



2019

SUSTAINABILITY
REPORT

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

Algar 
Telecom



Attraction and engagement

We maintain diverse work fronts – to attract, engage, and develop our employees – that include performance management programs such as profit sharing, incentive for internal drives, and meritocracy promotions. The employees are evaluated based on Nine Box methodology, which analyzes past performance and the professional's potential for the future. In 2019, the headline actions were: People and Management Program, new model to evaluate potential performance, Development Program and implementation of Employee Net Promoter Score (eNPS).

Our practices of recruitment and engagement have a direct impact on the turnover ratio, an indicator of the flow of admissions, departures and transfers, which measures our capacity to attract and retain engaged employees. In 2019, turnover reached 16.9%, higher than in 2018 (12%), but slightly below (0.1 p.p.) the market (17%, according to PwC data).

Pulse Survey and eNPS help find out the opinion of employees about Algar Telecom

Faster, more objective and, therefore, more effective than the Organizational Climate Survey, we had three rounds of the Pulse Survey throughout 2019. The Pulse Survey is an important tool to learn the perception of employees on Algar Telecom, map trends and correct the business route more quickly. Throughout the year, we carry out one-off consultations, allowing managers to apply custom surveys and periodically monitor the results of their departments. Our focus when applying the pulse survey in 2019 was our Cultural Evolution process and how consolidated our attributes are in the teams.

We also implemented a pilot project to measure the eNPS, with the purpose to check the satisfaction level and loyalty of the employees to the Company. The survey is based on the question: "How much would you recommend Algar Telecom as a good place to work?". Based on the results, the professional is categorized as detractor (scores from 0 to 6), neutral (scores from 7 to 8) and promoter (9 and 10).

Pulse surveys and eNPS are easily applied and do not have a defined frequency, taking place at any time, whenever the Company needs to measure and find out the perception of professionals on specific topics.

Professional ascension

We construct a career path for all our employees, which may be linear (for management positions) or in Y-form, when there is promotion to non-management positions, for example as specialists in

certain areas of expertise. We announce possibilities for promotion, and we give preference to in-house recruiting. In 2019, part of the open positions was filled by internal talents, including interns.

We assess performance annually and instruct leaders to provide frequent feedbacks, not just at times when results are announced. We have maintained, since 2017, the Performance Evaluation Process (PEP), which covers:



360° Assessment

On collaborative skills by the superior, peers and subordinates and self-assessment. Covers analysis of the technical competence, capacity for execution and ambition of the employee assessed, and annual monitoring. In 2019, 3,202 employees were evaluated, including 100% of the executives with the ascension potential;



Calibration Committee

Group that assesses, analyses and balances the performance of a group of people whose jobs are of the same level of complexity. In 2019, 184 employees went through the calibration process;



Return

Feedback phase with the manager and analysis of the calibration report and suggested action plan. In 2019, 90% of employees evaluated received feedback;



Execution of Individual Development Plans.

Execution phase of the Individual Development Plan, focused on each member.

Leadership development

Based on the results of the Calibration Committee, we developed the Potential Successor Program, through which employees go through an evaluation process, coaching and mentoring sessions and, as a result, we map professionals with profiles and characteristics to occupy strategic and

leadership positions. Thus, Algar Telecom reaffirms its commitment to having leaders with the skills needed to ensure business growth and sustainability, in line with its organizational culture.

We also assessed the performance of executives based on the Nine Box method, which looks at the potential and performance of talents, giving a broad view of their skills and of the points that need to be worked on.

Development plans and targets are set individually.

Promoting diversity

Seeking to maintain an atmosphere of respect and tolerance for differences – whether of gender, age, disability, race or sexual orientation –, we have the program Algar Sem Barreiras (Algar without Barriers), supported by the Diversity Committee, which ensures an environment without discrimination.

In 2019, we carried out engagement actions focused on female employees, opening Cantinho da Mamãe (Mom's Place), a space for breastfeeding and for pumping and storing breast milk during the workday. Professionals who have a daily eight-hour shift, when returning from maternity leave, can also take advantage of Talento Flex, a benefit that allows them to reduce their work hours by half, until the child is one year old.

We are partners in the Diversity+ Program, created in 2019 by Algar Group, in partnership with the Municipality of Uberlândia, the Municipal Council for People with Disabilities (Compod) and 16 other companies in the region. The project's purpose is to offer learning programs and to include people with disabilities (PwDs) in the labor market. The first stage of the program includes creating a talent bank by mapping people with disabilities, making it easier for them to access job opportunities and free training. The program is expected to hire at least 1,000 professionals by 2022.



Gender equality - SDG 5

With the commitment to promote communication to eradicate all forms of prejudice and violence against women, Algar Telecom acts in the positive influence of its network of relationships and actively participates in the Algar without Barriers (*Algar Sem Barreiras*) Program. This program aims at maximizing the promotion of diversity and combating all forms of discrimination. In 2019, studies and activities were carried out to promote gender equality as:

- The commitment to increase the participation of women in positions of leadership and women's presence in the company;
- Salary isonomy study, which showed that there is no gender discrepancy in the leadership positions of the organization;
- Work models that favor the insertion of the post-maternity woman;
- Manager without Barriers: Distance learning path to prepare leaders effectively to strengthen the work environment with respect to people and their coexistence, through practices that

do not tolerate discrimination.

Autonomy with responsibility has always been present in Algar Telecom's cultural traits, whose corporate purpose is: People serving People. For this reason, respect and trust are part of actions such as encouraging employees who become mothers. To help them reconcile career and maternity, a remote part-time work was established for mothers of children up to one-year old, after returning from maternity leave. The measure is part of the policy called Talento Flex, which has the goal to improve productivity and promote quality of life, encouraging a relationship of trust and freedom with responsibility. The remote part-time work benefit is a right and not an imposition, that is, the employee can choose if she wants this or not. Talento Flex defines guidelines for practices that include intermittent working hours or reduced working hours and reinforce the adoption of flexible work hours and remote work. In addition to the policy of flexible working hours for mothers, at the Company's headquarters, a welcoming space was created dedicated to breastfeeding children, or pumping and storing breast milk. In addition, there are incentives to hire mothers who are not in the labor market.

Remuneration and benefits

GRI 102-41

We offer remuneration, which covers a fixed and a variable portion, linked to the achievement of goals – specific objectives for each employee, defined according to their performance and aligned with Algar Telecom's strategic planning – and profit sharing, as well as a benefit package aligned with market standards. The compensation policy is dealt with in collective bargaining agreements that cover 99% of our employees (only executives are not party to the agreement, since their compensation rules are set out in the regulations).

As a way to increase the engagement and well-being of our employees, Talento Flex was implemented, which makes it possible to reduce the workday from 40 to 20 hours per week, helping the professional reconcile his/her work at Algar Telecom with other commitments, such as specialization courses or family activities. Talento Flex was developed to help women returning from maternity leave, but it can be used by other employees, after an evaluation by their managers and the Human Talents area.

We have other benefits that stand out for the physical and mental health of our employees, and we encourage a healthy lifestyle. Understanding the importance of physical activity for mental health and disease prevention, in 2019, we started offering Gympass (agreement with gyms) to all professionals. In the year, we launched the Live Psychology (*Psicologia Viva*) Program in partnership with *Sociedade Beneficente Israelita Brasileira Albert Einstein*. This is an online psychological counseling platform to support employees who are experiencing emotional and

personal difficulties and need to see a psychologist.

The service is provided by professionals registered at the regional psychology councils, through videoconferences. We also implemented *Doutor Saúde*, which offers medical care by phone for cases of low complexity. Physicians who provide care through this system are advised to refer more serious cases to an in-person medical appointment.

Internship and training for young people

We want to make a difference for young people from the regions where we are. Aware of the importance of training and insertion in the professional market for undergraduates, we maintain a highly qualified internship program that offers real options for hiring young people after the program closes – depending on the availability of vacancies. We had 70 interns and young apprentices in our staff in 2019, with a 44% hiring rate.

In 2019, 19 young people beginning their careers completed the Jovem Técnico (*Young Technician*) program, through which we trained them to work in the technical area of the business. The class utilization rate totaled 65%, considering the professionals who were hired by Algar Telecom.

Professional degree

We provided training courses, discussion forums, workshops and meetings, both in the classroom and online distance learning – which enables teams working outside the office to have access. In 2019, we had a job rotation, especially for Algar Telecom's employees and leaders to get to know the routine of Estação and Brain, helping exchange of experiences and knowledge among employees about the agile methodology and showing to professionals that the Company pays attention to innovative processes and changes due to technological advances.

We have the ASES Development Program, with 5 learning axes: (I) Agile, (II) Business, (III) Customer and Relationship, (IV) Culture and People, (V) Products and Services. For each of the paths, directors are appointed, becoming responsible for supporting trained employees. Throughout 2019, we made available content, videos and materials related to the theme and trained professionals both through in-class and distance learning through UniAlgar.

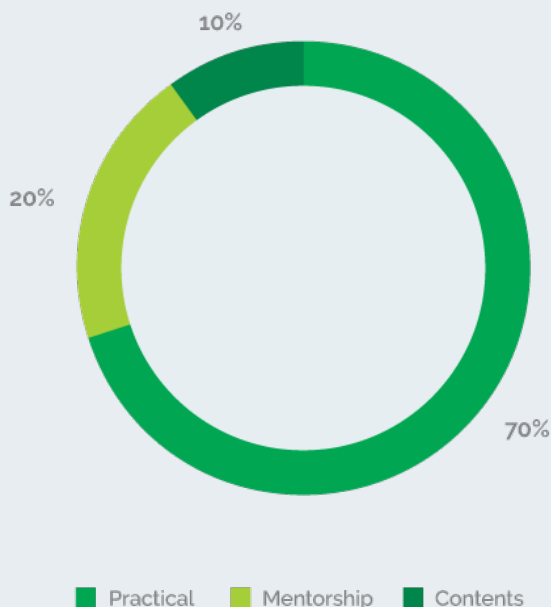
UniAlgar: corporate university

Training requirements are mainly filled by UniAlgar – the Algar group's Corporate University, which favors the companies' competitiveness through education. Periodically, we conduct a survey of the development needs of our employees, which guides investments in initiatives such as face-to-face courses, distance learning, discussion forums, workshops, meetings and information content generation.

We use innovative methods, control of educational content, interactive skills platforms, distance learning, case studies and other tools to support the prosperity of our business and of our customers.

We have partnerships with universities such as Fundação Dom Cabral, Fundação Getúlio Vargas Foundation and other institutions in the cities where we operate, enabling employees to attend courses related to their work with the financial support of the company (education allowances), provided that they are in line with our benefits policy.

We privilege experiences to consolidate results, so we balance training with:



In 2019, Algar Telecom provided 167 thousand hours of training, an average of 38 hours per member. There were 120 face-to-face courses and 171 distance-learning ones. The highlight was the training focused on the Company's cultural evolution, reaffirming and spreading the four attributes (perennialism, reliability, agile and innovative).

Communication and engagement

We provide communication channels, such as the Talent Integration Program (Pint), the corporate intranet (Algarnet), an in-house social network via Facebook (Workplace), a weekly video program (TV Algar), news flashes on screens distributed across the company (Toda Hora), in-house news sheets (Fique por Dentro), live and remote meetings, a tool for chats among employees (Work Chat) – which has a virtual assistant called Ju, to assist employees with issues regarding Human Talent – and the Fale com o Presidente (Talk to the CEO) Program, a get-together with the CEO and all the employees for dialoging about strategy, objectives and results.