



2019

SUSTAINABILITY
REPORT

**SUSTAINABLE GROWTH:
CONNECTING PEOPLE,
CULTURE AND BUSINESS**



Algar
Telecom



Algar Franquias

We are Brazil's first telecom company to franchise the operation from end to end. With the franchise model, we are able to grow sustainably in profitable and less explored regions, focusing on B2C and small and medium-sized companies. Besides innovating and pioneering in the segment, Algar Franquias program converges with the corporate purpose through its operating model, materializing the "People serving People" purpose. The franchisee provides a closer service and provides offers according to the reality of the operating region. Algar Franquias also aims to make better use of the potential of our concession area and optimize investments.

Through the program, the franchisee becomes responsible for managing the network expansion, technical staff, installation and maintenance of services, as well as managing the entire customer experience. We have a training schedule for the franchised chain, prioritizing the constant learning and the dissemination and reassertion of Algar Telecom's processes. Training includes onboarding - to start sharing the organizational culture - and constant training focused on administrative, commercial and technical teams.

Algar Telecom offers specialized support in all stages, from the incorporation of the business to the day-to-day operation. We define and monitor the operating standard of the franchise chain, control if the standards are complied with and provide support for the Company's processes to be replicated throughout the chain. To ensure that the attributes of the Algar Telecom brand are respected, we establish all administrative, technical and commercial standards and control them by monitoring indicators and having our employees visit the franchised network every week.

The franchise model was launched in 2017 and since then we have sold 9 clusters, totaling 65 locations. In all, franchisees invested R\$12 million and built more than 1,000 km of new networks - all based on GPON technology.

Agile mindset is part of Algar Franquias

Algar Franquias adopts the agile mindset in its daily management processes, striving for sustained learning and collaboration between teams. The agile mindset's purpose is to quickly react and adapt to unexpected results and/or situations. As a result, employees learn with the daily challenges and achievements and improve the operation and processes for the administrative, technical and commercial management.

The mindset is in line with the agile methodology developed by Estação and Brain. In addition, Algar Franquias has a partnership with Brain to plan and implement the national expansion plan for the franchise program.

Benefits of Algar Franquias

Algar Franquias' model creates a win-win relationship for all stakeholders:



Algar Franquias' Operating Area

