



2019

SUSTAINABILITY
REPORT

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



Algar Telecom



About the Report

GRI 102-3, 102-50, 102-51, 102-52, 102-53, 102-54, 102-56

We disclose our Sustainability Report for the 14th consecutive year. Seeking the best practices to release information to stakeholders, Algar Telecom strives to show its strategy regarding the creation of long-term value and its commitment to transparency and accountability.

The 2019 edition of the Sustainability Report contains information about Algar Telecom and its subsidiaries, relating to governance, strategy and performance. This document has been prepared on the basis of the guidelines of the GRI Standards, under the option “Essential” report, from the Global Reporting Initiative (GRI). This methodology ensures the materiality, transparency and comparability of the report. To improve our reporting practices, we strive to incorporate some Integrated Reporting principles proposed by International Integrated Reporting Council (IIRC), bringing elements such as connectivity, connection and conciseness. Thus, we strive to promote an even more transparent understanding of how we manage the capital (I- financial, II-manufactured, III-intellectual, IV-human, V-social and relationship and VI-natural).

You will find details of our key challenges and accomplishments during the period from January 1 to December 31, 2019. When applicable, the indicators are shown with a historical reference to the previous four years to enable a comparison of the results between different periods. Throughout the report, we present correlations between actions promoted by Algar Telecom and the global sustainable development goals established by the Sustainable Development Goals. The relationship between the initiatives and the SDGs is indicated with the logo of the goal met, the details of the initiative and the presentation of objective evidence

The financial information included is based on the International Financial Reporting Standards (IFRS) and has been audited by Deloitte. The social and environmental performance indicators were calculated and confirmed internally and have not been subject to external verification.

The report is available on Algar Telecom’s website. We encourage readers to send us suggestions, criticisms and comments on the content and format of the report. For more information about this publication, please contact the Company’s Investor Relations department:

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How did we select the topics for the report?

GRI 102-46, 103-1, 102-48, 102-49, 102-40, 102-42, 102-43, 102-44

The topics covered in this report were selected from a process where we reviewed our materiality matrix, established in 2016, based on a survey of our strategic stakeholders. The materiality review also sought to adapt the most relevant topics and update the nomenclature according to the recurring use in the market.

The materiality review considered international sustainability reporting frameworks, ESG financial market indexes, international agreements and benchmarks companies in telecommunications. The study included an analysis of the materiality elements of companies in telecommunications, both domestic and foreign. Companies that make up sustainability indexes were analyzed, especially those listed in ISE/B3, FTSE4Good and Dow Jones Sustainability Index (DJSI). The assessment also included the materiality map developed by Sustainability Accounting Standards Board (Sasb), focused on financial aspects, meeting the demands of capital market stakeholders in a more assertive way. The analysis also considered the Sustainable Development Goals and the segment study on SDGs held by the Governance & Accountability Institute.

After identifying the themes, the issues were prioritized with the use of weighting criteria. Subsequently, we had the input from Algar Telecom's senior management regarding the prioritization of material themes, considering both the Company's previous materiality matrix and the themes listed in the market analysis.

The themes prioritized by Algar Telecom's executives were analyzed with the benchmarking carried out in the previous stage, also considering the Company's previous materiality. The data were crossed and resulted in a materiality matrix, which was validated by the Investor Relations and Sustainability areas of Algar Telecom.

The result consists in the selection of eight topics considered to be of most significance for Algar Telecom in the eyes of its stakeholders - see the graphic representation below in the relevance matrix.

Materiality matrix

GRI 102-47

To interpret the matrix, observe that there are three different colors, which represent three categories of topic: social (blue icon), environmental (green) and economic (orange). On the horizontal axis you can see the rating of topics in the assessment of senior management, while the vertical axis shows the views of the other stakeholders we consulted. As the matrix shows, social issues predominated.

The figures with icons beside them refer to the topics listed in the survey. The quadrants on the right contain the eight most important topics in the view of the Company and its strategic stakeholders, and so these are the ones given priority for inclusion in the report.

Considering the previous matrix, the following were excluded: "Compliance with Laws and Regulations on Products and Services". On the other hand, "Customer Satisfaction and Experience", "Network Reliability" and "Innovation" were added to the matrix.



Subject	Aspect
ECONOMIC TOPICS	1. Economic Performance
	2. Indirect Economic Impacts
ENVIRONMENTAL TOPICS	3. Energy Consumption
	4. Wastewater and residues
	5. Climate strategy
	6. Greenhouse Gas Emissions
SOCIAL TOPICS	7. Customer satisfaction and experience
	8. Compliance with Laws and Regulations
	9. Network Reliability
	10. Talent Management
	11. Corporate Governance
	12. Data security and system availability
	13. Customer privacy
	14. Supply chain compliance de fornecedores
	15. Compliance with laws and regulations on products and services
	16. Innovation
	17. Occupational health and safety
	18. Training and education
	19. Digital inclusion

Standard content - Essential Option	GRI Standards
Organizational profile	102-1 to 102-13
Strategy	102-14
Ethics and Integrity	102-16
Governance	102-18
Engagement of the Stakeholders	102-40 to 102-44
Reporting Practices	102-45 to 102-56

2019 Material topics	GRI Standards	Internal limits	External limits
Customer privacy	Management approach Customer privacy (418-1)		x
Corporate governance	Management approach Governance (102-22, 102-23, 102-26) Anticorruption (205-1)	x	x
Economic performance	Management approach Economic performance (201-1)	x	
Compliance with laws and regulations	Management approach Compliance (419-1)	x	x
Customer satisfaction and experience	Management approach Customer satisfaction survey		x
Network Reliability	Management approach Network coverage and quality Stability and reliability of communication services		x
Innovation	Management approach Research and Development	x	x
Energy	Management approach Energy consumption within the organization (302-1)	x	

Subtitle:

Internal Limits

Shareholders
Associates

External limits

Customers (B2B and B2C)
Academic community
Providers
Press
Regulatory body
Civil society