



DOING THE RIGHT THING



LETTER FROM OUR CEO

THE WILL AND COMMITMENT TO DO THE RIGHT THING

Marcos Galperín

It is in our DNA to innovate to reduce gaps and leverage Latin American development. This is the spirit that drives us to **go beyond the limits of what we are and what we do every day**. Our region faces many challenges ahead, and companies have the chance to promote changes that **position us in the ranking of best corporate practices worldwide**. In this line, we have decided to publish the first Transparency Report of Mercado Libre.

We are doing this because we want to, and because **we are encouraged to do things right**. We are not obliged to do it, and we are **the first Latin American company** that joins a bunch of global companies that began that process two decades ago.

Since we are a leading company in key sectors such as e-commerce and finance, **we would like to pave the way, raise the bar and increase chances** for the communities in those countries where we operate. We are aware of our role in terms of economic and social aspects, and we believe that becoming **more transparent is a way to honor an increasingly deeper bond with our users**.

We take that responsibility very seriously, and we work on an ongoing basis to develop innovative technological solutions which allow us to optimize our processes and enhance our collaboration with State bodies and civil organizations with the aim of achieving these goals.

The purpose of this report is **to make our policies and actions transparent to safeguard the security and privacy** of over 74 million users in our entire regional ecosystem.

We are encouraged to set the course for the **consolidation of an ethical and sustainable digital economy**, and we are proud and committed to submit this report.

We are convinced that strengthening a bond based on honesty nurtures a breakthrough user experience and is one of the pillars of the mission that guides our actions: to democratize trade and financial services in Latin America.

01.

A NEW CHALLENGE

We have set out to democratize trade and financial services and get millions of people to use our products. Your trust is at the heart of our business and being transparent about how we take care of your experience and your safety means a step in the right direction.



REASONS FOR PUBLISHING A TRANSPARENCY REPORT

New challenges are faced by the massive internet growth as a scenery for social, business, work, and financial relations. Digital migration is fast-paced, and activities are increasingly developed in virtual environment, where users entrust their personal details to different platforms and applications.

In the light of this deep cultural change triggered by the pandemic, technology companies must **excel in our efforts for transparency and integrity**, in order to ensure our users they can enjoy digital environments where their safety and that of their data are kept safe under the highest international standards.

That is our guiding star. We are proud to share our practices because “doing the right thing” and **raising the bar is embedded in our DNA: to undertake is to push borders, and also to create culture.**

Our services stand out due to their continuous improvement and our company matureness urges us to **take a quality leap** at a corporate level. In our role as more relevant actors each time at a social and economic level, we would like to **strengthen our value proposal** to the communities of the 18 countries where we operate, taking our “doing the right thing” even further than the rules.

This first report encompasses a series of data and principles which show how we work to enhance our user experience level, ensuring that their businesses and transactions are carried out under the most demanding quality and legitimate standards.

Making information available is a way to reassure **the journey that we have embarked on 21 years ago**. Supporting our leadership requires more from us and we are deeply encouraged by the challenge to excel.





OUR JOURNEY

We are the leading technological company in e-commerce and financial services in Latin America, and the ninth e-commerce platform in the world in terms of single total visitors.

We have been continuously evolving since 1999. We went from a sales platform to a digital ecosystem with two large business units: e-commerce and fintech business.

Within these two large worlds, Mercado Libre and Mercado Pago, different technological-based

products are gathered, which nurture and supplement each other, aiming at simplifying and optimizing our user experience.

Mercado Libre, Mercado Envios, Mercado Shops, Ads (Advertising), VIS (Vehicles, Real Estate, and Services), Mercado Credito, QR, Point, and Online Payments, just to name a few amid other business, logistic, and financial solutions, make up our portfolio, which focuses on generating value and impact in the communities in the 18 countries where we operate.

Nowadays, our ecosystem comprises 74 million active users (Q4 2020) and over 14.2 million people make payments and collections with our digital account.

We have grown, matured, but there are still many things to do. **We are entrepreneurs; we think big, and we take up risks** because we are solid in our mission which guides our actions: democratizing trade and financial services to change the life of millions of people in Latin America. There we go.



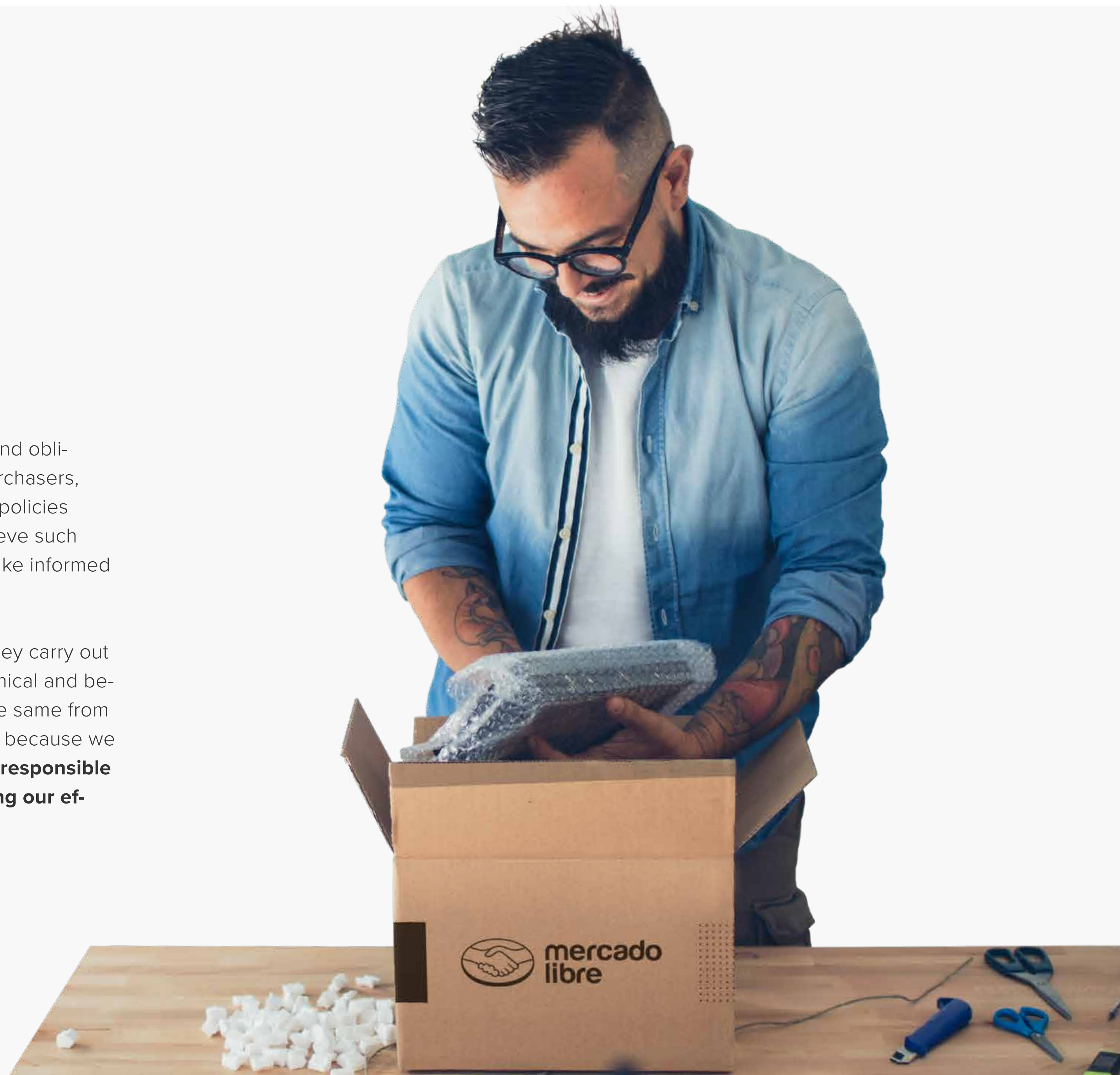
YOUR TRUST, OUR CAPITAL

In Mercado Libre, we believe that **formality and legal security are the pillars for inclusion and development**. As corporate citizens, we strictly comply with legal frameworks in several countries, and we make efforts to avoid or minimize improper behaviors in our platforms.

In order to offer a safe and reliable environment, we have developed innovative solutions which allow us to become very efficient in preventing and punishing any improper practices. **We are particularly interested in keeping those who try to violate the rules** or misuse our services **away from our ecosystem**.

We clearly explain which the rights and obligations of our ecosystem sellers, purchasers, and users are, and which our article policies and forbidden activities are. We believe such transparency is key to help users make informed decisions on the services they use.

We demand our collaborators that they carry out their duties subject to the highest ethical and behavior standards, while expecting the same from our suppliers and business partners, because we **understand that a sustainable and responsible development is achieved by aligning our efforts to common basic principles**.





02.

WE TAKE CARE OF OUR PRODUCT SECURITY & QUALITY

To provide the best experience for buyers, sellers, merchants and users of our financial solutions, we punish contents which violate our user's policies.

OUR RULES ARE CLEAR AND OUR TOLERANCE IS ZERO IN RELATION TO ANY ACTIVITY IMPAIRING OUR USERS' EXPERIENCE

On our platform, it is forbidden to offer products and services contrary to our Terms and Conditions. We are very proactive and efficient to reduce exposure to listings that are against a good experience and we also feed on the information provided by users through the report buttons, avoiding any improper practice.

Compliance with our user's policies is mandatory for everyone who uses our platform and applies to all categories of listed items. Depending on the type of violation or its recurrency, punishments may range from the cancellation of the listing, suspension or cancellation of the account, to reporting to the authorities.

Upon request of any competent public authorities, we delete any contents considered to be illegal and, in some cases, and under certain legal criteria, we share the information which might help in investigating any criminal acts with competent authorities.

99,4%

From deleted contents are detected by our fraud prevention team. The rest is reported by our users or relevant authorities within the framework of several agreements.

331,607,978

TOTAL LISTINGS
Data as of December 31st, 2020

112,424

Listings reported by users through the button intended for violation of our Listing and Prohibited Items Policies

18,570,436

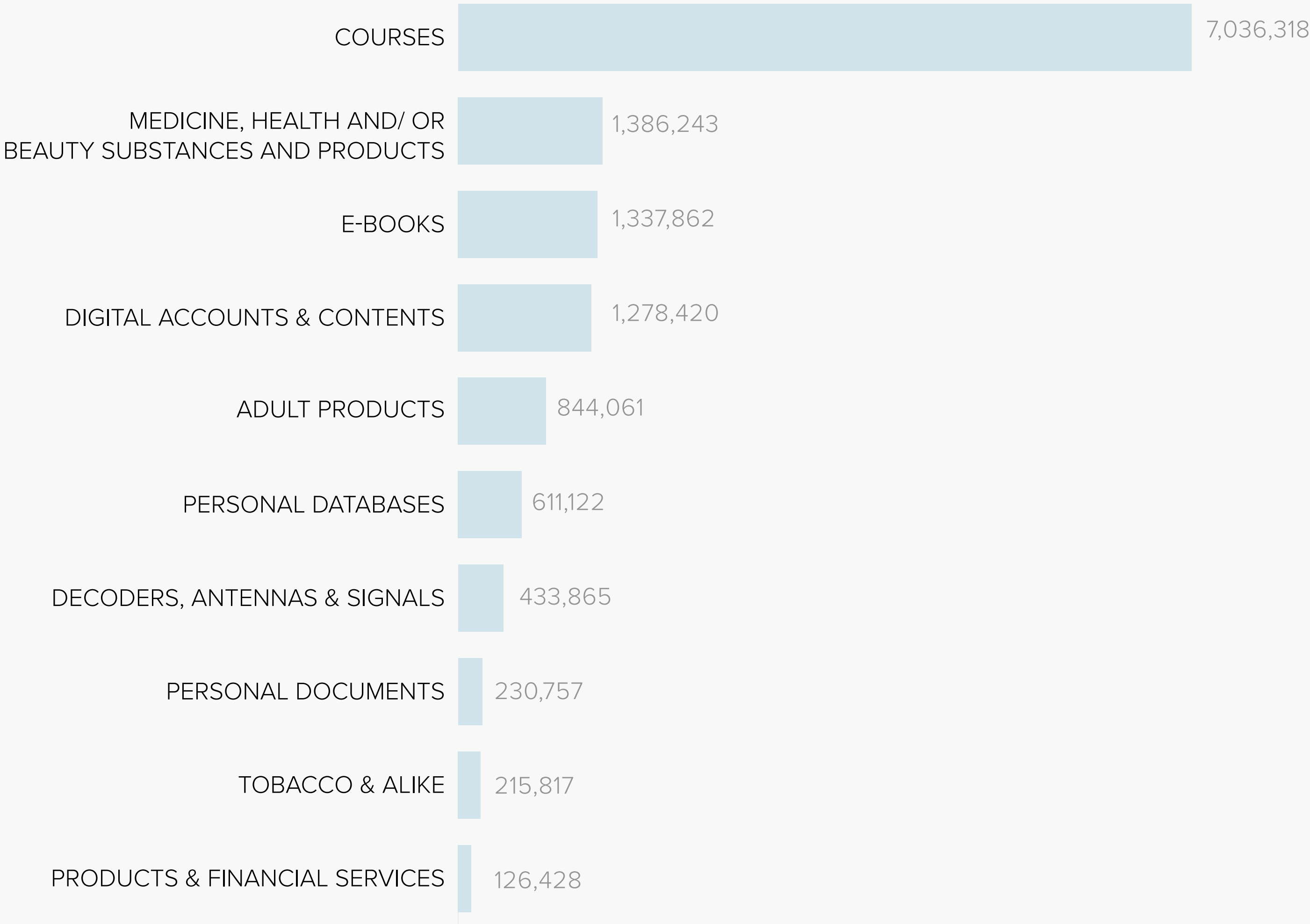
Listings we detect and moderate due to violation to our Listing and Prohibited Items Policies.

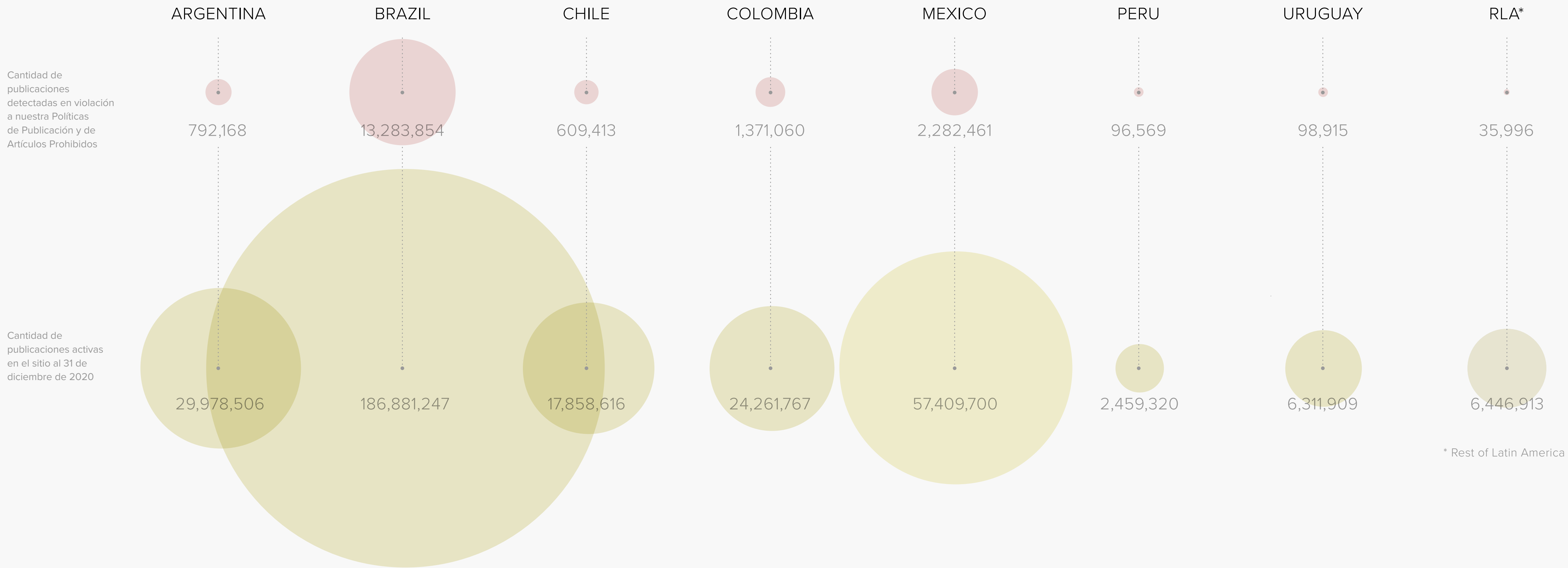
TOP 10: MAIN CONTENT CATEGORIES IN VIOLATION

Our fraud prevention teams seek to detect different types of non-complying listings. Here we show 10 main product categories which violate our Listing and Prohibited Items Policies.

Contents which are deleted from our platforms:

- Prohibited items: anything which is not allowed to be sold under our policies or legal provisions.
- Items violating any Intellectual Property right holders.
- Counterfeit products.
- Personal data: listings including contact details.





We rely on technology to be increasingly efficient in the care of our products: in less than a second, our systems can analyze more than 5,000 variables to detect and pause or delete listings in real time, which violate our Terms and Conditions.

We know that a bad experience undermines the adoption and use of digital tools, and we are focused on preventing anything from disappointing the expectations that millions of users place in us.

We are pioneers in self-regulation policies, and we have developed disruptive control tools, which have been evolving and adding innovations to prevent any activity which impact our quality services.



96.88%

LISTINGS IN VIOLATION
PROPERLY AUTOMATICALLY
DETECTED

3.12%

LISTINGS GOING
BACK TO THE
PLATFORM

AUTOMATIC DETECTION- BASED MODERATIONS

The percentage of improper violation detection is minimum. In that case, listings are reactivated (rollback).

COLLABORATION AGREEMENTS: ALL TOGETHER, FOR EVERYBODY'S GOOD

We are **strongly committed to our social and economic role in the region**, and we believe that joint work between public and private actors is essential to **make the promises that technological innovation have for the region come true**.

We constantly build formal and informal bridges with governmental and civil society players to deepen the impact of our products, making our best tools available to them to help **fight bad practices or criminal activities**. Good examples are the agreements made with educational authorities and institutions that address issues such as grooming, racial hatred and anti-Semitism, among others.

Upon request of the competent public authorities, we remove any illegal contents and, in certain cases and within the framework of legal procedures, we share information to collaborate with their investigations.

“

The experience of working together with Mercado Libre has been improving year after year. It helps us to identify cases of misleading advertising of health-related products and to optimize the control of advertisements that offer products without health registration.”

ANMAT (Argentina)

Sebastián Rami, Coordinator of Advertising & Promotion Monitoring & Control Program.

“

Mercado Libre is a company engaged in the cultural of legality. It provides Colombian people a superb tool to generate actions against crime and smuggling in digital media.”

INVIMA (Colombia)

Henry Herney Saavedra Morales. Immediate Efficiency Reaction Unit Group.

“

The relationship between Mercado Livre and São Paulo Public Prosecutor's Office is praiseworthy, proactive and inures to the benefit of protecting legal heritage and probity. Deletion of anomalous listings highly favors prevention and suppression activities developed by CyberGaeco/MPSP.”

Richard Gantus Encinas,

CyberGaeco public prosecutor, São Paulo Public Prosecutor's Office.

SIDE BY SIDE: EMPATHY & INVESTMENT TO OFFER SOLUTIONS IN PANDEMIC TIMES

Since March 2020, when the coronavirus pandemic began spreading in the region, we have been reacting quickly to respond to new needs.

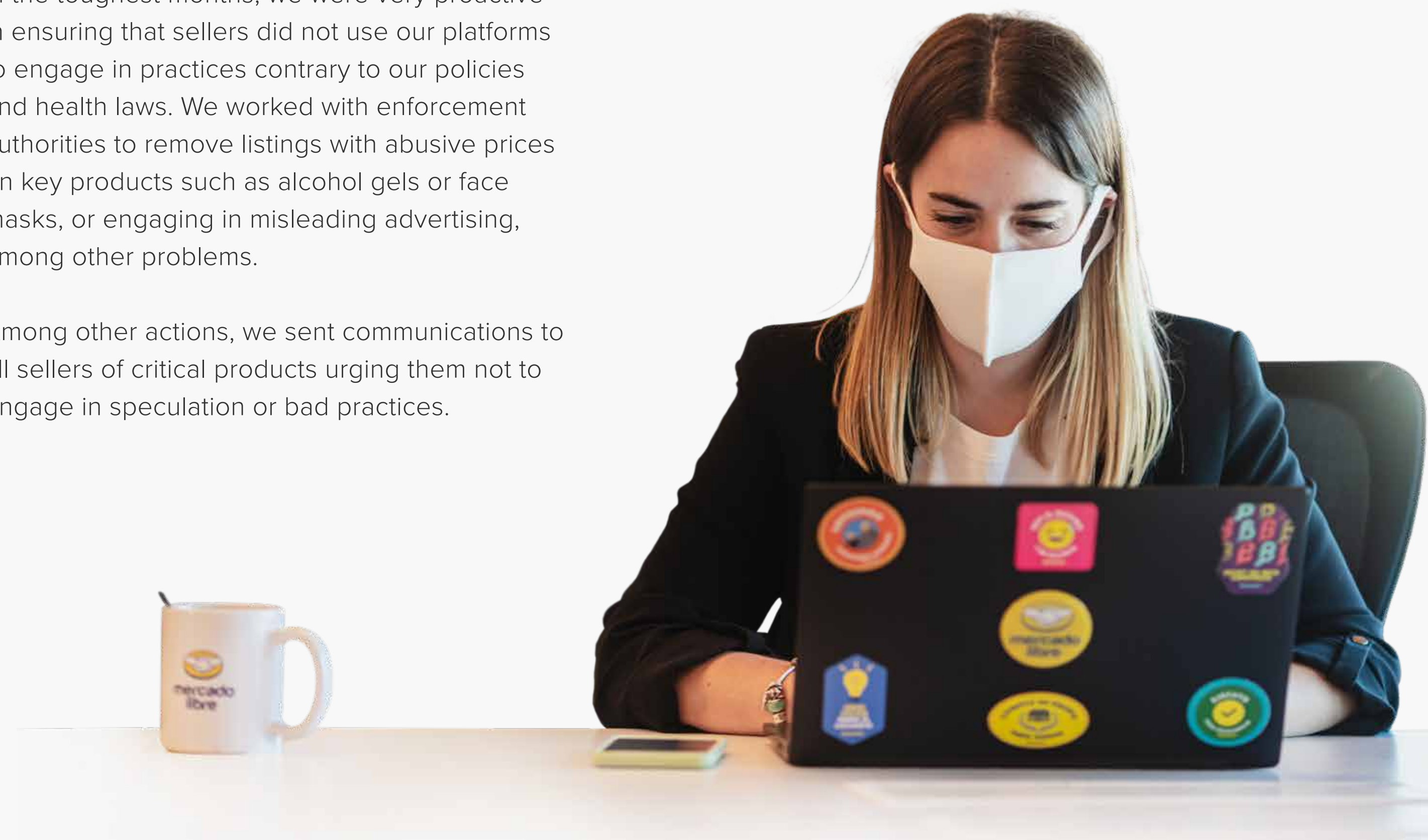
Against the backdrop of quarantines, restrictions and commodity shortages in several countries, we brought our best solutions to facilitate electronic purchases and payments, while cooperating with the authorities in the control of infringing listings.

65.180

Listings were removed
due to Covid-10 related
issues.

In the toughest months, we were very proactive in ensuring that sellers did not use our platforms to engage in practices contrary to our policies and health laws. We worked with enforcement authorities to remove listings with abusive prices on key products such as alcohol gels or face masks, or engaging in misleading advertising, among other problems.

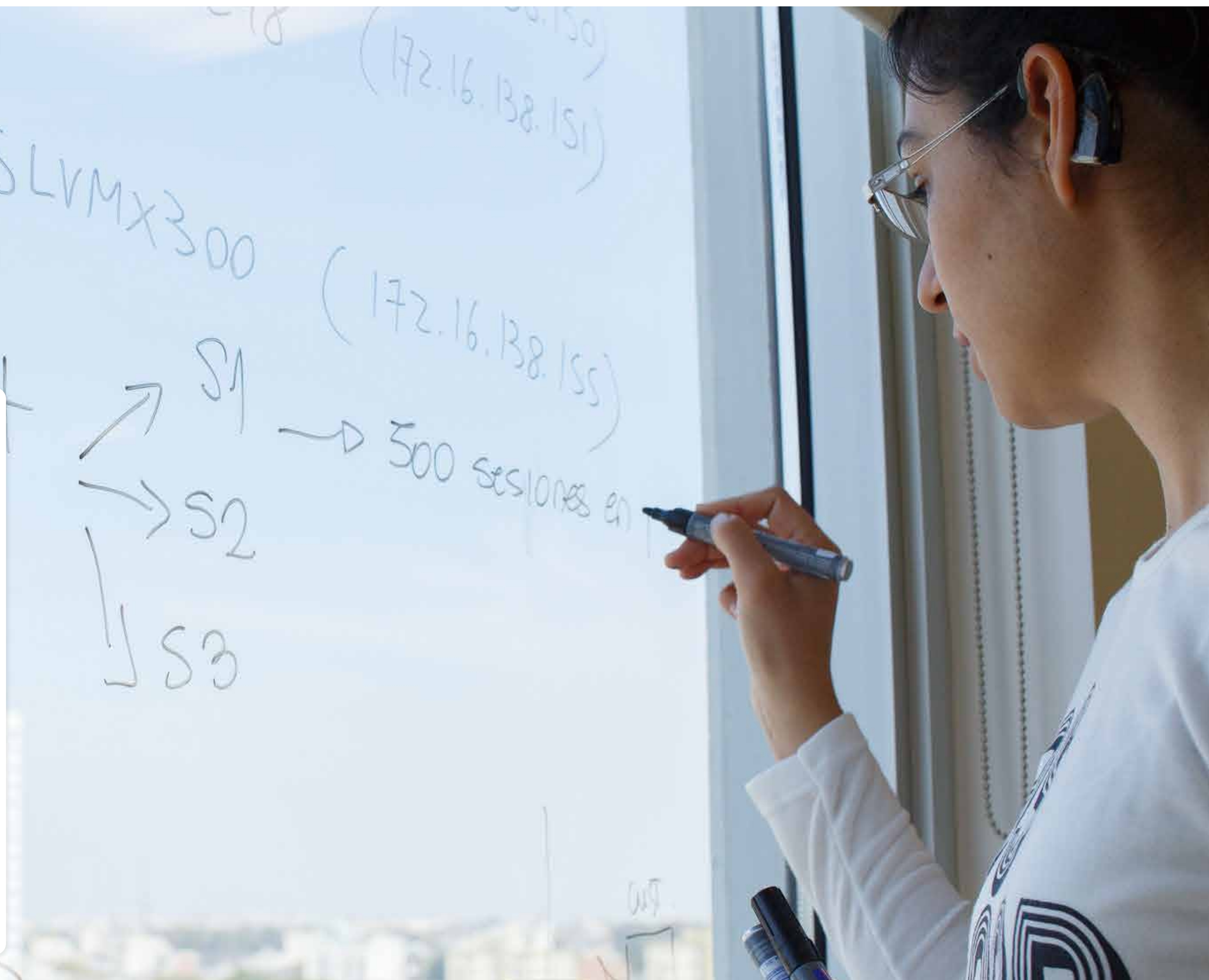
Among other actions, we sent communications to all sellers of critical products urging them not to engage in speculation or bad practices.



03.

WE PROTECT INTELLECTUAL PROPERTY RIGHTS

We provide brands with tools that allow them to report listings that impair their rights. Our priority is to take care of the authenticity and quality of the products sold in Mercado Libre.





BRAND PROTECION PROGRAM: OUR SOLUTION TO TAKE CARE OF OUR BRANDS

One of the cornerstones of our business strategy is to take care of brands and collaborate with Intellectual Property Rights (IPR) holders. We seek to **generate trust in all the players in our eco-system** in order to promote a virtuous circle that distributes benefits to all parties: we want buyers to find authentic, quality products and sellers to be able to grow without violating the rights of any third parties.

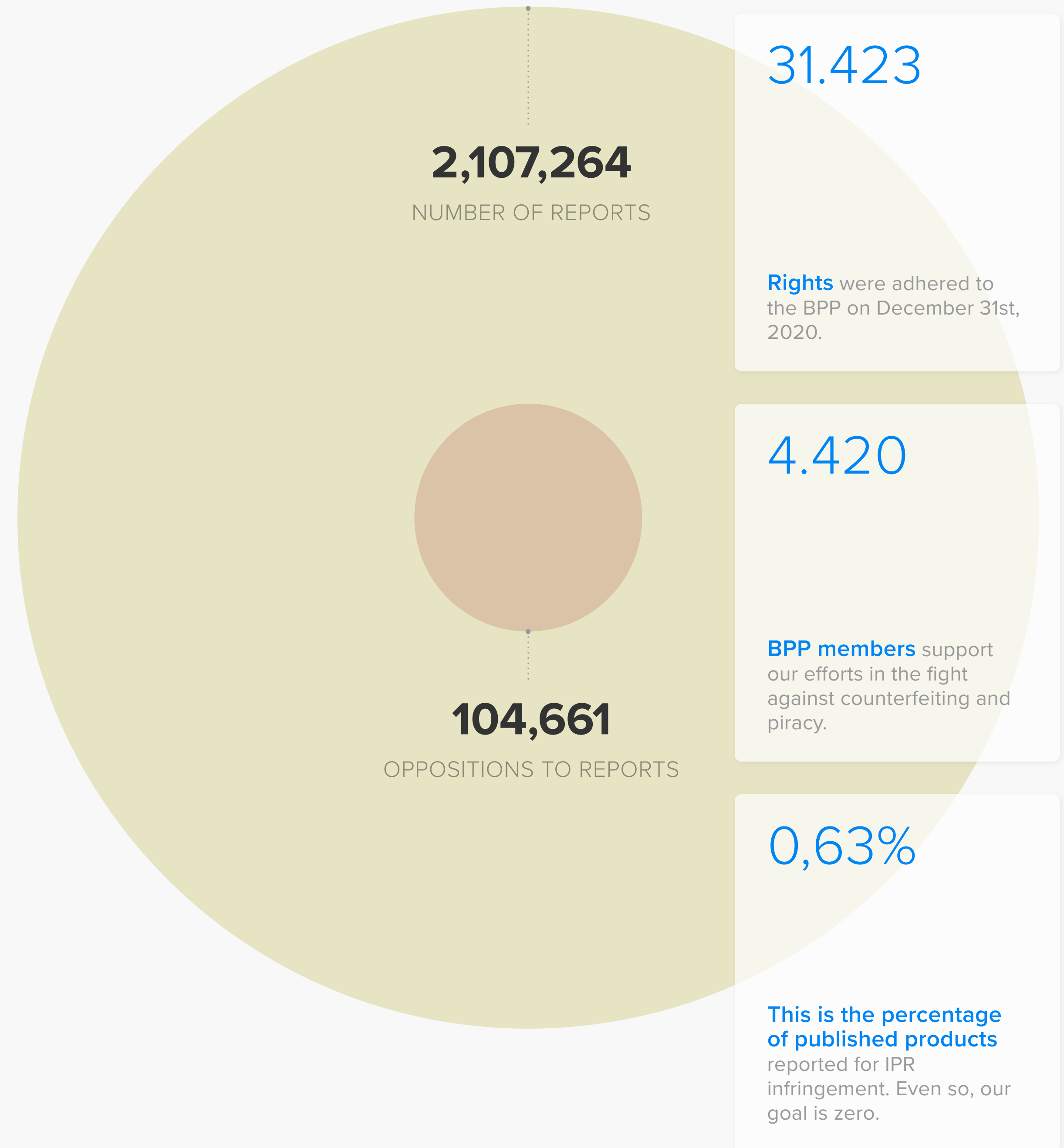
To this end, we have developed a set of solutions, grouped in our Brand Protection Program (BPP), that enable IPR holders to report infringing listings in any of the 18 countries where Mercado Libre operates.

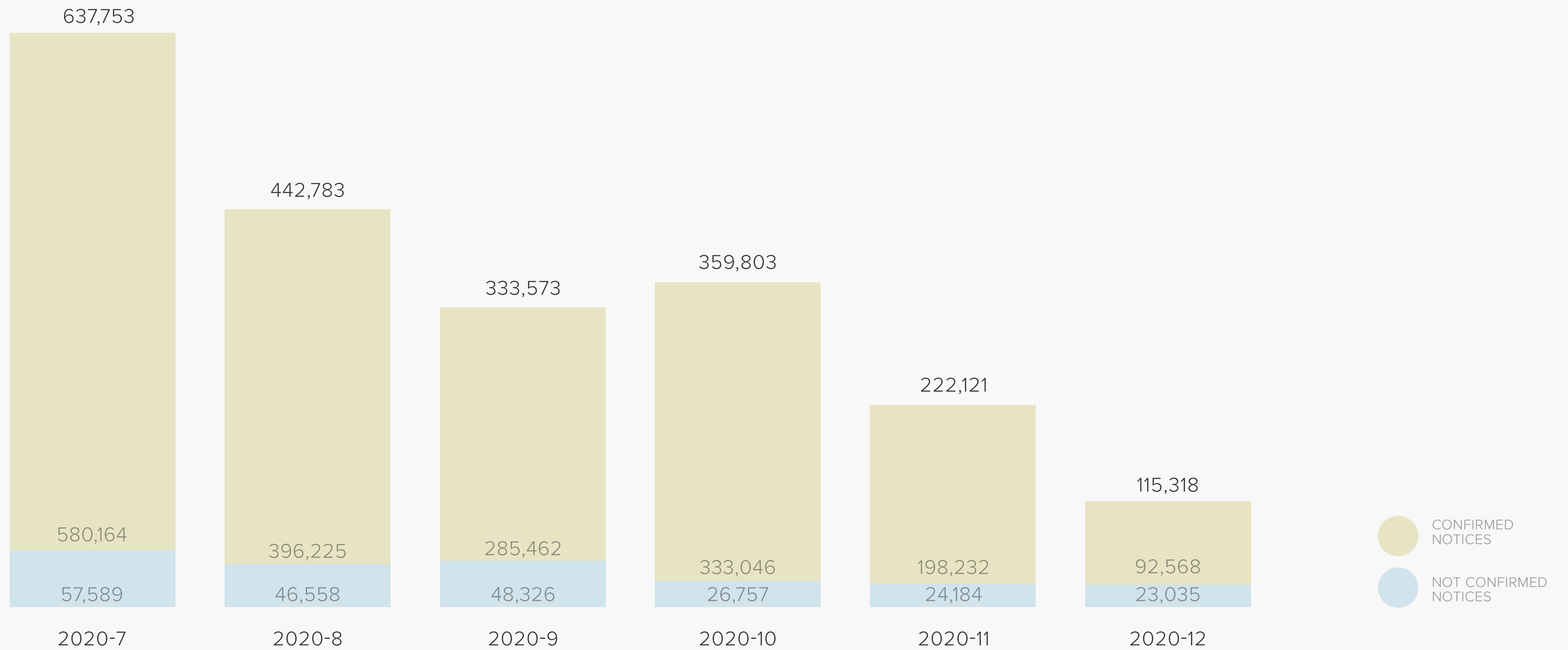
The tool is free of charge and helps them protect their entire portfolio (trademarks, patents and utility models, copyrights and industrial models

or designs). It is available in Spanish, Portuguese and English, and allows real-time searches, individual or mass reporting of listings, and monitoring from a single account for the entire region.

For each complaint, a process known as “Notice & Take Down” is activated, with the possibility of opposition by the seller user (Counter-Notice), who can respond to the complaint within 4 days. Then, the complainant has the same time to withdraw their own complaint or ratify it. In the latter case, the listing is deleted.

At the same time, we developed self-mapping tools, based on artificial intelligence, to “learn” from the reports and proactively remove listings that we find to be in violation. In this way, we achieve great efficiency by working closely with the brands.





WE LEARN & IMPROVE OURSELVES

Thanks to our artificial intelligence-based tools, we are increasingly efficient in the care of our platform. We develop systems that learn from BPP members' complaints and are able to detect and remove listings that violate IPRs.

We work together with brands and IPR owners to create the best experience for all parties.



04.

PRIVACY

Our priority is to manage user data responsibly and securely. We do so with the highest standards of confidentiality, and we are transparent about its use and care.



YOUR PRIVACY, YOUR RIGHTS, OUR COMMITMENT

To provide more and better services, we **collect and process information** about the people who use our mobile platforms and applications. This is how we **empathize with their needs and generate value** by developing customized solutions.

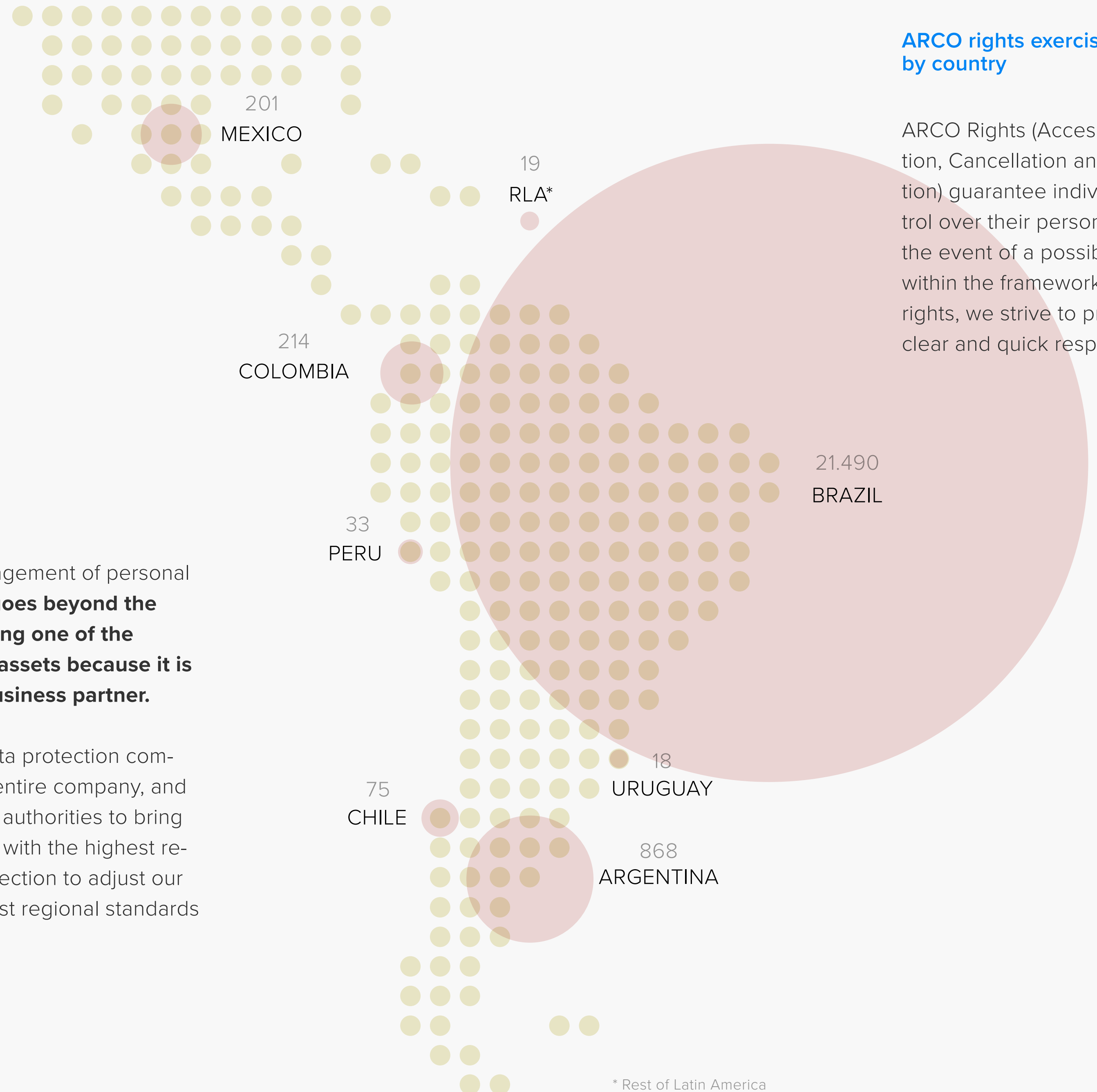
We are aware of the concerns that the use of personal data can cause among users. That is why we take great care to explain what information we collect, what we do with it and in which cases we share it, especially with regard to Artificial Intelligence and Machine Learning.

For us, the responsible management of personal data is **a commitment that goes beyond the rules: it involves safeguarding one of the company's most important assets because it is what makes us a reliable business partner.**

In-house, we have a strict data protection compliance program across the entire company, and we collaborate with different authorities to bring our entire operation into line with the highest regional standards in data protection to adjust our entire operation to the highest regional standards in terms of privacy.

ARCO rights exercised by country

ARCO Rights (Access, Rectification, Cancellation and Opposition) guarantee individuals control over their personal data. In the event of a possible claim within the framework of these rights, we strive to provide a clear and quick response.





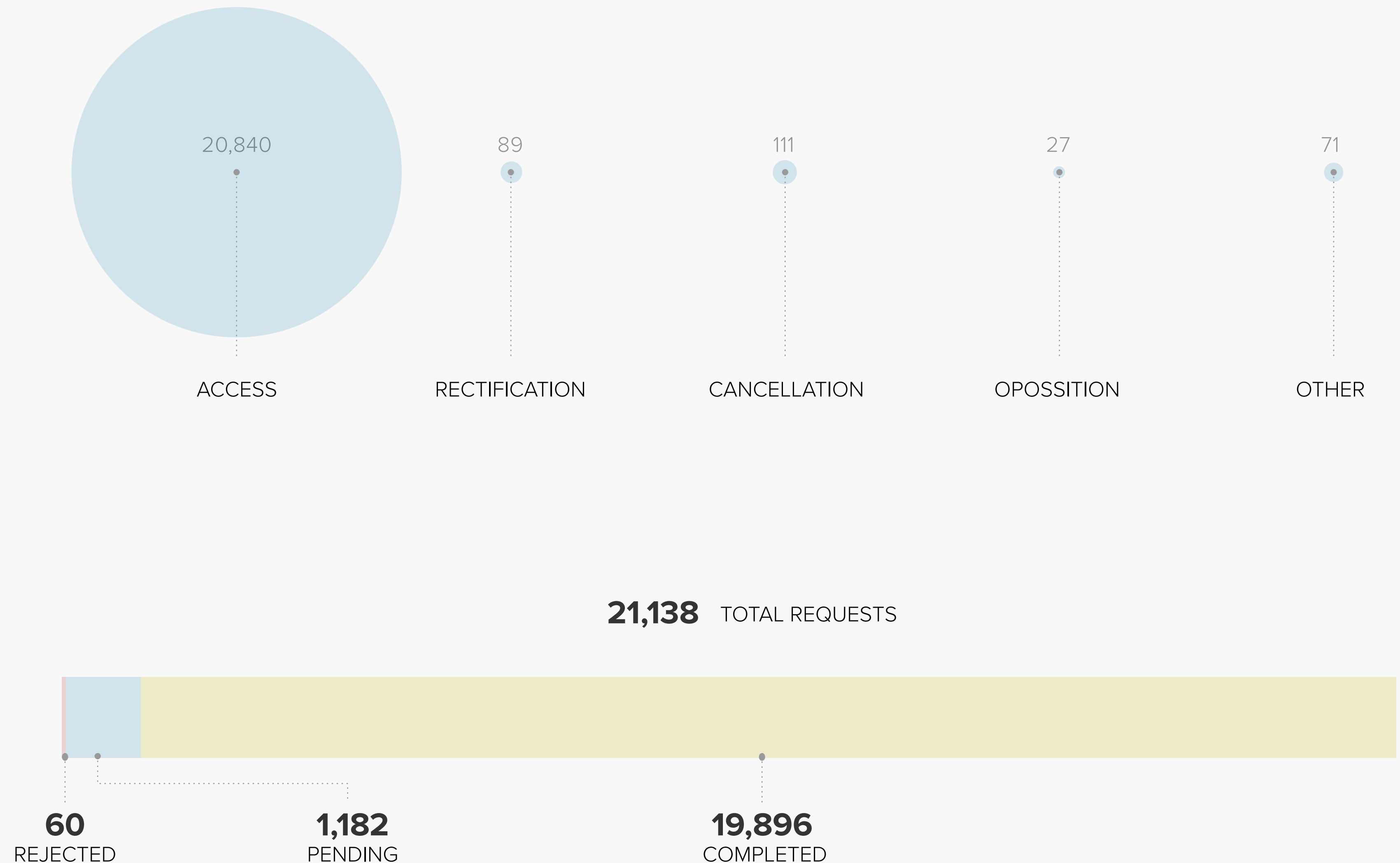
STRICTER LAW AS A STARTING POINT

Digital migration is accelerating and deepening, and privacy regulations are constantly changing around the world. We are absolutely committed to data protection legislation, and we strive to go even beyond what is imposed by the laws of each country in which we operate, adapting our entire regional operation to the most demanding local regulations, as is the case of Brazil's General Data Protection Law (LGPD).

In turn, all Mercado Libre employees must undergo a data protection training process. We make sure that all areas are familiarized with privacy, understand the risks related to data protection and compare any initiative that processes personal information with the current regulation before implementing it.

Types of ARCO rights exercised

Any user can ask Mercado Libre for information about the personal data we handle and request its deletion.



THE BEST IS YET TO COME

At Mercado Libre we are in a **continuous beta**. We live in times of dizzying changes and we understand that every project is a challenge and an opportunity. The very **concept of transparency is in constant evolution** and takes up new meanings with each technological advance and the cultural transformations it brings about.

Mercado Libre's Transparency Report will contain the same dynamism, updating data and adding information every semester.

With this report, we restate our vocation to continue building bonds through trust and honesty, and we reaffirm our commitment to continue moving in that direction.





For inquiries about our transparency report, please contact transparencia@mercadolibre.com