-dimensional business ecosystem
- Extensive digitalization of small and medium-sized organizations
- Expansion of the portfolio of solutions in the 3 Dimensions

FINANCIAL CAPITAL

- Multiplication of our addressable market
- Joint venture with Itaú bank implemented and transforming the way how companies hire and use financial services
- Leadership in the use of cloud, big data, and AI

INTELLECTUAL CAPITAL

- Maintenance of leadership in technology and innovation in Brazil
- Expansion of dimensions into new markets and products
- Acceleration of startups with potential to be acquired

HUMAN CAPITAL

- Investments in attraction and selection via social media and universities
- Continuous progress in diversity and inclusion
- Talent retention and expansion of opportunities

SOCIAL AND RELATIONSHIP CAPITAL

- Dissemination of the ESG Agenda among small and medium-sized organizations
- Ensuring long-term relationships with more clients
- Expanding the social use of technology

NATURAL CAPITAL

- Development of the ESG Agenda in the technology industry sector
- Increased customer understanding of the relevance and need for sustainability commitments
- Using innovation to support global needs



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1.7. COMMITMENT TO SUSTAINABILITY [GRI 2-23, 2-26] [SDG 4, 5, 8, 9, 10, 12, 17] [GLOBAL COMPACT 1, 2, 3, 4, 5, 6, 7, 8, 9, 10]

We are aware of our commitment to society and our stakeholders for a more sustainable and less unequal world. As a result, we aim to increasingly fulfill our role as collaborators and purveyors of best practices.

Since 2014, we have been signatories to the United Nations (UN) Global Compact and are aligned with seven of the Sustainable Development Goals (SDGs), with due compliance required until 2030. As already described in this Integrated Report, we are also committed to the ETHOS Institute's Business Pact for Compliance and Against Corruption.



Ever since our establishment, we have been grounded on ethical social and governance practices and strive to innovate to broaden our range of initiatives that aid in reducing environmental footprints and enhancing social and governance efforts.

Internally, we promote the understanding of the ESG Agenda from the gateway. Throughout 2022, we promoted 32 weekly integrations regarding this subject for the incoming TOTVERS who had joined the company. We count on the Sustainability Policy and the Code of Ethics and Conduct, and we have a transversal ESG Working Group, designed to discuss improvements and opportunities regarding the three subjects within TOTVS and the ESG Committee, which gives voice to project leaders in the details of actions. In this way, we mobilized over 50 areas throughout the year. [GRI 2-12, 2-16, 2-26]

To our clients, we have the mission of being able to translate the aspects of ESG through technology, generating insights and enabling effective actions in the environmental, social, and governance realms, which can range from expanding the possibilities around social responsibility to transforming challenges into business.

WHAT CAN INNOVATION DO FOR ESG?

Within each pillar, we can find several possibilities for our stakeholders that generate impact and a positive legacy through our technologies:

E(NVIRONMENTAL): implementing smart metrics and advocate for strategies to mitigate carbon footprint and minimize the depletion of natural resources (including water and energy) that can translate into benefits for both organizations and communities.

S(OCIAL): strive to provide an education that transcends frontiers in technology and bolster the creation of sound workspaces, boosting equality at all levels and enriching well-being from people management tools.

G(OVERNANCE): offer control and performance analysis solutions that reinforce the performance in transparency, ethics, and data privacy, generating directions for agile and efficient actions.



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MANUFACTURED CAPITAL

It contemplates manufactured physical objects that are available to the organization for use in the production of goods or the provision of services. They can include buildings, equipment, and infrastructure (roads, ports, bridges, etc.).

The technology industry sector is presumed to have a lesser reliance on physical infrastructure when contrasted with industries like manufacturing, construction, or agribusiness. This does not imply our lack of physical presence. Conversely, the creation of technology requires the presence of an infrastructure that satisfies the requirements for a system to operate. It is the offices, with their rooms full of computers and the processors that are inside them, in addition to the internet connection, that fulfill this role.

In 2020, we had to adapt overnight to the restrictions imposed by the Covid-19 pandemic, with computers connected from home, in portable versions and virtual meeting rooms. TOTVERS received necessary assistance through remote access, internet connectivity, and temporary chair loans, enabling them to conduct their activities remotely.

With the advance of vaccination, we came back little by little, now with a new reality. Hybrid work proved to be efficient, with greater flexibility and work-life balance. In 2022, we definitely applied this model, getting together and enjoying the moments of interaction three times a week in the offices, because we know the importance of these fruitful situations through which we can also have ideas, create, and innovate.

Regarding physical units, in 2022, TOTVS invested over R\$8 million in reviewing building structures at over 13 addresses throughout the national territory and five more operations abroad. Thus, we have a corporate area of more than 58,000 sq. m, with over eight thousand workstations restructured for rotational use through an application that offers greater mobility; three auditoriums (located in Sao Paulo, Joinville, and Belo Horizonte); over 260 meeting rooms, and more than 9,000 sq. m of living areas.



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2.1. DISTRIBUTION PLATFORM

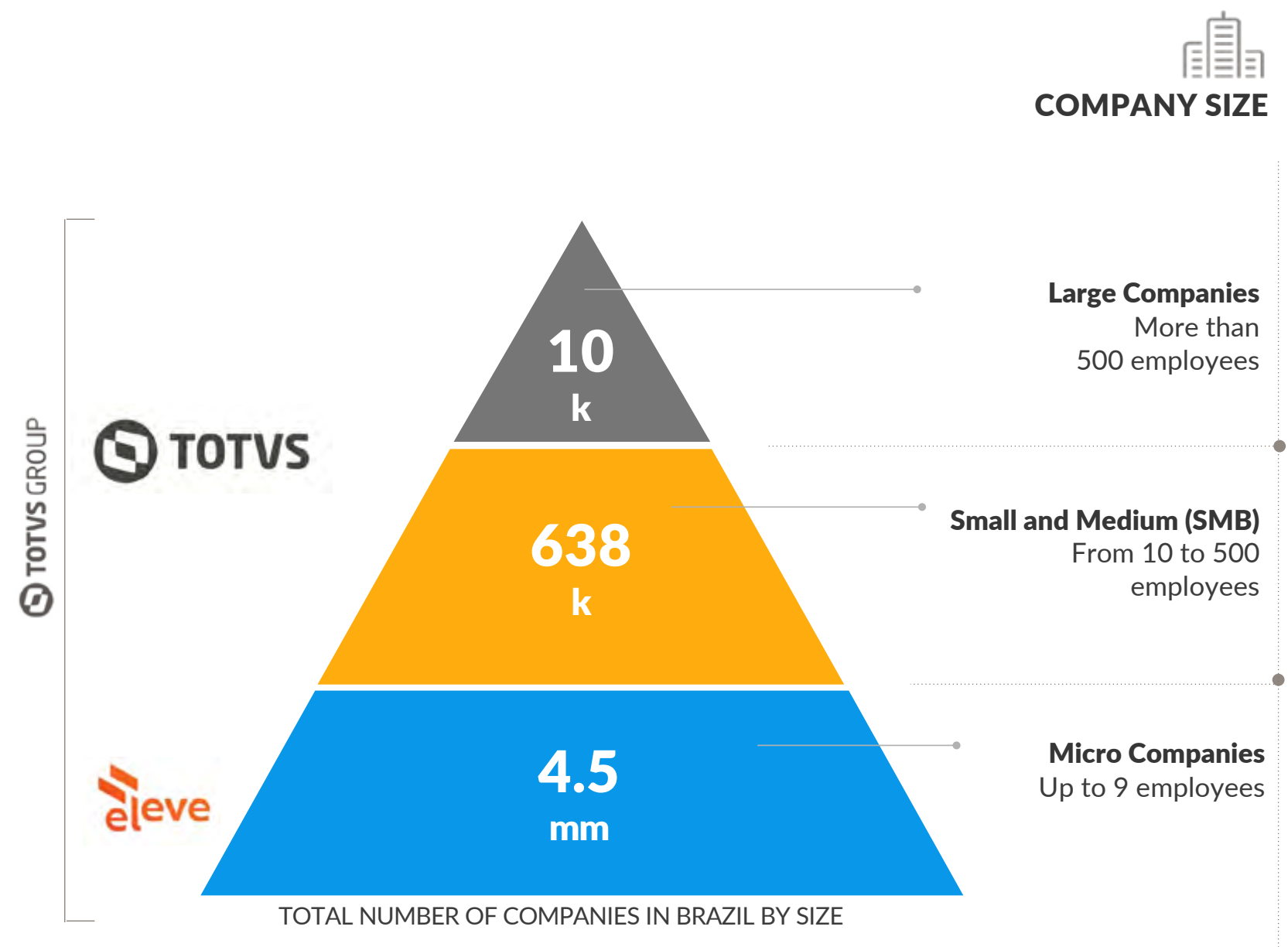
Our positioning as a market leader is the culmination of an expansion strategy that is evidenced by our widespread presence in Brazil and overseas, reaching clients in 41 nations. About one-third of the active companies listed on the B3 (which hold common and/or preferred shares) are our clients. We have a broad capillarity, operating through branches, channels, and exclusive franchises. We were pioneers when we started working with franchisees in the 1990s, which contributed so that we could serve local businesses in order to know their actual demands and provide a service based on quality and trust.

In addition to the factors related to each region, our distribution platform has as strengths the ability to be a tool that can be used in micro to large companies. For this, we optimize the service according to their size to ensure the best implementation, at the best cost.

As for Management, we have a team specialized in each industry to support and consult large companies. For small and medium-sized companies, service is provided in five own units and 47 franchised territories. With microenterprises, we have multiple channels through partners, resellers, and distributors throughout the country. Our clients also have available the TOTVS Store, a digital channel for cloud applications.

As for the Business Performance dimension, we offer the possibility of cross-selling with Management solutions, teams specialized in assisting in the use of technology to boost sales with the use of data intelligence, in addition to having partners in digital marketing. As for Techfin, we also provide clients with the option of cross-selling with specialized staff and rely on the credit solution of Supplier, an acquired company that distributes credit to its customers through our affiliates.

Local and digital presence, based on a highly capillary distribution model



Source: IBGE 2018 - Central Companies Register, Table 992





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2.2. SOLUTIONS PORTFOLIO

Learn more about each of our business dimensions:

Management

This is our gateway for clients in search of efficiency in their daily lives in processes, personnel, and productivity. The Management dimension is now the major source of revenue for TOTVS, which sees in demand and sales volume the market potential to grow by 3.3 times. This is because approximately 30% of the hiring of solutions today are made by new companies, which reinforces the need that Brazilian companies have to become digital for their full development. Our 2022 figures show Recurring Revenue of R\$2.9 billion in this dimension, which is a 26.9% increase versus the previous year.

TOTVS offers solutions in more than ten areas for those who want to start or expand the digitalization of business management, such as analytics, electronic signature, ERP (backoffice), CRM, e-commerce, artificial intelligence, recurrence, and Human Resources. We also have a full range of solutions designed especially for microenterprises (TOTVS leve).

Regarding HR, in 2022 we gave even more prominence to solutions in the area of HRX (Human Resources Experience), which go beyond human capital management, improving the experience of employees by using innovation in assessments of work atmosphere, performance, and engagement.

Techfin

Through closely tracking the journey of our SME clients, we gained valuable insights to construct an innovative dimension to address a common pain point: the struggle of providing credit.

When we think of a solution to digitalize cash management and payments, we think of going further. Thus, it was possible to combine our expertise in big data and Artificial Intelligence to bring them a financial platform that guarantees a risk assessment based on up-to-date information about their business, resulting in lower rates and credit expansion.

We started offering financial services from the purchase of Supplier in 2019, which has already shown from the beginning how real this demand was. Then, in 2020, we partnered with Creditas to offer payroll loans with no credit risk. And it was in 2022 that we announced the joint venture with Itaú, aiming to expand and democratize our customers' access to more financial products, simplifying the financial relationship of the B2B market. We project a growth capacity of this dimension by 2.5 times. In 2022, Techfin Revenue results net of funding reached R\$247.1 million, an increase of 25% versus 2021.

Business Performance

We are aware that retaining clients after a purchase is crucial, and to enhance this aspect, we developed the Business Performance dimension. We started our operations with partnerships with VTEX, which launched the complete offer; Moddo, an omnichannel platform for SMEs; and the acquisition of Tail, in the marketing analytics sector, to complement the solutions.

If before going digital was an option, during the Covid-19 pandemic, small and medium-sized businesses had to adapt and discover several possibilities to grow sales from the knowledge of their customers and assertive channels. It is a new market that, for us, can still grow by up to 11.5 times.

With the arrival of RD Station in 2021, we had another opportunity to expand our presence and promote a change in the understanding of how to improve the experience and become relevant from the use and analysis of data and information for lead generation. In 2022, the Business Performance dimension recorded recurring revenue of R\$312 million, an increase of 32% versus the previous year, largely driven by Black Friday in the 4th quarter. The evidence shows that the key to business success lies in being digital today.



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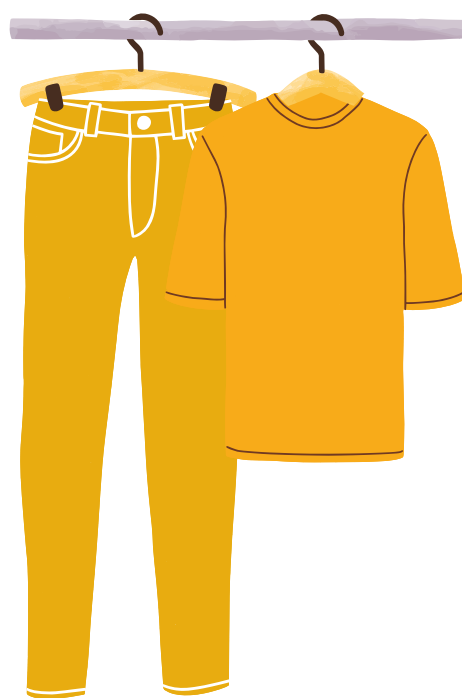
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The 3 Dimensions in practice



A small multi-label apparel boutique in Juiz de Fora (MG) hired TOTVS's Retail management solution through the city's franchisee to manage inventory from its suppliers. Inaugurated in 2018, the store already had a good number of customers and started selling online to customers from all over Brazil during the pandemic.



Improved sales facilitated the introduction of new brands and products. The prospect of initiating another physical point of sale in a shopping mall situated in the capital city of Belo Horizonte has also started to be evaluated, nevertheless, the bank's credit backing was lacking. For this, the Techfin dimension was presented, which contributed to the granting of credit in the purchase of products with new suppliers and, from the updated billing and management data, the financing was approved.



With two brick-and-mortar stores and a well-organized digital platform, this retailer started digital marketing campaigns, establishing brand identity and creating bespoke collections based on customer feedback. The investments were assertive and the financial return contributed to the growth of the business and the hiring of new employees, as well as a new HR management solution.



2.3. SEGMENTS OF OPERATION

Our offers range from ERP to segmented industry sectors: the trajectory with our clients showed the need for a more digitalized Brazil with regard to what drives us as a country: the economy. For this, in addition to offering ERP management software that operates in the common processes of the entire company, we develop and make partnerships for complete vertical solutions, delivering more efficiency and results in 12 economic segments: agribusiness, construction, distribution, education, financial services, hospitality, legal, logistics, manufacturing, services, health, and retail.



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Set of resources available to be used in the production of goods and the provision of services. It can also be accessed through financing—such as debt, shares, or subsidies—or generated through investments.

3.1. ECONOMIC-FINANCIAL MANAGEMENT [GRI 2-6, 201-1] [SDG 9, 10, 12, 17]

In 2022, we continued to improve our financial and operating results. Although the Covid-19 pandemic has cooled with the advance of vaccination in the country and the gradual resumption of activities in person, the national and international political-economic context was challenging. The conflict between Russia and Ukraine had a direct impact on the rise of inflation in multiple countries, including developed ones. As a result, central banks responded by increasing interest rates to curb the widespread surge in prices.

Still in the international scenario, some topics became more relevant in the positioning of companies and to guide long-term expectations for the market, with emphasis on: pacifist agendas, given the war scenario in Eastern Europe; discussions on climate change and environmental agenda; coping with the increase in social inequality generated by the pandemic; and the digital transformation and digitalization of economies.

Regarding our business model, the entire context of 2022 shows, once again, the assertiveness of our direction of action and the resilience, reliability, and

sustainability of our strategic guidelines. We are monitoring the progression of digitalization in the economy along with the changes in how companies interact with their customers, as well as the shifts in consumer behavior and consumption habits. In this sense, we are protagonists, supporting our clients—and indirectly the domestic economy—with solutions and knowledge towards digital transformation.

Thus, we had consistent results in our recurring operations and we made new businesses in corporate management platforms, HR solutions, and vertical solutions in our fields of operation. This outcome results from another year of growth of our 3-D strategy.

The Management dimension, responsible for the largest share of our financial results, still shows room for growth. There is a constant demand for SaaS (Software as a Service) solutions and, to serve new markets and improve our solutions, we worked on expanding our portfolio and acquired six companies.

As for the Techfin dimension, the prospects are positive, since the General Superintendence of Cade (the Brazilian Antitrust Agency) and Central Bank (BACEN) approved, without restrictions, the joint venture between TOTVS and Itaú bank.

Regarding Business Performance, we have also made noteworthy progress. RD Station, with the acquisition of Tallos, took a big step in conversational commerce and paves the way for us to develop more products in CX (customer experience), with great potential from data intelligence.

Our operational efficiency, supported by the excellence of our team, by structured risk management processes and discipline in cost management, in addition to innovation in our portfolio of products and services, is the basis for achieving consistent results.

As for financial and operating management, we have strengthened a high cash generation capacity and we have a position of strong liquidity. Our level of indebtedness is fully appropriate for a company with our economic and financial profile, without leverage.

To strengthen our cash position, in September 2022, we carried out our fourth issue of simple debentures, not convertible into shares, in the amount of R\$1.5 billion. These debentures will mature on September 12, 2027 and may be redeemed in advance at the sole discretion of the company. In this way, we seek to optimize the financial cost and lengthen the gross indebtedness profile, maintaining a solid cash position, considering that the net resources achieved with said issue will be used, fully and exclusively, for the early redemption of all debentures of the third issue of TOTVS.

3.2. FINANCIAL RESULTS

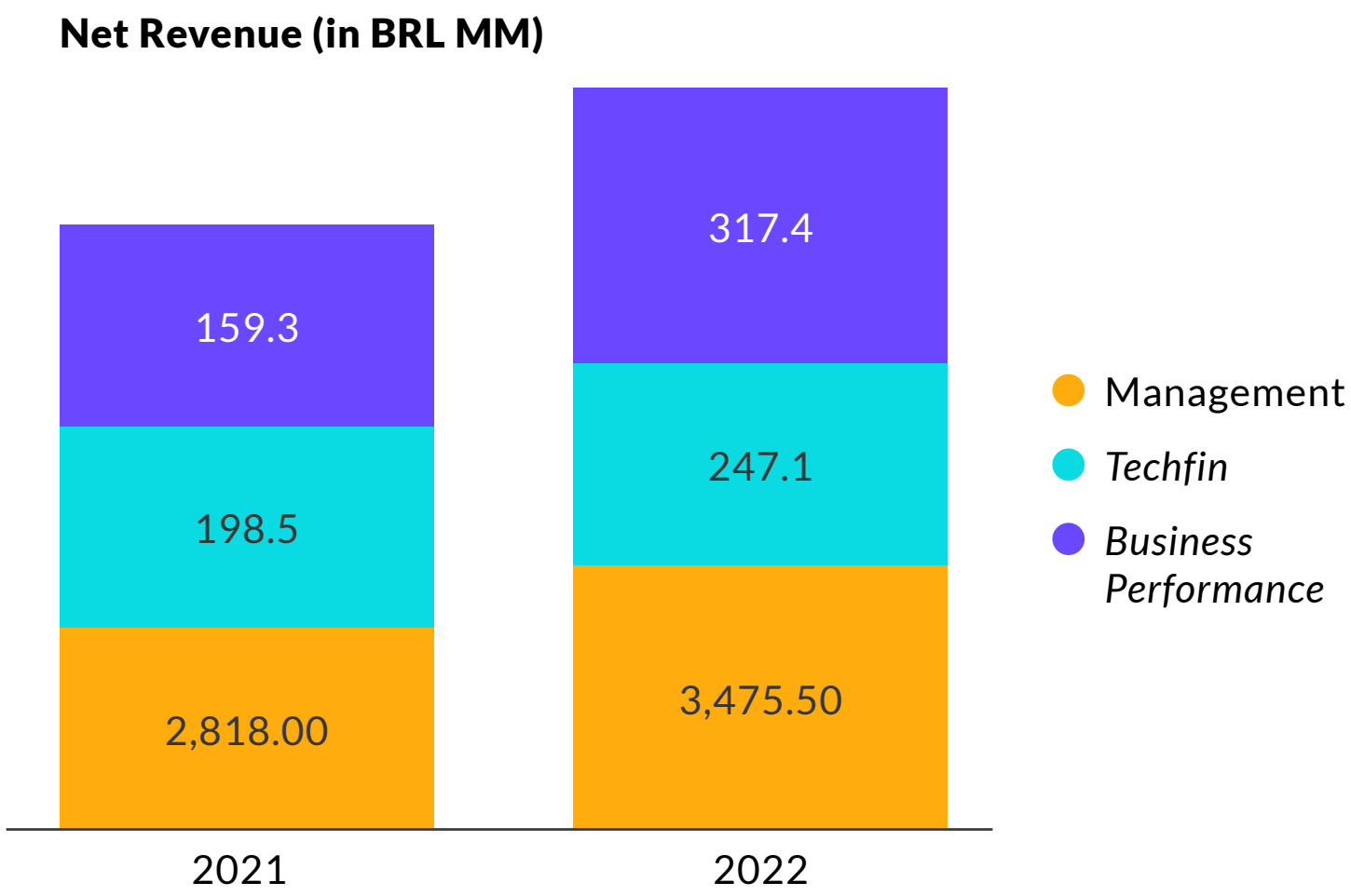
Key financial performance indicators [GRI 201-1] [SDG 4, 8, 9, 10, 12, 17]

	2020	2021	2022	Variation 2021 vs. 2022
Net Revenue GAAP	2,596,077	2,977,312	3,792,932	27.39%
Consolidated Recurring Revenue	1,954,093	2,470,919	3,255,568	31.76%
Adjusted EBITDA	589,716	789,023	959,556	21.61%
Adjusted EBITDA Margin (in %)	22.70%	24.80%	23.80%	-100 bp

Highlights of the year

TOTVS’s financial performance in 2022 demonstrates our relentless pursuit of cutting-edge solutions to address organizational challenges. As the largest business management solutions company in Brazil, we recorded Net Revenue of R\$3.79 billion in the period, an increase of 27.39% versus 2021.

Our performance in 3 Dimensions continues to drive Net Revenue: SaaS Management, Business Performance, and Techfin accounted for 57% of growth in 2022.





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In 2022, Adjusted EBITDA was R\$959.55 million, which is a growth of 21.61% compared with the previous year. Adjusted EBITDA Margin was 23.80% on Net Funding Revenue. Consolidated Net Income was R\$510.22 million, a result 36.43% higher than in 2021.

Net Revenue

We reached an amount of R\$3.79 billion in Net Revenue with the following highlights:

- Net Revenue from Management represented R\$3.4 billion in the year, an amount 23.3% higher compared with the previous year.
- Out of this total, R\$2.9 billion refer to Recurring Revenue from Management, which rose 26.9% compared with 2021.
- Management was also a progress in SaaS Revenue, which corresponded to 41% of the Company's total growth in 2022;
- Since January 2022, this dimension has included those companies acquired via M&A (Inovamind, Mobile2You, Gesplan, Vadu, Feedz, and RBM).
- As for Business Performance, TOTVS grew 31.3% compared with 2021, closing the year with R\$317 million in Net Revenue, with the Renewal Rate remaining at the level of 97% throughout the year.
- As for Techfin, Net Funding Revenue for 2022 rose 24.5%, ending the year with R\$247.1 million.

Recurring Revenue

Recurring Annual Revenue (RAR) totaled R\$4 billion, an increase of 30.2% versus the previous year. Organic net addition was R\$849 million, 35% higher than 2021, driven by the Management dimension, responsible for 78% of sales volume, which includes new clients and cross and up-sell businesses of already active clients. Cloud revenue also grew, with a 47% increase in the period.

Within the Management dimension, the following factors were also important factors for growth: the historical maximum figure in NPS (Net Promoter Score), which reflects the satisfaction of our clients with our products; low churn levels; productivity and efficiency of commercial distribution; reduction of service maintenance costs (TCO) from the improvement of products, remote implementation, and investments in centers of excellence throughout the country; and the increase in the portfolio of solutions (such as HRX, aimed at an increasingly digital and interactive employee experience).

Non-Recurring Revenue

Regarding Non-Recurring Revenue, the decrease in contracts is a movement that has been observed throughout the year. This process was already expected with clients migrating from the purchased license model to the SaaS model. Thus, we grew by 7.1% compared with the previous year, with R\$540.2 million versus R\$504.3 million in 2021.

Regarding Non-Recurring Revenue from Services, we had a 6.9% growth compared to the previous year, closing 2022 with R\$313.6 million. Among the factors that explain this reduction is the lower number of working days in the last quarter of 2022, which includes the World Cup between November and December.

Adjusted EBITDA Margin

The Adjusted EBITDA Margin stood at 23.80%, one hundred basis points below the previous year. The factors that led to this figure were the consolidation of RD Station, acquired in 2021; the increase in the Selic rate and its impact on Techfin; the Provision for Expected Credit Losses of R\$9.6 million in Techfin resulting from the Court-supervised Reorganization of an affiliate of Supplier; and Contingencies in the amount of R\$8.1 million in the Management dimension.

Operating Cash generation for the year was R\$1.2 billion, an increase of 71% and representing 128% of the Adjusted EBITDA.

Gross Margin

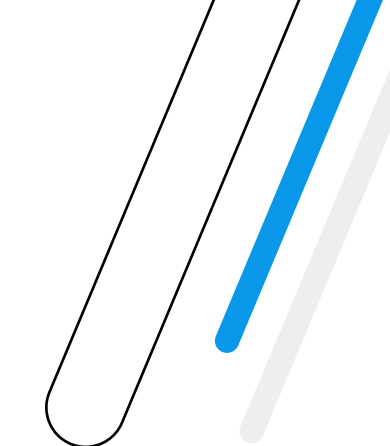
Gross Management Margin in 2022 remained stable, at the same level as in 2021, with 71.6%. Among the reasons that resulted in stability were, as negative factors, the reduction of Service Revenue and effects of salary adjustments resulting from collective agreements between September and October. On the other hand, with the reduction of License Revenue with solution partners, there was a proportional decrease in the Software Cost with our partners, contributing to keep the Margin.

As for Business Performance, Gross Margin stood at 75.2%, reflecting the investments made to optimize the Cloud structure and the CX (Customer Success) team. As a result, we had a growth of 220 basis points versus 2021.

For detailed financial information in 2022, please visit the Earnings Release on our [Investor Relations page](#).

DVA [GRI 201-1, 3-3] [SDG 8]

In 2022, our distribution of wealth totaled R\$3.25 billion. This amount, which is 37.84% above the total distributed in the previous year, was as follows: 51.74% with employees, 21.48% with government, 16.11% with shareholders, and 10.67% with interest and rents.





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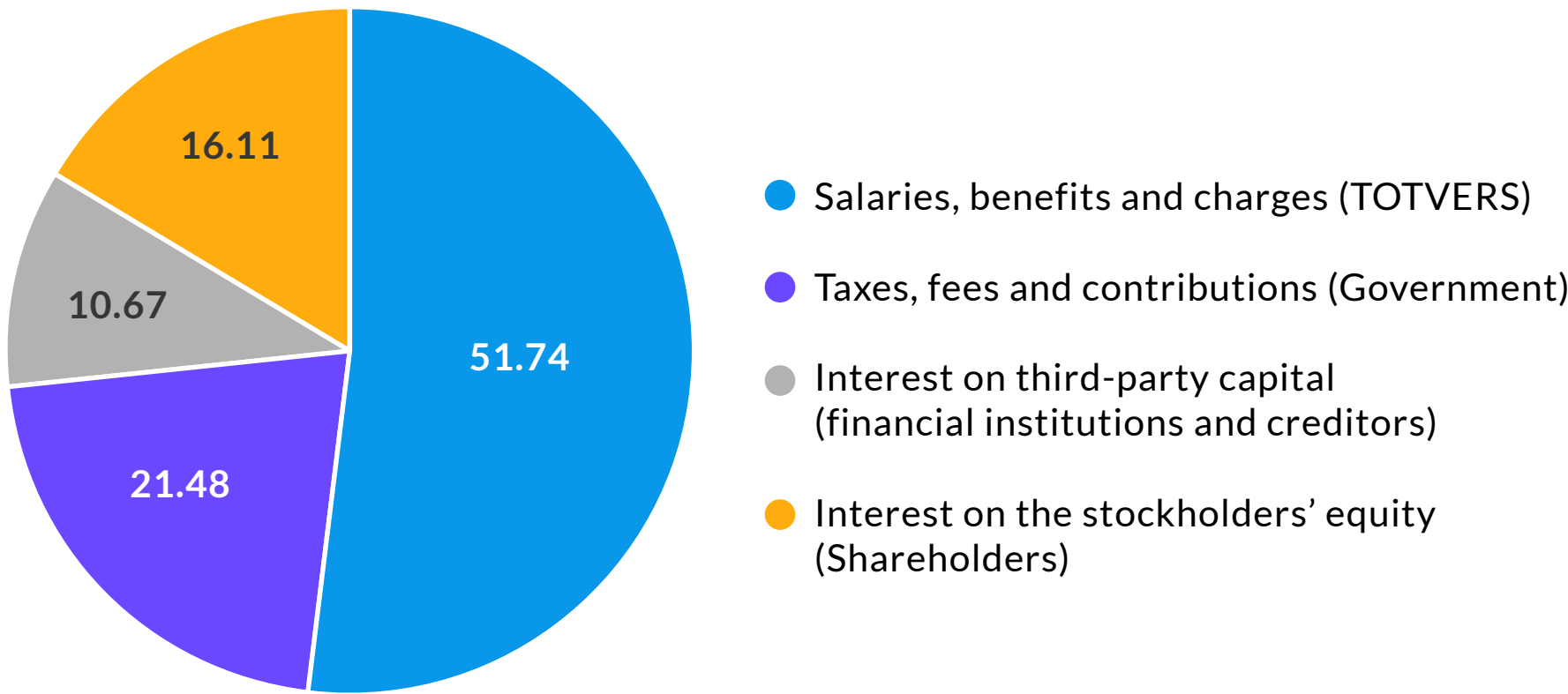
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Distribution of Value Added (in R\$ thousand)⁽¹⁾

	2020	2021	2022	Variation 2021 vs. 2022
Total DVA	1,921,181	2,356,052	3,247,486	37.84%
Salaries, benefits, and charges (TOTVERS)	1,106,293	1,310,587	1,680,291	28.21%
Taxes, fees, and contributions (Government)	458,841	523,915	697,441	33.12%
Interest on third-party capital (financial institutions and creditors)	61,088	147,513	346,453	134.86%
Remuneration on the Stockholder's Equity	294,959	374,037	523,301	39.91%

⁽¹⁾ 100% of the TOTVS S.A. group disclosed with a base date of December 31, 2022 (see reference in explanatory note 2.3 (pages 57 and 58) of the DFP financial statement)

Distribution of value added (in %)





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INTELLECTUAL CAPITAL

It concerns knowledge-based organizational intangible resources such as intellectual property (patents, copyrights, software, rights, and licenses) and “organizational capital” such as tacit knowledge, systems, procedures, and protocols.

4.1. KNOWLEDGE AND INNOVATION [GRI 2-28]

At the heart of TOTVS’s work lies this asset. Our intellectual capital is the driving force that propels us to tackle the challenges that we are willing to solve for the growth and sustainable development of our clients.

In 2022, we invested R\$709.8 million in research and development projects, an increase of 29.5% compared with 2021, aiming to evolve with our role as an innovative company and following the directions of the area:

- Technical improvement of our software
- Application of new technologies and their impacts
- Search for new development methodologies
- Improvement of functionality, accessibility, and usability of products
- Creation of new products based on other markets to be explored
- Adoption of alternatives for the maintenance and protection of products
- Evaluation and application of new organizational models
- Integration of partner platforms and/or acquired companies



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Our research and development structure is divided as follows:



R&D CENTERS

- 8 units in Brazil
- 2 units abroad (USA and Mexico)
- Operations aimed at specific industry sectors
- Proximity in product development
- Complete teams (product and development, support, service, and relationship)



IDEXO*

- Open innovation arm that connects startups with TOTVS
- More than 80 startups involved in the 12 industry sectors served
- Expansion of the portfolio of offers and identification of trends
- Innovation development, cost reduction, and process improvement
- Results for more than 800 clients and market education
- *With iDEXO, TOTVS was awarded twice as Brazil's most innovative company

UX LABS



- TOTVS User Experience Lab
- Area of 200 sq. m located in the capital city of Sao Paulo
- Space to identify innovation opportunities and market trends
- Team of researchers and designers who work with design thinking
- Working together with clients to get to know and improve the experience

TOTVS LABS EUA



- Located in Raleigh, North Carolina
- Proximity to the largest scientific research park in the country (Research Triangle Park)
- Attention to technologies in the areas of Big Data, cloud, mobile, and social media
- Search for new business models and partnerships with startups
- Knowledge sharing with TOTVS's business units



4.2. CERTIFICATIONS [GRI 2-28]

The technical certifications attest to the excellence of TOTVS, being also tools that encourage us to seek continuous improvement in our management of processes and controls:

- **TIER:** it assesses effectively the structure of data centers in terms of business requirements for system availability based on the performance or expected uptime of the website infrastructure. TOTVS's data center is TIER III certified.
- **TOTVS's Quality Policy:** it serves as a compass for the quality of our software and services, aiming at continuous process improvement, client and employee satisfaction.
- **ISO 9001:** Quality management certificate, which specifies the set of requirements that provides companies with a parameter for standards to serve customers, seek continuous improvement, and ensure business competitiveness and quality.
- **ISO 27001:** International Information Security Management Standard that describes how to implement an information security management system. The certification was granted to TOTVS Cloud and allows confidential data to be protected, minimizing the likelihood of being improperly accessed or altered and available when necessary to those who are entitled.
- **ISAR 3402:** it is a formal report used by service providers and prepared by independent auditors. It aims to describe the development, implementation, and operational effectiveness of the organization's controls, ensuring the quality and control of the services provided and mitigating risks to clients and customers.



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HUMAN CAPITAL

This denotes the skills, abilities, and experience of the people and their motivation to innovate. This brings alignment and support to the governance framework, risk management approach, and ethical values; the ability to understand, develop, and implement an organization’s strategy and loyalty and motivation to improve processes, goods, and services, as well as the ability to direct, manage, and collaborate

5.1. PEOPLE MANAGEMENT [SDG 8, 9, 12, 17]

The year 2022 witnessed the resolute adoption of our hybrid work model. With the flexibility of Covid-19 protocols, we gradually resumed face-to-face work three times a week and the other two in the remote model. Our decision was based on research, conversations, and performance assessments, which showed that, even in the context of the pandemic, we did not lose productivity.

It was a period of reflections on opportunities that are being opened up from TOTVS’s strategy of operating on 3 Dimensions. We are developing new visions, integrating areas and, even in such a specific sector and with several companies having difficulty hiring or even firing employees, we did the opposite: we kept our admissions and aimed at the gateway and the development of new talents. Our mission is to offer agile and simple management, which delivers value, commitment of leaders, and results that also impact the company’s goals.

Our look at people management aims to continuously seek the development, training, and opportunities for all to develop, within a healthy work environment and guided by ethics. For the purpose of assessing the work model, we apply a semi-annual engagement survey that evaluates the satisfaction of TOTVERS based on e-NPS (Employee Net Promoter Score) metrics.

We are entrepreneurs by nature and have good social practices in a transversal way, through HR managers and the ESG Working Group, which implements and measures the impact of actions such as diversity and opportunities, through the IOS (Institute of Social Opportunity) maintained by TOTVS. This characteristic has led us to be admitted to B3’s Great Place to Work (GPTW) index, which recognizes companies focused on ESG Agenda practices.

Internal public [GRI 2-7, 2-8]

Our year-end tally for 2022 was marked by 10,208 TOTVERS who form the backbone of our organization and have grown with us. This number does not include statutory members, trainees, apprentices, or directors. Most of our employees are concentrated in Brazil, mainly in the Southeast region. We also have TOTVERS in other Latin American countries (Argentina, Chile, Mexico, and Colombia), in Europe and in the USA, in units that are considered operational in the international market.

Total number of employees per country or region⁽¹⁾ [GRI 2-7]

Place	2020	2021	2022
Brazil	7,612	8,745	9,916
Other Latin countries	239	265	278
USA	11	7	5
Europe	4	4	9

⁽¹⁾ Statutory personnel, trainees, apprentices, and directors were not considered.

Total employees by gender and type of work⁽¹⁾⁽²⁾ [GRI 2-7]

Localidade							2020			2021			2022		
For an indefinite period	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total			
	5,219	2,647	7,866	5,771	3,250	9,021	6,416	3,792	10,208						

⁽¹⁾ All acquired companies were considered.

⁽²⁾ Statutory personnel, trainees, apprentices, and directors were not considered.

(3) *TOTVS does not have fixed-term contracts.*

Number of employees by gender and type of job⁽¹⁾⁽²⁾ [GRI 2-7]

	2020						2021			2022		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full time	5,206	2,631	7,837	5,757	3,235	8,992	6,404	3,777	10,181			
Part-time	13	16	29	14	15	29	12	15	27			
Total	5,219	2,647	7,866	5,771	3,250	9,021	6,416	3,792	10,208			

⁽¹⁾ All acquired companies were considered.

⁽²⁾ Statutory personnel, trainees, apprentices, and directors were not considered.



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Market presence

We promote the hiring of professionals from the surrounding areas in which we operate. Nevertheless, no established protocol exists that prioritizes the appointment of leaders, for Top Management roles, from nearby communities.

Number of employees, by gender and region ⁽¹⁾⁽²⁾

	2020	2021	2022		
	RR*	RR*	RR*	Men	Women
South Region	21.1%	25.22%	24.55%	1,447	1,059
Southeast Region	72.4%	66,27%	67.01%	4,390	2,450
Midwest Region	4.5%	3,76%	3.16%	217	106
Northeast Region	1.6%	1,56%	2.41%	168	78
North Region	0.2%	0,13%	0.01%	1	-
International market	-	3,06%	2.86%	193	99
Total per gender	100%	100%	100%	6,416	3,792
Total employees	7,866	9,021	10,208		

⁽¹⁾ Todas All acquired companies were considered.

⁽²⁾ Statutory personnel, trainees, apprentices, and directors were not considered.

*RR = Representativeness per region.

In our operations, we have 226 outsourced professionals who are responsible for complementary activities for the operation of our units, such as security and cleaning.

Number of third-party employees ⁽¹⁾ [GRI 2-8]

ACTIVITIES	2022
Security, cleaning and reception	166
Other activities	60
Total	226

⁽¹⁾ All national units were considered, including those acquired by Tail, RD Station and Supplier.

Turnover [GRI 401-1, 3-3] [SDG 5, 8]

Turnover and hiring, by gender [GRI 401-1] [SDG 5, 8] ⁽¹⁾⁽²⁾

	2020	2021	2022	
	Turnover rate	Turnover rate	Turnover rate	New hires
Men	11,50%	17.69%	13.30%	1,498
Women	5.04%	9.15%	8.80%	1,057
Total	16.54%	26.84%	22.10%	2,555

⁽¹⁾ All acquired companies were considered.

⁽²⁾ Statutory personnel, trainees, apprentices, and directors were not considered.

Turnover and hiring by age group [GRI 401-1] ⁽¹⁾⁽²⁾

	2020	2021	2022	
	Turnover rate	Turnover rate	Turnover rate	New hires
Under 30 years of age	6.06%	10.79%	8.71%	1,085
Between 31 and 50 years old	9.64%	15.11%	12.65%	1,389
Over 50 years of age	0.85%	0.93%	0.74%	81

⁽¹⁾ All acquired companies were considered.
⁽²⁾ Statutory personnel, trainees, apprentices, and directors were not considered.

Turnover and hiring, per region [GRI 401-1] ⁽¹⁾⁽²⁾

	2020	2021	2022	
	Turnover rate	Turnover rate	Turnover rate	New hires
South Region	3.12%	7.52%	5.10%	532
Southeast Region	12%	17.29%	14.86%	1,776
Midwest Region	0.62%	0,75%	0.54%	47
Northeast Region	0.19%	0.45%	0.82%	109
North Region	0.11%	0.08%	0.02%	-
International market	0.50%	0.74%	0.62%	63

⁽¹⁾ TAll acquired companies were considered.
⁽²⁾ Statutory personnel, trainees, apprentices, and directors were not considered.
⁽³⁾ Does not consider USA and Europe.

The cultural heritage of TOTVS is deeply ingrained within TOTVERS’S veins, having been cultivated over the course of 40 years in the market, forming the core of our strategic vision. This is complemented by drivers that amplify the dimensions of our operations and contribute to our journey towards becoming the trusted advisor to our clients.

OUR CULTURAL EVOLUTION [GRI 2-29, 3-3]

TOTVS ‘culture conveys the essence of who we are and how we behave in our daily lives. In order to act increasingly integrated with our 3 Dimensions, in 2022, we revisited our culture directions and united what brought us here with the attitudes that will take us forward to leverage our business.

Our new drivers were built taking into account the internal context of integration of the 3 Dimensions and the post-pandemic external context with changes in labor relations. Thus, we were able to have even more clarity on the path we must take in the coming years.

Thus, we came to the following drivers:

- We value skilled people who have a good character
- We are driven by results
- We invest in a technology that makes it possible
- We build long-term relationships with our clients
- When we collaborate we become stronger

Each of these drivers has descriptions that allow every TOTVER to identify themselves within them. These drivers are guides for the attitude of each one within the company and it is through them that we guarantee our strategic goals.



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Engagement survey [GRI 2-29]

Our internal survey “Fala, gente boa” (Speak up, good people!) seeks to understand the level of satisfaction and engagement of TOTVERS on topics such as compensation, hybrid work, benefits, leadership, diversity, and culture. We do quantitative and qualitative analysis, with affirmative and multiple-choice questions, besides measuring the eNPS (Employee Net Promoter Score), a method that allows companies to measure the level of loyalty of their employees) and the NPS (Net Promoter Score).

From the analysis of results, we create action plans and initiatives to make TOTVS an increasingly better company. The actions implemented from the survey carry a “Speak up, good people!” seal, which helps TOTVERS in identifying these initiatives.

Since 2019, the survey is conducted twice a year, covering all TOTVERS admitted up to three months before the survey is conducted. In 2022, the survey, which has an average of 40 questions, took place in June. In December, the pulse survey was conducted, with only 11 questions on topics that were constantly worked on in the last semester at the Company. Results show that we are on the right track:

- 83.5% of our internal audience took part in this survey, which is more than 6,500 TOTVERS;
- Our eNPS was 70 points, reinforcing our light, healthy, and fun environment to work in;

- The results show that 85.3% of TOTVERS agree that our efforts towards “Alignment with Purpose” are yielding positive outcomes, owing to our ability to disseminate information and align topics, which aid in defining our position and future direction;
- In the last year, our work model changed for some areas, impacting directly the life balance of our TOTVERS, which resulted in an 86% rate;
- Satisfaction is also shown when we talk about TOTVS being a healthy place to work, with an 83.8% rate;
- And our collaborative work was also positively rated, with 92.4% of TOTVERS agreeing and supporting this commitment!

5.2. ATTRACTION AND SELECTION

TOTVS is a B2B company and, even so, it has the recognition of the labor market for our innovative performance, as well as growth and career opportunities we offer. These were important feedbacks from an internal survey that contributed to the next directions of employer branding work, in an initiative that has been implemented since 2020.

We invest in entry-level programs so that new TOTVERS can be trained in what they seek for their careers in line with our company’s performance, as well as actively take part in journey development actions.

Our strategy in the area of attraction and selection remains active and has a communication initiative on LinkedIn that introduces TOTVERS and the role they play in our company, as well as approaching universities to show the vision of opportunity we offer to young talents who want to enter the world of technology and innovation.



TOTVS is intensifying its endeavors to enhance the employer brand, magnifying its potential to draw and retain the crème de la crème of technology industry professionals—inarguably one of the most demanding and fiercely competitive in the economy, relying on highly specialized, high-value labor.

Our attraction and selection processes are governed by the premises of ethical posture and respect for professionals and include actions aimed at relationship with the market, training programs, internal and external recruitment processes, as well as attraction projects for specific audiences, respecting and valuing diversity and inclusion among TOTVERS.

5.3. COMPENSATION AND BENEFITS [GRI 2-20, 401-2, 401-3, 405-2, 3-3] [SDG 5, 8, 17] [GLOBAL COMPACT 1, 6]

At TOTVS, the compensation model comprises fixed compensation, short- and long-term variable compensation, and benefits. This set aims to contribute to the internal and external balance of salary management, recognize the performance of TOTVERS and ensure the attraction, engagement, and retention of talent in view of the competitiveness in the market.

In 2022, we improved our People Analytics strategy at TOTVS, with the preparation, dissemination, and availability of 17 additional people management dashboards to the Company's leaders, enabling them to have all the information available to serve as a basis for their decision-making process.

In 2022, we promoted the 1st edition of the Benefits Day, an initiative for all TOTVERS to know the benefits we offer. We had more than 11,000 participants over the course of a week. We also promoted a compensation workshop for over 111 managers, between managers and executive managers, providing them with training on our compensation policies. Another prominent action in the year was the flu vaccination campaign, which had the adhesion of more than 5,500 TOTVERS and their families.

Compensation [GRI 2-19, 2-20]

Our compensation strategy is formulated by analyzing salary surveys and specialized studies that take into account the seniority and skill levels of each career stage. Additionally, we seek the counsel of independent consultants with expertise both in Brazil and internationally. Compensation composition is structured to align with meritocratic ideals and labor laws, with the objective of fostering competitiveness and promoting the adoption of best market practices.

In the case of the Executive Board of Officers and other eligible career levels, the global compensation is proposed by the Management itself and approved annually at the General Meeting of Shareholders. The variable compensation portion is pegged to the Company's financial results and the fulfillment of corporate and individual targets that we have established, as detailed below.

Additionally, we implement the Long-Term Incentive (LTI) plan, granting eligible members of the public the right to obtain Company shares, thereby elevating them to partners and reinforcing their long-term commitment to TOTVS and the business' sustainability, subject to specific

AWARDS FOR OUR INTERNSHIP PROGRAMS

In early 2023, we were doubly recognized for our internship program. We won the first place in the Best Internship Experiences award, by First Job, about the best companies to intern in Brazil. This survey assessed criteria such as learning, experiences, and infrastructure.

On the other hand, the Wall Job platform awarded us the Trainee-Friendly Company seal, offered to companies that most help the development of employees at the beginning of their career. TOTVS affords numerous possibilities, one of which is access to over three thousand hours of content specifically tailored for them at our University in Rede

NATIONAL QUALITY OF LIFE AWARD

TOTVS's actions in the areas of Benefits and Quality of Life were recognized by the 24th National Quality of Life Award FROM the Brazilian Association of Quality of Life (ABQV). For the second year in a row, we achieved the Certification of Good Practices (PNQV), which rewards companies with practices of excellence and results in improving health.

conditions. The program, which was updated in 2022 to make progress in meeting the different goals of the eligible public, also assesses the performance related to employee retention, following the 9Box methodology, which is carried out with all TOTVERS annually.

We also have the ‘ILP Destaque’ (LTI for Featured), an initiative in which employees whose performance and/or achievements allow them to join this plan. In 2022, in this program, TOTVS assigned shares to more than 249 TOTVERS considered as talents, of which 191 received shares for the first time, becoming new shareholders of the Company.

For more detailed information on our compensation guidelines and practices, please refer to section 10.3 of the 2023 Reference Form by clicking [here](#).

Compensation-gender ratio

[GRI 202-1, 405-2] [SDG 5, 8, 17] [GLOBAL COMPACT 1, 2, 6]

In 2022, the difference between the lowest salary paid by the Company compared with the local minimum wage was 25.83% higher for men and 8.17% higher for women, that is, R\$1,525 and R\$1,311, respectively. As a reference for that calculation, we used the amount of R\$1,212 that is the minimum wage in Brazil in 2022, and it is noteworthy that some states where we operate have a regional minimum wage value. The lowest salary paid by the company considers all employees, except trainees and apprentices.

There are also wage differences between units, but currently there are no rules to differentiate wages per diversity indicators. The wages follow the Company’s Compensation and Benefits Model, which is composed of fixed and variable compensation, besides benefits, considering seniority and competencies for each career level.

PROGRAM	Goals	Summary
ILP PERFORMANCE	<ul style="list-style-type: none"> Market competitiveness; Talent retention (pay for stay); Medium/long term (future) performance (pay for performance), based on collective goals. 	<ul style="list-style-type: none"> Eligible: TOTVS executives. Grace period: 3 years. Periodicity of the grant: annual. Type: performance shares.
ILP MASTER	<ul style="list-style-type: none"> ““Shield” the executives critical to the future of TOTVS – those who will take the company to the “next level”; Focus on retention, alignment with shareholders (pay for stay). 	<ul style="list-style-type: none"> Eligible: Defined annually by the Board of Directors. Grace period: 5 years. Periodicity of the grant: annual. Type: restricted shares.
LTI FEATURES	<ul style="list-style-type: none"> Recognize TOTVS talents; Dissemination of the culture of ownership. 	<ul style="list-style-type: none"> Eligible: not included in the other programs – 3% of highlights per area. Grace period: 3 years. Periodicity of the grant: annual. Type: restricted shares.

Variable Compensation Models

	Goals and metrics
Business and service variable compensation	<ul style="list-style-type: none"> Individual quantitative targets on a monthly, quarterly, or semi-annual basis. Encouragement to overcome sales and delivery challenges. Recurrent liquid stacking: addition of ARR – Churn, with a greater focus on the recurrent SAAS.
Short-Term Incentive - STI and bonuses	<ul style="list-style-type: none"> Semiannual model with annual recovery. Company level: trigger in EBITDA + growth of Recurring and Transactional Revenue. Area level: Contribution Margin view + Recurring Revenue growth. Individual level: Strategic map + specific projects.
Long-Term Incentive (LTI) - Stock-based compensation	<ul style="list-style-type: none"> The plan seeks to recognize, engage and retain TOTVERS in the long term (three years), reinforcing TOTVS’s culture of meritocracy and valuing those who stand out not only for their delivery, but mainly for the way they act towards day-to-day challenges. Calibrated by 9 Box: Result (50%) and Competencies + Potential (50%).

Ratio of women’s basic salary to men’s, by job category (%) ⁽¹⁾⁽²⁾⁽³⁾
 [GRI 405-2]

Job category	2020	2021	2022
Board of Executive Officers	-4%	-4%	-4%
Managers	-1%	-6%	-8%
Coordinators	-11%	-13%	-11%
Experts	-7%	-8%	-10%
Analysts	-8%	-15%	-14%
Technicians and Assistants	-8%	-11%	-10%
Interns	-	-	-

⁽¹⁾ All companies acquired, except Feedz, RBM, and Vadu were considered.
⁽²⁾ Statutory personnel, trainees, apprentices, and directors were not considered.
⁽³⁾ Employees in the international market were not considered.

We acknowledge that, in 2022, there was a gender pay gap ranging from 4% to 14% for different positions at TOTVS. Disparities in pay between genders arise because of the allocation of compensation within the organizational structure, where the wage schedule is uniform and not gender-specific. Although wage variations among genders are not intentional, this is a point of attention for the Company.

Benefits [GRI 401-2]

We offer benefits that can significantly enhance the quality of life for our employees. These benefits follow market practices and also our attraction and retention strategies. In 2022, the following benefits were made available:

- Health plan, including medical, laboratory, and hospital care, available to all TOTVERS and their direct dependents;
- Dental plan, available to TOTVERS and direct dependents;

- 180-day maternity leave, and 40-day paternity leave, higher than the required by law;
- Meal vouchers;
- Transportation voucher;
- Life Insurance;
- Private pension plan.

Also in 2022, we implemented health and dental plans for trainees and young apprentices, reduced the percentage of discount for Bradesco health care dependents, and migrated the benefit of meal vouchers to the company Swile—which provides greater flexibility and freedom of access for TOTVERS because it is a benefit with the Mastercard flag, accepted by the entire network of establishments connected to the food industry sector.

In the case of paternity leave, we extended the period to 40 days, i.e., 20 days additional to what was previously offered, being five days according to the Brazilian labor laws (CLT), and 15 days under the Citizen Company (“Empresa Cidadã”) Program. What’s more, we started offering the meal voucher also during the maternity and paternity leaves of our TOTVERS.

Compared with 2021, we recorded the growth of the employee retention rate after the end of the parental leave, with 100% of men and 99.35% of women, versus 97% and 98% in the previous year. Retention after 12 months also increased for men from 81% to 87%, and decreased for women from 86% to 84%, according to the data provided in the following table

Parental Leave [GRI 401-3, 3-3]

Return to work and retention rates after maternity/paternity leave, per gender ⁽¹⁾⁽²⁾	Gender	2020	2021	2022
Total number of employees who returned from parental leave	Men	159	170	182
	Women	144	147	154
Total number of employees who returned from parental leave	Men	159	165	182
	Women	144	144	153
Total number of employees who returned to work after the end of maternity/paternity leave and remained employed 12 months after their return	Men	131	137	158
	Women	122	127	128
Retention rate of employees who returned to work after the end of the leave (%)	Men	100%	97%	100%
	Women	100%	98%	99.35%
Retention rate of employees who returned to work after 12 months (%)	Men	82%	81%	87%
	Women	85%	86%	84%

⁽¹⁾) All companies of the TOTVS Group were considered, except Gesplan, Feedz, and RD Station.
⁽²⁾ The rules for adhering to this benefit were disclosed to TOTVERS, and the request was made through a proper form on Fluig, with the specificity of deadlines and rules established in the legislation and the Citizen Company (“Empresa Cidadã”) program.



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Pension Plans [GRI 201-3]

Os TOTVERS têm acesso a dois tipos de planos de Previdência:

VGBL (Free Benefit Generating Life): recommended for those who prepare the simplified model of the Income Tax return, as it has no tax incentives. Taxation is levied only on income at the time of redemption or receipt of income.

PGBL (Free Benefit Generating Plan): recommended for those who prepare the full model of the Income Tax return, as it has tax incentives up to the limit of 12% of the gross taxable income. Another characteristic of the PGBL is that taxation is levied on the total amount (contributions + income) at the time of redemption or receipt of income.

TOTVS does not work with a determined benefit plan. Contributions made on behalf of participants are always credited to the PGBL plan.

Basic monthly contribution with a counterpart of 100%:

GROUP I: CEO, vice presidents, and officers: contribution from 2% to 5% of the gross fixed salary, as determined by each TOTVER (it does not affect the 13th Salary).

GROUP II: other positions: contribution of 2% of the gross fixed salary, as determined by each TOTVER (it does not affect the 13th Salary).

Voluntary contribution without consideration from TOTVS:

Monthly: TOTVERS contribute monthly with the basic contribution and can make voluntary contributions of up to 10% of their gross base salary, respecting the minimum amount of R\$30.

Sporadic: TOTVERS contribute monthly with the basic contribution and can make contributions in the minimum amount of R\$50.





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ENGAGEMENT ACTIONS

To enhance recognition and internal engagement, we carried out several initiatives in 2022:

Mother's Week: with the theme 'Unparalleled Mother', we had the live 'Mother's Talk: after all, what do women want?', hosted by psychologist Eliana Audi, with 145 participants online. We also had a lecture on 'Organization Tips for Financial Independence', given by André Barretto, with 280 participants online, in addition to yoga and functional classes taught by Gympass, totaling 117 virtual participations. The Benefits and Quality of Life team took part with the Fair with Suppliers, where featured products were sold.

Towel Day: On May 25th, we celebrated the geek culture with the 'Towel Day'. TOTVERS were able to publish their photos and be chosen in TOTVS's Instagram repost. We also had the #DIADATOALHANATOTVS contest, in which the winners were granted a ticket to the Comic Con 2022, the largest pop culture festival in the world.

"Festa Julina" (Brazilian July Folk Festival): the warm-up for this folk festival was on June 22 across all units of TOTVS. Each local HR prepared their party according to the particularity of the units. In all, we had approximately 1,300 TOTVERS taking part in our folk festival. This action was recommended to foster additional celebrations within the company.

Birthday cards. Since July, submissions have been scheduled through the MailChimp shooting platform to be sent in a customized manner with the first name of the birthday TOTVER. This initiative aimed at promoting a greater sense of belonging and pride to employees while increasing celebrations within the company.

Father's Day: in August, we had a conversation with the PDH Institute (Men's Talk, or "Papo de Homem"), talking about 'How the constructions of masculinities affect current types fatherhoods'. We had 609 participants online and approximately 50 TOTVERS in the auditorium, among them, TOTVERS who are parents in different contexts. In addition, we performed beneficial actions with some brands.

The 2nd Button Soccer Cup witnessed the participation of 72 TOTVERS in round-trip matches during every phase of the championship, which commenced in July. This proved that our passion for the sport of soccer remains unwavering, whether we play on the field or with buttons. The final game was broadcast to all units and had as grand champion the Executive Manager of V&D Everton Tavani Acosta Veiga, who beat the manager of Cloud, Alexandre Picagli Gallo Lavrador, on penalties after two matches with scores of 3X3.

Children's Day: the celebration took place on October 7 at the TOTVS units in the cities of Sao Paulo, Goiania, Cianorte, Cascavel, Ribeirao Preto, Belo Horizonte, Caxias do Sul, Joinville, Porto Alegre, Assis and Recife, and in Rio de Janeiro, on October 21. This action was a success, bringing together more than 900 children. Furthermore, the party embraced a range of kinship connections, promoting a sense of family within the organization, even among TOTVERS who do not have children.

World Cup: we had exchange of stickers in the Headquarters unit, both in person and in online groups, with 11 units of the branches taking part in it. Throughout the World Cup, our TOTVERS gave their guesses in our TOTVS's pool, with more than four thousand placed in the ranking. In addition, over 60 photos took part in the draw of the fan kit and, on the day of the warm-up for the World Cup, there were over 1,300 photos of TOTVERS in sticker format.

Special toast to the end of the year: 2022 was full of hard work, growth, and achievements. And we ended this cycle among TOTVERS in an atmosphere of celebration and with a lot of integration. A commemorative toast was held on December 15 with superiors and subordinates in attendance, to mark the achievements and accomplishments of 2022.



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5.4. TALENT MANAGEMENT

Innovation requires not only the best talent but also a commitment to ongoing learning and growth. Each TOTVER's journey is given a unique and personalized perspective, thanks to our mapping of career structures that allows them to see where they stand and which paths they can take.

We constantly improve our recognition and succession programs and we see in the new moment of TOTVS in acting in 3 Dimensions an opportunity to build new bridges and generate more connection between the various areas.

Every TOTVER goes through a performance cycle that corresponds to a 360° assessment that includes manager, peers, team, and self-assessment. We take into account the competence of each individual, the proximity to our culture, the results delivered, and the potential of each one. In addition, we encourage continuous and spontaneous feedback (which consists of sending a 'Thank you!' through our online platform).

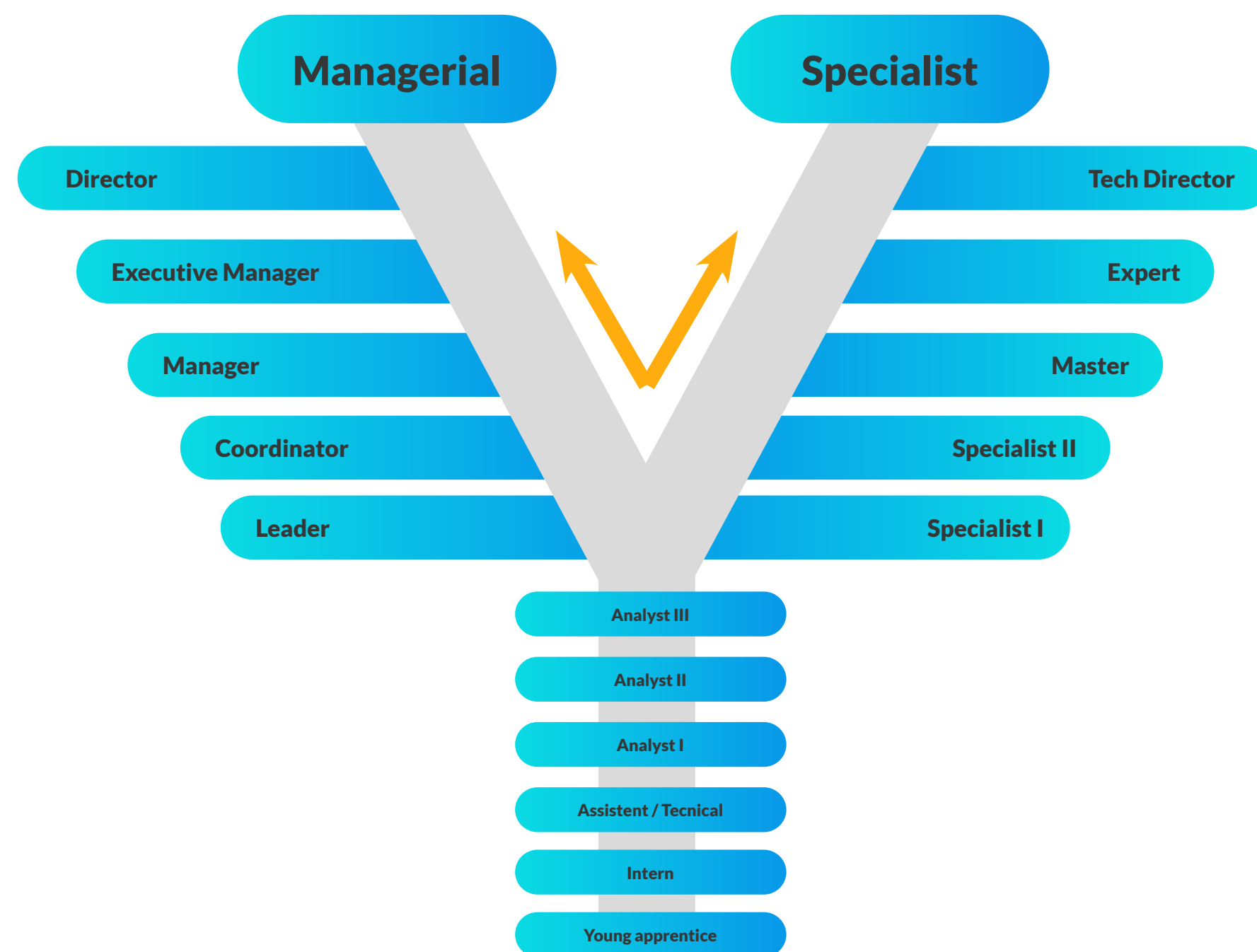
This comes about collaboratively, even during the incorporation of teams from acquired companies. We know the importance of the arrival of a new culture and that this is the perfect timing to share our essence with new employees, while taking into account flexible factors, such as regional differences, and free, which are the culture already existing within them.

Career Tracks

Through the Career Tracks program, we mapped the existing positions in each business area of TOTVS. In 2022, we delivered new tracks, reaching a total of 14 tracks and over 800 positions.

Each position has a job description, mission, responsibilities, and requirements. The specific competencies for each business area and the level of competence maturity expected for each position (proficiency ruler) are also presented.

Our approach to careers considers a leverage in 'Y', which means that there are basic positions (Apprentice, Intern, Assistant/Technician, Analyst I, Analyst II, and Analyst III), which unfold in people management (Leader, Coordinator, Manager, Executive Manager, and Executive Officer) and in specialists (Specialist I, Specialist II, Master Specialist, Expert Specialist, and Tech Officer). With this model, we make career levels in people management and specialist-equivalent professionals that are equivalent in pay range and level of responsibilities.





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Succession program

Every year, we map the succession pool of TOTVS's top leaders. This initiative gives us insight into the generation of a pipeline of leaders to fill the company's leadership positions.

In 2022, we mapped the potential successors to 142 positions: Executive Managers, Officers, Executive Officers, Vice-Presidents, and CEO. Out of these, we identified coverage in 85% of positions. In the case of changes performed throughout 2022, 81% of them were performed by successors previously mapped internally or by external recruitment.

Target Management

Our biannual program aims to give structure and visibility to the management of strategic indicators for the business, bringing inputs to decision-making and putting the culture of results into practice.

This program involves the direct participation of employees from positions from Managers/Master Experts, reaching the CEO. We hired a package of targets that are aligned with TOTVS's strategic planning, and the participants develop the strategies with their teams to monitor and execute the targets throughout the semester.

In 2022, 532 eligible TOTVERS took part in this program, with an average achievement of 125% target contracts, leveraging the company's results.

Performance assessment [GRI 404-3] [SDG 8, 9]

Performance management and career development is the responsibility of the Performance area. From the assessment performed annually with TOTVERS, we are able to view the potential of our human capital and design paths for the development of individual and team skills. In 2022, 89% of employees were assessed, which corresponds to 89% of men and 89% of women.

In 2022, we closed the Performance Cycle with 99% of assessments answered. For the assessment, we used the 9 Box method (Nine Box Matrix), which considers as parameters the performance, potential, and skills of each one. In this way, we analyze the relationship between the competencies of a TOTVER, his/her duties and targets and the result delivered, also promoting the self-knowledge of employees so that they can improve their professional profile.

Within the Performance Cycle we have feedback dialogues between leader and subordinate, aligning strengths and development points. Feedback helps TOTVERS to build their individual development plan (PDI), which is managed by it by every TOTVER on the corresponding online tool. We sensitize this process by applying the 'emotimeter', as a way to gauge and record—both by the employee and by his/her leaders—the satisfaction and alignment between them.

The development of our meritocracy actions is influenced by performance. Among the initiatives we implement are participation in recognition programs, salary actions, promotions, observation and support for performance recovery, as well as exit strategy.

Percentage of total employees who had performance and career development assessed (%)⁽¹⁾⁽²⁾⁽³⁾ [GRI 404-3]

	2020		2021		2022	
	Men	Women	Men	Women	Men	Women
Total employees	5,216	2,648	5,556	2,998	5,912	3,216
Number of employees who underwent performance and career development assessment	4,724	2,372	5,137	2,714	5,238	2,848
% per gender	91%	90%	92%	91%	89%	89%
% leadership positions	93%	91%	92%	88%	87%	84%
% other positions	90%	89%	93%	91%	89%	89%
Total	90%		92%		89%	

⁽¹⁾ The units considered include Brazil, Argentina, Colombia, Mexico, Chile, USA, and Portugal.

⁽²⁾ The units not considered are: Dimensa, Feedz, Gesplan, RJ Consultores, RD Station, Supplier, and Tail, as well as the franchises.

⁽³⁾ For the functional category "leadership", the career levels of: leaders, managers, executive managers, officers, vice presidents, and CEO are considered. For "non-leaders", the following career levels are considered: apprentices, interns, assistants, technicians, analysts, and specialists.



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5.5. DEVELOPMENT AND TRAINING [GRI 404-1, 404-2] [SDG 4, 5, 8, 9, 10, 17]

We believe that achieving an outcome is not just about the end result, but about the dedicated people behind it. We work collaboratively to develop the skills and competencies of each TOTVER, whether they be technical or behavioral, with a focus on extracting their full potential and contributing to social inclusion and empowerment of new talent.

In 2022, we structured our efforts in two pillars of TOTVS University in Network, known as “Universidade TOTVS em Rede”: United, and Development of Leaders. We had 10,626 trained TOTVERS, with 336,510 hours of learning, with an average of 31.7 hours per person. This total is 47% higher than in 2021 and the increase is because of

the availability of new content at our University, besides the resumption and expansion of face-to-face training.

AS regards the profile of TOTVERS that were trained throughout the year, analysts were the ones that consumed the most content, with over 210,000 hours. Next came technicians and assistants (71,000 hours), and specialists (27,000 hours). The following tables contain data that is managed through platforms, and we can extract reports from these platforms that contain all the training data of our TOTVERS. The report’s exclusive concern is the employees who finished 100% of their training, regardless of whether they were active or inactive in 2022.

Average training hours per year, per employee, and by gender⁽¹⁾⁽²⁾ [GRI 404-1]

	2020		2021		2022	
	Hours	Hours per employee	Hours	Hours per employee	Hours	Hours per employee
General	189,368	21.50	229,378	21.60	336,510	31.70
Men	138,505	24.60	155,475	22.50	206,623	30.20
Women	50,863	18.30	73,903	20,70	129,887	34.30

⁽¹⁾ Units considered include Brazil, Mexico, USA, Argentina, and Colombia.

⁽²⁾ Units not considered include Chile, Portugal, Bematech, Feedz, RD Station, and Gesplan, as well as franchises and Channels.

Average training hours per year, per employee, and by job category⁽¹⁾⁽²⁾ [GRI 404-1]

Job category	2021		2022	
	Hours	Hours per employee	Hours	Hours per employee
Executive Officers and Managers	680	3.70	1,189	8.80
Men	519	3.65	960	9.50
Women	161	3.83	228	6.70
Managers	3,391	10.03	3,803	12.00
Men	2,223	9.58	2,534	11.60
Women	1,168	11.02	1,269	12.90
Coordinators	11,593	14.90	10,895	18.10
Men	7,136	15.51	7,289	19.50
Women	4,457	14.02	3,605	15.70
Experts	20,938	14.60	27,619	17.20
Men	16,547	14.93	20,287	17.60
Women	4,391	13.47	7,331	16.10
Analysts	146,125	23.03	210,423	32.70
Men	99,882	23.76	136,159	32.50
Women	46,243	21.61	74,264	33.10
Technicians and Assistants	30,889	29.76	71,018	57.20
Men	17,939	32.86	32,369	50.30
Women	12,950	26-32	38,649	64.50
Apprentices and interns	15,756	44.26	11,560	37.80
Men	11,226	52.95	7,022	39.00
Women	4,530	31.46	4,538	36,00

⁽¹⁾ Units considered include Brazil, Mexico, USA, Argentina, and Colombia.

⁽²⁾ Units not considered include Chile, Portugal, Bematech, Feedz, RD Station, and Gesplan, as well as franchises and Channels.



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We invest in training for work since the very beginning of the journey with the structuring of the “Unidos” (United) pillar, which aims to develop new educational opportunities for society, employability, and career pipeline for TOTVS with the strengthening of entry programs:

Young apprentices and trainees: we reviewed both programs in order to rethink learning and professional training. With the internship program, 45 interns were admitted in 2022, of which 20 remain active (44.44% retention), a NPS of 82.1, and 2,383 hours of training. As for young apprentices, there were 64 admissions in 2022, of which 54 remain active (84.37% retention), NPS of 94.2, and 5,231 hours of training.

Start Tech: TOTVS University, in partnership with the Social Opportunity Institute, launched the Start Tech program in 2022. This program aims to speed up the career of people in situations of social vulnerability, already trained in IOS courses, to access job opportunities in the technology area. It consists of a training journey lasting about four months, in hybrid format, comprising theoretical and practical classes via the TOTVS University and unpaid internship. The pilot class had 26 participants and a NPS of 86.6. At the end of the program, seven of the participants had already been absorbed by the technology market.

Speed to Hero: through this program, which was structured and already implemented in 2022, we started to develop new TOTVERS from the acceleration of knowledge in a specific competence. In two editions held throughout the year, we had 1,578 registrations, of which 39 participants were selected. Out of these, 37 remain active (94.87% retention), with a NPS of 100.

Bootcamp: integrative and immersive project, built under a challenge prepared by the Company, which was presented to an evaluation board. Recognizing the opportunities and challenges of the business, TOTVS’s first Bootcamp aimed to empower the Cloud area, particularly cloud development and infrastructure. Lasting three months, it had 34 trained professionals, 990 training hours, and ten professionals approved/hired, and all the ten remain active.

We also made progress in initiatives that aim to empower our leaders. We believe that leaders should have an inspiring role and full application of our culture in everyday life, being close and acting in a humanized way. In this sense, we have several TRAINING programs for leaders, including ESG training, which aims to prepare them for the challenges of their areas and ensure sustainable productivity from the new working models.

Our Development of Leaders pillar is composed of programs designed for leaders. And they are the following ones:

Next Talent: designed to speed up the acquisition of competencies needed to propel talents into the future of TOTVS. It had 161 participants, besides 1,116 training hours.

Next Building: designed according to the demand of each team, it involves the development of leadership skills, collaboration, and trust, taking into account the maturity of the team and specific needs. Its approach can include preparation steps, as well as developments for the individual development of TOTVERS, with coaching and mentoring tools. This initiative started with the commercial team and had 27 participations, with 432 hours of training, and NPS 100.



I am a Manager; now what? (“Sou Gestor, e Agora?”): a relaunched program that focuses on the development of soft skills and hard skills that are essential for TOTVERS who will manage a team for the first time. In all, it had 74 participants, with 440 hours of training and NPS of 86.3.

Commercial Excellence: in the scope of sales, the program contributed to disseminate soft skills and hard skills content, complementing the training for the sales force. The teams rely on hybrid initiatives, mentoring, monitoring, and formal training that support participants in managing the client portfolio. Out of the 512 participants in 2022, 309 were TOTVS’s employees (with 66% certified and 34% promoted), and 203 of franchisees (65% certified).

**“Universidade TOTVS em Rede”
(TOTVS Networked University)**

[GRI 404-1] [SDG 4, 5, 8, 9, 10, 17]

Continuous education is one of the characteristics of our business and is present at all times of TOTVERS’ journey, whether informal or dedicated only to learning. To this end, in 2020, we created the TOTVS Networked University (“Universidade TOTVS em Rede”), a project of which we are proud to have our TOTVERS as producers and disseminators of learning through UNIT—a collaborative educational platform that in 2022 had over 278 thousand accesses. “Educate to Grow” is our purpose.

With a comprehensive model, there are over 18,000 pieces of content (more than 2,000 of them produced in 2022), with most of them generated from gamification. The contents available at UNIT are developed by experts in each topic, as we believe that individuals who experience daily life in an area are the most qualified to share essential knowledge.

The learning tracks are built with a focus on TOTVERS’ careers. They are divided into institutional content, Functional Tracks (for a given function), and Essential Tracks (which consider competencies specific to an area).

The Networked University model allows us to measure the volume of content shared and learned, based on indicators that value who teaches and who learns in a ranking shown within the platform. In 2022, 898 TOTVERS redeemed awards, 40 TOTVERS were awarded in the content producers competition, and four TOTVERS were awarded in the leaders and teams competition.

From the second half of 2022 on, we included the NPS in the evaluation of the contents. The target was the quality zone (50-74); however, at the end of December, we reached 79.7—excellence zone.

Scholarships [GRI 404-2] [SDG 4, 5, 8, 10, 17]

In 2022, investment in scholarships and educational subsidies gave way to the strengthening of content production for the Networked University and gamification initiatives (of users, producers, and leaders). This guideline will be maintained for the year 2023. In this way, we expand the training offer in a collaborative way, encouraging the sharing of knowledge and expertise of TOTVERS.

We also support certifications, training, and external events as ways to complement the training of TOTVERS. Through the partner platform Alura, over 76,000 hours of training were provided in 2022, reaching 1,973 TOTVERS, which means an average of 38 hours per employee.

Amounts invested in training and education (R\$ million)⁽¹⁾⁽²⁾ [GRI 404-2]

	2020	2021	2022
Training sessions	R\$2.512 ⁽⁴⁾	R\$3.357 ⁽⁴⁾	R\$3.185 ⁽⁴⁾
Scholarships awarded	R\$722 ⁽³⁾	R\$184 ⁽³⁾	-

⁽¹⁾All TOTVERS from own units, acquired and international units (which were already on the staff until December 2020, 2021, and 2022) were considered.

⁽²⁾Scholarships for undergraduate courses, language, immersion, postgraduate courses, MBA, master’s degree and Ph.D. degree are considered.

⁽³⁾Amount invested in training (R\$ thousand)

⁽⁴⁾It includes the “gamification” for users, who produce content for the TOTVS Networked University.



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5.6. DIVERSITY AND INCLUSION

[GRI 405-1] [SDG 5, 8, 10, 16] [GLOBAL COMPACT 6]

Based on our purpose and our vision as a company, we understand the importance of TOTVS in developing agendas that can positively influence and impact society, both as an employer and as a social agent. Technology is a transformative means that is able to contribute to the construction of an increasingly diverse, inclusive, respectful, and welcoming ecosystem. To this end, we rely on the following guiding principles:

- Inclusive Culture
- Inclusive leaders
- Inclusive language and communication
- Promotion of intentional inclusive processes
- Accessibility
- Representativeness
- Clear, barrier-free language

Since 2020, we have reinforced our performance in diversity and inclusion actions and, in 2022, we completed the structuring cycle, with the launch of the [Diversity and Inclusion Policy](#), which provides the guidelines and positioning so that we can work on the continuous evolution of the correlated subjects in the internal and external relations we maintain, besides the establishment of the Diversity and Inclusion Committee. As support for the execution of actions and decision-making, besides the D&I area, we rely on the Strategic Committee, Affinity Groups, the Code of Ethics and Conduct, and other organizational policies.

The establishment of the Diversity and Inclusion Committee is geared towards bolstering the development of comprehensive strategies and procedures to ensure the topic is approached across all levels. It has the participation of TOTVS's top leader in several areas, aiming to integrate the needs, projects, and challenges already mapped so that we can build together and address TOTVS's demands.

This Committee also aims to be influential, from protagonist leaders who inspire their teams and other leaders to a transformation towards a more inclusive environment, as well as a reference, with training for top leaders to set an example to our stakeholders and to society in general.

• DIVERSITY AND INCLUSION POLICY

Diversity and Inclusion Commission

Support, construction and integration
of Diversity and Inclusion strategies

Diversity and Inclusion Team

Management of the Diversity and Inclusion program

Affinity Groups

Environment for exchanging experiences
and building actions together with TOTVERS





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Employees by position and gender⁽¹⁾⁽²⁾ [GRI 405-1]

	2020			2021			2022		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executive Officers and Managers	76%	24%	126	76%	24%	155	75%	25%	196
Managers	67%	33%	267	68%	32%	294	68%	32%	398
Coordinators	63%	37%	442	60%	40%	532	59%	41%	921
Experts	77%	23%	939	73%	27%	1,373	75%	25%	1,533
Analysts	66%	34%	5,270	64%	36%	5,102	62%	38%	6,234
Technicians and Assistants	55%	45%	822	50%	50%	797	50%	50%	921
Interns	-	-	-	-	-	-	-	-	0
Apprentices	-	-	-	-	-	-	-	-	0
% per gender	66%	34%	100%	64%	36%	100%	63%	37%	100%
Total employees	5,219	2,647	7,866	5,760	3,250	9,010	6,411	3,792	10,203

⁽¹⁾ All acquired companies were considered.

⁽²⁾ Statutory personnel, trainees, apprentices, and directors were not considered.

⁽³⁾ Does not consider USA.

Total women, by position⁽¹⁾⁽²⁾ [GRI 405-1]

	2020	2021	2022
Executive Officers and Managers	30	41	49
Managers	88	109	127
Coordinators	162	250	381
Experts	218	396	390
Analysts	1,778	2,054	2,385
Technicians and Assistants	371	400	460
Interns	-	-	-
Apprentices	-	-	-
% per gender	34%	36%	37%
Total employees	2,647	3,250	3,792

⁽¹⁾ All acquired companies were considered.

⁽²⁾ Statutory personnel, trainees, apprentices, and directors were not considered.

⁽³⁾ Does not consider USA.

Total men, by position⁽¹⁾⁽²⁾ [GRI 405-1]

	2020	2021	2022
Executive Officers and Managers	96	130	147
Managers	179	235	271
Coordinators	280	375	540
Experts	721	1,044	1,143
Analysts	3,492	3,575	3,849
Technicians and Assistants	451	399	461
Interns	-	-	-
Apprentices	-	-	-
% per gender	66%	64%	63%
Total employees	5,219	5,760	6,411

⁽¹⁾ All acquired companies were considered.

⁽²⁾ Statutory personnel, trainees, apprentices, and directors were not considered.

⁽³⁾ Does not consider USA.



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Percentage of employees by age group and gender ⁽¹⁾⁽²⁾ [GRI 405-1]

	2020			2021			2022		
	Under 30	Between 30 and 50	Over 50	Under 30	Between 30 and 50	Over 50	Under 30	Between 30 and 50	Over 50
Executive Officers and Managers	-	85.83%	14.17%	0.58%	84.97%	14.45%	1.53%	85.71%	12.76%
Men	-	85.57%	14.43%	100%	74.83%	84.00%	0.68%	87.07%	12.24%
Women	-	86.67%	13.33%	-	25.17%	16.00%	4.08%	81.63%	14.29%
Managers	3.00%	87.64%	9.36%	3.20%	89.24%	7.56%	2.26%	90.70%	7.04%
Men	2.79%	86.03%	11.17%	72.73%	66.45%	88.46%	2.58%	89.67%	7.75%
Women	3.41%	90.91%	5.68%	27.27%	33.55%	11.54%	1.57%	92.91%	5.51%
Coordinators	3.17%	90.27%	6.56%	8.32%	86.72%	4.96%	7.82%	86.43%	5.75%
Men	3.57%	91.43%	5.00%	55.77%	60.89%	51.61%	6.85%	87.59%	5.56%
Women	2.47%	88.27%	9.26%	44.23%	39.11%	48.39%	9.19%	84.78%	6.04%
Experts	2.57%	81.93%	15.51%	6.18%	81.60%	12.22%	6.72%	81.93%	11.35%
Men	2.65%	82.29%	15.06%	73.03%	72.43%	72.73%	6.21%	82.24%	11.55%
Women	2.29%	80.73%	16.97%	26.97%	27.57%	27.27%	8.21%	81.03%	10.77%
Analysts	28.76%	66.89%	4.34%	33.42%	62.27%	4.32%	32.21%	63.22%	4.57%
Men	30.36%	65.18%	4.47%	63.96%	62.94%	68.31%	32.32%	62.61%	5.07%
Women	25.63%	70.26%	4.10%	36.04%	37.06%	31.69%	32.03%	64.19%	3.77%
Technicians and Assistants	64.96%	32.85%	2.19%	60.70%	37.17%	2.13%	59.72%	37.46%	2.82%
Men	66.74%	30.60%	2.66%	50.72%	48.48%	52.94%	60.74%	37.09%	2.17%
Women	62.80%	35.58%	1.60%	49.28%	51.52%	47.06%	58.70%	37.83%	3.48%
Employees by age group	26.65%	67.45%	5.90%	30.51%	72.36%	6.27%	26.90%	67.30%	5.79%
Total employees	7,866			9,010			10,203		

⁽¹⁾ All acquired companies were considered.

⁽²⁾ Statutory personnel, trainees, apprentices, and directors were not considered.

⁽³⁾ Does not consider USA and Europe.





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Proportion of employees with disabilities, by position, in % ⁽¹⁾⁽²⁾ [GRI 405-1]

People with Disabilities (%)	2020			2021			2022		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executive Officers and Managers	0.80%	-	0.80%	0.60%	-	0.60%	0.50%	1.00%	1.50%
Managers	-	0,40%	0,40%	-	0.30%	0.30%	-	-	-
Coordinators	-	0.20%	0.20%	0.20%	0.20%	0.30%	0.30%	0.30%	0.70%
Experts	0.90%	0,40%	1.30%	0.70%	0,40%	1.10%	0.50%	0.30%	0.80%
Analysts	12.00%	0,40%	1.60%	1.50%	0.60%	2.10%	1.30%	0.80%	2.10%
Technicians and Assistants	13.10%	10.60%	23.70%	10.50%	9.90%	20.40%	9.10%	8.20%	17.40%
Interns	-	-	-	-	-	-	-	-	-
Apprentices	-	-	-	-	-	-	-	-	-
% per gender	2.30%	1.50%	3.80%	2.00%	1.40%	3.40%	1.70%	1.30%	3.00%
Grand total of employees	7,866			9,010			10,208		

⁽¹⁾ All acquired companies were considered.

⁽²⁾ Statutory personnel, trainees, apprentices, and directors were not considered.

⁽³⁾ Does not consider USA and Europe.



Race and ethnicity of employees, by gender and position (%) ⁽¹⁾⁽²⁾ [GRI 405-1]

	2020		2021		2022	
	Men	Women	Men	Women	Men	Women
Executive Officers and Managers	76.20%	23.80%	75.90%	24.10%	74.87%	25.13%
White	58.70%	19.80%	74.80%	25.20%	74.12%	25.88%
Black	0.90%	-	100%	-	100.00%	0.00%
Brown	4.80%	-	100%	-	77.78%	22.22%
Yellow	-	-	100%	-	100.00%	0.00%
Indigenous	-	-	-	-	-	-
Not stated	11.90%	3.90%	-	100%	77.78%	22.22%
Managers	67.00%	33.00%	68.20%	31.80%	68.12%	31,88%
White	51.30%	25.80%	67.50%	32.50%	66.90%	33.10%
Black	0,40%	-	57.10%	42.90%	66.67%	33.33%
Brown	9.40%	2.60%	75.00%	25.00%	75.44%	24.56%
Yellow	1.10%	-	100%	-	100.00%	0.00%
Indigenous	-	0.70%	-	-	-	-
Not stated	4.90%	3.70%	50.00%	50.00%	60.71%	39.29%
Coordinators	63.30%	36.70%	59.80%	40.20%	59.34%	40,66%
White	48.40%	28.70%	57.00%	43.00%	56.63%	43.37%
Black	1.40%	0.90%	66.70%	33.30%	60.00%	40.00%
Brown	8.40%	3.60%	71.90%	28.10%	69.84%	30.16%
Yellow	0.20%	-	50.00%	50.00%	42.86%	57.14%
Indigenous	-	-	-	-	-	-
Not stated	5.00%	3.40%	66.70%	33.30%	54.84%	45.16%

	2020		2021		2022	
	Men	Women	Men	Women	Men	Women
Experts	76.80%	23.20%	72.40%	27.60%	75.15%	24.85%
White	56.70%	19.20%	70.40%	29.60%	73.74%	26.26%
Black	1.60%	0.60%	72.20%	27.80%	71.74%	28.26%
Brown	14.70%	2.80%	84.50%	15.50%	81.45%	18.55%
Yellow	0.90%	0.30%	64.00%	36.00%	67.86%	32.14%
Indigenous	0.20%	-	50.00%	50.00%	75.00%	25.00%
Not stated	2.70%	0.30%	63.20%	36.80%	67.50%	32.50%
Analysts	66.20%	33.80%	63.50%	36.50%	61.64%	38,36%
White	44.80%	23.30%	62.10%	32.90%	60.30%	39.70%
Black	3.00%	1.20%	67.30%	32.70%	65.70%	34.30%
Brown	14.20%	6.10%	68.00%	32.00%	64.77%	35.23%
Yellow	0.60%	0,40%	60.00%	40.00%	52.63%	47.37%
Indigenous	0.10%	0.10%	33.30%	66.70%	40.00%	60.00%
Not stated	3.50%	2.70%	53.50%	46.50%	64.23%	35.77%
Technicians and Assistants	54.90%	45.10%	50.10%	49.90%	50.27%	49,73%
White	36.30%	27.60%	51.20%	48.80%	51.33%	48.67%
Black	2.90%	2.70%	54.70%	45.30%	51.19%	48.81%
Brown	13.70%	10.90%	48.20%	51.80%	48.57%	51.43%
Yellow	0,40%	0.50%	50.00%	50.00%	37.50%	62.50%
Indigenous	-	0,40%	-	-	66.67%	33.33%
Not stated	1.60%	3.00%	21.40%	78.60%	46.94%	53.06%

⁽¹⁾ All acquired companies were considered.
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Affinity Groups

One year after the beginning of the work, the four affinity groups gained more maturity, with more than 400 engaged TOTVERS, the definition of strategies and the promotion of meetings and events directed to the entire company to think about collective constructions.



Race and ethnicity #PERTENCIMENTONATOTVS

[SDG 8, 10, 17] [GLOBAL COMPACT 6]

The affinity group #PERTENCIMENTONATOTVS has a registered count of 70 individuals and endeavors to enhance the feeling of belonging and identification, constructing TOTVS as a hospitable and all-encompassing enterprise that advocates anti-racism culture. In 2022, we ended the year with 15% of people who self-identified as black in our leadership, and 25% at TOTVS. Our initiatives on ethnicity/race throughout the year sought to expand the target of hiring this audience, reaching 34% of new TOTVERS.

As an awareness-raising action, in November, which is the racial awareness month, we had a talk with Adriana Barbosa, founder of Feira Preta (Black Fair) and PretaHub, about the challenges in the career of the black population, considering the historical context and the difficulties still faced today.

As for training, we work in the training of people from the LGBTQIAPN+ community in administrative and technology courses through the Institute of Social Opportunity. A total of 1750 (61%) people self-identified as non-white youth were trained, with 1,712 (59%) self-identified as black.

GENDER #ELASNATOTVS

[GRI 405-1] [SDG 5, 8, 16] [GLOBAL COMPACT 6]

In 2022, 39% of TOTVS's hires were women and, in all, they ended the year representing 35% of leaders. Our gender-inclusive actions throughout the year aimed to broaden the hiring objective, which was successfully achieved, along with enhancing the appeal and selection in technology through the active support and sponsorship of Programaria Sprint Tech Leads (an initiative that equips women for technology) and a curriculum repository featuring over 180,000 registrations.

We promote education and awareness of the gender subject with the training of leaders, training at TOTVS University and events, also counting on collective mentoring with women and the affinity group #ELASNATOTVS. We also announced the extension of paternity leave from 20 to 40 days.

For the initiatives of the #ELASNATOTVS group, we received in November the Seal of Human Rights and Diversity from the Municipal Secretariat of Human Rights and Citizenship of Sao Paulo. In addition, TOTVS is a signatory to the UN Women's Empowerment Principles (WEPs), a public commitment to equal opportunities in the labor market.



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LGBTQIAPN+ #CORESNATOTVS

According to the Diversity Census carried out by TOTVS in 2021, 8% of TOTVERS identify themselves as belonging to the LGBTQIAPN+ group. The next Census will be held in the second half of 2023. Among the achievements in 2022, we approved the procedure for authorizing the use of the social name for transgender people.

This Affinity Group aims to be a safe, inclusive, and welcoming environment that promotes TOTVS's respect, visibility, and cultural transformation through the exchange of knowledge and experiences. There are 102 registered people who contribute to support initiatives that go beyond the work environment, such as clarifying doubts related to the change of civil name, adoption, maternity and paternity leave for same-sex couples, among others.

Among the awareness actions, in June, the diversity month, we had a lecture by Beta Boechat, a trans and plus-size woman. We also included a specific LGBTQIAPN+ themed track at TOTVS University. As for education, we trained 549 people from the LGBTQIAPN+ community (19%) in administrative and technology courses through the Social Opportunity Institute.

PEOPLE WITH DISABILITIES #INCLUSÃONATOTVS [GLOBAL COMPACT 6][SDG 8, 10, 17]

Our initiatives to expand the hiring and training of people with disabilities within TOTVS focused on actions on four fronts: employer branding, attraction and selection, retention, and accessibility, with the participation of several areas of the company and the PWDs affinity group, #INCLUSÃONATOTVS.

In May, we launched the Anti-ableist Guide, developed with the support of the affinity group #INCLUSÃONATOTVS. This guide assists in the deconstruction of unconscious biases, contemplating examples from the corporate world, situations, and vocabulary on ableism. It has been accessed by over 1,200 TOTVERS and is available on our intranet. Ableism was also the subject of internal conversations led by the D&I team and the PwD Affinity Group, with over 1,100 participants. A relevant fact is that, throughout the year, we recorded a 17% increase in new participants in this Affinity Group.

The launch of the Talent Bank, in June 2022, for positions in the technology, corporate, and commercial areas, followed these actions. A career live session was conducted on our social media to endorse its dissemination; by the end of the year, we witnessed over 11,600 registrations and 80 new hires, including the first intentional employment of a visually impaired professional in the UX Design sector.

In September, the month in which the National Day of Persons with Disabilities is celebrated, we developed retention actions. Two editions of D&I Talks were held: a conversation addressing aspects that classify neurodiverse people, how to identify and serve them; and a lecture on the recognition and professional ascent of people with disabilities with Tabata Contri, a consultant in Diversity and Inclusion, who highlighted the importance of career. We got an NPS of 96 with both conversations

Throughout the month, we publish testimonials from TOTVERS with disabilities on our social media (Instagram and LinkedIn) and on Glassdoor. With the support of more than 60 people from the Talent Experience team, we had an initiative to publicize the Talent Bank on LinkedIn with ambassadors, who produced organic content on this channel. As for figures, we generated over 70,000 content views, with an average engagement rate above 3.5% on testimonial posts.

Other internal initiatives were a special program on TV TOTVER with developers with disabilities telling the challenges and experiences in the area of technology, with content also published on Medium and our podcast TOTVS Developers, as well as backgrounds with the theme #INCLUSÃONATOTVS for everyone to use in online meetings.





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DIVERSITY AND INCLUSION IN PRODUCTS AND SOLUTIONS

By applying inclusive and accessible features in products and solutions, we expanded initiatives in the D&I area to generate positive impact on our customers as well.

Among the 2022 highlights, are the TOTVS HR Talent Attraction, which connects candidates and companies aiming at an interactive and simplified experience for both, and Animalia Design System, TOTVS's open source to improve performance and communication between design and development teams through programming kits with reusable components already created from the perspective of diversity so that interface navigation is lighter.

For the development of these products, we interviewed people with disabilities to understand their demands, as well as adopt the practices of the WCAG (Web Content Accessibility Guidelines), guidelines to standardize accessibility that consider items such as screen contrast, button size, font colors, image description boxes, among others.

In addition, we have completed the release of our Diversity and Inclusion Dashboard for the all TOTVS's leaders. The internal tool consolidates the information of the D&I area, which allows a complete demographic view, with indicators such as employee profile, company time, career levels, leadership positions, hiring, and dismissals. This solution has even come to be demanded by our customers, who are already aware of the importance of these metrics and how we can simplify day-to-day processes with the use of technology.





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5.7. UNION RELATIONS [GRI 2-30, 3-3] [SDG 8] [GLOBAL COMPACT 3]

In compliance with the requirements of the Brazilian labor legislation, all TOTVERS are covered by collective agreements, negotiated with 14 different unions, according to the end activity of each location. Our Labor and Trade Union Relations area actively takes part in negotiating roundtables with the major employers' associations, which represent 91% of our workforce.

In order to keep TOTVERS updated and transparent, we have structured a page on the intranet with information on the collective bargaining of each TOTVS unit.

In addition, we highlight the following project in this area during 2022:

Journey Control Project:

Employees' bank of work hours: We made a diagnosis to identify whether or not TOTVS was in compliance with labor legislation (Collective Agreement and Brazilian Labor Laws, aka CLT). As a consequence, we have ascertained that our practices are in full compliance with what the law prescribes.

Eligibility for Journey Control: Mapping and identification of the time stamp as required by labor laws. As a consequence, we have ascertained that our practices are in full compliance with what the law prescribes.

Collective Agreement for employees' bank of work hours: intended for the units connected to SINDPD-SP (Union of Workers in Data Processing and Information Technology of the state of Sao Paulo), with the objective of standardizing the guidelines and conducting the subject for this public.

Regarding the initiatives performed in 2022, we increased the amount of the meal voucher in the TOTVS units of CRM (Cascavel-PR) and Joinville-SC; we have also extended the period of granting the daycare allowance from six to eighteen months, besides increasing the amount of the meal voucher in the Cianorte-PR unit.



5.8. HEALTH, WELFARE, AND SAFETY

[GRI 403-1, 403-2, 403-3, 403-5, 403-8, 403-9, 403-10] [SDG 8]

We take a comprehensive approach to the health and well-being of TOTVERS. We have the +Saúdeveis (Healthier) program, which follows the recommendations of the World Health Organization (WHO), with physical, mental, and financial health initiatives, so that everyone can have more quality of life in their moments of rest.

From 2020, with the Covid-19 pandemic, we brought the focus of the strategy to mental health by implementing multidisciplinary initiatives, such as lectures, conversation groups, and emotional assistance programs for TOTVERS and their dependents.

In this sense, a direct line was created to answer questions about Covid-19, and partnerships were made with the Albert Einstein Hospital and with Living Psychology that are complementary to the health plan already offered, in order to provide telepsychotherapy consultations. Our health practices, including mental health, were recognized externally by the Brazilian Association of Quality of Life for the second year in a row.

Occupational health

[GRI 3-3, 403-1, 403-2, 403-6, 403-7, 403-8, 403-10] [SDG 8]

Regarding occupational health, in March of this year we started to resume our face-to-face activities at our offices and to consolidate of four work models: face-to-face, hybrid face-to-face, special hybrid, and predominantly remote. Out of these, 44% are on the predominantly remote working and special hybrid models (in which workers do not go to the company's offices).

To ensure that TOTVERS that are at home are operating in appropriate work environments, our OH&S management system area, known in Brazil by

the acronym SESMT, has implemented, together with external consultants, the ergonomic analysis system. This initiative aims to reduce absenteeism related to occupational diseases, following the safety standards of labor legislation. For remote model employees who need adaptations in their environments, we offer support with the loan of chairs from our offices.

[GRI 403-2, 403-6].

TOTVS's operational model, which involves working in an office setting with minimal exposure to high-risk situations, is the key reason why we have not recorded significant numbers of work-related accidents or illnesses. The major occupational diseases recorded refer to ergonomics/posture and mental health (stress, time management). We pay special attention to the care of physical and mental health and promote actions such as nutritional monitoring and the encouragement of exercise and leisure.

Within the pillar +Equilíbrio (More Balance), we launched in 2022 the benefits called Reset Day, digital APS, and Einstein's Telepsychology:

Reset Day: we grant a working day for TOTVERS to take care of themselves, dedicate themselves to activities that bring them well-being, enjoy their birthday, or simply do nothing. All TOTVERS are eligible, including interns and apprentices admitted by August 31 of each year. Reset Day can be used by TOTVERS after completing three months in the company.

Einstein's Telepsychology: a health promotion program and with a brief psychotherapy session with consultations on an online platform. Teleconsultations are scheduled weekly, with sessions of 30 minutes and maximum duration of the program in up to eight weeks.

PROGRAM +SAÚDEVEIS (HEALTHIER)

[GRI 403-1, 403-3, 403-6, 403-7, 403-8, 403-10]

Our life balance program reaffirms TOTVS's commitment to employee health and well-being. It is divided into five pillars:

1- +Vidaativa (A more active life): Initiatives aimed at physical health, with the objective of encouraging and facilitating the regular practice of physical exercises in the search for more willingness, prevention of diseases, and improvement of quality of life.

2- +Cuidado (More care): Actions aimed at comprehensive health care, based on the concept of primary care — prevention, treatment, and care.

3- +Equilíbrio (More balance): Initiatives aimed at mental health care as a basis for all the appropriate functioning of life, whether in the professional, family, or affective sphere.

4- +Leve (Lighter): Actions that aim to contribute to the good shape and balance of the body, through a healthy and balanced diet that is appropriate to the needs and characteristics of each one.

5- +Vantagens(More benefits):Withproducts and actions for self-management of finances, a pillar that influences the balance of quality of life, according to the recommendations of the World Health Organization (WHO).

Einstein’s digital PHC: it provides access to a multidisciplinary health team (doctors, nurses, care supporters, among others), aiming at comprehensive health monitoring. Actions are developed to promote the welfare and prevent diseases of beneficiaries.

This service is available to TOTVERS and their dependents of TOTVS’s health plan provided at all units, except the Sao Paulo unit, where Einstein Clinics’ services are made available. All TOTVERS, except those working in Sao Paulo, after 60 days of admission, and their dependents (who are connected to TOTVS’s health care policy), including young apprentices and trainees, are eligible.

**The benefits offered to TOTVERS and/or dependents do not include RJ Consultores, RD Station, and franchises.*

As in 2021, we did not have cases of deaths and records of occupational diseases, nor cases that required mandatory communication. Moreover, there was no absenteeism rate and lost days. This management is done through periodic analysis of pathological groups of the medical certificates submitted, which prevail diagnoses that are not directly related to work.

Number of occupational disease cases ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾ [GRI 403-10]

	2020	2021	2022
Total with mandatory reporting	0	0	0
Total days lost (medical certificates)	0	0	0
Absenteeism rate – days lost (%)	0	0	0

⁽¹⁾ To collect this indicator, all own units and those acquired until December 2022 were considered, except for RD Station.
⁽²⁾ We do not perform accident control for third parties and service providers.
⁽³⁾ There were no cases of deaths in the period covered by the Report.
⁽⁴⁾ To calculate the total number of days lost and absenteeism rate, only the number of occupational diseases was considered.

Occupational safety [GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-8, 403-9, 403-10] [SDG 8]

In our Occupational Safety structure, we monitor the identification of potential risks in the daily lives of TOTVERS. They are identified, classified, and consolidated internally through an inventory, which is part of our occupational risk management. From this survey, no dangerous risk was identified that could generate or contribute to serious hazards. Most of the existing risks can be eliminated through preventive measures and safe behaviors of employees.

TOTVS Networked University (“Universidade TOTVS em Rede”) is the channel that concentrates the training of our TOTVERS on occupational safety. It provides two tracks: a mandatory one called Occupational Safety Track, with training on standards, obligations, and risks related to activities. The second one, Prevention Track, has videos addressing topics related to safety at home, on the way to the office, as well as tracks focused on occupational medicine.

Regarding occupational accidents, because of the Covid-19 pandemic, we had a reduction in numbers in the

years 2020 and 2021, since most of them were commuting accidents. In 2022, with the return of face-to-face work and the adoption of the other new models, we had an increase, but less if compared with the years prior to the pandemic, when our employees worked face-to-face only.

We recorded, throughout the year, 12 accidents, two of them typical and ten commuting accidents, as described in the table below. According to the method of the Global Reporting Initiative (GRI), commuting accidents are not considered occupational accidents, as the vehicle is not provided by the company. In addition, in 2022 there was an 7.23% increase in the number of hours worked versus 2021, because of the increase in the number of employees. The total volume of hours worked in 2022 was 21,072,346.30 MHT, compared to 18,134,400 MHT.

In the reported period, there were no deaths resulting from occupational incidents. There were two occupational incidents, one resulting from equipment malfunction and the other from a wet floor. It is worth stressing that all accidents, regardless of type (typical, route, or illness) or severity (demanding a leave or not) are monitored and reported by submitting an event form S-2210 to the eSocial platform of the social security area.

Total work accidents ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾ [GRI 2-4, 403-9]

	2020		2021		2022	
	Nº	%	Nº	%	Nº	%
Deaths resulting from accidents at work	0	0	0	0	0	0
Accidents at work with serious consequences (except deaths)	0	0	0	0	0	0
Accidents at work with mandatory reporting	2	0.11	0	0	2	0.09

⁽¹⁾ For the collection of this indicator, all owned and acquired units up to December/2022 were considered, with the exception of RD Station.
⁽²⁾ We do not carry out accident control for third parties and service providers.
⁽³⁾ There were no cases of deaths in the period covered by the report.
⁽⁴⁾ There was a reformulation in the database for the years 2020 and 2021 for this indicator.



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This is composed of relationships within and between stakeholders, with the ability to share information to improve individual and collective well-being. It covers shared standards (such as common values and behaviors); relationships with key stakeholders, trust, and commitment to build and protect external stakeholders; and intangibles associated with brand and reputation.

6.1. CLIENTS

Our decision to digitalize our clients' journey marked the beginning of a long-lasting bond with them. Technology is a continuous tool that brings results in the short, medium, and long-term, promoting the adoption of efficient practices that enhance day-to-day management, improve efficiency in deliveries, and cut costs across all sectors.

TOTVS stands out as a one-of-a-kind company in Brazil and the world. With the trust of over 70 thousand clients, our performance as a trusted advisor speaks for itself. We democratize access to technology by going to them and building the best path to deliver what they need to achieve their goals.

We are in a constant growth process, reaching record levels of NPS (Net Promoter Score), an indicator used in the measurement of customer satisfaction, and reduction of churn rates, which shows the assertiveness of our strategies and contributes to the increase of new opportunities and new businesses.

Our partnership is planned. Year by year we have been improving the relationship with our clients, which involves the most diverse fronts that take part in this improvement process, such as commercial, development, support, financial, and services. We take the evolution from technologies, with the most technological for management, as well as journey, complementing the trail with our solutions in Techfin and Business Performance, in addition to direct business impact approaches.

We see, particularly, a change of mindset on the part of companies on the role of technology. It is no longer a supporting tool, but rather a compass for decision-making on internal and external issues, starting with the good governance practices it offers. Naturally, we see a genuine interest in prioritizing two other complementary assets: the environmental (in concerns about legacy and reduction of impact on the environment), and the social (focusing on initiatives of diversity, inclusion, development, and appreciation of human capital), which comprise the ESG Agenda.



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This movement has been driven by large companies, and even small and medium-sized companies are already moving, as they know they are part of a commitment at the edge, with their customers, who want to relate to companies that aim for a greater benefit than profit, across the entire chain and with transparency. And innovation is the factor enabling to build projects in sync, using data and information that deliver the value that society expects.

Implementation of ESG concepts and practices with our clients

[GRI 2-6, 2-29, 3-3] [SDG 8, 9, 12]

[GLOBAL COMPACT 1, 2, 3, 4, 5, 6, 7, 8, 9, 10]

TOTVS Consulting is our strategic consulting arm responsible for jointly identifying with clients how best to implement the ESG Agenda in business strategy, including risk and impact analysis within the three pillars. Our journey is continuous, and follows the needs of each one of them and the evolution of the market, with the objective of incorporating new solutions that can expand the range of possibilities for the execution of goals.

In 2022, we improved the scope of our deliveries by implementing a specific technology as a tool for strategic management. We also invested in training, with an event dedicated to the ESG subject for 60 CEOs of large companies to show how innovation can contribute to the progress of the agenda, besides starting the solution design for the TOTVS ESG Portal, a platform to be developed in 2023 to systematize and integrate projects from the following steps:

1) Stakeholders: by engaging leaders and other influential levels in decision-making on ESG topics.

2) ESG Assessment: stage in which we create Materiality Matrix process and also the Score that will measure ESG maturity in business transversality. Also in the second stage, from quantitative and qualitative analyses of the major global sustainability indices and ratings (ISE, SASB, GRI, MSCI, Global Compact, and ETHOS, for example), we produce a map of risks, vulnerabilities, recommendations, and opportunities. We also have metrics from our own consultants, which will guide the paths to be adopted by clients.

3) ESG Guidelines: at this stage ESG ambitions and initiatives are determined, in addition to the connection with organizational strategy in the short, medium, and long term. In this sense, we prioritize the portfolio of projects to be drawn as levers for the execution of the agenda.

4) Adaptability: we adapt business results beyond financial metrics, promoting the generation of sustainable and shared value. At this stage, we develop eco-efficiency programs in the tailored production chain and programs of socio-environmental responsibility, preparation for certifications, intelligence of materials, measurement of the social impact of the business, and PMO ESG. All this works as a way to offer greater support to the strategy.

5) Technologies: they will support project data, monitoring their progress and measurement already pegged to ESG indicators, as well as the execution of strategic management, to formulate sustainability reports with greater reliability, tracking and agility, whether internally or externally.





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6.2. SHAREHOLDERS AND INVESTORS

[GRI 2-6, 201-1, 3-3]

We ended the year with a capital stock of R\$2.963 billion. This capital stock, at the end of 2022, was composed of 617,183,181 common shares, 83.9% of which being free float shares, 25.4% domestic investors and 74.6% foreign investors. The calculation of the free float shares is based on all the Company shares, excluding the interests held by management members and related persons, as well as treasury shares. To achieve these percentages, we take into account investors and disregard shares held by management members and related persons, as well as treasury shares.

In 2022, the price of TOTVS's shares listed on B3 (TOTS3) had a negative variation of 3.6%, while the IBOVESPA index showed an appreciation of 4.7%. The average financial trading volume in 2022 was R\$146.1 million/day versus R\$143.3 million/day in 2021.

On August 1, 2022, we approved the payment of interest on stockholders' equity for the first half of 2022. The total amount was R\$60,573 thousand. All shareholders holding shares issued by the Company on the base date of August 4, 2022 were entitled to interest on stockholders' equity. Such interest on stockholders' equity was paid on September 23, 2022.

On December 26, 2022, the payment of interest on stockholders' equity for the second half of 2022 was approved, with a total gross amount of R\$127,208 thousand. All shareholders holding shares issued by the Company on the base date of December 29, 2022 were entitled to interest on stockholders' equity. Such interest on stockholders' equity was paid on January 27, 2023. The amounts of interest on stockholders' equity for the year 2022 were allocated to the mandatory dividends.

Our commitment to the Sustainable Development Goals and the ESG Agenda has yielded positive results in the financial market. Since January 2022, we have been part of B3's GPTW portfolio, the index that brings together companies certified by Great Place to Work and that have the best practices for a healthy work environment.

In addition, at the beginning of 2023, we were also admitted to the ICO2 wallet, the Carbon-Efficient Index of B3, which reinforces our performance to reduce carbon emissions and transparency about our initiatives in this area.



6.3. MANAGEMENT OF SUPPLIERS

[GRI 2-6, 204-1, 414-1] [SDG 8, 9, 10, 12, 17] [GLOBAL COMPACT 4. 5]

Management of suppliers is carried out by our Procurement and Contract Management Areas. Their base is formed by software deployment and development companies that we use and are resold, in addition to databases and technological platforms that are also resold to clients.

This chain of suppliers is also composed of consultancies in different areas, auditing, marketing, building infrastructure services (such as cleaning, security and maintenance), as well as various supplies, such as office supplies, hygiene and consumption, administrative, among other items.

Our process of hiring service providers and suppliers is conducted in accordance with TOTVS's Procedures for the Procurement of Products and Services and Administration of Supplier Contracts, and in accordance with our Code of Ethics and Conduct, considering assumptions such as price, delivery deadline, payment terms, quality and social and environmental aspects, a variable that has been increasingly relevant. [GRI 2-24, 414-1]

In 2022, goods and services were purchased from 2,502 suppliers, totaling R\$966 million in payments. The supply of materials and provision of services is made mostly by suppliers established in Brazil (95.60%), located as follows: 88.96% distributed in the states according to the table below, and the rest in several states of Brazil.

Throughout the year, social criteria assessments were conducted on 96% of hired suppliers (2,409 out of 2,502) during the TOTVS registration process. The requirements for becoming a TOTVS supplier must be fully met to be considered eligible. [GRI 414-1]

Suppliers, per region, in % ⁽¹⁾ [GRI 204-1]

	2021	2022
São Paulo	54.63%	54.47%
Minas Gerais	6.91%	7.94%
Paraná	6.86%	6.69%
Santa Catarina	6.70%	8.61%
Rio de Janeiro	6.49%	7.53%
Rio Grande do Sul	5.59%	4.77%
Goiás	4.68%	3.05%

⁽¹⁾ RD Station, Supplier, InovaMind, Mobile2You, Vadu, and RBM were not considered

The rate of expenses with local suppliers (located in the same state as the TOTVS operating unit) in important operating units was 69.73%. This number considers the unit that concentrates most of TOTVS's contracting of goods and services, in this case TOTVS's Headquarters. Located in Sao Paulo, our headquarters handled 70.27% of the total amount spent on the supply chain.

ESG INITIATIVES IN SUPPLIER MANAGEMENT [SDG 12]

Integrity and compliance are values present in all our contracts, which set forth obligations in relation to compliance with the Anti-Corruption Law, compliance with labor obligations, and guarantee of non-existence of slave-like or children work, besides clauses that provide for the respect for environmental standards. We suggest and encourage our suppliers to demand the same from the players making part of their supply chains.

In 2022, 96% of our suppliers go through background check. To further enhance this process, we started deploying a new supply chain management tool in 2022, which concentrates all communication with them, including price estimates, contracts, and payments. Furthermore, the analysis will enable us to delve deeper into our activities' sustainability, including compliance, ESG, and technical quality. From the use of this tool, we will also check the existence of an embargoed area of Ibama, an important factor for evaluating the continuity or not of the approval of the supplier at issue.

Also in 2022 we produced the Guide on Good Practices in ESG directed to our supply chain. This guide will be provided to our stakeholders throughout 2023.

These procedures support us to avoid relationships or business with suppliers involved in any type of illegal or irregular practice, based on the anti-corruption legislation in force and the ethical principles we adopt, reflected in our Code of Ethics and Conduct and in the other Internal Policies and Standards of TOTVS.

6.4. SOCIAL RESPONSIBILITY

Interaction with society

[GRI 2-28, 413-1] [SDG 4, 8, 9, 10, 12, 17] [GLOBAL COMPACT 1, 7, 8, 9]

We view social responsibility in light of the pivotal role played by innovation as a transformative agent. The world is undergoing rapid evolution, requiring the empowerment of individuals who are equipped to tackle challenges. This is a priority agenda for us at TOTVS and is also among the major topics at the government level.

The labor shortage in the technology industry sector is so significant that a [study \(only portuguese\)](#) by Brasscom points out that the demand for professionals should be almost 800 thousand between 2021 and 2025, while the volume of graduates in Brazil is far below, leading to an annual deficit projection of 106 thousand positions in the same period.

Therefore, we engage in discussions in the technology sector to contribute to its democratization through associations to which we are affiliated, such as Brasscom (Association of Communication and Information Technology Companies and Digital Technologies), ABES (Brazilian Association of Software Companies), and CNI (National Confederation of Manufacturers).

As guardians of the TOTVS brand, we are careful to assess potential sponsorships and the participation of leaders in events and meetings that have synergy with our business and our values. In this way, we value partnerships that can aggregate and generate results for society.

INSTITUTE OF SOCIAL OPPORTUNITY

[GRI 203-1, 203-2, 413-1] [SDG 4, 5, 8, 9, 10, 12, 17]

We are the main maintainers of the Institute of Social Opportunity (IOS), a non-profit institution established in 1998, which works in network with other social organizations or private entities providing free courses. IOS offers professional training and employability to young people in social vulnerability and people with disabilities, as well as in infrastructure, and its network action covers 15 units across six different states of our country (MG, PE, RJ, RS, SC, and SP).

IOS provides courses on administration and information technology, with practices in digital education, citizenship, sustainability, mathematics, communication and expression, and behavioral skills, and all of them make use of software available in the market. In 2022, 1,945 students graduated across the country, with 1,264 students employed in entry positions in administration and technology. Also this year we started the service in the State of Pernambuco, within the Digital Port, in the capital city of Recife.

Upon the return to face-to-face activities, a greater difficulty of students' learning was identified from the outset, because of the context of food insecurity and unemployment. In this way, IOS acted not only in pedagogical care, but intensifying psychosocial care with a multidisciplinary team (psychologists, social workers, and psychopedagogues) aimed at strengthening the confidence of students and the importance of the IOS in making progress in training and career development.

Considering the emergency situation that many families of young people find themselves in, IOS started to provide snacks to all students and transportation vouchers for those with greater social vulnerability. In addition, free internet SIM cards were also provided to ensure students' access to online activities.

More than 43,000 people have been trained by IOS over its 25 years of operation. The target audience ranges from 15 to 29 years

of age. The courses last for one semester, provide a certificate of completion, and those approved can be nominated for selection processes in partner companies, as well as apply for scholarships and discounts in colleges. The average compensation for each young individual in their initial job prospect after IOS training was R\$1,182.20, denoting an average increase of 63% in their household's earnings.

TOTVS invested R\$6.8 million in IOS throughout 2022. We also encourage TOTVERS to support initiatives such as the donation of support material for students and transportation and food costs, which we foster by doubling the amount donated by them, reaching an amount of about R\$380 thousand.

In the year 2022, IOS was listed among the top 200 social organizations across the globe and was positioned as the 14th in Brazil for its innovative practices, social impact, and governance, as per the rankings released by the Swiss media organization thedotgood's "World 200 Top SGOs".

Within the Start Tech program, to date, TOTVS has made six hires of IOS students, five in Sao Paulo and one in Joinville. Among them is Nicolly Ketlyn Farias Pinto. This young woman graduated at age 16 from IOS in the Introduction to Web Programming course and, months later, discovered that she was pregnant. After the birth of her baby, Nicolly was selected to take part in Start Tech and, after taking the course within TOTVS that began in 2022, she was hired by the company as a UX Design Assistant.

"On Thursdays we had classes in the areas with godparents who welcomed us to show us the daily routine at the company. I had a wonderful godmother in retail, and I loved the area of UX Design. I exerted my utmost effort, and upon receiving the news of my hiring, I realized that my proactive approach had yielded successful results by garnering attention".





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Institutional and public-sector relationship

[GRI 2-28] [SDG 17]

At TOTVS, we are strong advocates of purposeful dialogue between society and the public sector, with the ultimate aim of contributing to the construction of effective public policies. Therefore, we direct efforts to bring to the public power our vision and the sector on the ways to leverage innovation, human capital, and the country's economic growth.

With technical action and based on principles of ethics and transparency, we work in cooperation with the government to develop policies that combine innovation and the importance of skilled human capital, aiming at a sustainable social and economic development. TOTVS believes in the potential of innovation and training as inducers of economic growth and the overcoming of inequalities. Education is an essential component in the pursuit of innovation.

Our relationship actions with institutional stakeholders, such as governments, associations, and universities, have a proactive approach. When identifying opportunities or risks for the Company, the industry sector, and/or for the country, we work with the sectoral representative associations to have our voice heard in the construction and improvement of public policies or solutions, providing information and technical data, suggesting improvements, and offering our positioning. We also act individually, when invited by governments, in initiatives, either to contribute to TOTVS's position on a given public policy, or even to build a joint understanding.

Our relationship actions are achieved through:

- Associative thematic working groups that discuss the impacts of institutional and governmental actions and build sectoral positioning for addressed agendas;
- Rounds of discussions and meetings for sectoral discussions between companies, associations, and governments;
- Participation in public consultations and hearings organized by the Government and the third sector;
- Technical and institutional visits;
- Individual meetings (led by TOTVS) and sectoral meetings (with associations) with government representatives and other entities;
- Sponsorship in events that guide and reinforce the importance of technology and innovation in the country;
- Discussions and design of sectoral proposals;
- Development of projects of public interest and institutional support.

Our pledge as a corporation extends to advancing the economic strength of the countries in which we are present. We believe in the potential of technology as a generator of value, a provider of solutions, an enabler of opportunities, as well as a solver of the most diverse challenges, a producer of qualified labor, development, and innovation.

It is noteworthy that, in all contact with public entities and agencies, we follow a structured process in commercial and institutional interaction, which consists of recording all face-to-face or distance interactions, in compliance with the guidelines provided for in our Commercial and Institutional

Relationship Policy with Public Entities. An electronic tools produces the records, thereby requiring TOTVERS to perform comprehensive registration of all interactions, with the intention of upholding transparency in dealings with the public sector.

For 2022, we highlight the following institutional and government relations initiatives:

Institutional Agenda

Government Relations Congress

In 2022, we sponsored the II International Congress on Government Relations, organized by the Institute of Government Relations (IRELGOV). In it, we took part in the roundtable 'GovRel and the other business areas of the companies', with Daniel Aviz, Executive Manager of Information Security at TOTVS, who highlighted the fundamental role of the activity of institutional and government relations in the dialogue with the government and the interaction with the company's business areas.

CODEC & VOCÊ

Throughout 2022, together with the Compliance, Public Sector, and Marketing areas, we developed an internal project to raise knowledge and compliance with TOTVS's Code of Ethics and Conduct (CODEC) and the Commercial and Institutional Relationship Policy with Public Entities in an election year. The CODEC & YOU project focused on communications and actions with TOTVERS, including franchisees. The work developed resulted in an invitation from Unilever for TOTVS to talk about this initiative and the policy to the company's employees.



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Human Capital Agenda

EuTec

In partnership with Brasscom, we took part in the development of the EuTec project, to speed up the training of labor on Communication and Information Technology (ICT) for entry positions in companies. The pilot project was aimed at the minimum training on web developer, with 264 class hours, addressing aspects of the digital age, social-emotional skills, and integrative project.

The course was provided using a hybrid approach over three months, with two face-to-face classes and three online classes, by four teaching organizations: IOS, Generation, Mackenzie, and Zumbi dos Palmares. Eighty students graduated from it, divided into four classes, from different regions of the country, and three students were eventually hired by TOTVS. After finishing classes, we held an employability fair, which was attended by our HR area and other companies associated with Brasscom.

National Policy on Digital Education

Also in partnership with Brasscom and the Mixed Parliamentary Front of the Economy and Digital Citizenship, TOTVS took part in the construction of the National Digital Education Policy bill. In 2023, this bill was enacted and contains four different axes of action, each with specific tasks: digital inclusion, digital school education, digital training and specialization, besides research and development on ICT (Information and Communications Technologies).

New Directions (“Novos Rumos”) project

In 2022, we were invited by BNDES to take part in the construction of the “Novos Rumos” (New Directions) project. This initiative is in line with the UN Sustainable Development Goals (SDGs) and aims to enable

professional training projects for individuals living in social vulnerability or low income in the fields of industry 4.0, technology, and green qualification. For this, resources from the BNDES itself and from private and/or public support institutions are used. The participation in an IOS project with sponsorship is currently under internal analysis.

Professional training projects should also assign hours to the honing of social-emotional skills. The topics covered were chosen taking into account labor market trends and the alignment between the supply and demand of jobs. Supporting companies take part in the chosen entity’s education project through sponsorship, and BNDES contributes the same amount, resulting in a doubled sponsorship amount by using the matchfunding model.

ABES Conference

We sponsored and took part in the ABES Conference, an event organized by ABES (Brazilian Association of Software Companies) in the debate on topics such as technology, innovation, sustainability, governance and people. Our then VP of Human Relations, Izabel Branco, was at the discussion table on ‘How to have an abundance of talent in a world without borders’, highlighting the need for a greater effort to train talent and the role of soft skills in the career of technology professionals.. The executive also highlighted the work that has been done through IOS in the Human Capital agenda.





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Innovation Agenda

Working Group on Innovation Indicators - CNI
[GRI 2-28]

At CNI, we led the Working Group (WG) of Innovation Indicators of MEI—Business Mobilization for Innovation, under the command of Laércio Cosentino, Chairman of the Board of Directors of TOTVS. This group developed innovation indicators that provide an overview of the area in Brazil compared with other countries, such as the USA, China, and 15 other European countries. We also structured data and subsidies that assist in the creation or improvement of public policies to make progress with the agenda.

In 2022, the results of this WG were presented at the 9th CNI Innovation Congress, which is Latin America’s largest event in this field, in which our CEO, Dennis Herszkowicz, took part as moderator in one of the panels. Moreover, Laércio Cosentino signed an article of the Global Innovation Index (GII) with the CNI to provide detailed metrics on the innovation performance of 126 countries, which corresponds to 90.8% of the world’s population and 96.3% of global GDP. This event, which was broadcast online, can be accessed at this [link](#) (only portuguese).

Digital transformation journey
We were invited to take part in the Digital Transformation Journey, a project of the Federation of Industries of the State of Sao Paulo (FIESP) operated by the National Industrial Learning Service (SENAI) to leverage the digital transformation journey of 40,000 companies over the next four years. After a few rounds of discussions, we are evaluating how to best meet the demands of the program from our solutions.

Labor Relations Agenda

eSocial
We are part of the eSocial Confederative Working Group, a forum for strategic discussion of the functionalities and new implementation schedules of the eSocial system (designed for Brazilian employers to comply with all labor-related social obligations). In partnership with other stakeholders of civil society, we dialogue with the government to address concerns and create technical understandings to optimize the system.

Privacy Agenda
We took part through sectoral associations in the process of regulating the General Data Protection Law (LGPD), made by public consultations opened by the National Data Protection Authority (ANPD). Our concern goes beyond the security and data protection of our clients and employees, aiming at collaboration with the government to improve the Brazilian legislation.

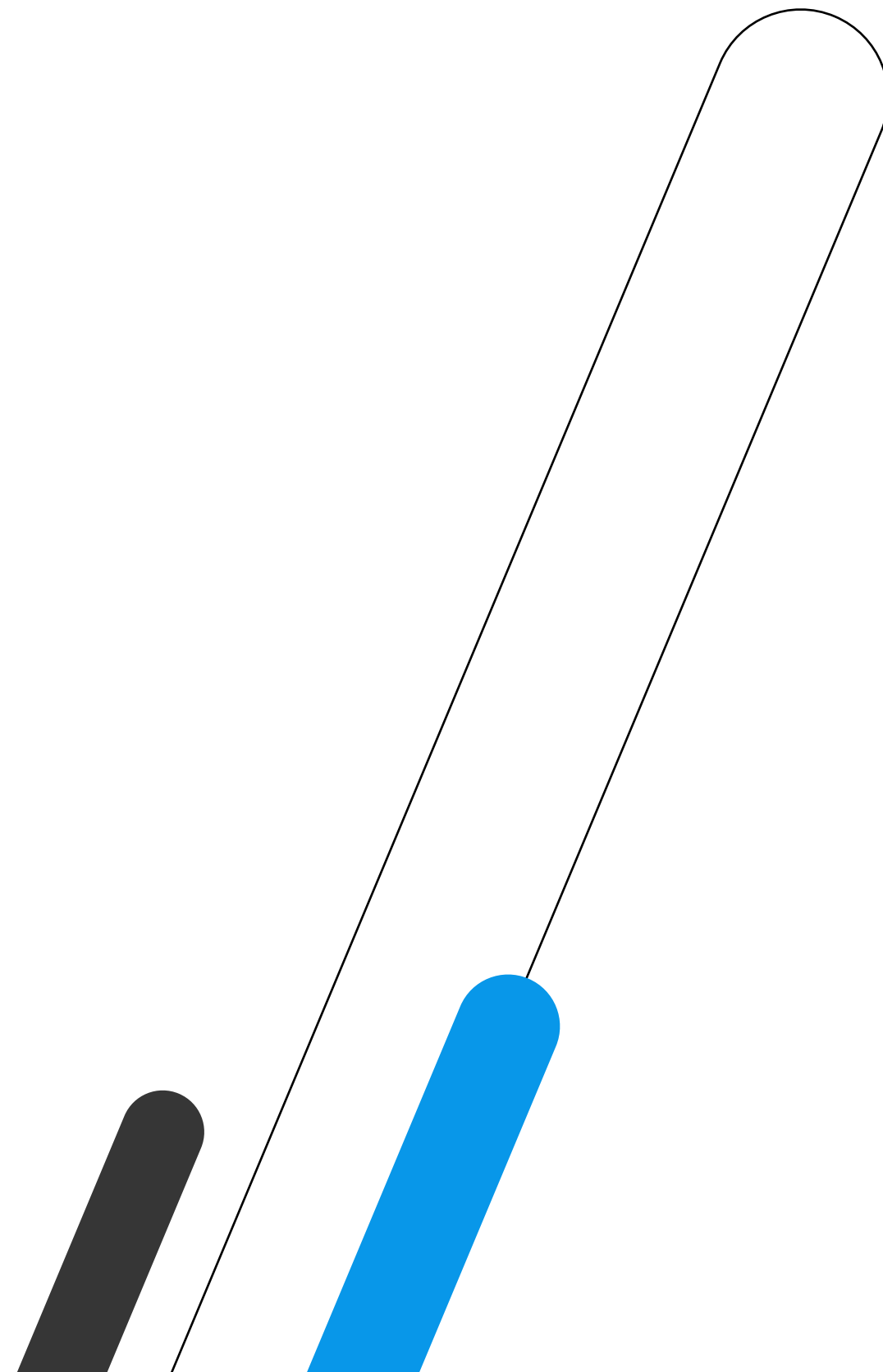
Institutional and sectoral class entities
[GRI 2-28] [SDG 17]

Our work in entities representing the technology industry sector takes place through debates and technical discussion forums. The objective is to focus efforts on common agendas of the industry sector and strengthen our status as a benchmark company in the construction of an ecosystem of growth and technological innovation in Brazil. Being present in the discussions of the technology sector and the business dimensions in which we operate helps us to be well positioned in the face of market demands and legislative and regulatory changes.

Public Policy Investments [GRI 203-1, 413-1]

Considering the expenses with participation in associations, sectoral entities, and development forums, in 2022, we invested R\$1,620,942.08. ⁽¹⁾ Compared with 2021, there was an increase of about 27% because of membership in new organizations. The data that make up this indicator are monitored monthly, as part of the budgeting cycle, by the Institutional and Government Relations team, responsible for the budget management of the contributions and donations package.

⁽¹⁾ Amounts referring to the Accounting Line “Monthly and Annual Fees” of the Contribution and Donation Package.





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This topic is connected to all renewable and non-renewable resources and processes that provide goods or services that support an organization's past, present, and future prosperity. It includes water, land, minerals, and forests, as well as biodiversity and ecosystem health.

Environmental Management Guidelines

[GRI 305-1, 305,2] [SDG 12] [GLOBAL COMPACT 7, 8, 9]

Sustainable principles are essential to building a company's enduring legacy. Within TOTVS, we work on the ESG Agenda in a transparent and transversal way, relying on a Sustainability Policy as a guideline and a Working Group directed exclusively to the discussion of actions based on the three pillars of our business.

Our initiatives are aligned with the UN Sustainable Development Goals and include the dissemination of this culture to all TOTVERS since their onboarding and through learning tracks at TOTVS University, besides campaigns and sensitization around environmental management in internal communication initiatives. In 2022, we did not have any lawsuit regarding non-compliance with environmental laws and regulations.

It is imperative to recall that on March 14, 2022, we resumed in-person operations at our offices following an entirely virtual period as a result of the Covid-19 outbreak. And, although the water and energy consumption numbers for 2022 are increasing compared to 2021, they are not higher than 2020, because the new work models result in a lower volume of employees in the company.

Innovation is the means that makes us expand the range of possibilities in sustainability. We have the chance to create and test new applications on a daily basis from our work tools, such as Artificial Intelligence and machine learning. This includes process improvements, measurement of resource use, implementation of Human Resources initiatives, among others. We care about listening to our customers and their needs, just as we see ourselves as an example to share proposals that can be adapted to their context.

Our major initiative in 2022 was the survey on the second inventory of Greenhouse Gas (GHG) emissions, delivered following the GHG Brazil protocol and the guidelines of the Carbon Disclosure Project (CDP). In 2021, TOTVS has made progress in its CDP global rating, advancing from F to C- in 2022 and showing our ability to identify and map significant emission sources.

We submitted the mapping of emission sources of scope 1 (internal fleet, fugitive emissions, generators, and fuels), scope 2 (purchase of electricity), and added scope 3 (related to corporate travel and urban solid waste generated by operations), in activities and processes that represent almost all the most representative units for measuring the Company’s GHG emissions. We expanded our data for 2021 to include the acquired companies RD Station and Supplier, as well as international market operations.

We intend to quantify and monitor emissions, proposing comparisons over the periods analyzed and, through them, recommending solutions to reduce consumption. The 2022 inventory can be accessed [here](#).

In early 2023, TOTVS joined of B3’s ICO2 Index, which features only companies committed to reducing GHG emissions.

7.1. WATER [GRI 303-1, 303-5] [GLOBAL COMPACT 7, 8, 9]

The water consumption in TOTVS’s offices is linked to administrative operations, common areas like restrooms and kitchens, and also cleaning duties. As previously mentioned, a higher volume was expected for 2022 following nearly two years of remote work, however, not as high as 2020 before the Covid-19 pandemic.

Therefore, in 2022, the increase in water consumption was 60% versus 2021. The table below presents a comparison between the years 2019 and 2020 to demonstrate that consumption in 2022 is below the pre-pandemic levels due to partial occupation of our facilities from the new work models.

Water consumption per m³ ⁽¹⁾⁽²⁾ [GRI 303-5]

Supply from the public utility (m³)	2019	2020	2021	2022
	All areas	All areas	All areas	All areas
Total	47,866	28,424	12,336	19,752

⁽¹⁾ In 2022, we changed our building structures at the Rio de Janeiro Unit.

⁽²⁾ Data does not include RD Station, Tail, and international operations.

7.2. ENERGY [GRI 302-1, 302-4] [GLOBAL COMPACT 7, 8, 9]

Energy usage in 2022 increased in comparison to 2021, although it remains lower than pre-pandemic levels due to the widespread implementation of hybrid work models, encompassing both in-person and remote activities. In 2022, our total energy consumption was 41.07 thousand GJ, a 14.70% (5.26 mil GJ) increase in electricity consumption compared with 2021. Compared with 2020, there was a reduction of 21.93% (10.06 mil GJ) and, compared to 2019, a 12.91% (6.80 mil GJ) decrease, showing that there is a constant mobilization for the rational use of energy. [GRI 302-4]

98% of our energy come from renewable sources at the headquarters, data center, and at the Joinville unit (our most populous offices) from a contract with an outsourced company, which corresponds to 83% of all TOTVS’s consumption in 2022. We persistently invest in the most advanced forms of intelligent energy procurement, involving meticulous scrutiny of energy contracts in the open market and from photovoltaic farms.

Total electricity consumption (GJ) ⁽¹⁾⁽²⁾⁽³⁾ [GRI 302-1]

Electricity consumption	2019	2020	2021	2022
Total	52,681	45,877	35,812	41,079

⁽¹⁾ To collect data for this indicator, data were considered informed by invoices from the supplier concessionaires of all own units and purchased in Brazil until December 2019, 2020, and 2021.

⁽²⁾ In 2022, we changed our building structures at the Rio de Janeiro Unit.

⁽³⁾ Data does not include RD Station, Tail, and international operations.

7.3. WASTE MANAGEMENT [GRI 3-3, 306-1, 306-2, 306-3, 306-4] [GLOBAL COMPACT 8, 9]

TOTVS has a contract with an outsourced company, which is in charge of the process of collecting and recycling common waste at the company’s headquarters and provides monthly reports, with control of specific metrics. From 2022, the Joinville unit also started to have waste collection and monitoring.

The vast majority of waste generated comes from administrative activities, which contributes to proper disposal, such as recycling and reuse. The resumption of offices from March led to a decrease in waste disposal, furniture, and equipment purchase due to the majority of employees adopting a hybrid or 100% remote model. In addition, over 90% of our furniture is donated to social organizations during processes of demobilization and/or restructuring of our building structures and offices. [GRI 306-1, 306-2] In 2022, 28.40 tons of waste were sent to

landfills and 28.17 tons were destined for recycling, which is a relevant growth compared with 2021, also connected to adding our Joinville operations to our waste monitoring process. [GRI 306-5]

Throughout the year, 19 tons of electronic equipment were sold, which sale was made exclusively by the units of TOTVS Headquarters and TOTVS Joinville, which are physically the largest units concentrating assets coming from other locations. This volume represented a 26.67% increase compared with the previous year and resulted in a return of R\$368 thousand for TOTVS. For 2023, we established the target of reaching R\$500 thousand in return throughout the year. In addition to these 19 tons sold in 2022, 40 laptops and 50 smartphones were donated to IOS (Social Opportunity Institute) at TOTVS Headquarters. [GRI 306-1, 306-2, 306-3]

Volume of waste generated and destination [GRI 306-4, 306-5]

Total weight of waste, per type and method of disposal (t) ⁽¹⁾	2019	2020	2021	2022
Landfill	2.00	2.00	3.30	28.40
Recycling ⁽²⁾⁽³⁾	8.40	9.70	11.80	28.17
Total (in tons)	10.4	11.70	15.10	56.57

⁽¹⁾ As of 2022, we started to account for the Joinville unit, in addition to the headquarters in Sao Paulo.
⁽²⁾ Materials sent for recycling are mostly paper, glass, plastics and electronic waste.
⁽³⁾ In the case of electronics, we consider equipment sent from other TOTVS units to Sao Paulo and Joinville.

7.4. GREENHOUSE GAS (GHG) EMISSIONS

[GRI 305-1, 305-2]

Our second inventory of Greenhouse Gas (GHG) emissions was based on the year 2022 and scopes 1, 2 and 3. From the 2021 inventory data, we started to have a comparison of the progress of our actions to the reduction of emissions, as well as the view of points to be improved to expand this agenda to the acquired units and the international market.

Scope 1 considers emissions from the internal fleet of vehicles, fugitive emissions, generators, and fuels, which went from 1,136.90 tCO₂e in 2021 to 1,514.88 tCO₂e in 2022. Concerning scope 2, GHG emissions encompass the purchase of location-based electricity and market-based subsidized energy. Location-based emissions experienced a reduction of almost 50%, dropping from 1,167.39 in 2021 to 584.83 in 2022. The market experienced a decrease from 199.46 in 2021 to 178.54 in 2022. It is noteworthy to highlight that, in this edition of the GHG inventory, we have broadened the scope of the assessed organizations (including the acquired Supplier and RD Station companies, as well as the international market operations).

Our inventory now accounts for Scope 3, which was integrated in 2022 and considers the amount of corporate travel and mobility applications, as well as the urban solid waste originating from our operations, namely the units located in Sao Paulo (SP) and Joinville (SC).

Simplified table of emissions (in metric tons of CO2)⁽¹⁾

Scope 1: GHG emissions from internal fleet of vehicles, fugitive emissions, power generators, and fuels	2021	2022
Direct emissions, Scope 1	1,136.90	1,514.88
(Includes biogenic emissions) ⁽²⁾	304.29	122.26
Scope 2: they consider the reduction of emissions from incentivized energy usage when calculating the purchase of electricity		
Indirect emissions, Scope 2 (market basis)	199.46	178.54
Indirect emissions, Scope 2 (location basis)	1,167.39	548.83
Scope 3: it considers emissions related to corporate travel via taxi, rented cars, and mobility applications, besides urban solid waste generated by operations ⁽³⁾		
Direct Emissions, Scope 3	N/A	370.30

⁽¹⁾ Included gases: CO2, CH4, and N2O.
⁽²⁾ Associated with fossil fuels, related to fleet of vehicles and generators.
⁽³⁾ Solid waste generated from our operations in Sao Paulo (SP) and Joinville (SC)



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BUILDING A POSITIVE LEGACY

8.1. PROSPECTS FOR THE FUTURE

For clients:

Market growth potential within the 3 Dimensions.
Path to scalable solutions, new segments of the economy, and interconnected and interdependent dimensions.
Strengthening the ESG agenda through innovation among customers.
Driving and growing small and medium-sized businesses.
Presence throughout the entire journey, as trusted advisors to our customers.
New strategic partnerships, offering greater access to innovation.

For the company:

Daily creation of initiatives that benefit both our clients and society.
ESG agenda: continuous use of innovative approaches to seek opportunities for maximizing our positive externalities.
Uphold the sustainability of our business, robust management, and favorable results for our stakeholders.
Investments in diversity and inclusion, focusing on career development and well-being of TOTVERS.
Cultivate a charismatic image and reputable leadership, coupled with active engagement and a trailblazing mindset.



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Statement of use: TOTVS has reported based with the GRI Standards for the period spanning from January 1 to December 31, 2022. According to the IIRC (International Integrated Reporting Council) guidelines, there are no omissions regarding the Integrated Reporting standards.

GRI	STANDARD	PAGE OR RESPONSE	OMISSION	EXTERNAL VERIFICATION	GLOBAL COMPACT	SDG
1. The organization and its reporting practices						
2-1	Organization's details	15. TOTVS S/A is a publicly traded company, headquartered at Av. Braz Leme, 1000, Sao Paulo (SP), Brazil. For more comprehensive insight into the company's profile and global operations, refer to section 1.2 of TOTVS's Reference Form .				
2-2	Entities included in the organization's sustainability report	3. Further information on the entities included in the company's operations and comprised in this report is available in section 1.2 of TOTVS's Reference Form and the results in the Financial Statements .				
2-3	Reporting period, frequency, and point of contact	3. This integrated report covers the period from January 1st to December 31, 2022 and is published in August 2023.				
2-4	Restatements of information	66, 79.				
2-5	External verification	3, 102. Before its release to the market, TOTVS submits its report for approval to the Board of Directors, having previously undertaken external assurance of its GRI indicators and adherence to IIRC standards.				
2. Activities and Workers						
2-6	Activities, value chain, and other business relationships	16, 28, 48, 81, 82, 83				
2-7	Employees	55				
2-8	Workers who are not employees	55, 56			6	8
3. Governance						
2-9	Governance structure and composition	22, 23, 25				



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GRI	STANDARD	PAGE OR RESPONSE	OMISSION	EXTERNAL VERIFICATION	GLOBAL COMPACT	SDG
2-10	Appointment and selection to the highest governance body	23				
2-11	Chairperson of the highest governance body	23, 26	Although we didn't strictly adhere to the Precautionary Principle, in 2022 we started a project to pinpoint the major risks factors related to TOTVS's ESG agenda and added them to our priority risk matrix		7	
2-12	Role played by the highest governance body in charge of overseeing impact management	8, 23, 29, 30, 35, 43				
2-13	Delegation of responsibility by the impact management area	30, 31. Additional details regarding the involvement of the Board of Directors in managing TOTVS's impacts can be found in the risk management organizational structure presentation included in the Reference Form .				
2-14	Role played by the highest governance body in sustainability reporting	3, 8				
2-15	Conflict of interest	30, 31, 32, 35				
2-16	Reporting of critical concerns	6, 29, 30, 37, 43			10	16
2-17	Collective knowledge of the highest governance body	23, 24			10	16
2-18	Performance assessment of the highest governance body	23, 24				
2-19	Compensation policies	27, 59				
2-20	Process for determining compensation	6, 27, 58				
2-21	Ratio of annual total compensation	27				16
4. Strategy, policies and practices						
2-22	Statement on the sustainable development strategy	11				
2-23	Policy commitments	6, 8, 30, 31, 32, 33, 35, 43				16



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GRI	STANDARD	PAGE OR RESPONSE	OMISSION	EXTERNAL VERIFICATION	GLOBAL COMPACT	SDG
2-24	Incorporation of policy commitments	31, 32, 33, 35, 83				
2-25	Processes for repairing negative impact	32, 33, 35				
2-26	Mechanisms for getting advice and reporting concerns	6, 29, 30, 31, 32, 33, 35, 37, 43				
2-27	Compliance with laws and regulations	No legal action or substantial fines were levied against the company in the socioeconomic domain, such as unfair competition or the production and delivery of goods and services, throughout 2022.				
2-28	Participation in associations	8, 9, 13, 52, 53, 84, 85, 87				
5. Stakeholders Engagement						
2-29	Approach to stakeholder engagement	3, 7, 18, 57, 58, 81				
2-30	Collective bargaining agreements	5, 6, 77				16
GRI 3: Material themes						
3-1	Process of defining material topics	4				
3-2	List of material topics	4				
3-3	Management of material topics	16, 18, 23, 29, 37, 50, 56, 57, 59, 61, 77, 78, 81, 82, 90				
201 - Economic performance						
3-3	Management of material topics	48, 50, 82				
201-1	Direct economic value generated and distributed	7, 8, 48, 49, 50, 82				2,7,8,9
201-3	Financial support received from the government	62				
201-4	Defined benefit plan obligations and other retirement plans	In 2022, the Company made use of the tax benefit of Incentive to Research & Development (Law 11,196/05), deducting from its effective rate of income tax and social contribution the amount of R\$24.1 million, with 100% of the amount used in Brazil.				



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GRI	STANDARD	PAGE OR RESPONSE	OMISSION	EXTERNAL VERIFICATION	GLOBAL COMPACT	SDG
202 - Market presence						
3-3	Management of material topics	5, 28, 60				
202-1	Proportion of the lowest salary in relation to the local minimum salary by gender	5, 60			6	1,5,8
202-2	Proportion of board members hired from the local community	5, 28	No formalized system is in place for hiring leaders from local communities to fill Top Management positions			
203 - Indirect economic Impacts						
3-3	Management of material topics	7, 8, 84, 87				
203-1	Infrastructure investments and services supported	7, 8, 84, 87				
203-2	Significant indirect economic impacts	84				1,2,3,8,10,17
204 - Purchase practices						
204-1	Proportion of spending on local suppliers	83				
205 - Anti-corruption						
3-3	Management of material topics	6, 30, 31, 32, 33, 35, 37				
205-1	Operations evaluated for risks related to corruption	30, 35			10	16
205-2	Communication and training in anti-corruption policies and procedures	31, 32, 33, 35, 37			10	16
205-3	Cases of corruption confirmed and actions taken	6, 32. In 2022, TOTVS was not subject to any legal proceeding (ongoing public investigations, lawsuits, or closed cases) related to corruption against the organization or its employees.			10	16
302 - Energy						
3-3	Management of material topics	89				



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GRI	STANDARD	PAGE OR RESPONSE	OMISSION	EXTERNAL VERIFICATION	GLOBAL COMPACT	SDG
302-1	Energy consumption within the organization	89			7,8	7,8,12,13
302-4	Reduced energy consumption	89			8,9	7,8,12,13
303 - Water and effluents						
303-1	Water consumption as a shared resource	89				
303-5	Water consumption	89			7,8	6
305 - Emissions						
305-1	Direct (Scope 1) GHG emissions	88, 90			7,8	3,12,13,14,15
305-2	Energy indirect (Scope 2) GHG emissions	90			7,8	3,12,13,14,15
306 - Waste						
3-3	Management of material topics	90				
306-1	Waste generation and significant waste-related impacts	90			8	3,6,12
306-2	Management of significant waste-related impacts	90			8	3,6,12
306-3	Waste generated	90. In 2022, the waste generated by TOTVS at its headquarters in SP and Joinville were: cardboard (9,555.04 kg); white paper (1,050 kg); mixed paper (154 kg); plastic (1,522.98 kg); mix (15,830.38 kg); glass (65.46 kg), and common waste (28,406 kg)			8	3,6,12
306-4	Waste diverted from disposal	90				
306-5	Waste directed to disposal	90				
401- Employment						
3-3	Management of material topics	5, 56, 57, 59, 61				



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GRI	STANDARD	PAGE OR RESPONSE	OMISSION	EXTERNAL VERIFICATION	GLOBAL COMPACT	SDG
401-1	New employee hires and employee turnover	5, 56, 57			6	5,8
401-2	Benefits offered to full-time employees that are not offered to temporary or part-time employees	5, 59, 61				
401-3	Parental leave	5, 59, 61				
403 - Health and Safety						
3-3	Management of material topics	5, 78, 79				
403-1	Occupational health and safety management system	78, 79				
403-2	Hazard identification, risk assessment, and incident investigation	78, 79. TOTVS's employees are free to submit suggestions, criticisms, or demands related to organizational health and safety issues. In addition to being a part of OH&S committees, TOTVS offers reporting channels that guarantee anonymity and address issues raised.				
403-3	Occupational health services	78, 79				
403-4	Worker participation, consultation, and communication on occupational health and safety	79. TOTVS conforms with all legal requirements related to workers' inclusion in internal OH&S committees (CIPA), and also creates opportunities for employee engagement and input in proposing and evaluating actions related to this area. Annually, it conducts the SIPA event and upholds constant communication on health and safety topics, encompassing training trials, along with wellness, health, and safety initiatives.				
403-5	Worker training on occupational health and safety	78, 79. TOTVS conducts the SIPA event and upholds constant communication on health and safety topics, encompassing training trials, along with wellness, health, and safety initiatives. The company complies with all legislation regarding the health and safety of its employees by establishing internal committees and providing specific training.				
403-6	Promotion of worker health	78				
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	78				



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403-8	Workers covered by an occupational health and safety management system	78, 79				
403-9	Work-related injuries	5, 78, 79				3,8
403-10	Work-related ill health	5, 78, 79				3,8
404 - Training and education						
3-3	Management of material topics	6, 7, 65, 66, 68				
404-1	Average hours of training per year, per employee	6, 7, 66, 68			6	4,5,8
404-2	Programs for upgrading employee skills and transition assistance	5, 6, 66, 68				
404-3	Percentage of employees receiving regular performance and career development evaluations	5, 7, 65			6	5,8
405 - Diversity and equal opportunities						
3-3	Management of material topics	5, 24, 60, 61, 69, 70, 71, 72, 73, 74				
405-1	Diversity of governance bodies and employees	5, 24, 69, 70, 71, 72, 73, 74			6	5,8
405-2	Ratio of basic salary and remuneration of women to men	5, 59, 60, 61			1,6	5,8, 10



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GRI	STANDARD	PAGE OR RESPONSE	OMISSION	EXTERNAL VERIFICATION	GLOBAL COMPACT	SDG
413 - Local communities						
413-1	Operations with local community engagement, impact assessments, and development programs	84, 87				
414 - Supplier social assessment						
3-3	Management of material topics	7, 83				
414-1	New suppliers that were screened using social criteria	7, 83			2	5,8,16
418 - Customer privacy						
3-3	Management of material topics	7, 37				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	In the year of 2022, there were zero complaints pertaining to privacy violations and customer data loss.			1	16



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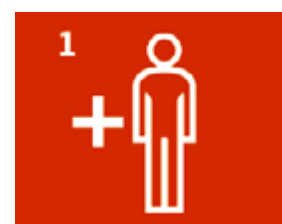
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APPENDIX I - THE 10 PRINCIPLES OF GLOBAL COMPACT

1



PRINCIPLE 1:

Businesses should support and respect the protection of internationally proclaimed human rights; and

2



PRINCIPLE 2:

make sure that they are not complicit in human rights abuses.

3



PRINCIPLE 3:

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

4



PRINCIPLE 4:

the elimination of all forms of forced and compulsory labour;

5



PRINCIPLE 5:

the effective abolition of child labour; and

6



PRINCIPLE 6:

the elimination of discrimination in respect of employment and occupation.

7



PRINCIPLE 7:

Businesses should support a precautionary approach to environmental challenges;

8



PRINCIPLE 8:

undertake initiatives to promote greater environmental responsibility; and

9



PRINCIPLE 9:

encourage the development and diffusion of environmentally friendly technologies.

10



PRINCIPLE 10:

Businesses should work against corruption in all its forms, including extortion and bribery.



Human Rights



Labour



Environment



Anti-Corruption



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APPENDIX II - SUSTAINABLE DEVELOPMENT GOALS (SDGS)

THE 17 SUSTAINABLE DEVELOPMENT GOALS (SDGS)



MATERIALITY 2021 - ODS PRIORITIZED BY TOTVS

4 QUALITY EDUCATION

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all



5 GENDER EQUALITY

Achieve gender equality and empower all women and girls



8 DECENT WORK AND ECONOMIC GROWTH

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation



10 REDUCED INEQUALITIES

Reduce inequality within and among countries



12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensure sustainable consumption and production patterns



17 PARTNERSHIP FOR THE GOALS

Strengthen the means of implementation and revitalize the global partnership for sustainable development





INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT ON NON-FINANCIAL INFORMATION INCLUDED IN THE INTEGRATED REPORT 2022

[GRI 2-5]

(A free translation of the original report in Portuguese, containing the Assurance Report).

To the Board of Directors and Shareholders
TOTVS S.A.
São Paulo - SP

Introduction

We have been engaged by TOTVS S.A. ("Company") to present our limited assurance report on the non-financial information included in the "Integrated Report 2022" of TOTVS S.A., for the year ended December 31, 2022.

Our limited assurance does not extend to prior period information or to any other information disclosed in conjunction with the Integrated Report 2022, including any embedded images, audio files or videos.

Responsibilities of TOTVS S.A.'s management

The management of TOTVS S.A. is responsible for:

- select and establish appropriate criteria for the elaboration of the information contained in the Integrated Report 2022;
- prepare the information in accordance with the criteria and guidelines of the Global Reporting Initiative (GRI - Standards) and with the CPC 09 Guidance - Integrated Reporting, correlated with the Basic Conceptual Framework of Integrated Reporting, prepared by the International Integrated Reporting Council (IIRC);
- design, implement, and maintain internal control over information relevant to the preparation of Integrated Report 2022 that is free from material misstatement, whether due to fraud or error.

Responsibility of the independent auditors

Our responsibility is to express a conclusion on the non-financial information included in the Integrated Report 2022, based on the limited assurance engagement conducted in accordance with Technical Communication CTO 07/2022 issued by the CFC, and based on NBC TO 3000 - Assurance Engagements other than Audits and Reviews, also issued by the CFC, which is equivalent to international standard ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information, issued by the International Auditing and Assurance Standards Board (IAASB). These standards require compliance by the auditor with ethical requirements, independence, and other responsibilities relating to it, including the application of the Brazilian Quality Control Standard (NBC PA 01) and, therefore, the maintenance of a comprehensive quality control system, including documented

policies and procedures on compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Additionally, the standards require that the work be planned and performed with the objective of obtaining limited assurance that the non-financial information in the Integrated Report 2022, taken as a whole, is free from material misstatement.

A limited assurance engagement conducted in accordance with NBC TO 3000 (ISAE 3000) mainly consists of inquiries to TOTVS S.A.'s management and other TOTVS S.A.'s professionals who are involved in the preparation of information, as well as the application of analytical procedures to obtain evidence that enables us to conclude, in a limited assurance manner, on the information taken as a whole. A limited assurance engagement also requires the performance of additional procedures when the independent auditor becomes aware of matters that lead him to believe that the information disclosed in the Integrated Report 2022, taken as a whole, may present material misstatements.

The procedures selected were based on our understanding of the aspects relating to the compilation, materiality and presentation of the information contained in the Integrated Report 2022, other circumstances of the engagement and our consideration of areas and the processes associated with the material information disclosed in the Integrated Report 2022 where material misstatements could exist. The procedures comprised, among others:

- a. planning the work, considering the materiality of the aspects for TOTVS S.A.'s activities, the relevance of the information disclosed, the volume of quantitative and qualitative information and the operating and internal control systems that served as a basis for the preparation of the information contained in the Integrated Report 2022.
- b. the understanding of the calculation methodology and the procedures for the compilation of the indicators through inquiries with the managers responsible for the preparation of the information;
- c. the application of analytical procedures on the quantitative information and inquiries on the qualitative information and its correlation with the indicators disclosed in the information contained in the Integrated Report 2022; and
- d. for the cases in which the non-financial data correlate with indicators of a financial nature, the confrontation of these indicators with the accounting statements and/or accounting records.
- e. analysis of the processes for preparing the Report and its structure and content, based on the Content and Quality Principles of the Sustainability Reporting Standards of the Global Reporting Initiative – GRI and with the CPC 09 Guidance - Integrated Reporting (which correlates to the Basic Conceptual Framework of Integrated Reporting, prepared by the International Integrated Reporting Council - IIRC);
- f. evaluation of the sampled non-financial indicators;
- g. understanding the calculation methodology and the procedures for the compilation of the indicators through interviews with the managers responsible for the preparation of the information.

The limited assurance work also comprised adherence to the guidelines and criteria of the GRI - Standards elaboration framework applicable in the preparation of the information included in the Integrated Report 2022.

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

Scope and limitations

The procedures performed in limited assurance work vary in nature and timing, and are smaller in extent than in reasonable assurance work. Consequently, the level of assurance obtained in limited assurance work is substantially lower than that which would be obtained if reasonable assurance work had been performed. If we had performed reasonable assurance work, we could have identified other issues and possible distortions that may exist in the information contained in the Report. Therefore, we do not express an opinion on this information.

Non-financial data are subject to more inherent limitations than financial data, given the nature and diversity of the methods used to determine, calculate or estimate these data. Qualitative interpretations of materiality, relevance, and accuracy of the data are subject to individual assumptions and judgments. Additionally, we did not perform any work on data reported for prior periods, nor in relation to future projections and targets.

The preparation and presentation of sustainability indicators followed the GRI - Standards criteria and, therefore, are not intended to ensure compliance with social, economic, environmental or engineering laws and regulations. These standards do, however, provide for the presentation and disclosure of any non-compliance with such regulations when significant sanctions or fines are incurred. Our assurance report must be read and understood in this context, inherent to the selected criteria (GRI - Standards).

Conclusion

Based on the procedures performed, described in this report and the evidence obtained, nothing has come to our attention that causes us to believe that the non-financial information included in the Integrated Report 2022 for the year ended December 31, 2022 of TOTVS S.A., have not been prepared, in all material respects, in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative – GRI and with the Guidance CPC 09 - Integrated Reporting (which correlates to the Integrated Reporting Framework prepared by the International Integrated Reporting Council - IIRC).

São Paulo, August 7th, 2023

KPMG Auditores Independentes Ltda.
CRC 2SP014428/O-6

Original report in portuguese signed by

Sebastian Yoshizato Soares
Accountant CRC 1SP257710/O-4



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