

Somos Todos Um



# ANNUAL

# REPORT

2020



SHORT VERSION - SHAREHOLDERS



# Message from the CEO

*The year of 2020 challenged us, but at the same time, it strengthened us. In order to overcome difficulties and remain steadfast in our commitment to better serve, we have chosen the path of relationships.*

Among the search for excellence, innovation and competitiveness, the current times demand attention to profitability, efficiency, human capital management as well as the expectation of helping to build an increasingly better society.

Here at Cielo, we challenge ourselves every day in this regard and, in 2020, we faced the test of fire, as everyone else, as we experienced an unprecedented moment in our generation. Efforts to combat the Covid-19 pandemic have brought changes in the behavior of people and companies that we are still identifying, understanding, and adapting to.

With the strength of a brand that has 25 years of existence and a prominent presence in the means

of payment segment, we have not shied away from our role of meeting the new demands of society and when possible anticipating them.

We did everything from the perspective of attentive and constant risk management, practicing good governance in the continuity of our business, in the financial health of customers, and in the safety of our employees.

Thus, day after day we keep building a company capable of making a difference and contributing to the sustainable development of our country.

**Gustavo Sousa**  
CEO



# 2020 Highlights

We have simplified and boosted business in 5,564 Brazilian municipalities, covering 99.99% of the national territory with our products, services, and solutions.

Faced with the unprecedented challenges brought on by the Covid-19 pandemic, we have acted to mitigate its impacts on our employees, customers, and communities.

**Over 1.4 million**

customers, ranging from individual entrepreneurs to large retailers

**8.38%**

of the Brazilian GDP catalyzed by payments made on our platforms

**R\$ 957,600.00**

in donations to counter the pandemic

**R\$ 1.253 million**

invested in initiatives aimed at the health and well-being of employees

**R\$ 669 million**

distributed to shareholders

**Leaders**

in the electronic payments segment in Latin America

**R\$ 5 billion**

in advance of receivables for trade

**70 thousand**

entrepreneurs digitalized in partnership with SEBRAE

**11.186 billion**

in revenue

**R\$ 631.5 million**

of net profit

**Over 1,000%**

increase in new accreditations to use Super Link

**1.5 million**

of card readers eligible to receive Emergency Aid payments

**R\$ 644 billion**

of raised financial volume

**Review**

In our Strategic Sustainability Planning 2021-2025



Check out the full **Sustainability Report** here.

# Governance and Risk Management

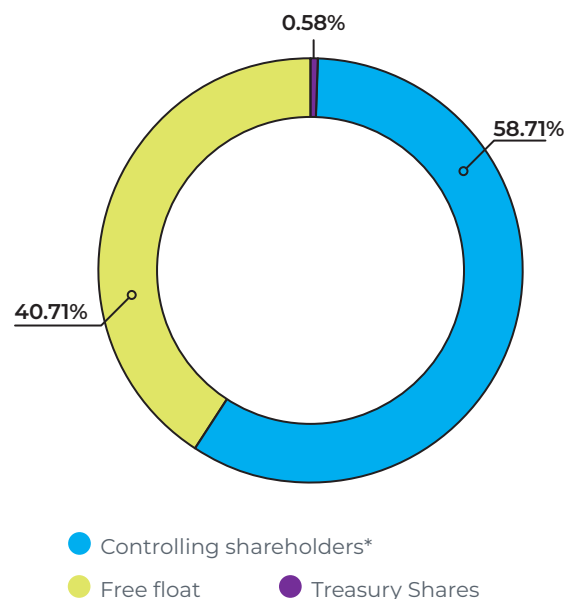
Our corporate governance system has as guiding principles transparency, equity, accountability and corporate responsibility, which when converted into corporate governance practices, allow the improvement of management, the harmonization of interests, the business sustainability and the generation of value aimed at the Company's longevity.

## Management Structure

Cielo is managed by the Board of Directors, composed of members elected at the General Meeting and by the Statutory Board. The Board of Directors is technically advised by six Advisory Committees.

The Company's Fiscal Council is installed by resolution of the General Meeting or at the request of the shareholders, in the cases provided for by law, on a non-permanent basis with powers conferred by law. Get to know our complete Management Structure on page 26 of the full version of the Sustainability Report

## Shareholder composition



**Free float:**  
**1,106,042,033**  
*outstanding shares (40.71%)*

\* Controlling Shareholders: Banco Bradesco (Columbus Holdings S.A.) and Banco do Brasil (BB Elo Cartões Participações S.A.)

## Ethics and Compliance

Reformulated in 2020, Cielo's Code of Ethical Conduct defines the directions expected from managers, employees and the other audiences with which the Company relates. The references for drafting the Code of Ethical Conduct are based on the United Nations Declaration of Human Rights, the principles of the United Nations Global Compact, the conventions of the International Labor Organization (ILO), and the 2030 Agenda for the Objectives of the United Nations Sustainable Development (SDG).



Learn about our Code of Ethical Conduct at: <https://ri.cielo.com.br/sobre-a-cielo/governanca-corporativa/codigo-de-etica/>

## Ethics Channel

Deviations from the Code of Ethics can be denounced in our Ethics Channel, which aims to allow the report, identified or anonymous, of situations conflicting with our guidelines, through the website (<https://canaldeetica.com.br/cielo/#home>) or by phone (0800-775-0808).

## Fraud and money laundering prevention

We have in place several mechanisms to understand our customers, suppliers and business partners, as well as to identify fraud and illegal activities in our operation. To this end, we have adopted procedures designed to identify, qualify and classify them, which include: the collection and validation of their registration data, the qualification as a Politically Exposed Person (PEP), the verification of presence in international restrictive lists as well as national lists of administrative and socio-environmental sanctions, the investigation of negative media, and the analysis and classification of their risk.

## Risk management

We have a Corporate Risk Management and Internal Control Policy which includes guidelines and responsibilities on the integrated management of corporate risks, internal controls and business continuity, in line with applicable regulations and best market practices.

In 2021, we evolved our corporate risk inventory, listing some previously existing risks in greater detail, with the intention of providing greater visibility to management on the relevant risks for the Company. Learn more about our Risk Management process on page 31 of the full Sustainability Report

## Emerging risks

As we operate in a very dynamic, highly regulated and constantly changing sector, we are subject to emerging risks that may threaten the business strategy. The main emerging risks identified by the Company are those that lead to the possible disintermediation of the acquiring products. Find out more in our Emerging Risks Report.



Learn more at  
[Emerging Risks Report](#)

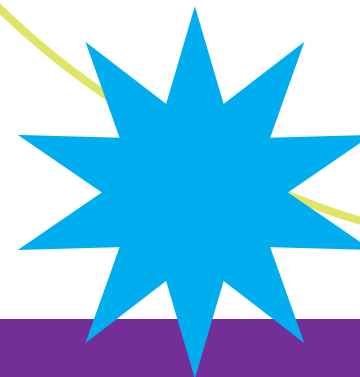
## Business Continuity Plan

We have a Business Continuity Plan (PCN), which supports Risk Management in the Company. The plan consists of a set of documents that describes how we must respond to an interruption event, in order to ensure that critical business processes return to an acceptable level of operation, within a desirable timeframe, covering all areas, processes and environments involved.



# Vision of the Future

In 2020, the review of our 2021-2025 Strategic Sustainability Planning included discussions about Cielo's Sustainability Purpose and Vision. This work enabled the establishment of Sustainability Guidelines that will guide our activities over the next five years.



## Sustainability Purpose

Empowering sustainable and inclusive business with everyone.

## Sustainability Vision

To be the smart platform recognized for driving sustainability and inclusion in Brazilian commerce.

### Strategic Guidelines for Sustainability

#### Operation

Diversity in representativeness and culture



Eco-efficiency in all activities



Value chain influenced for sustainability

#### Business

To be a market reference for ESG practices



Sustainability through products and services



Socio-productive and entrepreneurial inclusion

#### Society

Humanized business and work relations



Social inclusion in Digital Transformation



Acting through education and example

# Positive social impact

Besides acting to fight the Covid-19 pandemic, we also took actions to expand the impact of our business on society in 2020:



**Over 80%** of those approved are black or brown and 50% LGBTQIA and intersectionalities



Elaboration of Cielo's Diversity & Inclusion Manifesto



**46 thousand** people impacted by volunteer actions



**98.5%** of products and services purchased locally, developing the communities



**82%** Customer Satisfaction Index



**Over 3.27 million** to support cultural and sports projects via Incentive Laws

# Ecoefficiency

We have an Environmental Management System (EMS) certified by the ISO14.001 standard, which establishes the frequent monitoring of the impacts generated by our activities. We seek to implement the best environmental management practices through a preventive approach, in order to mitigate potential impacts related from our operations, products and services, focused on the continuous improvement of our processes.



In 2020, we neutralized scope 1 emissions with the purchase of Carbon Credits, REDD+, and scope 2 emissions with the purchase of I-REC.



550.12 tCO<sub>2</sub>e of emissions avoided by fueling the fleet with ethanol.



Consumption of 2.03 liters of water per person/day among employees at the Head Office (Headquarters), meeting the target of 10 liters per person/day

# Protagonism and Innovation



## Our innovation hub

To drive innovation in our business, we have Garagem, a structured innovation hub to discover, test and implement new solutions.

### 2020 RESULTS

TRAINING

**5**

training sessions

CO-CREATIONS

**31**

Co-creations in 2020

TALKS

**17**

talks

about subjects such as: KanBan, OpenSource, Open Banking, PIX, etc

### MENTORSHIP PROGRAM



**143**

enrolled startups



**21**

startups elected



**21**

mentors

### OPEN INNOVATION



**+100**

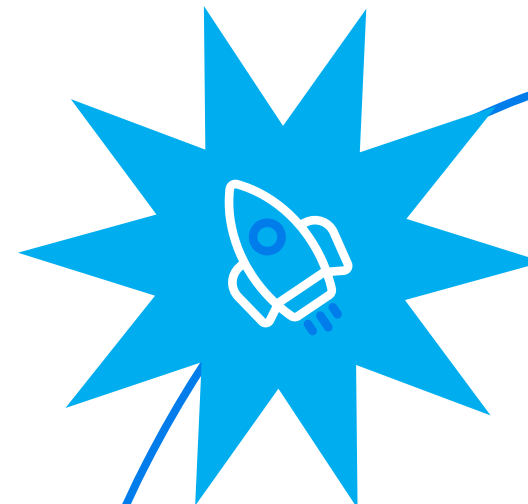
startups in Radar Cielo

**5**

contracts closed

### Innovation in DNA

If innovation and technology were already intrinsic to our DNA, during the Covid-19 pandemic they were accelerated due to the changing behavior of markets and consumers, who started to use more and more digital technologies to do their business.



# Credits

## Corporate information

### Cielo Head Office:

Alameda Xingu, 512 – 21º ao 31º andar  
Alphaville – Centro Industrial e Empresarial  
CEP: 06455-030 – Barueri (SP) – Brasil

### Contact:

sustentabilidade@cielo.com.br

### Coordination

People, Management and Performance Executive Board

### Consulting for gathering disclosures according to the GRI Standard guideline, materiality review, writing, design and review

Ricca Sustentabilidade

### Photos

Cielo Image Bank, Unsplash and Adobe Stock

### Audit

KPMG

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