

Integrated  
Report  
2022

# Well beyond Connectivity

Innovation for expanding  
business and commitment  
to sustainability

**Algar** ▶▶  
Telecom

▶▶ SEMPRE JUNTO

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# Message from Management

GRI 2-22



**Jean Borges**

Chairman

## SDG



2022 underscored the importance of connectivity as a driver of economic development, at pace with the gradual recovery of the country's economy. On our side, we acted with assertiveness and resilience during the year, supported by the quality of our teams and our infrastructure, made up of a network of 122,000 km of fiber optics that currently serves 372 cities distributed across 16 Brazilian states and the Federal District.

Our "People serving People" purpose strengthens our way of doing business based on close relationship with our customers to understand their anxieties and difficulties and bring solutions that go far beyond connectivity, adding value. Thus, our Information and Communication Technology - ICT services, including network management and security, wi-fi and cloud management, grew 33.1% and accounted for 15.5% of B2B revenue.

One of the highlights of the year is the integration of Vogel Telecom. It was acquired in 2021, and was one of our major expansion moves for the company, adding 27,000 km to our network in locations that are difficult to access for new construction and with high potential for telecommunication service consumption. During the period, we expanded our capillarity in four states of Brazil: Minas Gerais, São Paulo, Rio de Janeiro, and Rio Grande do Sul, closing the year with approximately 195 thousand B2B customers and a 13.1% growth in revenue from these customers.

Our focus on innovation is ongoing. We were the first operator to launch 5G in Brazil, in 2021, using the 2.3 GB frequency recently auctioned by Anatel. With the auction, we secured the broadest spectrum for this technology in our B2C operation area, which enables us to continue offering the most modern telecommunication services. Additionally, in terms of residential customers, we reached the milestone of 98.2% of our connections using fiber optics, a technology that provides better experience and satisfaction with the broadband connection. Thus, we remain strong, with a complete portfolio of products and market leaders in the region where we celebrated 69 years of history and operations. Innovation was also present in the launch of Algar Telecom Venture Builder, a new business unit focused on accelerating digital solutions coming from the startup ecosystem.

We believe that our solidity and shared achievements are a result of the dedication of our more than 4.3 thousand associates



**Luiz Alexandre Garcia**

Chairman of the Board of Directors  
Grupo Algar

We inaugurated the 3rd photovoltaic (PV) plant for serving our operations, contributing to our energy matrix, 100% of which already originates from renewable sources, and we have carried out a set of initiatives, such as replacing legacy networks with fiber optics and modernizing our air conditioning equipment, seeking energy efficiency. In this sense, we were recognized with the Guia Exame Melhores do ESG award for another year, an important credential that demonstrates how strong our culture is focused on sustainability, which is reflected in our actions.

We believe that our solidity and shared achievements are the result of the dedication of our more than 4,300 associates, exercising corporate governance in line with the highest standards, our commitment to sustainability, and the assertiveness of our operations and innovation areas, granting consistency in

periods of volatility to remain always efficient in our industry. These action fronts brought us significant results. In 2022, our net revenue grew 8.1%, reaching R\$ 2.8 billion, and our EBITDA exceeded R\$ 1.1 billion, with a 41% margin.

We know that 2023 will continue to bring challenges with the persistence of geopolitical tensions and the external and internal macroeconomic scenario, affected by higher inflation and interest rates. But we remain confident that in 2023, we will direct our efforts to expand and strengthen our operations in the regions where we are already present, as well as in digital transformation and efficiency initiatives.

We will continue to believe in the power of working in partnership with our stakeholders to grow together, in a sustainable manner, and with integrity, acting with processes that respect society and the environment. We will take our genuine desire to improve people's lives and our vision of innovation to show the way for expanding our business and that of our customers.

# Algar Telecom



**Algar** ▶▶  
Telecom  
▶▶ SEMPRE JUNTO

SDG



## Our Purpose

We have a genuine desire to serve and improve the daily lives of people and businesses by providing Telecom and IT services with quality and closeness to customers. For almost 70 years, we have been part of the Algar group, one of the country's most important business groups. We are always at our customers' side, seeking new ways to deliver products and services for understanding their desires and difficulties. We want them to grow with us, in a sustainable manner, with integrity and respect for society and the environment.



### Purpose and vision:

- People serving People



### Mission:

- Serving and integrating people and businesses in a sustainable manner.



### Values:

- Our Customers, our reason for existing
- Developing and recognizing talent
- Being entrepreneurial
- Acting with integrity
- Being committed to sustainability

## CulturAlgar

CulturAlgar is unique, based on our purpose of being People serving People every day, because that is how we learn and what we do, since the foundation of the Algar group more than 90 years ago. Four key attributes stand out in the company's culture:

- ▶ **Reliable:** We have the necessary conversations focused on what is best for Algar Telecom, for our customers, and for each one of us. We cultivate an open, diverse, and inclusive environment where everyone feels heard and considered.
- ▶ **Perennial:** We deliver what we promise and make choices that ensure the company's work and growth. We manage business risks and opportunities, respecting the environment, people, and governance.
- ▶ **Agile:** We make decisions with autonomy and responsibility. We simplify for securing agility.
- ▶ **Innovative:** We constantly innovate for generating results for our customers and for Algar Telecom. We learn from our mistakes and correct them quickly.

# Trajectory

## 1954

- In 1954, Alexandrino Garcia founded CTBC, now Algar Telecom, in Uberlândia (MG).

## 1960s

- Business expanded to 1,000 lines in Uberlândia (MG).
- Acquired Telefônica de Patos de Minas (MG).
- Launched long-distance service, with 24 radio channels.
- Pioneered in starting to use the microwave system in Brazil's Hinterland.

## 1970s

- Maintenance of private control in a period in which the Brazilian government holds control of most telephone operators.

## 1980s

- Expansion of the offer of services to the interior of Brazil.

## 1990s

- Construction of the first fiber optic network.
- Launch of mobile telephony in its area of operation.
- Start of pay TV service in Araguari (MG) and Uberlândia (MG).
- Beginning of Contact Center operations in Uberlândia (MG). Investment in multimedia.

## 2000s

- Change of corporate name, from CTBC to Algar Telecom.
- IPO, carrying out the first public issue of debentures.
- Purchase and launch of 3G license.
- Renewal of concession contracts for another 20 years.
- Acquisition of a metropolitan network in the city of São Paulo (SP).
- Beginning of provision of internet access.
- Obtaining authorization to expand fixed telephony and data services throughout the country.
- Inclusion of long distance calls in the portfolio.

## 2010 - 2019

- Launch and expansion of Algar Franquias, reaching 65 locations and 9 clusters in the concession area.
- Algar Franquias becomes the first telecommunications company in Brazil to franchise the end-to-end operation.

- Acquisition of the assets of Smart Telecomunicações, in Pernambuco.
- Entry of Archy LLC, an affiliate of the GIC (Singapore sovereign wealth fund) as a shareholder of Algar Telecom, with a 25.30% equity interest in the total capital.
- Elected the most sustainable company in the Telecommunications sector by Guia Exame de Sustentabilidade for seven consecutive years (2013 to 2019).

## 2020

- Winning the Best Company of the Year award from Exame magazine.
- Fiber optic network reaches 82,000 km.
- Algar Franchises reaches 79 cities.
- Launch of the Web Protection product (digital security solution for SMEs), with 5,000 activations in the period.
- Institution of the hybrid work format, valid for all regions in which we operate.
- Adherence to the 10 commitments of the Forum of Companies and LGBTQIA+ Rights.
- Discontinuation of pay-TV service.

## 2021

- Acquisition of Vogel Telecom.
- Winner of the 5G auction in the company's mobile telephony concession area.
- First operator to launch 5G in the 2.3 GHz frequency in Brazil.

- Fiber reaches 94.2% of total connections.
- Fiber optic network reaches 115,000 km with operations in 372 cities.
- Recognized as the company in the Telecommunications sector with the best ESG practices by Guia Exame Melhores do ESG 2021.

## 2022

- Residential broadband expansion beyond the concession area, starting with Araxá (MG)
- Progress in portfolio diversification, including financial and insurance services and home automation, among others.
- Launch of Algar Telecom Venture Builder.
- MVNO (mobile virtual network) agreement with TIM, for sharing infrastructure to provide mobile virtual network services from TIM's network.
- Optical fiber reaches 98% of all broadband connections.
- Elected the company in the Telecommunications sector with the best ESG practices by Guia Exame Melhores do ESG 2022.

Find out  
more about  
Grupo Algar

## Our Work

(GRI 2-1, 2-2, 2-6)

We are the telecommunications and information technology company that is part of the Algar group. At Algar Telecom, we work with technology to provide solutions that connect people and improve company performance. We believe in innovation for bringing increasingly efficient and assertive products and services to our customers.

Find out more about the highlights in our portfolio, which has solutions for B2B customers, segmented into corporate (medium and large enterprises), and MSEs (micro and small enterprises), and for B2C customers.

### Telecommunications



#### INTERNET

High-speed connection over fiber optics



#### MOBILE TELEPHONY

Mobile network over 5G network



#### FIXED LINE TELEPHONY

With several technologies, primarily IP telephony



Business customers



Home customers



Launched in 2022

### Information and Communication Technology (ICT)

We have a wide range of ICT products and services, including cloud data storage and backup, network and traffic security, and data management solutions. See some innovative examples that are benefiting our customers.



#### SECURITY INFORMATION AND EVENT MANAGEMENT (SIEM)

Rapid response solution aimed at governments and large companies that centralizes monitoring of all cybersecurity systems on a single platform. With this integrated look, it is possible to detect suspicious behavior in different security spheres.



#### NEXT VISION CONTROL

An online service that transforms ordinary cameras into smart video systems with cloud recording, developed with artificial intelligence in partnership with Brain and the WeSafer company. With artificial intelligence, the solution generates automatic alerts sent via mobile phone for increasing security in small and medium-sized companies.



#### MEDIQUO

An application for online medical consultations in the main health areas, such as general practice, family and children's medicine, pediatrics, gynecology and obstetrics, in addition to featuring nutrition, psychology and physical education professionals. The service is the result of a partnership signed with Brain and MediQuo, a leader in eHealth in Spain. In addition to individual customers, who already have been able to use the solution since 2021, in 2022 we also started to offer MediQuo to small and medium-sized companies, aiming to provide health and well-being to their associates.



### MOT

An online platform created for customers who use Internet of Things (IoT) applications, aiming to centralize and automate managing the use and costs of SIM Cards of any operator, providing savings and increased productivity. The solution was developed in partnership with Brain and was launched in 2020, and has customizable features according to customers' business models, presented in a user-friendly dashboard interface.

## Other solutions



### UTILITIES CONTROL

This solution was developed in partnership with Brain, and is an on-demand energy efficient IoT solution that can support businesses of all sizes. It provided accurate information to add intelligence to power consumption, along with a calculator for tracking CO<sub>2</sub> emissions.



### OMNI PRO

A service management platform developed in partnership with Brain for integrating all customer communication channels, such as WhatsApp, Messenger, Telegram, Web Chat, SMS, email, and voice, in one place. The product also enables service automation via integration with artificial intelligence solutions.



### FINANCIAL SERVICES

In partnership with the BS2 bank, credit, digital account, acquiring, investment, foreign exchange, and insurance products are available for small and medium-sized companies that are Algar Telecom customers.



### EASY HOME

Smart device leasing service for home use, including light bulbs; plugs for turning appliances on and off and monitoring power consumption; air conditioning, television, and sound controls; and wi-fi cameras and electronic intercoms. The solution was developed in partnership with Brain and uses Positivo Casa Inteligente devices from Positivo's Internet of Things (IoT) division.



### CASA ON

An additional service to Algar Fibra, which installs devices around the customer's home in order to increase Wi-Fi internet signal stability, in a monthly subscription contract format.



### REPAROS

In a movement to expand solutions for residential consumers, Reparos (repairs) offers locksmith, plumbing and electrical repairs, unclogging, fumigation, glazing, and air-conditioning cleaning services. There are also package options that include pet care (vaccinations, exams, and veterinary appointments), and appliance repairs. It was developed in partnership with Brain and is available for Algar Telecom customers to contract in more than 100 cities in the Minas Gerais, São Paulo, Mato Grosso do Sul, Goiás, and Santa Catarina states.

Brain takes part in developing a number of innovative solutions. Find out more about our Science and Technology Institute in the Innovation chapter.

## Where we are Present

(GRI 2-1)

Our solutions reach 372 cities, distributed across 16 Brazilian states and the Federal District. In 2022, we expanded the fiber optic networks in 12 cities with the network we acquired with Vogel Telecom, for serving small and medium-sized businesses in São Paulo, Rio Grande do Sul, and Minas Gerais states. In addition, we made initial expansions of our residential fiber broadband service beyond our original retail footprint.



## Quality Infrastructure

(SASB TC-TL-550)

Connectivity products and services are the basis for contemporary life and are part of the country's digital inclusion (find out more in the Sustainable Development Chapter). To offer such services with excellence, a quality technical infrastructure is essential. In 2022, we installed around 6,000 kilometers of fiber optics, totaling 122,000 kilometers. This increase considerably improves connection quality for our customers, in addition to eliminating the use of coaxial copper cables. At the end of the year, more than 98% of our broadband internet customers were served via optical fiber with a double or triple approach, which ensures high resilience. We also have a strategically distributed logistics team and equipment, favoring quick access in case of any technical incident.

Another advance in 2022 was Algar Telecom signing an MVNO (mobile virtual network operator) agreement with TIM, for sharing infrastructure for providing virtual mobile network services from TIM's network. From originally being an accredited MVNO, now, based on the agreement, we began operating as a TIM-authorized MVNO, expanding our capacity and underscoring our commitment to serving customers with quality.

### Network Reliability

We are constantly working to ensure the availability of our networks, delivering quality services to users. We are aware of this theme's importance for preventing operational and financial impacts to our customers, whether residential, business, or government, who depend on network stability for performing

their activities. In addition to preventive actions, every network incident is confirmed by means of automatic alarms and the number of complaints received at the call center. Failures can be handled remotely or by activating field teams.

We structured a Quality Governance Committee that monitors network performance and availability indicators, as well as customer experience, which give us input for implementing corrections and improving processes in the shortest possible time. Highlighted among the monitored indicators are Net Promoter Score (NPS), Number of Complaints Indicator (IQR), Repeated Repair Indicator (IRR), Implementation Quality Indicator (IQI), and Timely Repair Indicator (IRDP). When there are large events, a Crisis Committee is also activated. In addition, we have a reimbursement team, aiming to ensure repaying our customers for all amounts related to network unavailability periods.

### Network Availability Index - 2022

Data & broadband	99.94%
Mobile Telephony*	99.98%
Fixed Line Telephony	99.99%

**The case of the CORA bot ranked first in the Tele. Síntese Inovação 2022 yearbook in the Infrastructure Operators and Suppliers category, and Algar Telecom's Project Leader was voted IT Executive of the Year by IT Mídia**



## Network Operations Center (COR)

COR monitors 100% of network elements (mobile and fixed line network, backbone, international connections, and metro networks) across our coverage region. The center has technological resources and a team prepared to quickly identify and address any incidents. With this, we managed to ensure maximum availability of our services.

We deployed the COR Digital project, which provides for massive digital transformation of our centers, providing more assertive and efficient monitoring in detecting and handling failures through automation and data analysis, to the benefit of network quality.

In addition, in 2021, we launched the CORA virtual assistant, an internal tool with an important role in improving COR performance. With it, incident alerts, consulting the circuits involved in massive failures, equipment parameter verification, and escalating calls are performed automatically.

In the second half of 2022, one year after its implementation, the area began to act more analytically and preventively, with improvements in field technician performance and in end customer experience. With COR, the approximately 1.6 million alarms received per month were reduced to only 4,500 field service orders.

As it is powered by artificial intelligence, since its implementation, CORA has already expanded its abilities and continues to learn for continuously evolving.

## Pioneering and expanding in 5G

We were successful bidders for seven frequency parcels in the 5G auction, securing the broadest spectrum for this technology in our operation area. We acquired parcels in the 26 GHz, 3.5 GHz and 2.3 GHz bands. We launched the first 5G network in the 2.3 GHz band in 2021 and, throughout 2022, we continued adding customers using this technology.

## The InfraCo project

In 2022, we created a project focused on enabling a more efficient infrastructure for the services provided by Algar Telecom and by other operators in the telecommunications market. It is called the InfraCo Project, whose task is to seek best use of the assets that make up the network infrastructure, evaluating idle assets and those with potential for sharing, renting, selling, or franchising.

One of the initiative's first achievements was the partnership signed with American Tower, a global leader in telecommunications infrastructure, to offer the Internet of Things (IoT) through the LoRaWAN neutral network in Brazil. LoRaWAN (Long Range Wide Area Network) is a wireless radiofrequency communication technology that enables communication over distances of 15 kilometers on average, with a minimum energy consumption. It offers the possibility of a series of system monitoring applications.

## Operational security

In addition to high performance, our infrastructure has solid security mechanisms. We have a robust network supported by our backbone and we perform recurring vulnerability tests. In 2022, we invested in revitalizing our technology facilities, in addition to having implemented identity management platforms, further increasing the operation's security level. Zeal has led to good results, with no serious occurrences in recent years.

# Business Model

(GRI 2-6)



Manufactured Capital



Natural Capital



Human Capital



Intellectual Capital



Financial Capital



Social & Relationship Capital

## Manufactured Capital

### INPUTS

- Telecommunications infrastructure (122,000 kilometers of fiber optic network and frequencies) spread across 372 cities in 16 Brazilian states and the Federal District

### RESULTS

- 503 thousand households connected, 446 thousand of which are with optical fiber
- 195 thousand connected companies
- 1,098 customers mobile communication
- 3.3 million chips dedicated to M2M (Machine-to-Machine)

### CHALLENGES

- Convert 100% of customers to fiber optic service

## Natural Capital

### INPUTS

- Consumption of 266,530 gigajoules of energy for operational support
- Investments of R\$ 1.339 million in environmental protection, with energy efficiency projects, selective waste collection and disposal, training, and other actions. Programs for reducing GHG emissions and waste generation (education and training), environmental audits, research and development and energy efficiency), environmental education for schools and internal audience

### RESULTS

- 100% of the energy used in the electric power matrix comes from renewable sources (self-generation via solar panels, purchasing in the incentivized market, and acquiring IRECs)

- 90% of the fuel used by the fleet is of a less polluting source (ethanol)
- Emissions equivalent to 3,278 metric tons of greenhouse gases (CO<sub>2</sub>e), with a 21% reduction in the year
- 429.59 metric tons of collected waste were generated, 83% of which were directed to recycling

### CHALLENGES

- Making the operation more energy efficient
- Increasing self-generation of renewable energy for consumption in our operations and reduce the use of energy from polluting sources

## Human Capital

### INPUTS

- 4.3 thousand associates
- Full management, incentives, and training program for associates
- R\$ 5.005 million invested in training
- R\$ 389 thousand invested in associate development
- “Algar Sem Barreiras” Diversity program
- Occupational health and safety management
- Uau (Wow) program
- Leadership Academy

### RESULTS

- 153,050 thousand training hours
- Average of 34.9 training hours per associate
- 228 hours of mentoring for leaders
- Recognition of 300 associates per month with the Atitude UAU trophy
- Zero deaths resulting from accidents at work and zero serious accidents at work

### CHALLENGES

- Expand diversity in the Company’s associates and management
- Create attraction and retention mechanisms in a global job market, enhanced with remote work

## Intellectual Capital

### INPUTS

- Investment in innovation and technology
- We are founding partners of Brain – Instituto de Ciência e Tecnologia, operating in four technological rails: Internet of Things (IoT), 5G, Cloud, and Digital
- 517 associates dedicated to innovation
- Culture and application of agile methodology
- Partnerships

### RESULTS

- R\$ 88.8 million in revenue from new products launched in the last three years
- More than 290 associates qualified in agile methodologies
- 333 ideas from the Shark Tank program
- 4 awards won by Algar Telecom
- More than 50 people (including associates and service providers) recognized with the top prize of the Uau program: a course on the Disney Enchantment Strategy

### CHALLENGES

- Continue transforming innovative projects into businesses



## Financial Capital

### INPUTS

- R\$ 579.7 million invested in the operation
- R\$ 1.050 billion raised via the 12th debenture issue

### RESULTS

- R\$ 2.8 billion in net revenue
- R\$ 1.1 billion in EBITDA
- R\$ 17.1 million distributed to shareholders
- Rating - S&P - brAAA

### DESAFIOS

- Manage the business's profitability in view of the current macroeconomic scenario



## Capital Social

### INPUTS

- Relationship with 3,630 suppliers and 20 franchisees
- Support for the Algar Social Responsibility Institute and its social actions
- 14 commercial hubs
- Participation in industry associations

### RESULTS

- Recognized customer experience (Uau program and Selo Reclame Aqui 1000, for meeting five criteria, including response and solution rates equal to or greater than 90%)
- More than 34,000 people benefited directly from social programs
- 294 actions carried out by the volunteer program
- 503 thousand connected homes
- 195 thousand connected companies

### CHALLENGES

- Expand and strengthen the franchisee network
- Systematize the supplier management process and strengthen engagement with the ESG agenda.



## Non-tangible assets

The Algar Telecom brand (licensed by Algar S.A.), the “People serving People” purpose, sustainability, and innovation are the main non-tangible assets that translate our identity and presence in the market and make up our reputation. We consider these assets fundamental to the success of our growth strategy and, therefore, we are always valuing and improving each one of them.

### BRAND

Our history grants credibility, reliability, quality, and innovation characteristics to the Algar Telecom brand. Since we were founded, we have pioneered in developing and adopting a series of technologies that have enabled us to open new markets and offer our customers first-class services and solutions. An emblematic example was launching 5G technology, which was introduced into our original operation area, and provides the necessary connection for enabling solutions such as telemedicine and those associated with Industry 4.0 and the Internet of Things (IoT).

In addition to standing out through innovation, we also stand out for the closeness we have with our customers. In 2022, we evolved our brand positioning, strengthening the “Always Together” concept, which expresses our way of working with internal and external audiences. Acting humanely, treating people the way they should be treated, and putting customers at the center of everything we do are strong characteristics of the brand, and there was a need for making this even clearer.

In practice, the closeness attitude is built in initiatives such as the UAU Program, which aims to create emotional ties with customers through attitudes, prioritizing personalized and humanized service, strengthening the connection, making their experience WOW.

Every month, on average, 200 associates are recognized with the Attitude UAU trophy, in recognition of our way of serving, which is proven by customer testimonials. Internally, we invested in structuring the portfolio and improving our service, prioritizing five transformational journeys:

**Connectivity:** this is expressed, for example, in the coming of 5G technology, which will enable customers to connect with greater speed and more stability, ensuring a better digital experience.

**Future of work:** this where we present solutions for supporting associate productivity, in addition to offering resources that facilitate teamwork.

**Innovative operation:** this requires using digital resources for developing more assertive decision-making, aligned with customer demands and expectations.

**Digital infrastructure:** this means ensuring delivery of ever faster solutions, providing reliable digital experiences. In

**Our history gives the Algar Telecom brand characteristics of credibility, reliability, quality and innovation.**

this sense, we have Cloud Plus, an infrastructure-as-a-service (IaaS) solution with no data transfer charges; the Cloud Backup, a secure data storage, where backup can be made from an unlimited number of endpoints, physical and virtual servers, databases, applications, and workloads in the cloud; and Hosting, which provides security and availability for our customers' operations, eliminating expenses with software licensing, maintenance, and new equipment.

**Security:** one of the ways we ensure this is through Super Secure SD-WAN, a network virtualization technology in which traffic definitions are controlled by software, creating a virtual overlay.

### PEOPLE SERVING PEOPLE

Our purpose guides our internal culture, performance, and strategy. It includes ethical, respectful and transparent relationship principles with our associates, as well as with other stakeholders. It is what makes us be recognized for innovation, close relationships, high quality products and services, and as one of the best companies to work for in Brazil, as was attested again in 2022 by the global consultancy Great Place to Work. Find out more about our purpose and culture in the Purpose chapter.

### Sustainability

We are aligned with the best ESG (Environmental, Social, and Governance) practices, because we consider contributing to facing and solving current and future challenges, whether in the economic, environmental or social areas, one of our most important missions.

To this end, we consider it essential to work with high ethical standards and accountability in our relationships, also with re-

gard to the impact of our operations on the environment, as well as on the country's economic development and on the social reality of the locations where we are present.

We deploy programs and initiatives to ensure effective climate and environmental governance in our operations and in engaging the parties with whom we relate, as well as strive to benefit the social area with a series of initiatives through Instituto Algar.

## Innovation

We are recognized in the market for our innovative solutions. In 2022, we maintained our ranking among Valor Inovação award's 150 most innovative companies in Brazil. It is the recognition of work that excels in developing trends and new technologies, creating collaboration opportunities with other companies, startups, institutions, and the community. On this front, we have a partnership with Brain, the Science and Technology Institute of which we are founding partners; Estação Algar Telecom, a community formed by multidisciplinary teams that develop ideas, products, and services with autonomy and focus on customers; Next, a technological transformation program that prospects, tests and implements cutting-edge technologies and disruptive solutions for enable an increasingly simple and digital company; and Algar Telecom Venture Builder, a business unit structured in partnership with the multinational FCJ Venture Builder and Brain for selecting and developing startups.

This profile enables us to present products, services, and solutions to the market that are aligned with digital transformation, multiconnection, automation, and artificial intelligence, aimed at different market segments. In addition, we have four deposited patents resulting from developing innovative solutions that bring quality and efficiency to our work.

## Customer Experience

(GRI 418)

People are at the heart of our strategy and our culture is guided by the genuine purpose of serving them, which is directly reflected in our dedication to our customers. One of Algar Telecom's biggest differentials is the closeness we have for understanding our customers' reality and deliver solutions that really facilitate their daily lives, putting our "People serving People" purpose into practice. In 2022, we took important steps to increasingly improve customer experience in both the residential (B2C) and corporate (large enterprises) and MSE (micro and small enterprises) segments. Our interaction with customers takes place via apps, WhatsApp, Chatbot, portal, and a smart Audible Response Unit (AVR).

Increasingly, we invest in digitally transforming customer service to provide flexibility and practicality in responding to customer demands, from purchase time to after-sales support. In 2022, we made improvements and launched new functionalities in the Algar Telecom application, such as simplified login, scheduling a technical visit, and speed test. We also delivered the first phase of the Tracking da Jornada project, which will enable B2C and MSE customers to track the status of all their requests to Algar Telecom through notifications sent via SMS and email, for fixed line and mobile telephony services and broadband internet within our concession area. The novelty reduces our customers' efforts in the service channels, fostering a digital experience of convenience and autonomy.

In addition, we made progress on the Três Cliques (Three Clicks) Project, which began to be designed at the end of 2021 to give customers the possibility to purchase any Algar Telecom product or service with no more than three clicks. In 2022, we entered the first phase of the project by beginning the implementation of a new architecture and platform for digital sales (e-commerce), which enables automatic sales through digital channels.

**Our customers had 2.5 million monthly interactions with us via digital self-service in 2022, representing 77% of the calls made in the year**



## Personal data security

(GRI 418-1, SASB TC-TL-220, TC-TL-230)

Information security is a priority for Algar Telecom. Our project for adapting to Brazil's General Personal Data Protection Law (LGPD) began in 2019 and was completed in September 2020. Within the project, topics such as technological adaptation, information system, contracts with suppliers, third-party management and suppliers, personal data inventory and governance, corporate policies, data privacy, and the operating model.

All personal data flows within the company and with third parties were mapped, we adjusted contracts with all third parties that process personal data, in addition to an assessment of the maturity level those third parties with regard to information security and data privacy. There was also mass communication on the subject for associates and suppliers, and training and workshops were held. We rely on the involvement of several areas of the company, including Information Security, Process Management, Legal, and Data Privacy.

We now have a Data Privacy Office that monitors all personal data flows that occur in the company, and evaluates new projects and products under the Privacy by Design vision. The office is also accountable for meeting the rights of data holders provided for in the legislation, managing new and legacy third parties, managing personal data lifecycle, and being a focal point for any matter related to personal data processing.

In addition, our internal audit team performs assessments related to ISO 20000-1, 27001 and ISAE 3402 standards, which

establish requirements for information security management and general information technology controls that support cybersecurity. We also make monthly communications to all associates regarding information security and Data Privacy posture, in addition to administering mandatory training focused on information security and LGPD for new associates.

We only collect the personal data that is strictly required for providing the services contracted customers. We have 90 mapped personal data flows, we structured and manage all personal data treatment processes through the data inventory, whose bases are defined by the legislation. After a customer's relationship with Algar Telecom is terminated, the data is retained for complying with other legislation and, after the end of the term of all legal obligations that require safekeeping that customer's history, the data is deleted.

We have also adopted a series of policies related to managing data security, such as the Service Delivery; Information security; Data Privacy; Personal Data Governance; Using Cookies; Using Services; Using the Website; and Sharing Personal Data with Authorities. All policies and procedures related to Data Privacy adopted by Algar Telecom are available on our [website](#), and holders of personal data can request their rights through the [call center](#).

Since the legislation entered into force, we have not recorded any Information Security incident involving personal data and we have not received any substantiated complaints about violations of data holders' privacy.



## Customer satisfaction

Customer perception of the quality of products and services offered by Algar Telecom is extremely important for the growth and continuity of our business. We are always attentive to customer needs for optimum solutions and ensuring an excellent user experience. We have a structure dedicated to mapping each customer journey within the company, aiming to identify opportunities for improvement and any adjustments that may be required. The main satisfaction indicator that currently guides our work is the Net Promoter Score (NPS), a survey methodology that measures the likelihood of a customer recommending the company's services to someone else. The NPS survey is managed by our Customer Experience team that is allocated at Estação Algar (find out more in the Innovation chapter).

## Awards



**2022 Modern Consumer Award:** winner in the Broadband Telephony category

**XXII Prêmio ABT**  
Excelência no Relacionamento com o Cliente.

**XXII ABT Award - Excellence in Customer Relations:** recognition in the Innovation in Products and Customer Services category

## Customer base

Algar Telecom's customer base grew significantly in 2022. One of the highlights is the micro and small company (MSE) segment, which reached the 174 thousand customer milestone. We also grew in the corporate customer segment (medium and large companies), reaching more than 21,000 customers.

Nº of customers (x 1000)	2020	2021	2022	2021/2022 variation
<b>Total</b>	<b>1,317</b>	<b>1,256</b>	<b>1,280</b>	<b>1.9%</b>
B2B	160	184	195	6%
B2C	1,157	1,072	1,085	1.20%
Total accesses (x 1000)	2020	2021	2022	2021/2022 variation
<b>Total</b>	<b>3,996</b>	<b>4,987</b>	<b>6,099.6</b>	<b>35.2%</b>
Connectivity	698	748	786.4	21.10%
Fiber	517	704	773	5.20%
Other technologies	181	43	13.4	9.70%
% fiber connectivity fiber/total	74%	94.20%	98.30%	4.1 p.p
Mobile Telephony	2,616	3,543	4,550.4	28.4%
Human	1,237	1,212	1,210.7	-0.10%
M2M (machine to machine)	1,379	2,331	3,339.7	43.30%
Fixed line telephony	682	698	703.1	0.80%
B2B customers (x 1000)	2020	2021	2022	2021/2022 variation
<b>Total</b>	<b>160</b>	<b>184</b>	<b>195</b>	<b>6%</b>
Corporate	17	20	21	64
MPEs	144	163	174	7%

### B2B accesses (x 1000)

	2020	2021	2022	2021/2022 variation
<b>Total</b>	<b>1,892</b>	<b>2,973</b>	<b>4,033</b>	<b>35.6%</b>
Connectivity	194	242	250	3.40%
Fiber	140	231	246	6.40%
Other technologies	54	10	4	-62.50%
Mobile Telephony	1,476	2,452	3,452	40.80%
Human	97	122	112	-7.60%
M2M (machine to machine)	1,379	2,331	3,340	43.30%
Fixed line telephony	222	279	331	18.60%

### B2C accesses (x 1000)

	2020	2021	2022	2021/2022 variation
<b>Total</b>	<b>2,104</b>	<b>2,014</b>	<b>2,066.6</b>	<b>-0.4%</b>
Connectivity	504	506	536.4	6%
Fiber	377	473	526.9	11.40%
Other technologies	127	33	9.5	-71.20%
% fiber connectivity fiber/total	74.80%	93.50%	98.20%	48 p.p
Mobile Telephony	1,140	1,090	1,098.3	0.7%
Postpaid human	461	488	504.7	3.50%
Prepaid human	679	603	593.6	-1.50%
Fixed line telephony	460	418	371.9	-11.10%

# Growth Strategy

Grow telecommunications services on a nationwide basis, offering our customers the best experience

## GEOGRAPHIC EXPANSION FOCUSING ON B2B

Expanded outside historical presence region  
Network & infrastructure growth focusing on BSB customers  
Smaller B2C share in revenues

## CONSOLIDATION AS A NATIONWIDE B2B PLAYER

Consolidated B2B positioning at nationwide level  
Network consolidation and expansion in the SME segment  
Transformed B2C business into optic fiber

## CURRENT STRATEGIC CYCLE

**Leverage already built infrastructure for offering B2B and B2C**

Increase penetration in B2B market with already built presence and asset base  
Strengthen ITC & IoT portfolio by sustaining the B2B business

We want to continue growing in a sustainable way, being relevant in the market while also being accountable for society, the environment, and the company's financial strength.

Our value proposition consists of combining an innovative and high-quality portfolio of telecommunications services and customer service and relations close to our customers.

We work in strategic cycles, with guidelines that guide our investments and decision-making over an average period of five years. In 2022, we ended one of these cycles and established the bases for the coming years. The current cycle provides for geographic expansion and, especially, expanding our portfolio of products and services with a strong digital transformation approach, within the scope of our digital evolution journey.

## B2B Business Unit

We came out from a concession region that covers municipalities in 4 states of the country and we are currently present in 372 cities spread across 16 states and the Federal District

We chose business customers (B2B) to be the focus of our services in the geographic expansion process. Medium and small companies, above all, value specialized telecom services combined with closer and more individualized service, which are features that coincide exactly with the way Algar Telecom operates and serves its customers.

We will continue to invest in growing the customer base, leveraging the robust and capillary infrastructure that we have secured over the years and, thus, increasing our penetration in the target markets

In addition to organic growth, we are always on the lookout for potential opportunities in line with our strategy, and made 5 acquisitions in 2015-2021. The latest one, Vogel Telecom, which was acquired in 2021, was one of our major expansion moves,

Meanwhile, we will continue to go beyond connectivity, offering innovative value-added services and products, with information and communication technology (ICT) and internet of things (IoT) solutions.

## B2C Business Unit

The infrastructure we have currently reached enables us to expand fixed line services to B2C customers beyond our original operation area. Optical fiber has been consolidating itself in user preference in connectivity services, which have become essential in people's lives,

In 2022, we began a pilot expansion movement with our own operation in Araxá (MG), whose results exceeded our expectations, as well as with some franchise units in São Paulo and Santa Catarina states – a model in which we pioneered in end-to-end operations in our industry

We have proven our ability to effectively expand our services to B2C as well. The intensity and speed of future expansion initiatives will be driven by value generation for shareholders and the sustainability of the business.

## Innovation

Innovation is fundamental for expanding our business, and is one of CulturAlgar's pillars. Innovative thinking creates more efficient services and products, which help us fulfill our purpose of serving people with quality. We invest in several fronts to foster innovation, with emphasis on Estação Algar Telecom, the Transformação (Transformation) and Next programs and the Algar Telecom Venture Builder. Together, these initiatives contribute to making progress on our digital evolution journey and in offering complementary solutions for the telecommunications portfolio, especially on the Information and Communication Technology (ICT) and Internet of Things (IoT) fronts. In addition, we have an Innovation Recognition Policy, which seeks to encourage our associates. The results are visible and proven by consistent revenue figures generated by "non-traditional" products (not directly related to connectivity services).

### Non-traditional products - % of total revenue

2020	2021	2022
13.51%	18.72%	26%



#### RECOGNITION

Algar Telecom was one of the three most innovative companies in the telecommunications industry in Brazil according to Valor Econômico newspaper's Valor Inovação 2022 yearbook.

## Digital evolution

In 2016, we started a digital transformation process at Algar Telecom, supported by our innovation work fronts, involving processes, people, technology, and pure innovation. In 2022, our direction was fine-tuned, leading to a digital evolution route divided into five major dimensions:

**Be Digital:** transforming Algar Telecom into an increasingly digital organization, to facilitate internal processes and our associates' work, making the company's flows increasingly efficient. On this front, we made progress in a partnership with Accenture for digitally transforming sales and M&A processes that generated gains in terms of efficiency and flexibility.

**Go Digital:** offering our customers innovative digital products and services that effectively help to meet their wishes and overcome their challenges.

**Olhar para o Futuro (Looking to the Future):** developing new products and services with a digital essence in partnership with Brain, our Science and Technology Institute.

**Analytics:** decision-making based on data analysis.

**Talentos Digitais (Digital Talent):** focusing on the team's mindset, skills and digital skills.

#### DIGITAL TRANSFORMATION

In 2022, within the **Be Digital** pillar, we implemented a new integrated management system (Enterprise Resource Planning – ERP), which made our processes more flexible and efficient, in addition to providing more assertive analysis, increasing our productivity and improving risk monitoring.

## Algar Telecom Venture Builder

By 2021, we were already working with the open innovation concept in partnership with Brain, our Science and Technology Institute that interacts with the startup ecosystem. To advance on this front, in 2022, we launched Algar Telecom Venture Builder, a new unit structured in partnership with the multinational FCJ Venture Builder, and Brain. Our proposal is to select and develop startups using FCJ's Venture Building methodology, which connects startups, investors, corporations, and universities to leverage innovative business.

The selection is made by launching challenges directly connected to Algar Telecom's strategy, based on the elements of our Digital Evolution program. With this focus, we seek startups that solve problems on three different fronts: digital experience for customer service, sustaining the company's digital operations and technologies, and creating new business and digital products.

We will offer startups the opportunity to do business with Algar Telecom, either by providing their services to the company, or through partnerships to offer their services to the company's customers. On the other hand, there is a right to a minority stake (5% to 20%) of the startups, Algar Telecom Venture Builder works together with entrepreneurs, developing and being beside the companies during future funding rounds and business scaling.

## Estação Algar Telecom

Estação Algar Telecom (Algar Telecom Station, aka "Station") was launched in 2018 as a space for innovation with an agile and digital culture. The Station is inspired on space stations that perform in-depth investigations and work on critical missions from a more distant view of Earth, and it gives our associates the possibility for leaving their traditional work environment and visiting a different space where disruptive ideas, agility, and dynamism are premises.

Currently, the Station deploys and scales solutions developed in segment journeys (B2C and B2B) and in partnership with Brain, in addition to acting in developing ICT services for improving our portfolio in real time, analyzing and making decisions based on data monitored daily. Another resource made available by the Station is Gestão à Vista (Management at Sight), an online panel with financial and marketing data, customer information (satisfaction index, deliveries, returns) and a backlog of deliveries available in a clear and objective way.

In 2022, we made progress in the process of adopting agile methodologies across the company, training teams, engaging new areas, and improving internal processes, such

as creating a differentiated performance assessment for talents who work with this methodology.

### AGILE CULTURE

Speed in decision-making is an important differential, which favors an innovation culture. Therefore, the Station works with methodologies like Scrum and Lean, which make processes more agile, efficient, and assertive. Since 2020, 100% of the marketing and IT areas are working with the Station's agile model and, in 2022, several Algar Telecom areas were already working guided by agile methodologies. Our development cycles are short, with constant alignment and autonomy for the squads (multidisciplinary teams), in addition to route adjustments as necessary, facilitating the implementation of our initiatives.



**The Customer Service and Human Talent areas began working with some agile methodology squads in 2022**

## NEXT

Algar Telecom's Technological Transformation Program was developed in the second half of 2019 for modernizing the company's technological infrastructure. Since its creation, the program has contributed to modernizing our network and systems infrastructure, automating and simplifying our processes, modernizing energy sources, and many other achievements.

Next leverages and converges initiatives that act in evolving the technological scenario based on five journeys:

**Network and Site Architecture & Transformation:** projects that modify and transform the network infrastructure, providing efficiency and scalability and simplifying the physical and logical architecture.

**Automation:** projects that advance intelligence for delivering services and expanding networks and systems, providing assertiveness and agility to processes,

**Virtualization & Move2Cloud:** projects for transforming network functions into software, based on using shared hardware infrastructures in public or private clouds, providing more efficiency and resilience and standardizing the network infrastructure,

**System Architecture & Simplification:** projects that simplify internal systems, creating patterns for integrating partners, reducing the number of systems used for the same function, or even making them more flexible for enabling new business.

**Analytics:** projects that generate relevant information and standards from common network and system databases, for supporting decision-making in business models, partnerships, operations, and automation.

## Partnership with Brain

Brain is the Science and Technology Institute (STI) founded by Algar Telecom in 2017, for the purpose of simplifying the daily lives of people and companies. The STI works in the open innovation and strategic partnership model, developing disruptive solutions with a focus on Internet of Things (IoT), Digital Transformation, 5G, and Cloud/Edge Computing. Currently, in addition to Grupo Algar companies, Brain serves several industries, such as small and medium-sized companies (SMEs), agribusiness, health, Industry 4.0, and Smart Spaces. Its work teams are divided into squads that use the agile Scrum methodology. Brain is a partner of Algar Telecom and operates on three main fronts:

**Intrapreneurship:** fostering an innovation culture in all Algar Telecom areas, with specific programs aimed at increasing quality and efficiency, such as Shark Tank and mentoring young talent in Research and Development projects (Brain Innovation Research & Development – BIRD).

**Open innovation:** working with startups that collaborate with Algar Telecom and other Brain customers' challenges.

**Business generation:** partnering in launching products and services to the market.

The STI also conducts training on innovation methodologies and processes for internal and external audiences through the Brain Academy. In 2022, the initiative trained more than 700 people.



**Brain Open has already attracted more than a thousand startups, 108 of which were selected, and 19 have already launched products on the market**

### BRAIN OPEN

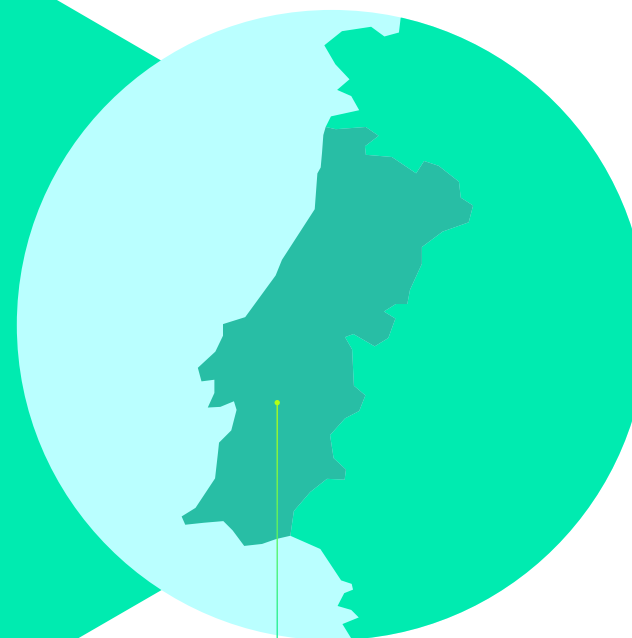
Brain Open is an initiative created for identifying challenges to be solved by select startups based on a periodically published public call. It was launched in 2019, and held three editions in 2022 with the Digital Evolution, Connections of the Future, and 5G themes. The chosen startups receive mentoring for assessing the maturity phase of their solutions, identify their strong points, and establish the best defense for them in the market. At the end of the program, all can be chosen and continue working with Algar Telecom, ensuring the scalability of their business.

## ESG SOLUTIONS

One of the highlights of the partnership with Brain in 2022 was Utilities Control, a solution for energy efficiency based on the Internet of Things (IoT). The product works based on sensors that monitor the power consumption data from air conditioning, cooling and energy boards and send them to the cloud. Then, the data is presented in a friendly way in a management dashboard and in an iOS and Android application. With this, customers can monitor equipment in real time and have a predictive maintenance view, in order to prevent potential failures and losses. Utilities Control also provides a CO<sub>2</sub> emission calculator of customers' power consumption. The novelty is the result of a partnership with HEPHAENERGY, a technology startup from Recife in Northeastern Brazil.

## BEYOND CONNECTIVITY

The partnership with the STI was involved in launching several initiatives, such as an agreement with Banco BS2 for providing financial services to small and medium-sized companies, Next Vision Control, and incorporating MediQuo to Algar Telecom's product range and its extension to the business audience. In addition, it has worked on developing solutions for the residential audience, within a concept named "O Futuro do Viver" (The future of Living), which already includes the Reparos home insurance, and Easy Home (find out more in the Our Work chapter).



## INNOVATION WITHOUT BORDERS

Until 2021, Brain operated in three locations – Uberlândia, São Paulo, and Recife – and took an important step in 2022 for expanding innovative solution prospecting, establishing a branch in Lisbon (Portugal).



# Corporate governance and risk management

(GRI 2-1, 2-9)

**Algar** ▶▶  
Telecom  
▶▶ SEMPRE JUNTO

SDG



We are a private company that has been publicly traded since 2007, is not listed on the stock exchange and has made 12 public debenture issues. The company's 69 years' history have been at pace with the constant evolution of its governance practices, seeking to create a set of mechanisms that contribute to generating long-term value, sustainability, and perpetuity of its business. The principles of our governance include transparency in information and relationships, equal treatment of shareholders, accountability and corporate responsibility, in line with the precepts of the Brazilian Corporate Governance Institute (IBGC), legal requirements, and relevant capital market legislation.

## Governance Structure

### Board of Directors

(GRI 2-1, 2-9, 2-10, 2-11, 2-15, 2-16)

The Board of Directors (BoD) is the company's highest management body. It was created to ensure business professionalism and sustainability, lead the decision-making process, and define and monitor the defined strategies. Every year, the body is submitted to evaluation in three fronts: an analysis of the Board as a collegiate body, of the Members (individually) and of the Chairman of the Board,

It is made up of six board members with a two-year term, two of whom are independent. To avoid conflicts of interest, Board Members are prevented from belonging to the board of directors, advisory committees, fiscal council, or the staff of competing groups, and they cannot hold interests in the company's business value chain.

The Board of Directors also has the support of two specialized, non-decisionary committees that help the Board Members to deepen the analysis of specific topics for decision-making. Critical concerns are communicated at the ordinary meetings of the BoD and the Advisory Committees, considering reports from the Internal Audit, Risk Management, Compliance, Ombudsman, and other areas. Extraordinary communications are also made through the Governance Portal used by the company, as necessary. In more critical cases, extraordinary meetings may be convened.



[For more details on the composition of the BoD and its members, access this link](#)

## ESG Management

(GRI 2-12, 2-13, 2-14, 2-16, 2-17, 2-24)

ESG topics are brought to the attention of the Board of Directors, which monitors their development throughout the year, according to the thematic calendar of ordinary meetings, which are previously approved for each fiscal year – in 2022, Sustainability is in Algar Telecom's way of doing business and, thus, each Board Member is responsible for deploying the actions for matters they are accountable for, and these actions are monitored by the BoD.

The Board delegates to the CEO the responsibility for managing the company's impacts on the economy, environment, and people. In turn, the CEO delegates this responsibility to its executives: economic topics are the Finance and Investor Relations' responsibility, environmental topics are managed by the Vice President of Technology and Digital Evolution, and social topics are the responsibility of the Vice President of People. The main results of these efforts are compiled and disclosed in this integrated annual report.

### Composition on 31/DEC/2022

Member	Position	Gender	External	Independent	Term
<b>Luiz Alexandre Garcia</b>	Chairman	M	Yes	No	20/APR/2022 to 30/APR/2024
<b>Eliane Garcia Melgaço</b>	Vice-Chairwoman	F	Yes	No	20/APR/2022 to 30/APR/2024
<b>Divino Sebastião de Souza</b>	Member	M	Yes	No	20/APR/2022 to 30/APR/2024
<b>Luiz Alberto Garcia</b>	Member	M	Yes	No	20/APR/2022 to 30/APR/2024
<b>Luiz Eduardo Falco Pires Correa</b>	Member	M	-	Yes	20/APR/2022 to 30/APR/2024
<b>Thilo Helmut Georg Mannhardt</b>	Member	M	-	Yes	20/APR/2022 to 30/APR/2024

## Audit and Risk Management Committee

Ensures quality, integrity, transparency and credibility of economic and financial disclosures, and monitors and manages corporate and operational risks, with effectiveness in internal and independent audit processes and internal controls. It comprises Board Members and external experts, totaling at least three members, one of whom is independent.

### Composition on 31/DEC/2022

Member	Position	Gender	External	Independent	Term
Thilo Helmut Georg Mannhardt	Coordinator	M	-	Yes	31/MAY/2022 to 11/MAY/2023
Carlos Biedermann	Member	M	Yes	No	31/MAY/2022 to 11/MAY/2023
Gustavo Uramoto Matsumoto	Member	M	Yes	No	31/MAY/2022 to 11/MAY/2023
João Ricardo Pereira da Costa	Member	M	Yes	No	31/MAY/2022 to 11/MAY/2023

## People Committee

Its mission is to ensure strategic management of Human Talent that is perceived and valued by stakeholders as a competitive differential for Algar Telecom. It comprises up to four members, with at least one BoD member.

### Composition on 31/DEC/2022

Member	Position	Gender	External	Independent	Term
Eliane Garcia Melgaço	Coordinator	F	Yes	No	31/MAY/2022 to 11/MAY/2023
José Luciano Duarte Penido	Member	M	Yes	No	31/MAY/2022 to 11/MAY/2023
Marcelo José Ferreira e Silva	Member	M	Yes	v	31/MAY/2022 to 11/MAY/2023

## Statutory Directors

The Statutory Directors of Algar Telecom are responsible for complying with the strategic orientation established by the Board of Directors. This body chooses the main executives, based on qualification, experience and alignment of values, monitoring their performance.

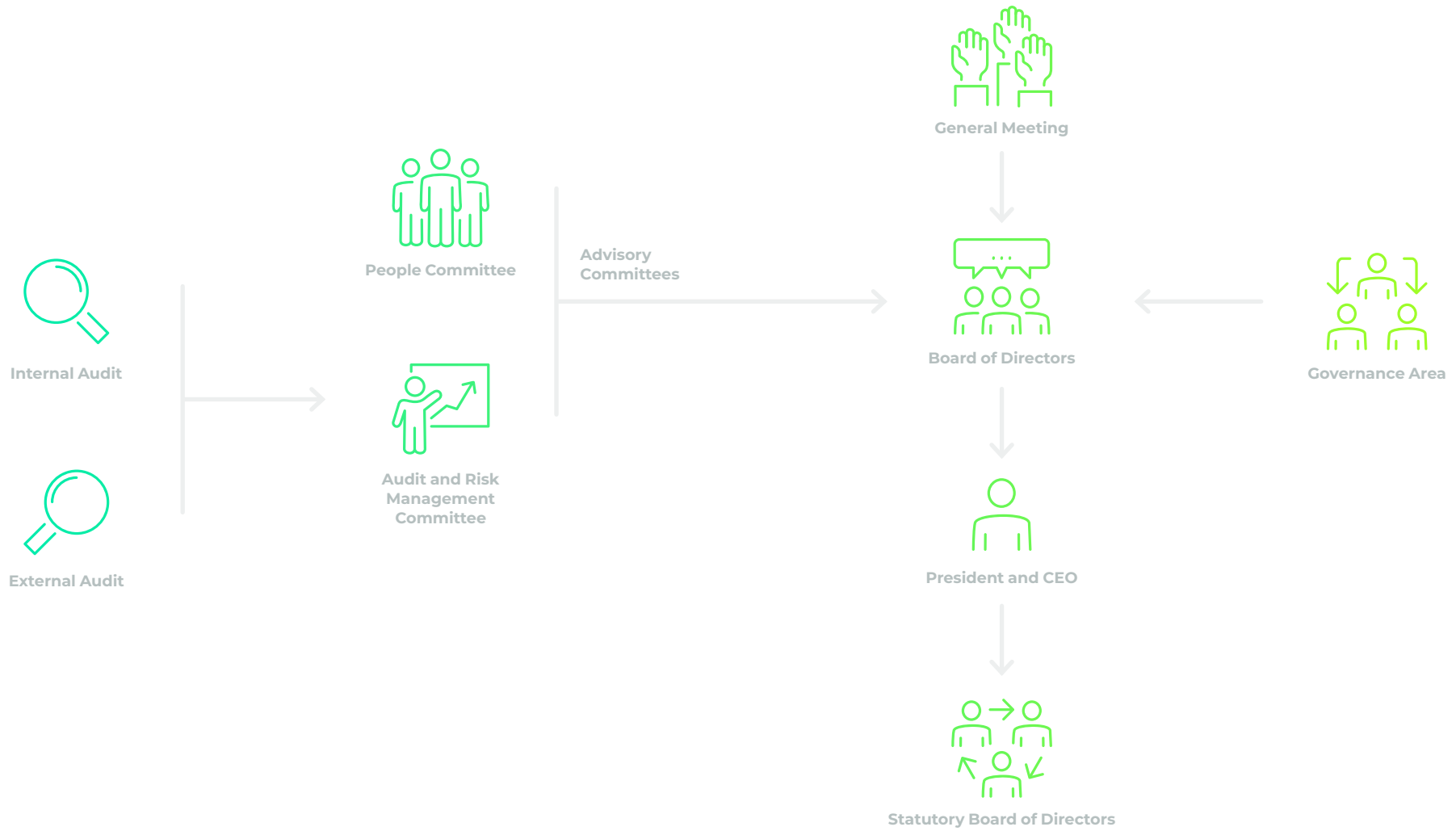
## Statutory Board

### Composition on 31/DEC/2022

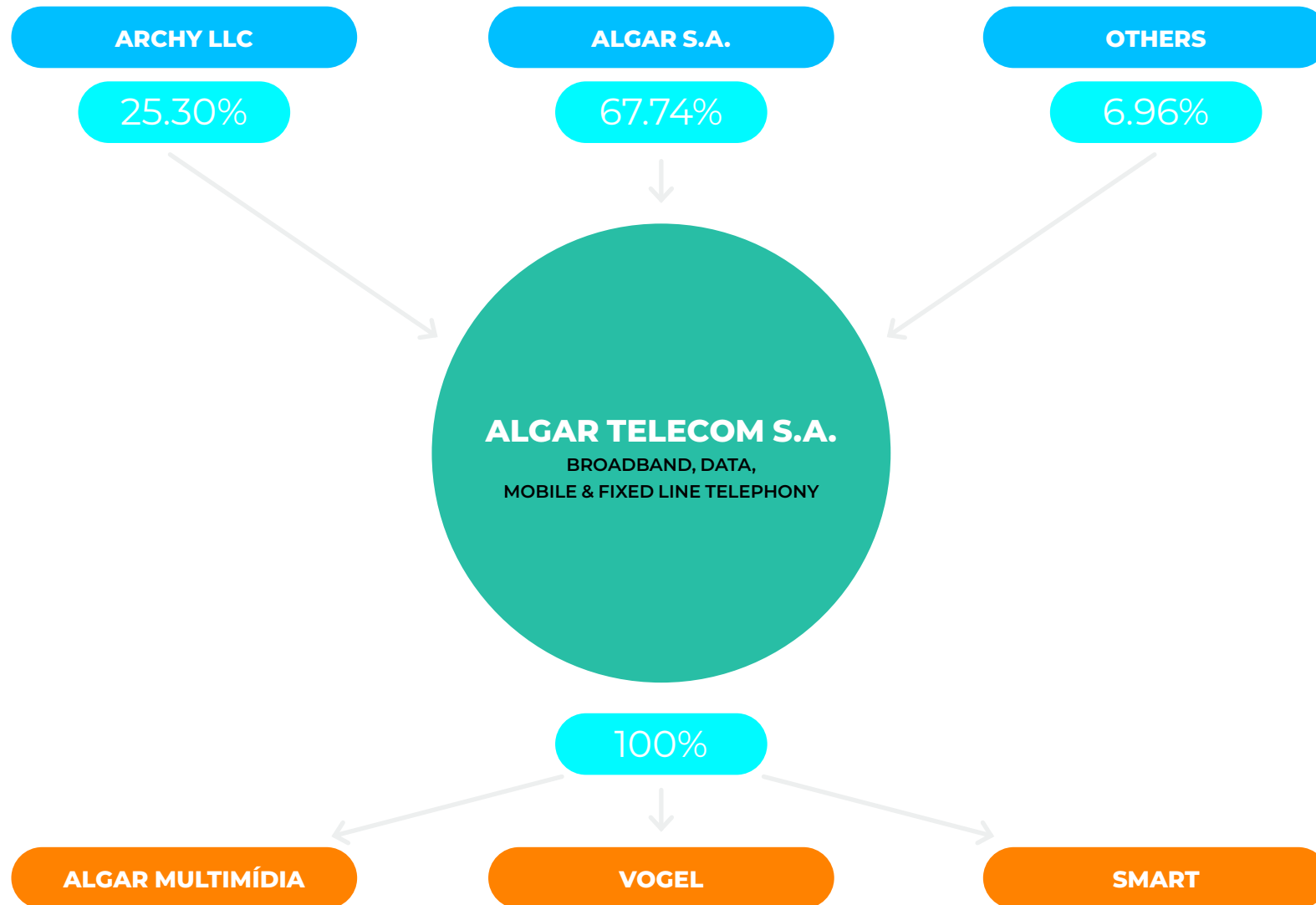
Member	Position	Gender	Term
Jean Carlos Borges	President and CEO	M	02/FEB/2022 to 30/APR/2023
Ana Paula R. M. de Oliveira	Vice-President, People	F	02/FEB/2022 to 30/APR/2023
Luís Antônio Andrade Lima	Vice-President, Technology and Digital Evolution	M	02/FEB/2022 to 30/APR/2023
Osvaldo César Carrijo	Vice-President, Business	M	02/FEB/2022 to 30/APR/2023
Renato Paschoareli	Vice-President, Strategy and Regulatory Matters	M	02/FEB/2022 to 30/APR/2023
Tulio Toledo Abi-Saber	Vice-President, Finance, Investor Relations, and Legal	M	02/FEB/2022 to 30/APR/2023
Augusto Marcos N. Salomon	Vice-President, ServB BU	M	02/FEB/2022 to 30/APR/2023
Márcio de Jesus da Silva	Vice-President, ServC BU	M	02/FEB/2022 to 30/APR/2023



[Click here to see the Board Members' and Directors' curricula](#)



## Shareholding Structure



# Compliance

(GRI 2-23, 2-24, 2-25, 2-26, 2-27, 206-1)

Acting with integrity is one of Algar Telecom's essential values. We use a number of mechanisms for guiding our associates and suppliers on good compliance practices. Our compliance tools evolve every year and, in 2022, we took advantage of the implementation of a new integrated management system (Enterprise Resource Planning – ERP) to review and improve processes, controls, and risk monitoring. In 2022, we had no record of any case of non-compliance with laws and regulations or legal actions for unfair competition.

## Integrity Program

(GRI 205-2)

Algar Telecom's compliance area manages the Integrity Program, a set of mechanisms aimed at preventing, identifying and rectifying attitudes that are contrary to the company's rules. The program is based on our Code of Conduct, which defines the ethical precepts required from Algar Telecom associates in matters such as combatting corruption and bribery, digital conduct, personal data privacy, labor relations and human rights, and others, and is in line with Brazilian anti-corruption legislation and other applicable legal aspects. The program also includes monitoring the compliance risk matrix, whose results are periodically reported to the Audit and Risk Management Committee.

## Policies

We provide policies and standards that strengthen the principles of our Code of Conduct and detail the specific guidelines for each segment of the company's activity. Some examples are the Consequence Management Policy, the Policy for Relations with Public Agents, the Procedure for High Risk Partners, and the Rule for Relations with Competitors and Antitrust. Our main codes and policies can be accessed at [this link](#).

## Integrity Subcommittee

This is the main body for disseminating the concept of ethics and integrity at Algar Telecom. It is also responsible for applying the appropriate measures to cases of non-compliance investigated by the company's ombudsman, following the Consequences Management policy. The subcommittee is formed by the Compliance Officer, the Vice President of Human Talent and Algar Telecom's Legal Director, reporting directly to the Board of Directors.

## Ombudsman

The channel for receiving and investigating reports of possible violations of the company's Code of Conduct, with guaranteed anonymity for the whistleblower and confidentiality for the reports. During the year, 357 reports were received, all of which were addressed and resolved during the year. The ombudsman also receives suggestions, compliments and complaints from the public. It can be accessed online, by phone, email, WhatsApp, Telegram, or letter directed to the contacts available on the [channel's website](#).



**Our ERP provides continuous auditing of the company's transactions, acting preventively on compliance issues**

## Internal Training

We apply online and face-to-face training on an annual basis for disseminating Algar Telecom's culture of integrity to all our associates, which are held with the participation of the company's leaders, who play a fundamental role as examples of conduct and in guiding the teams.

## Combatting corruption

(GRI 205-1, 205-2, 205-3)

Algar Telecom is a signatory to Instituto Ethos' Business Pact for Integrity and Against Corruption for fostering a more upright and ethical market, seeking to eradicate any type of illegality and corruption. We are committed to disclosing Brazilian anti-corruption legislation to our associates and stakeholders, in addition to prohibiting any form of bribery, seeking legality and transparency in our operations, and also striving for transparency of information and collaboration in investigations, when necessary,

Internally, we assessed 12 operations for risks related to corruption, equivalent to 63% of the company's total operations. In 2022, there were no confirmed cases of corruption involving associates or business partners, nor legal proceedings related to corruption filed against the company or our associates. The assessment of significant risks related to the topic is part of the Compliance Risk Assessment (CRA). During the mapping process, the following risks were identified, for which we adopted the appropriate mitigation strategies:

- Hiring/rehiring associates involved in cases of previously identified fraud,
- Occurrence of illicit acts by subcontractors, such as corruption, bribery, fraud, and other wrongdoing,
- There is no verification of potential conflict of interest during recruitment,
- Legal blocking of Algar Group companies, which may cause reputational and financial damage and temporary impediments to Algar Telecom participating in public auctions.
- Inadequate accounting related to processes for granting gifts, hospitality, donations, or sponsorships, making it difficult to identify any wrongdoing.
- The company does not keep records relevant to demonstration of compliance with legal requirements, mainly related to civil, financial, tax, accounting and labor matters.
- Risk of unapproved networks and/or absence of their respective registrations at the concessionaires in acquired companies.
- Customer prospecting is not in accordance with data privacy legislation,
- There is retaliation against whistleblowers, inhibiting the use of the Ombudsman channel.
- Associates commit misconduct for not knowing the Code of Conduct,
- Contracts with public administration with no bidding, except in cases provided for by law.
- Governance area not adequately defining challenging but attainable goals, not supervising and/or encouraging its leaders in line with compliance principles.
- Small-value purchases do not have clear processes for preventing theft, facilitation payments, etc.
- Lawsuits related to compliance legislation recur due to lack of preventive controls.
- Risk of homologation by disreputable partners.



**In 2022, we conducted 111 hours of online training and face-to-face integrity workshops for associates**

**Total number and percentage of associates to whom the anti-corruption policies and procedures adopted by the organization were communicated, broken down by associate category**

Associate Categories	Number	Percentage
Non executives	3,880	100%
Ascending	231	100%
Trainees	85	100%
Executives	166	100%

**Total number and percentage of associates to whom the anti-corruption policies and procedures adopted by the organization were communicated, broken down by region**

Regions	Number	Percentage
Midwest	162	100%
Northeast	207	100%
North	2	100%
Southeast	3,621	100%
South	370	100%

**Total number and percentage of associates who received anti-corruption training, broken down by associate category**

Associate Categories	Number	Percentage
Non executives	3,711	99%
Growth	217	99%
Interns	81	99%
Executives	151	97%

**Total number and percentage of associates who received anti-corruption training, broken down by region**

Regions	Number	Percentage
Midwest	159	99%
Northeast	206	100%
North	2	100%
Southeast	3,473	99%
South	363	98%

**Total number and percentage of business partners to whom the anti-corruption policies and procedures adopted by the organization were communicated, broken down by partner type**

Business Partner Types	Number	Percentage
Business Partner Type 1*	581	100%
Business Partner Type 2	0	-

\*Suppliers

**Total number and percentage of governance body members who have received anti-corruption training, by region**

Regions	Number	Percentage
Midwest	0	0%
Northeast	0	0%
North	0	0%
Southeast	7	88%
South	0	0%

**Total number and percentage of governance body members to whom the organization's anti-corruption policies and procedures have been communicated, broken down by region**

Regions	Number	Percentage
Midwest	0	0%
Northeast	0	0%
North	0	0%
Southeast	8	100%
South	0	0%

## Risk Management

Algar Telecom's Risk Matrix was updated in 2022. It identifies the main factors that may threaten the good performance of the company's business in strategic, financial, operational, and legal aspects, among others. These topics are managed by our Management Policy Risk Strategy, which is developed based on international best practices and standards, such as those of the Committee of Sponsoring Organizations of Treadway Commission (COSO), The Policy establishes processes that identify causes of risks; map internal mitigating controls; assess the impact and likelihood of an occurrence; and set boundaries and implement action plans.

In 2022, we continued to improve processes, test implemented controls, and strengthen the second line of defense so that the risk management culture increasingly permeates the organization's day-to-day activities.

### Main Risk Groups

#### GLOBAL RISKS

External factors can disrupt local and global logistics and supply chains, causing shortages of essential products and services. There is also a risk that suppliers face problems, such as commercial retaliation attempts by governments, being prevented from marketing their products and services. We periodically monitor these risks, anticipating decisions for reducing possible impacts on business results.

#### INFORMATION SECURITY

We operate in an ecosystem that is largely exposed to cybersecurity risks. To mitigate these risks, we have protection solutions against intentional or accidental contam-

ination, malware and antivirus; a structure for detecting anomalies in our internal and external network from cyberattacks and anomalous traffic. We also use tools for controlling access to confidential data. In compliance with Brazil's General Personal Data Protection Law (LGPD), we adapted processes and policies internally, we spread the changes to all levels, and implemented a system to protect against data leakage, aiming to comply with legal requirements and strengthen the cybersecurity environment.

#### SERVICE AVAILABILITY

Availability of our services depends on technologies, systems, processes and people, which means that any failures in any of these segments may affect the service to our customers. To reduce these risks, we identified and prepared action plans for the main internal or external factors. Network elements and services are continuously monitored by the Network Operations Center, which has technologies, systems and professionals trained to identify and address incidents in the shortest possible time, reducing service downtime and its impacts on the company and on its customers' lives.

#### LITIGATION

It is represented by the possibility of changes in the degree of risk of tax, labor, regulatory, civil litigation, etc., due to case law changes that may negatively impact the business. Action plans are defined with the involved areas as a way to work on the root cause of risks.

#### FRAUD, GOVERNMENT SALES, CORRUPTION, AND BRIBERY

These risks are represented by the possibility of non-compliance with legislation related to public bodies, which may lead to fines and damage to the company's image and reputation.



# Our people



**Algar** ▶▶  
Telecom

▶▶ SEMPRE JUNTO

SDG



## People management

(GRI 401)

In line with our People serving People purpose, we seek to increasingly manage our teams. We want our associates (the term we use to refer to our employees) to have excellent conditions for reaching their maximum potential, feeling safe, accomplished and well-prepared. We maintain close relationship and open communication with our teams, who are informed about what happens in the company through internal communication channels.

A major milestone in 2022 was the resumption of face-to-face work, culminating in a hybrid model after the Covid-19 pandemic was controlled with the national vaccination campaign. In this scenario, the face-to-face work model was accompanied by stepping up follow-up and prevention processes, strictly monitoring of our teams' health regarding Covid-19 and re-summing periodic preventive exams.

At the same time, we performed intense emotional care work, actively listening to our teams and closely monitoring managers, in addition to specific programs for leaders. We held face-to-face meetings to bring associates closer together, considering reunions of teams separated by the pandemic and introducing professionals hired during the social isolation period.

Also in 2022, our Human Talent (HT) team started working with agile methodologies, with the first experience of integrating new associates (onboarding) 100% of whom in agile format. The area also began to work together with Algar Telecom's ESG team, strengthening its contribution to the climate agenda and sustainable development, in addition to demonstrating the company's best ESG practices.



### AWARDS

In 2022, our commitment to people management was once again recognized, Algar Telecom was placed fourth in the **Gupy Destaca** – 100 HRs that inspire in the Attraction category Award, and ranked 33rd in the overall ranking. And, for the 14th consecutive year, we were among the best companies to work for in Brazil, according to the **Great Place to Work (GPTW)** award.

## Associates' profile

(GRI 2-7, 2-8, 401-1)

We closed 2022 with 4,230 associates, a 4% decrease compared to the previous year, caused by factors such as structural and process changes. Despite this, the percentage of voluntary dismissals dropped significantly, standing at 4.77% in 2022, compared to 67.47% in 2021, as a result of our efforts to attract and retain talent.

In addition to the associates, at the end of the year, our team had 85 interns and paid young apprentices performing administrative activities, planning support and practical analyses in all activity and study areas.

### Associates by work contract – Gender

Gênero	2020		2021		2022	
	Temporary	Permanent	Temporary	Permanent	Temporary	Permanent
Female	16	1,272	81	1,131	26	1,102
Male	69	2,886	91	3,259	60	3,133
<b>Total*</b>	<b>85</b>	<b>4,158</b>	<b>172</b>	<b>4,390</b>	<b>86</b>	<b>4,235</b>

\*The total number considers six VPs, who are accounted for within "governance bodies" in the diversity indicator.

### Associates by work contract – Region

Região	2020		2021		2022	
	Temporary	Permanent	Temporary	Permanent	Temporary	Permanent
North	0	0	0	0	0	0
Northeast	3	245	7	218	4	194
South	6	280	13	412	1	373
Southeast	76	3,509	147	3,632	77	3,522
Midwest	0	124	5	128	4	146
<b>Total*</b>	<b>85</b>	<b>4,158</b>	<b>172</b>	<b>4,390</b>	<b>86</b>	<b>4,235</b>

\*The total number considers six VPs, who are accounted for within "governance bodies" in the diversity indicator.

### Associates job type – Gender

Gênero	2020		2021		2022	
	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time
Female	4	1,284	77	1,135	26	1,102
Male	21	2,934	79	3,271	60	3,133
<b>Total*</b>	<b>25</b>	<b>4,218</b>	<b>156</b>	<b>4,406</b>	<b>86</b>	<b>4,235</b>

\* The total number considers six VPs, who are accounted for within "governance bodies" in the diversity indicator.

### Associates - Gender & Region

Região	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
North					0	0
Northeast					28	170
South					52	322
Southeast					1,023	2,576
Midwest					25	125
<b>Total*</b>					<b>1,128</b>	<b>3,193</b>

\* We did not control this indicator in previous years, we began in 2022.

## Talent attraction and retention

(GRI 404-3)

For Algar Telecom, attracting and retaining talent plays a strategic role. Working with capable professionals in the ideal position and at the right time is extremely important for delivering business results, whether financial, social, or environmental. We invested in our positioning as an employer brand, highlighting the differentials that make Algar Telecom an excellent place to work.

We mapped key competences for the company and identified talent that have these characteristics. To increase assertiveness in hiring, in 2022, we included the cultural fit assessment in the recruitment processes, seeking professionals who are aligned with the company's values. At the same time, we maintained important attraction and retention initiatives:

**Talentos de Fibra:** our internship program opened annually to receive talent with growth potential within the company through mentoring for developing technical and behavioral skills. In 2022, 47% of the 110 interns working at the company were hired.

**Presence at universities:** presentations of Algar Telecom and our job opportunities for future talent.

**Employee Net Promoter Score (ENPS):** an associate satisfaction metric with HT area practices that started being monitored monthly in 2022, in order to quickly identify any needs for adjustments. In the same year, we implemented ENPS monitoring of the hiring journey for new associates.

**Career plan:** building career paths for all associates, either linear (managerial) or Y-shaped (specialist).

**Performance assessments:** performance assessments are made on an annual basis, using the Nine Box methodology, which considers the professionals' accomplishments and their potential for the future, analyzing technical and behavioral skills, in 180° (superior and self-assessment), 270° (including peers) and 360 formats° (including peers and subordinates), in addition to frequent feedback for guiding and adjusting procedures, fostering professional development. In 2022, 2,675 associates completed the assessment process.

### Performance assessments

<b>Associates – total</b>	<b>2,675</b>
Executives	110
Ascending	104
Non executives	2,223
Agile	227
Interns	11

### Performance assessments (quantity)

Man	1,943
Woman	732
<b>Total</b>	<b>2,675</b>

**Succession program:** for key positions in the company, identifying potential and supporting their development.

### New hires by Region

Region	2020		2021		2022	
	Number	Rate	Number	Rate	Number	Rate
Southeast	632	80.60%	833	80.20%	720	81.20%
South	52	6.60%	114	11%	63	8.20%
Midwest	22	2.80%	42	4%	38	4.60%
North	0	0%	0	0%	-	0%
Northeast	78	9.90%	50	4.80%	52	6%
<b>Total</b>	<b>784</b>	<b>100%</b>	<b>1,039</b>	<b>100%</b>	<b>873</b>	<b>100%</b>

### Avaliações da empresa Algar Telecom

4,6 ★★★★★



Recomendam  
para outras  
pessoas

In 2022, our Glassdoor score increased from 4.1 to 4.5

### Turnover by Region

Region	2020		2021		2022	
	Number	Rate	Number	Rate	Number	Rate
Southeast	632	80.60%	833	80.20%	720	81.20%
South	52	6.6%	114	11%	63	8.20%
Midwest	22	2.80%	42	4%	38	4.60%
North	0	0%	0	0%	-	0%
Northeast	78	9.90%	50	4.80%	52	6%
<b>Total</b>	<b>784</b>	<b>100%</b>	<b>1,039</b>	<b>100%</b>	<b>873</b>	<b>100%</b>

### New hires by Region

Região	2020	2021	2022
Sudeste	18,40%	22,80%	20,70%
Sul	18,40%	26,80%	22,90%
Centro-Oeste	18,40%	29,60%	25,80%
Norte	0%	0%	-
Nordeste	33,80%	24,50%	30,70%

### New hires by Age Group

Age Group	2020		2021		2022	
	Number	Rate	Number	Rate	Number	Rate
Below 30 years old	359	45.70%	484	46.60%	340	38.90%
30 to 50 years old	401	51.10%	521	50.10%	487	55.80%
Above 50 years old	24	3%	34	3.30%	46	5.30%
<b>Total</b>	<b>784</b>	<b>100%</b>	<b>1,039</b>	<b>100%</b>	<b>873</b>	<b>100%</b>

### Turnover by Age Group

Age Group	2020	2021	2022
Below 30 years old	29.80%	35%	40.60%
30 to 50 years old	16.20%	19.40%	18.60%
Above 50 years old	9.10%	11%	13.20%

### New hires by Gender

Gênero	2020		2021		2022	
	Number	Rate	Number	Rate	Number	Rate
Female	297	37.80%	339	32.60%	268	30.70%
Male	487	62.10%	700	67.40%	605	69.30%
<b>Total</b>	<b>784</b>	<b>100%</b>	<b>1,039</b>	<b>100%</b>	<b>873</b>	<b>100%</b>

### Turnover by Gender

Gênero	2020	2021	2022
Female	22.70%	29.70%	24.70%
Male	18.20%	20.60%	20.50%

## Compensation and Benefits

(GRI 2-21, 2-30, 401-2, 402)

Compensation and the benefits package also contribute to attracting and retaining talent in the company. Our associates receive fixed compensation plus a variable portion, linked to fulfilling individual and corporate goals. Executives have compensation rules set forth in the bylaws, while 93% of associates are covered by collective bargaining agreements, and the remaining 7% have conditions established by clauses provided for in the employment contract signed at hiring time.

At the end of 2022, the proportion between the total annual compensation (base salary plus short- and long-term variables) of the highest paid individual at Algar Telecom (CEO) and the average total annual compensation of all other associates was 54.93%. The proportion between the percentage increase in total annual compensation of the highest paid individual and the average percentage increase in total annual compensation of all other employees was 5.93%. In these calculations, we do not consider interns, young apprentices, and associates on leave for over a year.

In 2022, we adapted the company's salary schedule to the market average and made improvements to the private pension plan offered to executives. At the end of the year, the benefits package offered to associates (full-time fixed employees) included:

- Vacation Bonus: 66% bonus in addition to the 33% provided for in the Brazilian Consolidated Labor Law (CLT)
- Allya (discount program for miscellaneous purchases)
- Assistance for associates' children with disabilities
- Disability and invalidity assistance
- Home office assistance
- Day care/babysitting assistance
- Education allowance
- Aviva (hotel discounts)
- Car benefit
- Equity Credit
- Doctor + Health\*\*
- Payroll loan
- Gympass\*
- Maternity/paternity leave
- Universe Moment\*
- Health PDI (prevention and health promotion)
- Health/dental plan
- Mobile phone plan
- Private pension
- Living Psychology Program\*
- Family allowance
- Life insurance
- Food/meal vouchers
- Transportation vouchers

\* Find out more in the Health and Safety chapter



### TOTAL COMPENSATION AT A GLANCE

In order to provide more clarity to associates about their actual remuneration, in 2022 we launched the "Total compensation at a glance" digital tool that calculates the total amount earned by each professional, adding the salary to the amounts associated with benefits, such as meal vouchers, transportation, social security, and health plan, and others. Variable compensation estimates are also presented, such as premiums and bonuses for the current period.

## Diversity

(GRI 405-1)

On a daily basis, we want to build a more diverse, inclusive, and plural Algar Telecom. From many points of view, we are able to see further away, and that makes us better, positively impacting business results. Our main initiative for fostering diversity is the Algar sem Barreiras (Algar with no Barriers) program that was created in 2018 for strengthening a safe and respectful coexistence workplace, with actions for valuing diversity that enable real inclusion and equity. The program operates on five fronts that bring their own initiatives, including affinity groups for discussing culture, policies and improvements in the diversity pillar.



**We performed a study on salary equality that proved that there is no discrepancy between genders in leadership positions**



### MULHERES DE FIBRA

The program was launched in 2022 and strives to hire women for Algar Telecom's technical-operational areas, aiming at gender inclusion in activities that are predominantly performed by men. The initiative also contributes to improving the operation's results in the field and increasing customer service quality. We went from three women on the field in all in 2021 – equivalent to 0.35% of the team – to 12 in 2022, now representing 1.4% of the team. We are constantly working to increase this percentage, and, to that end, we began advertising field job openings exclusively for women, held awareness training for the area's managers, and established bimonthly meetings for exchanging experiences, as well as other actions for supporting the program.

## Gender

We want women to be respected and have the same opportunities as men at Algar Telecom. We have initiatives such as programs for supporting women's careers, prepare them for executive life, and combat female violence, as well as groups for collecting perceptions of the work environment for women. We are committed to increasing female participation in the company, including in leadership positions.

Another initiative that helps to strengthen gender diversity in the company is Future Talent: Digital Girls, which prepares the female audience to work in the technology area (find out more in the Social Responsibility chapter).

### Percentage of associates that are part of governance bodies\*, by gender

Gender	2020		2021		2022	
	Total	%	Total	%	Total	%
Male	15	88.20%	15	88.20%	10	91%
Female	2	11.70%	2	11.70%	1	9%
<b>Total</b>	<b>17</b>	<b>100%</b>	<b>17</b>	<b>100%</b>	<b>11</b>	<b>100%</b>

\*Governance Bodies: Statutory Directors, members of the Board of Directors, and Committees.

### Percentage of associates by functional category, by gender

Functional Category	Gender	2020		2021*		2022	
		Total	%	Total	%	Total	%
Executives	Male	95	78.50%	118	77.6%	119	78.30%
	Female	26	21.40%	34	22.4%	33	21.70%
	<b>Total</b>	<b>121</b>	<b>100%</b>	<b>152</b>	<b>100%</b>	<b>152</b>	<b>100%</b>
Ascending	Male	99	71.20%	133	72.7%	142	74.70%
	Female	40	28.70%	50	27.3%	48	25.30%
	<b>Total</b>	<b>139</b>	<b>100%</b>	<b>183</b>	<b>100%</b>	<b>190</b>	<b>100%</b>
Associates	Male	2,731	69.50%	3,042	73.5%	2,867	73.70%
	Female	1,195	30.40%	1,096	26.5%	1,021	26.30%
	<b>Total</b>	<b>3,926</b>	<b>100%</b>	<b>4,138</b>	<b>100%</b>	<b>3,888</b>	<b>100%</b>
Interns	Male	34	66.60%	52	62.7%	60	70%
	Female	17	33.30%	31	37.3%	25	30%
	<b>Total</b>	<b>51</b>	<b>100%</b>	<b>83</b>	<b>100%</b>	<b>85</b>	<b>100%</b>
<b>Total</b>	<b>Male</b>	<b>2,959</b>	<b>69.80%</b>	<b>3,345</b>	<b>73.4%</b>	<b>3,188</b>	<b>73.90%</b>
	<b>Female</b>	<b>1,278</b>	<b>30.10%</b>	<b>1,211</b>	<b>26.6%</b>	<b>1,127</b>	<b>26.10%</b>
	<b>Total</b>	<b>4,237</b>	<b>100%</b>	<b>4,556</b>	<b>100%</b>	<b>4,315</b>	<b>100%</b>

\*Already considers Vogel's acquisition.

## Ethnicity

We collected perceptions of the work environment for black people, aiming to contribute to combatting racism and social inequality. This was done together with affinity groups, with our “sextou com etnia” and “quarta indica” meeting rites, in addition to space for active listening and stepping up the ombudsman channel for cases of discrimination, harassment, and prejudice. Also seeking ethnic-racial equity, we plan to increase the hiring people of different ethnic groups, as well as monitor their development, aiming at promotion.

### Percentage of associates that are part of governance bodies\*, by diversity indicator

Diversity indicator	2020		2021		2022	
	Total	%	Total	%	Total	%
Black (Black + Brown)	1	5.80%	1	5.80%	0	0%
White	16	94.10%	16	94.10%	11	100%
<b>Total</b>	<b>17</b>	<b>100%</b>	<b>17</b>	<b>100%</b>	<b>11</b>	<b>100%</b>

\*Governance Bodies: Statutory Directors, members of the Board of Directors, and Committees.

### Percentage of associates by functional category, by diversity indicator

Functional Category	Diversity Indicator	2020		2021		2022	
		Total	%	Total	%	Total	%
Executives	Black (Black + Brown)	31	25.60%	37	24.30%	46	30.30%
	White	89	73.50%	107	70.40%	104	68.40%
	Yellow	1	0.8%	0	0%	0	0%
	Indigenous	0	0%	0	0%	0	0%
	Non identified	0	0%	8	5.30%	2	1.30%
	<b>Total</b>	<b>121</b>	<b>100%</b>	<b>152</b>	<b>100%</b>	<b>152</b>	<b>100%</b>

### Percentage of associates by functional category, by diversity indicator

Categoria funcional	Gênero	2020		2021		2022	
		Total	%	Total	%	Total	%
Ascending	Black (Black + Brown)	60	43.10%	65	35.50%	64	33.70%
	White	77	55.40%	109	59.60%	122	64.30%
	Yellow	2	1.40%	4	2.20%	2	1%
	Indigenous	0	0%	0	0%	0	0%
	Non identified	0	0%	5	2.70%	2	1%
	<b>Total</b>	<b>139</b>	<b>100%</b>	<b>183</b>	<b>100%</b>	<b>190</b>	<b>100%</b>
Associates	Black (Black + Brown)	2,321	59.10%	2,085	50.40%	1,957	50.30%
	White	1,571	40%	1,808	43.70%	1,756	45.20%
	Yellow	24	0,60%	28	0.70%	32	0.90%
	Indigenous	3	0%	4	0.10%	4	0%
	Non identified	7	0,10%	213	5.10%	139	3.60%
	<b>Total</b>	<b>3,926</b>	<b>100%</b>	<b>4,138</b>	<b>100%</b>	<b>3,888</b>	<b>100%</b>
Interns	Black (Black + Brown)	22	43.10%	32	38.60%	33	38.90%
	White	29	56.80%	44	53%	49	57.60%
	Yellow	0	0%	0	0%	2	2.30%
	Indigenous	0	0%	0	0%	0	0%
	Non identified	0	0%	7	8,40%	1	1.20%
	<b>Total</b>	<b>51</b>	<b>100%</b>	<b>83</b>	<b>100%</b>	<b>85</b>	<b>100%</b>
<b>Total</b>	<b>Black (Black + Brown)</b>	<b>2,434</b>	<b>57.40%</b>	<b>2,219</b>	<b>48.70%</b>	<b>2,100</b>	<b>48.30%</b>
	<b>White</b>	<b>1,766</b>	<b>41.60%</b>	<b>2,068</b>	<b>45.40%</b>	<b>2,031</b>	<b>47.10%</b>
	<b>Yellow</b>	<b>27</b>	<b>0.60%</b>	<b>32</b>	<b>0.70%</b>	<b>36</b>	<b>0.80%</b>
	<b>Indigenous</b>	<b>3</b>	<b>0%</b>	<b>4</b>	<b>0.10%</b>	<b>4</b>	<b>0.10%</b>
	<b>Non identified</b>	<b>7</b>	<b>0.10%</b>	<b>233</b>	<b>5.10%</b>	<b>144</b>	<b>3.30%</b>
	<b>Total</b>	<b>4,237</b>	<b>100%</b>	<b>4,556</b>	<b>100%</b>	<b>4,315</b>	<b>100%</b>

## LGBTQIAP+

Strengthening our commitment against prejudice and discrimination, in 2020, we joined the Forum of Companies and LGBTQ Rights, an initiative linked to the United Nations, with the participation of the business community. Upon joining, Algar Telecom undertakes to follow ten principles that were proposed in favor of the cause, advancing the rights of the LGBTQIAP+ audience and making our company increasingly plural, diverse, and respectful for all. In addition, we adopted the use of the social name on the ID Badge.



## Generations

We believe that coexistence among different generations adds and complements skills and knowledge, both for experienced professionals and for young people who are entering the job market. Talentos de Fibras, our internship program, trains young people and inserts them in the job market, as well as the Jovem Aprendiz (Young Apprentice) program. We also look at mature talent (60+ years old), recognizing those who already have more experience at Algar Telecom and creating opportunities for those who are yet to come. In order to encourage these professionals and foster exchanging experiences with other associates, in 2021 we developed the Multigenerational Mentorship Program.

### Percentage of associates who are part of governance bodies\*, by age group

Age Group	2020		2021		2022	
	Total	%	Total	%	Total	%
Over 50 years old	0	0%	0	0%	0	0%
30 to 50 years old	2	11.70%	2	11.70%	1	9%
Over 50 years old	15	88.20%	15	88.20%	10	91%
<b>Total</b>	<b>17</b>	<b>100%</b>	<b>17</b>	<b>100%</b>	<b>11</b>	<b>100%</b>

\*Governance Bodies: Statutory Directors, members of the Board of Directors, and Committees.

### Percentage of associates by functional category, by age group

Functional Category	Age Group	2020		2021		2022	
		Total	%	Total	%	Total	%
Executives	Under 30 years old	0	0%	2	1.30%	0	0%
	30 to 50 years old	101	83.40%	124	81.60%	119	78.30%
	Over 50 years old	20	16.50%	26	17%	33	21.70%
	<b>Total</b>	<b>121</b>	<b>100%</b>	<b>152</b>	<b>100%</b>	<b>152</b>	<b>100%</b>
Ascending	Under 30 years old	1	0.70%	6	3.30%	5	2.60%
	30 to 50 years old	122	87.70%	149	81.40%	148	77.90%
	Over 50 years old	16	11.50%	28	15.30%	37	19.50%
	<b>Total</b>	<b>139</b>	<b>100%</b>	<b>183</b>	<b>100%</b>	<b>190</b>	<b>100%</b>
Associates	Under 30 years old	987	25.10%	923	22.30%	686	17.60%
	30 to 50 years old	2,621	66.70%	2,839	68.60%	2,760	71%
	Over 50 years old	318	8%	376	9.10%	442	11.40%
	<b>Total</b>	<b>3,926</b>	<b>100%</b>	<b>4,138</b>	<b>100%</b>	<b>3,888</b>	<b>100%</b>
Trainees	Under 30 years old	51	100%	79	95.20%	78	91.80%
	30 to 50 years old	0	0%	4	4.80%	6	7.10%
	Over 50 years old	0	0%	0	0%	1	1.20%
	<b>Total</b>	<b>51</b>	<b>100%</b>	<b>83</b>	<b>100%</b>	<b>85</b>	<b>100%</b>
<b>Total</b>	<b>Under 30 years old</b>	<b>1,039</b>	<b>24.50%</b>	<b>1,010</b>	<b>22.20%</b>	<b>769</b>	<b>17.80%</b>
	<b>30 to 50 years old</b>	<b>2,844</b>	<b>67.10%</b>	<b>3,116</b>	<b>68.40%</b>	<b>3,033</b>	<b>17.80%</b>
	<b>Over 50 years old</b>	<b>354</b>	<b>8.30%</b>	<b>430</b>	<b>9.40%</b>	<b>513</b>	<b>11.90%</b>
	<b>Total</b>	<b>4,237</b>	<b>100%</b>	<b>4,556</b>	<b>100%</b>	<b>4,315</b>	<b>100%</b>

## Persons with Disabilities (PwD)

Our purpose is to increase the hiring of persons with disabilities, and we have been working on several fronts for achieving this goal. In 2020, we launched the Indicate a PwD project, for associates and society to indicate PwD professionals to Algar's Talent Bank. In 2021, we launched the Apprenticeship without Barriers, looking for PwD professionals of any age group, to work as apprentices. We are also partners in the Diversidade+ Program, a project created in 2019 by the Algar group with programs for qualifying and including PwDs in the job market, in partnership with the City of Uberlândia and the Municipal Council for Persons with Disabilities, and 16 other companies in the region.

In 2022, our team had 70 PwD associates, 20 of which were minor apprentices.

### COMBATTING DISCRIMINATION

(GRI 406)

It establishes that all people should be fully respected in the company, in opposition to discrimination, prejudice and harassment – especially moral and sexual – of any kind. Our ombudsman received reports of seven discrimination cases in 2022, all of which were investigated and forwarded internally for the implementing solutions. The cases were fully addressed with the appropriate measures.



## Disseminating the company culture

We want all our associates and partners to be aligned with CulturAlgar's values (find out more in the Purpose chapter). In order to strengthen our culture, in 2022, we launched the Essence Workshop for partners, focused on spreading our beliefs and our strategy with Algar Telecom's franchisees, affiliates and salesforce. In the year, 13 workshops were held across Brazil.

We also launched the Pé na Estrada (Hit the Road) program, because we understand that the best place to learn about the needs and to develop our Gente de Fibrá<sup>1</sup> is close, it is near, it is right next door, hitting the road along with our leaders and associates. Within the program's scope, we held more than 20 road shows in different locations, with visits by our Human Talent, Compliance, and Safety teams.

<sup>1</sup> Gente de Fibrá is loosely translated as People made of Fiber, and means "strong-willed, resilient, brave people", seizing the opportunity of an analogy with Algar's fiber

## Qualification

(GRI 404-1)

We work with different training fronts, always prioritizing the professional development of our teams and, consequently, potentializing our business. In addition to courses, we hold specific webinars for the business area and form internal content multipliers, in the context of the ASES Development Program, which operates in four learning axes: Agile, Business, Customer & Relationship, and People & Culture. At the same time, we work with initiatives aimed at assisting with career transitions, continued employability and end-of-career management for retirement or employment termination, whose complete information will be collected for detailed disclosure as of 2023.

### Qualification

Functional Category	2022	
	Total n° of hours	Average n° of hours
Executives	9,082	54
Ascension	6,748	30
Non-executives	131,674	21
Trainees	5,546	36
<b>Total training hours</b>	<b>153,050</b>	<b>23</b>

### Qualification

Gender	2022	
	Total n° of hours	Average n° of hours
Men	118,860	26
Women	34,191	16
<b>Total training hours</b>	<b>153,050</b>	<b>23</b>



We also work in partnership with universities, such as Fundação Dom Cabral and Fundação Getúlio Vargas, and with other institutions in the cities where we are located, which enables our associates to take courses related to their professional activities with our financial support (education allowance). In 2022, we invested in high-level international training for our Executive Committee and also began training our franchisees. Meet our main initiatives:

## UniAlgar

Grupo Algar's Corporate University (UniAlgar) conducts face-to-face and online training, using a format that prioritizes hands-on learning, complemented by mentoring sessions and support content. Many of UniAlgar's training experiences were adopted in Algar Telecom's practice.

## Academia de Lideranças (Leadership Academy)

The program was launched in 2022 for training Algar Telecom leaders, in partnership with Fundação Dom Cabral. The program addresses topics such as business strategy, finance, innovation, CulturAlgar, and people management through training and mentoring sessions. Leaders are organized into groups, and are challenged to propose solutions to be tested in the market for later implementation in the company.

The Academy's first class began studies in August 2022, with completion scheduled for April 2023. The group with the best solution, evaluated by an evaluation panel made up of some members of the company's board (President, VPs and President of Brain), will be awarded a trip to an international innovation hub. The project also has a specific module for coordinators, aimed at preparing successors, focusing on behavioral skills.



## ASES Development Program

The program works with four learning axes: Agile, Business, Customer & Relationship, and People & Culture. Directors responsible for supporting the associates being trained are designated for each of the trails.

## Às do Futuro (Future Ace)

It prepares high-performance associates to take leadership positions. In 2022, the program focused on developing soft skills, such as communication, influence, relationship, and conflict management. During the year, 11 classes were held in online and face-to-face formats.



## Academia Startex

A training and development program for professionals in the Information Technology (IT), Analytics, and Information Security areas at Algar Telecom. The initiative was launched in 2021, and aims to disseminate knowledge and improve technical skills in the technology area, with a focus on preparing associates for business challenges and the company's future.

The Academy works with knowledge trails in themes such as Agile Methodologies, Artificial Intelligence, Machine Learning, UX Design, Digital Marketing, and Systems Analysis and Development, in addition to specific trails for interns. In a gamified format, Startex proposes missions to be overcome.

The winner in the 2022 edition was awarded a trip to NASA headquarters, in the United States, and those placed second and third won a trip to Porto Digital, a technology park in Recife that operates in the information & communication technology and creative economy areas.

## Agilist training

In 2022, we finished training the first group in agile methodologies, after a selection process that received a total of 130 internal applications. Those interested underwent an analysis that considered their contact history with Agile, 360-degree evaluation, and performance in a dynamic in which a real agility problem was given. In the end, eleven employees from different areas and positions were chosen – they include POs (Product Owners), Scrum Masters, business consultants and HT analysts. They received a five-step training course addressing hard skills, soft skills, agile concepts, and rites and ceremonies.



## Incentives and recognition

We run internal programs for motivating and recognizing our associates' commitment. The Uau (Wow) Program launched in May 2022, honors associates who stand out in contacts with Algar Telecom customers. Every month, 300 associates are recognized with the Wow Attitude trophy for their differentiated service proven by customer testimonials. Uau also offers training in culture and customer service. In 2023, the program's top 50 performers will go to Disney, in the United States, to take part in training on how to delight customers.



## Brain Innovation Academy

Since 2020, we have worked in partnership with the Brain Innovation Academy, which is open to both internal and external audiences and has agreements with innovative companies in three training areas: methodology, technology, and behavior. The academy is the education arm of Brain, the Science and Technology Institute which we are founding partners of.

# Occupational Health and Safety

(GRI 403-3, 403-4, 403-5, 403-9)

At Algar Telecom, we adopt a series of measures to maintain our teams' health and endure their safety. Far beyond a legal requirement, health care has economic, environmental and social impacts. The work in the health and safety area is based on Brazil's Consolidation of Labor Laws (CLT) and on regulatory standards. All associates and outsourced partners must undergo medical examinations that attest to their condition to perform their functions from a clinical and technical point of view. The most relevant information on occupational health and safety is available on the company's intranet, in addition to being disseminated in official internal communication groups.

## Health care

Our health area has occupational physicians, nurses and managers, complying with regulations and other legal requirements. Access to health services can be either in person (in buildings that have medical rooms and in partner clinics) or remotely, through Algar Telecom's official internal communication channels. We also offer a variety of programs and benefits for enhance our associates' level of health and wellbeing:

- **Algar + Saúde (Algar + Health):** The area accountable for corporate management of health/dental plans and health benefits.
- **Dr + Saúde (Dr + Health):** A specialized consultancy with a telephone service that answers questions and is available 24 hours a day, seven days a week. Associates receive medical advice and are directed to consultation via telemedicine, as necessary. In 2022, more than 1,900 associates used the service.

- **Telemedicina Saúde 24h (24-hour Health Telemedicine):**

A free benefit for all associates, with online consultations available 24 hours a day, seven days a week. In 2022, 1,940 members had consultations via telemedicine.

- **Gympass:** Unlimited access to partner gyms, studios, classes, workouts, and wellness apps.

- **Psicologia Viva (Online Psychology):** A benefit that offers members online psychotherapeutic consultations, which can be made free of charge on mobile phones, computers or tablets. In 2022, 5,422 therapy sessions were held with 2,007 associates attending.

- **Momento Saúde e Bem-Estar (Health & Wellbeing Moment):** A moment created with our associates' wellbeing in mind, with daily online classes on stretching and muscle strengthening, meditation, and pilates.

- **Amor de Mãe (Mother Love):** A program launched in 2022 for monitoring the health of pregnant women from the first through the last month of pregnancy, providing all necessary support. In 2022, 38 pregnant women took part in the program,

- **Sempre Bem (Always Well):** A program with a specialized medical team that follows up on our associates who have a chronic illness. In 2022, 16 associates were monitored by specialized teams.

- **Inteligência Emocional (Emotional Intelligence):** Online and face-to-face sessions for company leaders, conducted by experts in the field, for sharing experiences and learning emotional management tools for the workplace.

- **Projeto Farol (Beacon Project):** The initiative was launched in 2022 as a pilot with the IT and Communication areas for encouraging conversations that can help employees take care of their mental health, acting on preventing diseases such as burnout, depression, and anxiety. During the sessions, associates fill in an emotion scale that varies from one to five, called a "happiness meter", to understand their state of mental health. If a sensitive point is identified, the conversation is guided towards trying to resolve the issue.



## “Four-hand” safety

Our associates are key players in the process of developing Algar Telecom’s occupational health and safety management system. We work with three internal committees that meet on a regular basis to monitor indicators and propose improvements in topics such as fleet claims, sick leave, labor accidents, and others. One of the highlights is the Coronavirus Committee, that was established in 2020 with representatives of the company’s senior management and the occupational health and safety teams, focusing on actions for preventing and mitigating risks related to the pandemic.

We also operate a Specialized Services in Safety Engineering and Occupational Medicine (SESMT) area, made up of a multidisciplinary team – safety technicians and engineers, doctors, nurses, social workers, nutritionists, speech therapists, psychologists and physiotherapists – and eight Internal Accident Prevention Commissions (CIPAs), whose mission is to seek and report risk conditions in work environments, in addition to contributing to mitigation proposals. The CIPAs are made up of representatives appointed by the company (from any area of activity) and members elected by the associates. In 2022, 80% of the associates were represented by these commissions, compared to 80% in 2021.

## Focusing on prevention

In 2022, with a more intense resumption of face-to-face work after the Covid-19 pandemic was under control, we stepped up preventive training and audits for mitigating accidents. We also continued to conduct training on mandatory regulations, given to associates according to the risk exposure in their activities, addressing ergonomic aspects, work at heights, confined spaces, use of energized environments or equipment, driving vehicles, and others.

All associates are guided on good ergonomic practices – at home or in corporate environments – identifying risks in work environments (even at their home offices), care in dealing with Covid-19, and on how to proceed in the event of a labor accident. In addition, we periodically publish internal bulletins on accident prevention (Pílulas de Segurança) and health promotion (Saúde em Evidência).

Still focusing on accident prevention, we monitor the vehicles in our fleet by registering anomalies and speed control, we use maneuvering poles between spans (eliminating, in many cases, the need to work at heights), we implemented lifeline and anchoring devices for use on strands. In addition, in 2022, we held for the second year the Internal Week for Preventing Accidents at Work and in the Environment and, for the first time, we provided an interactive, 100% digital platform for remote access to its content.

## Indicators

We monitor health and safety indicators at work, aiming to keep them at zero for as long as possible, ensuring associates’ and partners’ physical and mental wellbeing. The Algar Telecom and Grupo Algar Boards receive monthly bulletins and indicators for monitoring the implemented actions and proposing new measures, as necessary. Over the last three years, positive performance has been noteworthy, when we analyze the absolute number of accidents at work and absences of more than 15 days (impact on the INSS). In addition to the low number of incidents, care also contributes to leveraging our brand and mitigating financial impacts. The mechanisms used for assessing indicator control effectiveness, we highlight:

- Internal and external audit
- Annual analysis of the Accident Prevention Factor (APF)
- Annual preparation of health and safety risk map
- Internal disclosure of Safety Management System (SMS) indicators and monthly newsletters
- Benchmarking with reference companies in terms of SMS

In 2022, 28 accidents were recorded, with 520 lost working days caused by factors such as electric shocks, handling tools and equipment, car accidents, and falling down stairs. In the face of occurrences, we took measures such as making a detailed investigation of each record, holding safety dialogues to raise awareness about the causes of accidents, monitoring the health conditions and return to work, updating normative training, and others.

Due to the characteristics of the technical activities in the Telecom sector, the biggest challenge continues to be our operations that deal on a daily basis with high-risk situations (work at heights, underground galleries and chambers, working close to energized utility networks, driving vehicles, and others). To mitigate these risks and accelerate the acculturation process, operation supervisors, together with the SESMT, carry out daily field inspections, with leaders who guarantee the teams the necessary support to perform the actions.

The occupational health and safety management processes carried out by SESMT are constantly evolving, as the organization’s needs change according to its strategic planning.

From the risks standpoint, due to the characteristics of our networks (mostly aerial), there are risks that extend to society and need to be monitored, such as traffic accidents, accidents with optical or metallic cable breakages and accidentally energizing metallic networks.

### Work Accidents\* - Associates

	2020	2021	2022
Number/rate of deaths resulting from accidents at work	0	0	0
Number of accidents at work with serious consequences (except deaths)	3	0	3
Rate of accidents at work with serious consequences (except deaths)	0.29	0	0.30
Number of mandatory reporting accidents at work	21	26	28
Compulsory communication accident rate	2.05	2.64	2.77
Number of hours worked	10,228,923	9,846,383	10,108,971

### Work Accidents\* - Outsourced / 3<sup>rd</sup> Party Labor

	2020	2021	2022
Number of deaths resulting from accidents at work	0	0	0
Rate of deaths resulting from accidents at work	0	0	0
Number of accidents at work with serious consequences (except deaths)	0	0	1
Rate of accidents at work with serious consequences (except deaths)	0	0	0.99
Number of mandatory reporting accidents at work	1	1	3
Compulsory communication accident rate	66.67%	66.67%	2.98
Number of hours worked	1,500,000	1,500,000	1,007,944

\* Data compiled using NRI - General Provisions, from the Ministry of Labor, and NBR 14280 (Record of occupational accidents). Work accident records are entered into the CAT WEB system (INSS). The indices were calculated in accordance with requirement 2,1,4 of the GRI indicator 403-9.

# *Sustainable Development*



**Algar** ▶▶  
Telecom  
▶▶ SEMPRE JUNTO

## Commitments

(GRI 2-23, 2-28)

At Algar Telecom, we believe that operating with good environmental, social, and governance practices is a management behavior that must be present in all of the company's areas. Responsibility for constant evolution, risk mitigation, and creating opportunities in the ESG agenda lies with our President, whose definitions are deployed by the company's vice-presidents, with support from the Communication and Sustainability area that is dedicated to monitoring actions and indicators and to preparing progress reports on Algar Telecom's main material topics.

### GLOBAL PACT



We are signatories to Rede Brasil of the United Nations (UN) Global Compact, an initiative that involves companies and organizations in 160 countries for fostering private sector engagement in sustainability, leading to a more inclusive and egalitarian global market. By joining, we are committed to the ten principles established for the human rights, labor relations, environment, and anti-corruption areas. We permanently perform awareness-raising work related to these principles for sensitizing all our stakeholders, in addition to applying their guidelines in our daily work.

## Sustainable Development Goals (SDG)

We are aligned with the SDGs, an agenda created by the United Nations (UN) in 2015 to guide the achievement of 17 goals by 2030. We internally identified our adherence to 10 SDGs, to which we directly or indirectly contribute through our activities and operations.



### Social axis

SDG	SDG targets worked on by Algar Telecom	Actions that contribute to reaching the goal	Related GRI/SASB Indicators
	<p>1.4) By 2030, ensure that all men and women, particularly the poor and vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other types of property, inheritance, natural resources, as well as proper new technologies and financial services, including micro finance.</p>	<p>Enabling access to basic services and appropriate telephony and internet technologies for communities in its concession region. Providing fixed line and mobile broadband service in all its retail operating regions, regardless of the size of the city. Using ICTs to expand and prioritize traffic capacity in sensitive areas, such as health and education, serving hospitals, clinics, public and private school and college networks to guarantee quality internet. Likewise, we support digital commerce, which is essential for the survival of many businesses in times of social distancing. Large-scale connectivity, focusing on results obtained from products and services that help make faster and safer decisions, serving hospitals, clinics, public and private school and college networks to ensure quality internet.</p>	<p>GRI 2-28: Participation in associations; GRI 203-2: Significant indirect economic impacts; GRI 404-1: Average hours of training per year, per employee; GRI 413-1: Operations with local community involvement, impact assessments and development programs GRI 413-2: Operations with significant actual and potential negative impacts on local communities.</p>
	<p>4.1) By 2030, ensure that all girls and boys complete free, equitable, quality primary and secondary education that leads to relevant and effective learning outcomes.</p> <p>4.4) By 2030, substantially increase the number of young people and adults who have relevant skills, including technical and professional skills, for employment, decent work, and entrepreneurship.</p> <p>4.7) By 2030, ensure that all learners acquire the knowledge and skills required for fostering sustainable development, including, but not limited to, through education for sustainable development and sustainable lifestyles, human rights, gender equality, encouraging a culture of peace and non-violence, global citizenship and valuation of cultural diversity and culture's contribution to sustainable development.</p> <p>4.c) By 2030, substantially increase the pool of qualified teachers, including through international cooperation for teacher education, in developing countries, especially in least-developed countries and small developing island States.</p>	<p>Algar Telecom is a partner and sponsor of Instituto Algar, which focuses on improving education in communities in regions where Grupo Algar is present. The company is committed to sustainable development and continuously maintains the pillars' communication, in addition to supporting Instituto Algar's educational projects.</p>	<p>GRI 2-28: Participation in associations GRI 404-1: Average hours of training per year, per employee; GRI 404-2: Programs for improving employee skills and career transition assistance programs; GRI 404-3: Percentage of employees receiving regular performance and career development reviews.</p>

## SDG

## SDG targets worked on by Algar Telecom

## Actions that contribute to reaching the goal

## Related GRI/SASB Indicators



5.1) End all kinds of discrimination against all women and girls everywhere.

Committing to fostering communication that favors eradication of all kinds of prejudice and violence against women.

Making and supporting communication campaigns to its stakeholders regarding gender equality.

Evolving the Algar Sem Barreiras program, to make the company increasingly plural and diverse through practices that tolerate no discrimination.

GRI 401-1: New hires and employee turnover;

GRI 401-3: Maternity/paternity leave;

GRI 405-1: Diversity in governance bodies and employees;

GRI 405-2: Proportion between base salary and compensation for women and men,

GRI 406-1: Discrimination events and corrective measures taken



10.3) Ensure equal opportunities and reduce inequalities in outcomes, including by eliminating discriminatory laws, policies and practices and fostering appropriate legislation, policies and actions in this regard.

Committing to reducing discriminatory practices within the company, formalizing this commitment through internal policies, voluntary adherence to the Global Compact, and regular compliance with the corporate Code of Conduct. With the Algar sem Barreiras program, we seek to make the company increasingly plural and diverse through practices that tolerate no discrimination.

GRI 2-15: Conflicts of interest;

GRI 2-23: Policy Commitments;

GRI 2-27: Compliance with laws and regulations;

GRI 2-29: Approach to stakeholder engagement;

GRI 204-1: Proportion of expenses with local suppliers;

GRI 206-1: Legal actions for anticompetitive behavior, antitrust and monopoly practices;

GRI 207-3: Stakeholder engagement and management of tax-related concerns;

GRI 407-1: Operations and suppliers where the right to freedom of association and collective bargaining may be at risk;

GRI 414-1: New suppliers that were selected using social criteria





## Environmental Axis

SDG	SDG targets worked on by Algar Telecom	Actions that contribute to reaching the goal	Related GRI/SASB Indicators
	<p>7.2) By 2030 substantially increase the share of renewable energies in the global energy matrix. 7.3) By 2030, double the global rate of improvement in energy efficiency.</p>	<p>Algar Telecom largely uses renewable energies in its activities. It has specific energy efficiency indicators and investment plans for clean energies.</p>	<p>GRI 302-1: Energy consumption within the organization; GRI 302-4: Reduction of energy consumption; SASB TC-TL-130a,1: (1) Total energy consumed, (2) percentage of electricity, (3) percentage of renewable energy</p>
	<p>12.2) By 2030, achieve sustainable management and efficient use of natural resources. 12.5) By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse. 12.6) Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle. 12.c) By 2030, ensure that people everywhere have relevant information and awareness for sustainable development and lifestyles in harmony with Nature.</p>	<p>Communication campaigns for programs for efficient use of natural resources, mainly in actions with the socio-environmental engagement committee with structuring actions for reusing, recycling, conscious consumption, and others, for improving its goals, Investments in renewable sources, such as photovoltaic plants and in purchasing energy in the incentivized market, and Incentives for using ethanol in the entire flex-fuel powered fleet. Manages its solid waste in the National Solid Waste Policy, PGRS filed with the municipal government, formal partnerships with legally qualified cooperatives, awareness campaigns, and certified disposal of its waste. Communication and awareness campaigns for inspiring other companies (especially in its relationship network), being a multiplier of best practices. It aims to become a reference company in its industry and in terms of sustainability,</p>	<p>GRI 306-1: Waste generation and significant impacts related to waste; GRI 306-2: Management of significant impacts related to waste; GRI 306-3: Waste generated; GRI 306-4: Waste not intended for final disposal; GRI 306-5: Waste directed to final disposal; SASB TC-TL-440a,1: (1) Materials recovered through take-back programs, percentage of recovered materials that were (2) reused, (3) recycled, and (4) landfilled</p>
	<p>13.3) Improve education, raise awareness, and human and institutional capacity on mitigating, adapting, reducing impacts, and early climate change warning.</p>	<p>Influencing partners through the Supplier Relationship and Compliance Program. Developing a communication and training program on sustainable practices that can be easily replicated, which encourages new citizenship and sustainable attitudes. Socio-environmental Engagement Committee, made up of associates from all locations where Algar Telecom operates, whose objective is to help mobilize the entire company through awareness-raising actions on energy, water, paper, waste management, seedling planting, and others, in order to foster required knowledge and skills for everyone to pursue sustainable development. There are projects and initiatives instituted more than 10 years ago that led to significant reduction in emissions since the first inventory, in 2013.</p>	<p>GRI 2-28: Participation in associations; GRI 305-1: Direct (Scope 1) greenhouse gas (GHG) emissions GRI 305-2: Indirect (Scope 2) greenhouse gas (GHG) emissions from energy acquisition GRI 305-3: Other indirect (Scope 3) greenhouse gas (GHG) emissions GRI 305-5: Greenhouse gas (GHG) emission reduction; GRI 308-2: Negative environmental impacts in the supply chain and measures taken.</p>



## Eixo econômico

SDG	SDG targets worked on by Algar Telecom	Actions that contribute to reaching the goal	Related GRI/SASB Indicators
	<p>8.2) Achieve higher levels of productivity in economies through diversification, technological modernization, and innovation, including through a focus on high value-added industries and labor-intensive industries.</p>	<p>Significant investments in technological modernization and innovation, with bold percentages of the total annual CAPEX.</p> <p>Algar Telecom's cases and technological modernization and innovation are recognized in media awards.</p>	<p>GRI 201-1: Direct economic value generated and distributed;</p> <p>GRI 203-1: Investments in infrastructure and support for services.</p>
	<p>9.1) Develop quality, reliable, sustainable and resilient infrastructure, including regional and cross-border infrastructure, to support economic development and human well-being, with a focus on equitable and affordable access for all.</p> <p>9.c) Significantly increase access to information and communication technologies and make every effort to provide universal and affordable access to the Internet in least-developed countries by 2020.</p>	<p>Annual legal compliance audit, in addition to commitment to developing its quality, reliable, sustainable infrastructure that cooperates with economic development and human well-being.</p> <p>Monitoring specific indicators of access to technologies at accessible prices, increasing access rates to technologies through the community, as well as implementing programs that aim to leverage technological transformation in them, are intrinsic factors to Algar Telecom's business. The company is constantly committed to bringing its customers the best quality infrastructure and services supporting economic development and human wellbeing.</p>	<p>GRI 201-1: Direct economic value generated and distributed;</p> <p>GRI 203-1: Investments in infrastructure and support services;</p> <p>GRI 203-2: Significant indirect economic impacts;</p> <p>SASB TC-TL-520a,2: Actual average download speed of (1) own and commercially associated content and (2) non-associated content;</p> <p>SASB TC-TL-550a,1: (1) Average system interruption frequency and (2) average length of customer downtime.</p>

## SDG

SDG targets worked on  
by Algar TelecomActions that contribute  
to reaching the goalRelated GRI/SASB  
Indicators

- 16.5) Substantially reduce corruption and bribery in all its types.
- 16.b) Foster and enforce non-discriminatory laws and policies for sustainable development.
- 16.7) Ensure responsive, inclusive, participatory and representative decision-making at all levels.

Repudiating and working against corruption and bribery by formally adhering to commitments and maintaining the (web) Integrity Channel and Ombudsman – the channels that are permanently available for encouraging non-discriminatory actions - and ensuring uprightness in all its processes and its code of conduct.

Valuing respect for investors, disclosing economic/financial information with transparency, ensuring information veracity of and correctly following accounting rules.

- GRI 2-9: Governance structure and composition;
- GRI 2-12: The role played by the highest governance body in overseeing impact management;
- GRI 2-23: Policy Commitments;
- GRI 2-24: Incorporating policy commitments;
- GRI 2-27: Compliance with laws and regulations;
- GRI 205-1: Operations assessed for corruption-related risks;
- GRI 205-2: Communication and training on anti-corruption policies and procedures;
- GRI 205-3: Confirmed corruption incidents and actions taken;
- GRI 206-1: Legal actions for anticompetitive behavior, antitrust and monopoly practices;
- GRI 207-1: Tax approach;
- GRI 207-2: Governance, control and tax risk management;
- GRI 207-3: Stakeholder engagement and tax-related concern management;
- SASB TC-TL-520a.1: Total amount of monetary losses as a result of lawsuits associated with anticompetitive behavior regulations.

## Our guidelines

Commitment to sustainability is one of our values that is translated into everyday life by the guidelines of our codes and internal policies, which are stressed through training and disclosures for associates and partners. Our Code of Conduct (find out more in the Corporate Governance and Risk Management chapter) is the main guideline for the company's commitments, and is evaluated and approved by Algar group's Board of Directors. The document underscores the importance of relationships based on respect and in compliance with the guidelines of conduct and current legislation, including performing due diligence in partner and supplier selection,

The Code of Conduct shall be followed by all Algar group managers and associates, regardless of activity or location. Every year, the document is signed by all the company's professionals, who undertake to fully comply with it. Its content is reviewed periodically and broadly disseminated to associates on the company's internal and external platforms. We also have the Supplier Code of Conduct, which formalizes and disseminates the guidelines related to the ethical, sustainable and transparent behavior that is expected of our suppliers. The document applies to all of them, who receive guidance on their information and sign it while still in the homologation phase. In addition to the Codes of Conduct, we have complementary instruments, which undergo a strict review and approval process:

**Policies:** Compliance Manager / Director / Executive Board Meeting / Board of Directors

**Norms:** Compliance Manager / Director / Board Meeting

**Procedures:** Area Manager / Compliance Manager / Director

**Labor Instructions:** Area Manager / Compliance Manager



**In 2022, Algar Telecom was recognized for the ninth consecutive year as the company in the industry with the best sustainability practices, according to the Melhores do ESG Exame award**

## Human Rights

Commitment to respect human rights is fundamental for Algar Telecom. Our Code of Conduct establishes that respect is an essential condition in all dimensions, circumstances, and situations. The document stresses that people must be fully respected, valuing diversity and tolerating no discrimination, prejudice, and harassment, especially moral and sexual, of any kind. All company associates are free to declare and advocate their ideas, which must be received with attention and respect.

We proactively organize initiatives to strengthen and reaffirm our commitment to human rights, such as the Algar Sem Barriers program that aims to strengthen diversity and increase inclusion, generating equity among people (find out more in the Our People chapter). In addition, the Supplier Code of Conduct stresses that we respect and foster human rights in our activities as well as across the production chain. Thus, we do not establish commercial relationships with suppliers that use irregular and/or illegal practices of child and adolescent labor and those analogous to slavery or forced labor. Suppliers must also ensure selecting business partners that operate within labor legislation and ethical standards that are compatible with the premises of our Code of Conduct.

In parallel, we carried out a number of actions aiming to build a fairer and more egalitarian society, contributing to advancing human rights (find out more in the Social Responsibility topic).

## The precautionary principle

The precautionary principle is included in Algar Telecom's Integrity Program (find out more in the Corporate Governance and Risk Management chapter), structured on the prevention, detection and response pillars. The prevention front works with different mechanisms focused on avoiding misconduct and legal non-compliance, such as the Code of Conduct, policies and procedures, training, communication tools, compliance risk assessment, performing due diligence, and engaging in collective actions. Together, the preventive measures aim to mitigate possible risks in the context of the company.

## Sectorial performance

We are members of domestic and international associations and organizations, aiming to strengthen our industry's performance and multiply the benefits provided to society.

**Conexis:** An entity that brings together the major telecommunications and connectivity companies and works with the Executive Power in the Anatel, National Congress, and the Judiciary spheres. It produces and disseminates data and information, organizes studies, debates, and events aimed at updating and implementing legislation, public policies and sector regulation, in addition to seeking to facilitate the expansion and improvement of the connection and communications infrastructure in Brazil. We are present at all levels of governance, including the Board of Directors, the Board of Member Company Vice-Presidents, Board Meetings, Thematic Committees, and Workgroups,

**Telcomp:** An organization that brings together more than 70 companies, including fixed line and mobile telephone operators, broadband and internet access providers, pay TV, data center and corporate service providers, seeking to foster competition as a lever for developing the industry. It operates in the Anatel, National Congress and the Judiciary spheres. We participate in the Board of Directors, Executive Committees and Technical Groups.

**Associação Neo:** An entity that operates institutionally in the Internet and Telecommunications industry, representing the interests of its members, always seeking free competition and competitiveness in the market. It is also responsible for negotiating content, applications, and platforms for independent broadband, pay TV and fixed line and mobile telephony companies. We participate in the Board of Directors, executive meetings and discussion groups.

**Brazilian Association of Internet and Telecommunications Providers (ABRINT):** The entity brings together regional providers for institutional and political representation with society, government and regulatory bodies in matters that are relevant to the industry, seeking a healthy competitive environment and the consequent expansion of service offerings, with a focus on infrastructure access and sharing. At ABRINT, we take part in workgroups.

**Instituto Ethos:** we are signatories of the Entrepreneurial Pact for Integrity and Against Corruption, according to which we are committed to disseminating Brazilian anti-corruption legislation to our associates and stakeholders, so that it is fully complied with.

## Materiality

(GRI 3-1, 3-2)

Algar Telecom's materiality matrix presents the main topics on which our operations have an economic, social, and environmental impact. Its last update was made in 2021, based on benchmarking studies (sectorial analysis) and internal documents, in addition to interviews with company executives. This process resulted in a list of priority topics, which were sent for online evaluation and validation by internal and external stakeholders selected based on the impacts generated by us on them or by them on our work:

- Associates (company employees)
- Shareholders
- Investors
- Franchisees
- Business partners
- Suppliers
- Regulatory bodies
- Telecommunications and Information Technology (IT) industry specialists
- Customers from each of the company's business segments
- Trade journalists specialized in the telecommunications and information technology (IT) industry
- The company's Board of Directors

In 2022, we maintained the materiality matrix prepared in 2021 as a guide for our efforts towards sustainable development, and we voluntarily chose to collect new GRI indicators in order to complement the approach to material topics in this integrated report. The indicators added in this edition belong to the "Environmental assessment of suppliers" (308), "Social assessment of suppliers" (414), "Labour relations" (402), and "Non-discrimination" (406) themes.

## Material themes

Dimension	Material theme	GRI & SASB Disclosures	Impact limit to Algar Telecom	Organization's involvement in the impact	Relevant stakeholders to Algar Telecom's operations	Impact on stakeholders
Environmental	Climate Management	GRI 3-3;201-2;305-1;305-2;305-3;305-5	Inside and outside	Direct and indirect	Shareholders/ investors, community/society, Algar Operations, Environment	Algar Telecom generates greenhouse gas emissions, mainly scope 1 and 2. Thus, it directly impacts the environment and community/ society. The company itself can also be indirectly impacted through its image in the market and in society from its environmental responsibility.
Environmental	Residue Management	GRI 3-3; 306-1 a 306-5 SASB 440A_1	Inside and outside	Direct and indirect	Shareholders/ investors, community/society, suppliers and partners, Government/ Body, Environment, Algar Telecom Operations	Incorrect disposal of hazardous waste has negative impacts on the environment, including soil, river/ spring and air pollution. In view of this, Algar Telecom performs environmentally correct destination and disposal. The greatest impacts are due to the activities of our operation, which can be reflected in operational processes and in contracting of suppliers who are committed to acting in an environmentally correct manner. Failure to correctly manage solid waste has a negative impact on negotiations with shareholders/ investors, as there is growing attention to investing in companies with sustainable practices. It also implies environmental violations and negatively impacts the government and environmental agencies, through administrative proceedings.
Social	Worker occupational health and safety	GRI 3-3;403-3;403-4;403-5;403-9	Inside and outside	Direct and indirect	Employees, suppliers and partners, Algar Telecom Operations,	All of the company's areas are impacted, with emphasis on operational teams, where there is greater exposure to occupational risks. This includes third parties who perform operational activities. The other associates are impacted by receiving support in emergency situations (illnesses, leaves, work accidents, and others).
Social	Customer satisfaction and experience	GRI 3-3;418-1	Inside and outside	Direct	Shareholders / investors, employees community/ society, Customers, Algar Telecom Operations	Offering quality services ensures good customer satisfaction and experience and attracts new customers. This improves financial and operational results, generates greater returns for shareholders/ investors and ensures demand for suppliers and partners.

Dimension	Material theme	GRI & SASB Disclosures	Impact limit to Algar Telecom	Organization's involvement in the impact	Relevant stakeholders to Algar Telecom's operations	Impact on stakeholders
Social	Customer privacy and cyber security	GRI 3-3 SASB 220A_1; 220A_3;230A_1; 230A_2	Inside and outside	Direct	Shareholders / investors, employees Community / society, Customers, Suppliers and partners, Algar Telecom Operations	Cybersecurity issues impact customer data privacy, which can result in loss of customers and fines for non-compliance with laws and regulations. Personal data processing operations may be paralyzed by the National Data Protection Authority (ANPD) due to an incident, causing financial and image damage to the company.
Social	Innovation	GRI 3-3	Inside and outside	Direct and indirect	Shareholders/ investors, Employees, Community/ society, Customers, Suppliers and partners, Algar Telecom Operations	The solutions developed in partnership with Brain impact Algar Telecom's entire value chain: the Station, in terms of internalizing projects, employees through operational processes, customers through solutions, society by developing partnerships for innovation, and shareholders/ investors through value generation from innovation projects.
Social	Network reliability and system availability	GRI 3-3	Inside and outside	Direct	Shareholders/ investors, Community/ society, Customers, Government/ Regulatory body, Algar Telecom Operations	As we provide public utility services, their unavailability may impact the company and stakeholders in general. Service unavailability and target non-achievement can put a budgetary pressure on the operations since the volume of complaints will be higher than expected. Customers will have their business and activities compromised. The regulatory body may fine the company if it fails to meet any quality commitment.
Social	Digital inclusion	GRI 3-3;203-1 SASB 550A_1	Inside and outside	Direct and indirect	Shareholders/ Investors, Associates, Community/ Society, Customers, Suppliers and Partners, Government/ Regulatory Agency, Algar Telecom Operations	The expansion of broadband services provides digital inclusion, access to knowledge and information for the population. This supports the emergence of new opportunities for work and education and supports economic development of the communities served, even influencing local economic and social development indicators. The growing and sustainable business ensured by efficient governance directs investments and supports perpetuity of the business and its entire value chain.
Social	Talent attraction and retention	GRI 3-3;401-1;401-2	Inside and outside	Direct	Shareholders / Investors, Associates, Community / Society, Customers, Suppliers and Partners, Government/ Regulatory Agency, Algar Telecom Operations	Attracting and retaining associates brings quality to the team's relationship, fosters a positive workplace, and good delivery performance. Having good talent in the organization and retaining them directly impacts the company's results and continuity, reduces turnover and ensures exercising the Company's culture.

Dimension	Material theme	GRI & SASB Disclosures	Impact limit to Algar Telecom	Organization's involvement in the impact	Relevant stakeholders to Algar Telecom's operations	Impact on stakeholders
Governance	Economic and financial performance	GRI 3-3;201-1	Inside and outside	Direct	Shareholders/ Investors, Associates, Community/Society, Customers, Suppliers and Partners, Government/ Regulatory Body, Environment, Algar Telecom Operations	The company's economic and financial performance impacts value generation from the investments it makes and distributes to stakeholders. It influences the possibility of contracting suppliers to support activities, which reverberates in the quantity and quality of the products and technologies offered to customers. The number of customers impacts the ability to retain, compensate, promote, and develop associates. The growth of the business is reflected in the installation, maintenance and extension of overhead and underground networks, in the volume of electronic waste generated and the use of natural resources, which generates impacts on the environment. For the community, expanding or retracting funds interferes with the social support given by the company, such as voluntary activities and through NGOs, as well as the generation of an indirect economic impact. The government is responsible for disassociation or non-compliance with formally undertaken obligations, which may reflect in associated pecuniary sanctions and provided for in the legislation.
Governance	Corporate governance and integrity	GRI 3-3;205-1;205-2;205-3	Inside and outside	Direct	Shareholders/ Investors, Associates, Community/Society, Customers, Suppliers and Partners, Government/ Regulatory Body, Environment, Algar Telecom Operations	This theme can both add or destroy value, as it shapes the company's business model and is linked to the application, or not, of sanctions against companies in the market as they violate anti-corruption laws and good market practices. The way it is managed can reflect in financial loss and damages to the company's image, in addition to affecting its institutional resilience and the brand's significant strengthening. Such issues reverberate in value distribution to stakeholders including suppliers, customers, associates and also to executives, by reducing/ increasing the chance of conflicts related to corruption, fraud, and others.
Governance	Compliance with legislation and regulation	GRI 3-3;205;206;419-1 SASB 520A_1	Inside and outside	Direct	Shareholders/ investors, Government/ Regulatory body, Algar Telecom Operations	This topic is addressed and used by the commercial area for developing mitigating actions against competition actions, surveys of available information for product sales, for developing mitigating competition actions. Issues of (non)compliance can impact the company itself and its generation of value for shareholders/ investors and require a positioning from the regulatory body.

# Stakeholder relations

(GRI 2-25, 2-29, 203-2, 308-1, 414-1, 414-2)

People are at the center of our strategy and our culture is guided by the genuine purpose of serving them. Therefore, we understand the importance of getting to know and engaging all those with whom we relate. Proximity, transparency, and communication are the fundamental elements for the company's engagement with stakeholders. Algar Telecom's organizational structure and conduct directs us to identify needs and demands, anticipate risks, establish and maintain close relationships with business stakeholders, build relationships of trust and collaboration, in addition to generating shared responsibility for the sustainable development of all those involved,

Our stakeholders were identified by their direct or indirect relationship with Algar Telecom, by the influence that each one of them exerts in our activities, and by mapping the economic, social, and environmental impacts caused on them by the company. Meet our stakeholders - the purpose of our relationships and our engagement actions:

## SDG



## Customers

In line with our values, the customers are our reason for existing, and they are at the center of all conversations within Algar Telecom. Our purpose is to provide the best experience in solutions, quality and customer service, with relationships based on the principles of ethics, accountability, and transparency,

In order to engage this audience, monitoring customer experience is essential, so that we can detect points of improvement at each stage of their journey. In this sense, we have the support of the Customer Experience team, a member of Estação Algar (find out more in our Innovation chapter). We assess customer satisfaction by requesting feedback on the quality of our services – which meet the service level agreement (SLA) parameters defined by Anatel – and monitor the processes that generate impacts on satisfaction. We are in a constant process of evolution, listening to our users through surveys conducted at each point of contact with them. These surveys generate inputs for implementing improvements.

In the case of customer complaints, they are registered in the Customer Relationship Management (CRM) system, which generates demands and resolution indicators according to the type of complaint, in line with the models of records and dealings

established by the industry's regulatory agency. These processes are audited and returned to the customers client in the SLA defined by the agency,

In order to act preventively in the face of negative impacts that may be caused by Algar Telecom, we have a very structured process for managing potential crises. The main instrument for this is the Institutional Crisis Management Manual, which aims to guide and establish the details of communication conduct in established crisis situations. In addition to clearly defining roles and responsibilities, the document also features the accountable leaders and the crisis triggers (pre-defined and agreed parameters of incidents that may occur in different sectors of the company that are considered for triggering the Crisis Committee). Our crisis committee is formed by the President, Vice-presidents, and other leaders of the Company, thus providing agility in decision-making for resolving any eventual problems and complaints.

**Relationship channels:** commercial meetings, visits, contacts by email and telephone, FiGital portal, events, and external communications are part of the relationship rule with this audience.

## Associates

Our purpose is to offer the best experience in terms of work environment, possibilities for professional development and career building, and occupational safety and health conditions (find out more about engaging our associates in the Our People chapter).

**Relationship channels:** corporate social network, email, training, thematic groups, joint action programs, and volunteering are some of the tools for engaging with this audience.

## Suppliers

Algar Telecom's purpose is to have a supply chain that is increasingly upstanding, sustainable, and aware, with work based on ethics, integrity, and transparency – essential values for the perpetuity of our business. All suppliers receive the Algar Telecom Supplier Code of Conduct and undergo a rigorous process of due diligence, approval, and a number of verifications, including compliance with legal, environmental and social standards and requirements. In addition, they may undergo Compliance training, according to the activities they perform. We also send occasional communications to this audience, stressing our guidelines, policies, and other relevant topics for the company.

We classify suppliers according to their performance profile, to then act in a targeted manner in impact and risk management. The current thematic groupings are:

**Sustainability/environmental impacts:** Suppliers that perform services such as collecting and disposing of hazardous and non-hazardous waste, space cleaning and conservation, maintaining and cleaning air conditioning units and gener-

ators, infrastructure services (civil and network works), and maintaining and contracting fleet services, receive constant engagement on socio-environmental issues.

**Occupational safety:** Our Specialized Services area in Safety Engineering and Occupational Medicine (SESMT) screens and approves suppliers. The documentation provided by the supplier and its employees must be in order and compliant with legal standards and requirements. In addition, field inspections, safety dialogues, workshops, among other actions, are carried out.

**Data protection:** If the supplier has access to personal data, a questionnaire is applied regarding the data privacy process, policy evaluation, employee awareness, the existence of a data officer, and sign contracts with clauses relevant to Brazil's General Personal Data Protection Law (LGPD).

**Financial health:** suppliers with contracts over R\$ 250,000 are considered critical and must undergo a financial health assessment, including consultation with SERASA

**Compliance:** the list of companies mentioned in Operação Lava Jato and the Integrity Portal will be consulted

**Relationship channels:** forums, meetings, training, communications and supplier portal.



### SOCIO-ENVIRONMENTAL ASSESSMENT

Our suppliers undergo an environmental legal requirement assessment process and receive a sustainability index assessment questionnaire. In it, we will evaluate their engagement with the main ESG themes. We also frequently send out communications encouraging good sustainable practices to this audience, and we maintain recurring contacts to ensure that they keep their legal documentation always up to date. In 2022, 256 suppliers were evaluated by our Compliance area regarding social impacts and criteria (53.78%). Five of them were found to be causing real and potential negative social impacts (depositing its employees' length of service guarantee fund), two were disqualified, and three rectified their situation. In addition, 2.82% of the suppliers contracted during the year were selected based on environmental criteria. For 2023, a biannual ESG Workshop is scheduled for suppliers and franchisees.

## Partners and franchisees

Our purpose is to establish proximity with partners and franchisees, encouraging entrepreneurship and favoring a good relationship between these stakeholders and their customers. To ensure engagement, we have teams dedicated to the relationship with those audiences. In 2022, we initiated the More Sustainable Franchises project, which aims to bring good sustainability practices to our franchisees, in order to increase the positive impact of our indirect activities.

**Relationship channels:** regular alignment meetings and visits, events, and the Essence program for disseminating the company's culture.

## Investors

We have a permanent dialogue channel to establish honest and constructive relationships and underpin the company's commitment and financial performance and value generation for investors. We have an investor relations area, which helps ensure transparency – complete, accurate, clear, and timely information about the business – and fairness, with fair and equal treatment to all investors and other stakeholders.

**Relationship channels:** Reference Form, Audited Financial Statements, Material Facts, Results Releases, Management Reports, letters, questionnaires, meetings, roadshows, calls, website, and email.

## Shareholders

We maintain corporate governance practices and communication channels based on transparency and mutual trust.

**Relationship channels:** Announcements, Shareholder Portal, Board of Directors, Executive Committees, and Meetings.

## Regulatory bodies

Our purpose is to maintain a frequent relationship guided by the principles of legality, impersonality, administrative morality, publicity, and efficiency. These stakeholders act in the decision-making process in formulating regulatory policies and in the process of obtaining authorizations, grants and licenses, on which the company's business depends. We have a Regulatory Affairs area, which establishes close dialogue with our industry's main regulatory bodies. We permanently monitor eventual changes or creations of laws and regulations that are applicable to our businesses, promptly making the required adaptations to ensure conformity of our activities.

**Relationship channels:** strategic, political-institutional, and technical meetings. Thematic Groups and events. Acting through industry entities.

## Trade media

We aim to maintain communication and dialogue based on transparency and commitment to the truthfulness of information. We respond to requests from communication outlets, grant interviews to Algar Telecom executives and disclose relevant information about the company's operations.

**Relationship channels:** meetings, relationship meetings and email.

# Social Responsibility

## Digital inclusion

(GRI 203-1)

Algar Telecom's services and products provide people and companies with access to communication resources, mainly via internet connection and voice services, as important instruments for digital inclusion. According to the UN Human Development report, new technologies have become fundamental in the development process of society as a whole, favoring areas such as health, education, and agriculture, all of which are considered essential in combatting poverty. After the Covid-19 pandemic, digital resources became even more relevant, generating impacts such as greater employability and social mobility in a broad and inclusive manner.

We were the first operator in Brazil's hinterland to sell prepaid mobile phone service plans and to sell unblocked mobile phones, expanding the population's access to communication resources. In addition, even though we are present in large cities, we maintain the purpose of making our services accessible to people in remote regions, including low-population locations, in our expansion plan. With this, in addition to digital inclusion, we contribute to generating employment and income in those locations.

We also work in partnership with the government for enhancing digital inclusion in Brazil. Since 2021, we have offered broadband services to more than a thousand public schools, in an initiative deployed jointly with the Federal Government under the Banda Larga nas Escolas (Broadband in Schools) program. In addition, we created the 5Gb Control Data Plan, intended exclusively for teachers, and the 3Gb Control Data Plan, aimed at students, both from the public network.



### ALÔ, MINAS!

In 2022, we maintained our support for the Alô, Minas! program, an initiative by the Minas Gerais State government focused on fostering digital inclusion in the state. We activated 4G technology in Ilha, a location in Arcos, an area with low demographic density and poor mobile coverage. In addition, we made 5G available in Parque das Árvores, in Nova Ponte, which became the first rural location in the country to have that technology. The benefited region has 6,307 inhabitants.



We are partners and one of the sponsors of Instituto Algar, a non-profit organization that focuses on developing people and transforming lives in the communities where we are present. Since 2002, the entity has deployed structured and medium-term social programs that seek to contribute to training children, adolescents and young people in social vulnerability situations, through education, culture and sport. In addition, around 2 thousand associates volunteer as agents of transformation in the communities in which they are inserted.

**Vision:** Contribute to developing human beings, connecting people to opportunities, transforming lives.

**Mission:** Develop people, mobilize organizations and generate opportunities for building a better society through education, culture, sport, and volunteering.

In 2022, Instituto Algar's social programs benefited four thousand children, adolescents, and young people, in partnership with 97 social organizations. Specific training activities were also held, which, in addition to voluntary actions, impacted more than 34,400 people. We invested R\$ 2,067,126.40 directly and selected some of the projects sponsored through incentive laws for stepping up social actions. Find out more about the Institute's main initiatives:

### TALENTOS DE FUTURO (FUTURE TALENT)

The program is a successful case in the education area and was designed to substantially increase the number of young people with skills that are important for the job market and, consequently, for life. The initiative includes classes in face-to-face and online format, dedicated to developing behavioral

and technical skills and competencies for young people aged 15 and above in social vulnerability situations. In addition, the program's methodology is also replicated by partner social organizations. 224 students were certified - with 50% of participants concentrated in Minas Gerais - and more than 260 people attended specific training activities related to the job market. One of the main projects aimed at young people over 18, focused on technology training, is Super Talentos, which is implemented in partnership with Doar Futuro, which resulted in 47 international certifications in Java and Linux.

### JORNADA PARA O FUTURO (JOURNEY TO THE FUTURE)

A program developed with Cia de Talentos and another 16 partner companies that integrates university students and companies, supporting the development of soft skills valued by the job market, so that its participants are better prepared and make more informed professional choices. The initiative offers activities, experiences and self-knowledge and development tools for university students or less than one year graduates. In 2022, there were 1,481 participants in the Imersão, Imersão Tech, Jornada Xperience, and face-to-face events. In addition, more than 7,000 people were impacted by webinars and other training activities.



### GAROTAS DIGITAIS (DIGITAL GIRLS)

In 2022, the Talentos de Futuro: Garotas Digitais was held for the first time, a special edition of the program focused on helping women from Uberlândia aged 17-24 years who want to start developing professionally in the technology market. The program addressed topics such as logic, programming logic, and Java, through the Alura platform.

### PROGRAMA TRANSFORMA (TRANSFORM)

Its purpose is to generate development opportunities for children and adolescents through education, sport and culture. During 2022, the initiative benefited 1,748 children and adolescents from 13 partner social organizations in Uberlândia (Minas Gerais state) and Campinas, Franca, and Ribeirão Preto in São Paulo state, with jobs offered in fourteen cultural and nine sports projects sponsored through incentive laws. In addition, Instituto Algar offered activities for recovering schooling gaps for students from some of the partner organizations and an income generation project for the families of students assisted by Transforma, which benefited 30 micro-entrepreneurs.

### BÚSSOLAS DO AMANHÃ (TOMORROW'S COMPASSES)

In 2022, we continued with the Bússolas do Amanhã project, an initiative of the Compliance team in partnership with Instituto Algar, whose objective is to extend to society the value of integrity, which is part of our culture. In 2022, the project was deployed with the support of the Algar Telecom de Uberlândia volunteer committee, offering educational actions that help in ethical and moral training of children and young people, forming conscious citizens, knowledgeable of their duties and capable of fighting for their rights. Disseminating these ideas takes place by valuing differences and equal opportunities for all people. Thus, with Bússolas do Amanhã, we build permanent social values, developing citizenship awareness in students and clarifying, in a playful way, the evils coming from corruption.



### Incentivized projects

We have a multidisciplinary committee, made up of representatives from internal areas, Instituto Algar, and Algar Holding, to evaluate projects that seek funding granted through incentive laws. In this analysis, we check that the initiative follows all the necessary requirements, such as approval by a regulatory body and the ability to contribute to developing the communities in which we operate. In 2022, R\$ 6.2 million were allocated to projects in the sport and culture areas of.

### Volunteering

This strengthens our purpose of being People serving People in the communities where we operate. Through this program, our associates are invited to take part in social initiatives organized by Instituto Algar. The goal is for everyone to contribute their time, work, and talent towards a better society. The program makes it possible to perform continuous voluntary actions that aim to contribute to educating public school students with specific actions - broader activities designed by the committees, based on a specific need identified in the community or on dates such as Mother's Day, Children's Day, and Christmas. In addition, the Volunteers' Meeting is held annually as a moment of inspiration, reflection, and celebrating volunteering. In 2022, 294 voluntary actions were performed by more than 2,900 volunteers from the Algar group.

# Environmental performance

(GRI 201-2, 305)

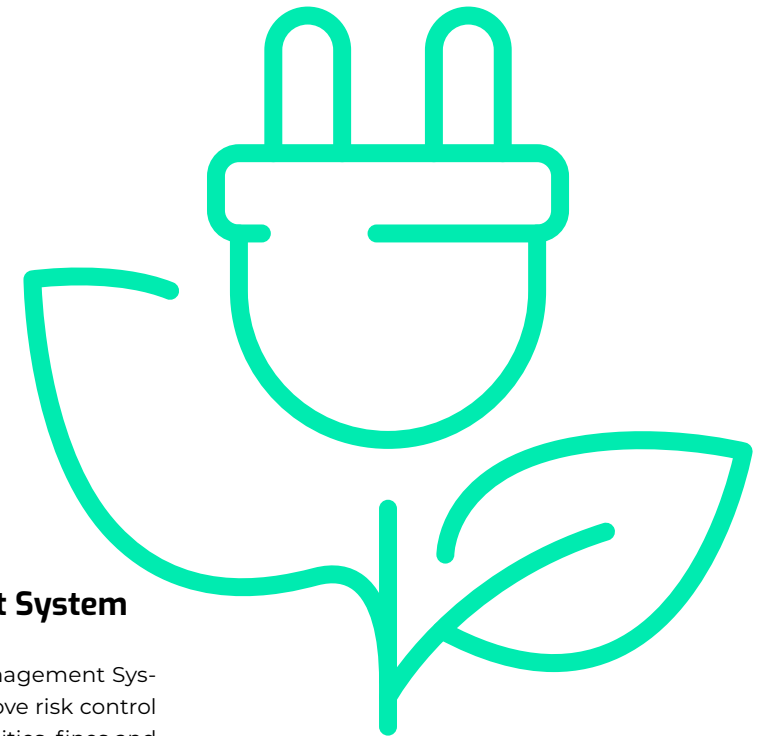
Caring for the environment is part of our commitment to sustainable development. To ensure the protection of natural resources, pollution prevention and effective climate governance, we have been developing programs and projects for over 12 years, always guided by the guidelines of Algar Telecom's Environmental Policy. We also seek constant alignment of our environmental criteria with all the parties with which we relate (stakeholders). Our environmental management is based on three principles:

- Environmental impact reduction
- Encouraging actions to benefit the environment across our relationship network, a principle we call Influence, Sustainability and Compliance of our practices, focused on constantly seeking compliance and certifications related to our business.

These are the vectors that drive the strategy for achieving sustainable management and efficient use of natural resources, one of the goals established by the United Nations to be met by 2030.

## Environmental Management System

We work with the Environmental Management System (EMS), whose objective is to improve risk control and avoid possible environmental liabilities, fines and damage to the company's reputation. Based on the EMS, we conduct an annual audit plan that checks the effectiveness of operational controls, management of our operation's aspects and impacts, and compliance with legal requirements. On a daily basis, we monitor information and updates on norms and laws in the municipalities we operate in, with the support of an external consultancy and an integrated management solution platform. We annually conduct second-party audits to check legal processes and requirements, and periodically conduct internal audits regarding environmental management compliance practices, in accordance with ISO 14001 certification standards, which are reported to senior management.



**We invested more than R\$ 1.3 million in improving environmental management in 2022, focusing on energy efficiency projects**

### SDG



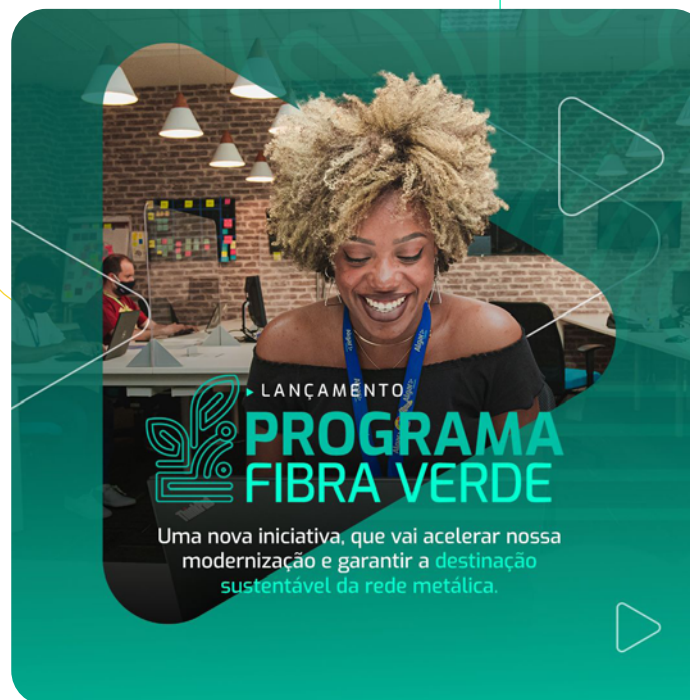
## Sustainable procurement

In 2018, we began to develop the Suppliers that are Critical to the Environment project, based on a survey of environmental aspects and impacts with suppliers in the following categories: collection and disposal of hazardous and non-hazardous waste, cleaning and conserving spaces (cleaning, gardening and pest control), maintaining and cleaning air conditioning units and generators, infrastructure services (civil and network works), and fleet service contracting and maintenance. We reviewed environmental clauses in all contracts and created a manual with the requirements for contracting suppliers with potential impacts on the environment, for an effective contract management.

The project gained strength in 2022, with managing those suppliers. To ensure that they engage with socio-environmental issues, suppliers undergo a legal environmental requirement assessment process, and a Sustainability index assessment questionnaire. They enable us to know suppliers' engagement with the main ESG themes. In addition, Algar Telecom constantly forwards communications to suppliers with a number of important ESG issues.

## Pole sharing

In order to provide more safety to the population and improve the landscape by arranging cables, in 2022 we deployed a pilot program in partnership with other companies in our industry and energy distributors for organizing the pole load on public roads in Espírito Santo State capital Vitória. With this, it is possible to increase competition capacity and contribute to universalizing telecommunications services.



## PROGRAMA FIBRA VERDE

The Fibra Verde (Green Fiber) aims to create self-sufficiency based on the sustainable and profitable allocation of Algar Telecom's metallic network. The expansion of our fiber optic network makes it possible to remove coaxial copper cables, providing environmental benefits – reduced power consumption, and economic benefits – reduced energy costs and income generated from selling copper – in addition to improving services provided to our customers. In 2021, we began removing coaxial copper cables and, in 2022, we advanced with prospecting and negotiating with partners and in marketing and proper disposal of waste. Within the program's scope, two metric tons of copper will be demobilized and directed to recycling.

## Energy

(GRI 302-1, 302-4, 302-5)

Quality electric power is an essential and irreplaceable input for securing stability and safety in our operations. Due to its relevance and potential environmental impact, Algar Telecom established its energy management guidelines on two fronts: energy efficiency and transition of its electrical matrix to renewable sources – both of which seek reducing relative energy consumption and CO<sub>2</sub> emissions.

With the expansion of Algar Telecom, we made more than 250 new power connections in 2022, which would represent an 8.1% increase in the company's total electric power consumption. However, due to energy efficiency and site optimization projects performed throughout the year, we were able to reduce the increase's impact by 6.3 percentage points, closing 2022 with a consumption increase of only 1.8%.

The energy efficiency actions deployed include continuity of the company's commitment to investing in modernizing and optimizing air conditioning equipment. Notably, we continued replacing air conditioning units that used a type of gas that is more harmful to the ozone layer and monitoring the power consumption of our offices and facilities in real time, respectively reducing the impact of our activities on global warming, as well as actively acting on points of waste and opportunities for optimizing consumption. In addition, other relevant projects



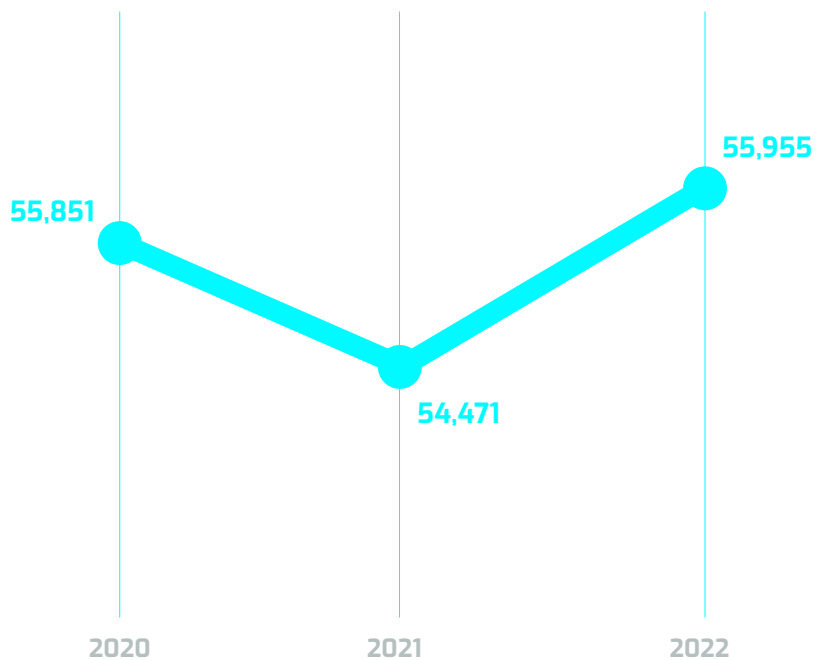
**In 2022, our energy  
matrix remained  
100% renewable**

were developed: Falcon and Full GPON, which contributed to optimizing sites and deactivating unused equipment.

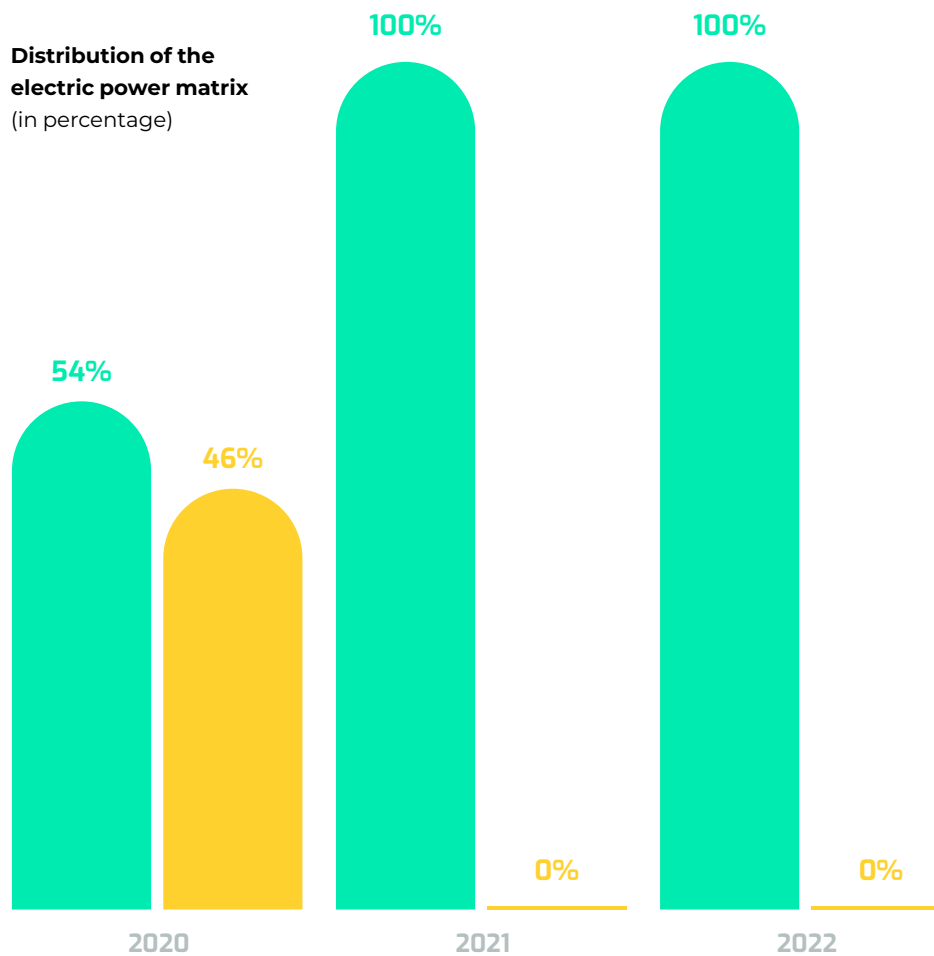
Over the years, we have also advanced the transition of our electric power matrix, as the first operator in Brazil to have telecommunications sites with photovoltaic energy connected to the power grid. This has been consolidated as the main source of energy for supporting our operations

that range from the South to the Northeast of the country. In 2022, we reached another significant milestone in this evolution, with the inauguration of Algar Telecom's third photovoltaic plant, UFV Bela Vista, in Bela Vista de Goiás. The unit serves our consumption in the Equatorial Goiás concession region and expands our renewable energy matrix to further reduce the company's greenhouse gas emissions. The new solar farm generates 0.603 MWp of electric power, covers a 1.5 hectare area and has 1,800 photovoltaic panels. UFV Bela Vista joins our two other self-generation photovoltaic plants, Capim Branco I and Capim Branco II, which were inaugurated in 2018 and 2020, respectively, both in the Uberlândia (Minas Gerais state) region, with a 18,600 MWh per year combined generation capacity. The energy generated by the three plants is not sold to third parties, as it is entirely directed for consumption by Algar Telecom. We also purchase electric power from incentivized sources in the free energy market and acquire renewable energy certificates (I-REC). These are actions that, once consolidated, contributed to Algar reaching the milestone of 100% energy consumption from renewable sources in 2022. Noting that the figure is 17% lower than the number of RECs acquired in the previous year, which demonstrates the efficiency of the energy matrix transition actions deployed out during 2022.

**Total Electric Power Consumption**  
(Megawatt hour)

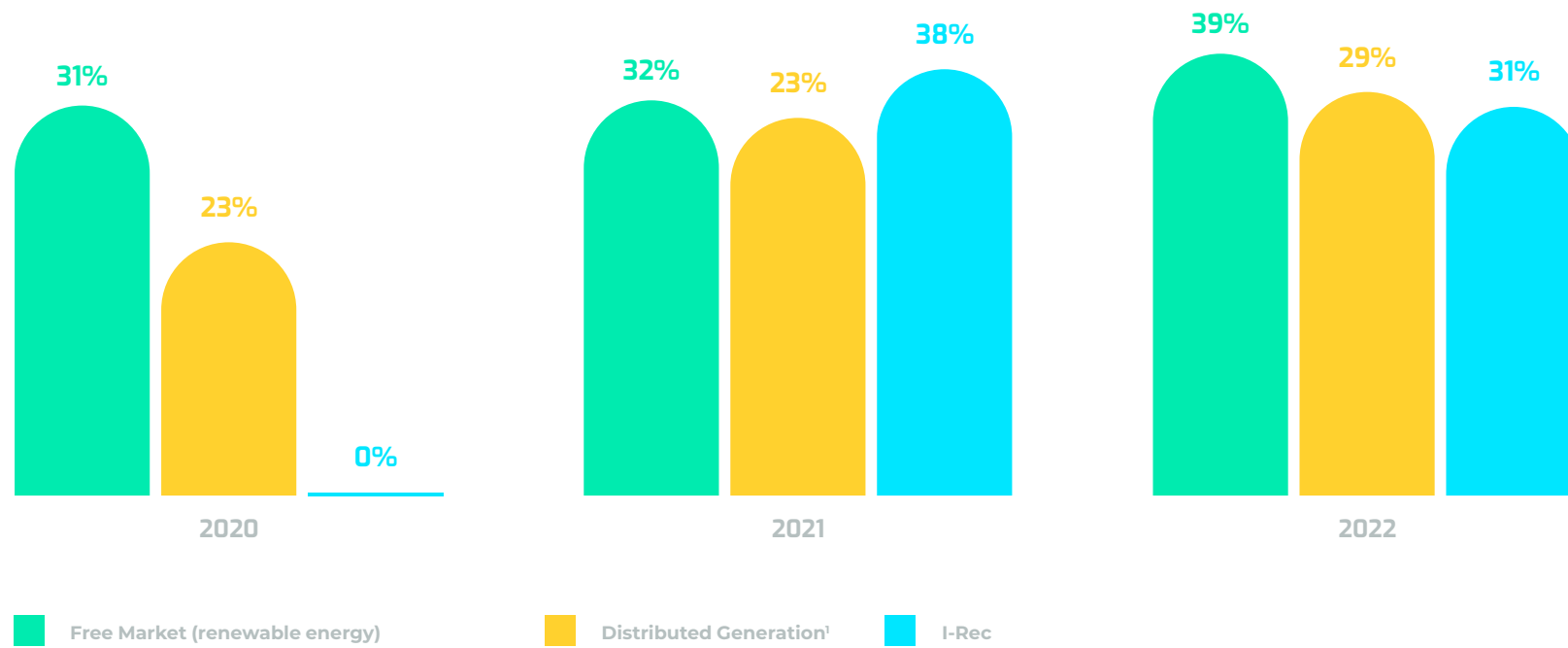


**Distribution of the electric power matrix**  
(in percentage)



■ Non-renewable energy    ■ Renewable energy

**Electric power  
matrix by source**  
(in percentage)



(1): Solar plants and, as of 2021, solar + biogas.

For managing the vehicle fleet, we are replacing fossil energy with renewable energy. Most vehicles are flex-fuel, prioritizing the use of ethanol – which accounts for over 90% of total fuel consumption. All vehicles are equipped with telemetry, which enables, among other things, to check whether any problem is causing an increase in fuel consumption.

We continue to seek solutions with partners that can provide more efficient vehicles and, in 2022, we replaced our fleet for more sustainable and efficient units. Underlining the success of our management in this area is the fact that we stand out in the fleet management scenario in Brazil. In the assessment of the team of specialists from Instituto PARAR and the NAFA Fleet Management Association, we were among the top six in 2022 in the 100 Best Fleets – Brazil Phase award, which represents a three-position evolution from our last year's result.

We were also ranked first in the Fleet Excellence Awards – Latin America, which highlights the best fleet professional based on an analysis of their actions and results over the last year. This is the largest fleet management award in Brazil, recognized by NAFA, the world's largest Fleet Managers association.

We thus consolidate our commitment to the environment, with initiatives underway and planned to be implemented during 2023. All of them reflect the collective effort of the infrastructure and sustainability teams, always seeking energy efficiency, decarbonizing the company's operations.

In Gigajoules (Gj)*	2020 (Gj)	2021(Gj)	2022 (Gj)	Δ 2021/2022
<b>Non-renewable fuel consumption</b>	6,577	9,730	10,866	12%
Automotive gasoline	2,474	4,863	4,705	-3%
Diesel oil	4,051	4,857	6,154	27%
Natural gas	52	11	7	-31%
<b>Renewable fuel consumption</b>	<b>60,672</b>	<b>57,303</b>	<b>55,184</b>	<b>-4%</b>
Biodiesel (B100)	467	560	710	27%
Hydrated ethanol	60,205	56,743	54,474	-4%
<b>Electric power consumption</b>	<b>201,064</b>	<b>197,916</b>	<b>201,439</b>	<b>2%</b>
Utility electricity	93,020	75,816	62,964	-17%
Electricity generated by solar panels	45,612	57,414	59,166	3%
Electricity generated by biogas plants	0	1,055	998	-5%
Electricity from Free Market	62,431	63,631	78,311	23%
<b>Total energy consumption</b>	<b>268,313</b>	<b>264,950</b>	<b>266,491</b>	<b>1%</b>

\*Assumptions for energy calculation in Gigajoules:

1 – To obtain direct energy consumption, multiply the unit of fuel consumed by its lower calorific value, in Gj/Kg or Gj/L.

2 – Use PCI values from the same source that appears in the National Energy Balance (NEB) GHG tool.

3 – The calculation is made for all fuels, including those used in the vehicle fleet and generators.

4 – To convert KWh to Gj: multiply the amount of energy consumed (KWh) by 3.6 (1 Megawatt-hour [MWh] = 3.6 Gigajoule [GJ]).

## GHG Emissions

(GRI 305, 305-1, 305-2, 305-3, 305-5)

The increase in greenhouse gas concentration in the atmosphere has caused irreversible changes in the planet's climate dynamics. According to Intergovernmental Panel on Climate Change data, the Earth's temperature has increased by about 0.85°C on the continents and 0.55°C in the oceans over a period of one hundred years. The more greenhouse gases are emitted into the atmosphere, the more the radiated heat finds it difficult to disperse into space, causing an abnormal increase in temperatures and reaffirming the theory of global warming.

Managing greenhouse gas emissions is a material issue, as our main source of emissions is the consumption of energy, cooling gases, and mobile combustion, which are essential for our business to operate. Since 2012, we have prepared an annual greenhouse gas (GHG) emission inventory, and published and audited the results. For the measurement, we consider all production units over which we have control, even if they are shared. The inventory is prepared using the GHG Protocol calculation tool, based on internationally recognized methodologies, and we seek to map opportunities to reduce GHG emissions in our processes and operations.

To monitor emissions, we use The Greenhouse Gas Protocol – Corporate Accounting and Reporting Standard (WRI/WBCSD) methodologies; IPXX 2006 Guidelines for National Greenhouse Gas Inventories; IPCC Fourth Assessment Report, Specifications of the Brazilian GHG Protocol Program (GVces/WRI); and Science, Technology, Innovation and Communications Ministry publications.

The inventory is published in the public emissions registry, through the Brazilian GHG Protocol Program platform, the largest corporate inventory database in Latin America. The audit conducted by an independent third party (Instituto To-

tum) adds more credibility, reliability and transparency to the process of measuring and reporting our carbon emissions. The inventory is published in the public emissions registry, through the Brazilian GHG Protocol Program platform, the largest corporate inventory database in Latin America. The audit carried out by an independent third party (Totum Institute) adds more credibility, reliability and transparency in the process of measuring and reporting our carbon and greenhouse gas emissions. For our practices, we have been recognized for six consecutive years with a gold seal in the GHG Protocol Program.

By managing and mapping Greenhouse Gas (GHG) emissions, we identify opportunities for mitigating environmental impacts, contributing to the conscious use of natural resources. Our commitment is to increasingly minimize the negative impact and contribute to the transition to a new development model, based on a low-carbon economy. Our emissions management and related projects reflect the improvement of good sustainable development practices in our operations and management, in line with our voluntary commitment to the Climate Agenda undertaken in 2017. Our impacts are linked to issues that directly or indirectly affect indirectly our operations with regard to climate and environmental issues:

- Maintaining sites within the regulatory and environmental aspect, whose municipal, state or federal urban plans can be updated, impacting the license and authorization renewal flow.



Algar  
Telecom

- Environmental liabilities generated by obsolete equipment, which could cause soil, water, and air pollution problems, due to fuel and controlled gas leakage.
- The cost of electric power and fuel can affect prices if there are new taxes and environmental fees or discontinued energy subsidies, as well as other problems caused by external factors.
- Climate change (high temperatures, floods, extreme rainfall) may and has affected networks, systems, infrastructure, and service continuity. Due to the diverse nature of devices and applications covered by the ICT area, risks related to climate change have very small probability and impact. For this reason, they are not yet included in our risk matrix.
- Non-compliance with environmental legislation applicable to activities performed by service providers in the operation and infrastructure areas, which could cause damage and co-accountability for the company, for example, in the aspect related to solid waste management.
- Events related to environmental regulation, due to new changes and requirements with possible implications arising from complying with them.

We also identified opportunities for business growth by creating solutions in partnership with our Innovation Center (Brain), which are capable of contributing to reducing our customers' carbon emissions. We believe that digital transformation will be key to addressing the transition to a low-carbon economy. Therefore, we are aligning our commercial and environmental strategies to find opportunities related to these new types of solutions that have the potential to optimize resource consumption. We are constantly studying climate risks and opportunities in light of the principles of the Task Force on Climate-related Financial Disclosures (TCFD).

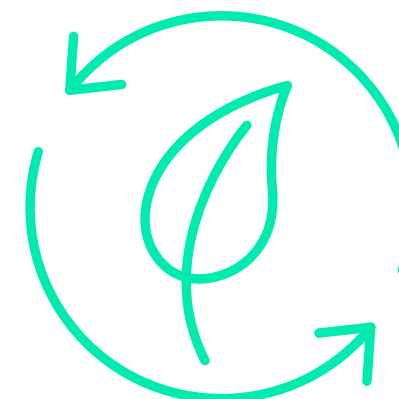
To manage actual and potential impacts related to greenhouse gas emission, we work with:

- Indicator monitoring
- Preventive equipment maintenance
- Networking with other companies in the same industry
- Legal and environmental compliance audits
- Action plan for rectifying nonconformities
- Waste management
- Power efficiency projects (increasing the share of renewable energies in our electric power matrix)
- Sustainable Fleet (prioritizing the use of ethanol in the entire flex-fuel fleet)
- Engaging with stakeholders (suppliers, customers, communities)

## 2022 Emissions

As of 2022, the calculation of the company's scope 1 direct emissions began including Vogel Telecom's operations, which explains the 13% increase in the annual comparison, influenced by the vehicle fleet inherited from Vogel, which mostly ran on fossil fuels. Throughout the year, we performed awareness actions and prioritized the use of ethanol, which should contribute to reducing those vehicles' emissions as of 2023.

Even with the increase in Scope 1 emissions, we achieved a 21% reduction in the company's total emissions, due to initiatives such as lower generator deployment, energy efficiency projects, and increased self-generation from renewable sources and adopting a hybrid work model.



### Emission comparisons

Environmental indicators	2020	2021	2022	Δ 2021/2022
Scope 1 direct greenhouse gas emissions	1,145	1,090	1,235	13%
Scope 2* indirect greenhouse gas emissions	1,546	2,699	1,671	-38%
Scope 3 indirect greenhouse gas emissions	465	382	371	-3%
<b>Total (ton CO<sub>2</sub>e)</b>	<b>3,156</b>	<b>4,171</b>	<b>3,278</b>	<b>-21%</b>
Biogenic emissions	6,851	4,934	5,495	11%

\*The data disclosed in the 2021 report considered self-generation and contracting of electricity by the incentivized market, without considering purchases via distributors, whose emissions we seek to neutralize with the acquisition of I-RECs. In 2022, based on guidance from an external audit, the calculation was corrected and updated, duly including emissions resulting from the use of energy purchased from distributors. Calculation performed with location-based methodology.

## Residue management and reverse logistics

(GRI 306, 306-1, 306-2, 306-3, 306-4, 306-5)

Algar Telecom follows the guidelines of the National Solid Waste Policy (PNRS), performing reverse logistics for electronics. Recyclable waste such as paper, cardboard, and plastics are donated to cooperatives. We also have collection bins installed in our buildings, offices, and stores, so that the public can deposit electronic waste such as batteries and mobile phones, and others.

The main activities that generate waste in the company (wires and cables) occur in service installation and maintenance. In the entry process that causes an impact, we make sure that when Algar Telecom suppliers are contracted, the need to comply with the specific environmental clauses related to the document (environmental licenses and final destination certificate) of the waste generated in providing their services is evidenced. In addition, we separately pack and store the waste generated in suitable places and, ultimately, the waste is sent to specialized suppliers, who correctly dispose of the materials and issue the final destination certificate.

Our waste management, from generation to final treatment, is carried out by an internal team that monitors specific auxiliary indicators for effective waste management. The phase with the greatest impact on the environment occurs when suppliers perform installation or maintenance services for Algar Telecom, due to waste generation. Therefore, we prioritize contracting suppliers that have the mandatory documents for performing those activities.

In 2022, equipment reuse (cable modems, CATV, DTH, home gateway, modems, routers, SFP modules, firewalls, switches, converters, and optical switch) totaled 15 metric tons. The recovered materials that were sent to landfill totaled 153 metric tons of optical drop cables, cards and SIM cards, bathroom waste, organic materials, and other non-recyclable waste. In the “hazardous waste - Class I” category, 45 metric tons of batteries, light bulbs, and electronics such as mobile phones/ accessories that are out of use, batteries and mobile phones were sent for recycling. In the “non-hazardous - Class II” category, 231 metric tons of wires, cables, metallic scrap, plastic scrap, electronic scrap, decoders, computer waste, and administrative waste were sent for recycling.

In addition, we reuse materials used in our operations, such as pallets, coils, uniforms and pay phone bubbles, which are donated to institutions and individuals for reuse and transforming those materials into dolls, diary covers, toiletry bags, trash cans, doghouses, tables, armchairs, and other objects, generating income for those people and the community.



### Residues generated by type and destination

In metric tons (MT)	2020	2021	2022	Δ 2021/2022
<b>Hazardous waste - Class I</b>	<b>2.1</b>	<b>71.7</b>	<b>44.9</b>	<b>-37.40%</b>
Recycling	2.1	71.7	44.9	-37.40%
Total not intended for final disposal - Hazardous	2.1	71.7	44.9	-37.40%
Total intended for final disposal - Hazardous	0	0	0	0%
<b>Non-hazardous waste - Class II</b>	<b>83.0</b>	<b>292.0</b>	<b>230.9</b>	<b>-20.90%</b>
Total not intended for final disposal - Non-hazardous	83.0	292.0	230.9	-20.90%
Reuse	2	21	0	-100%
Recycling	83	271	230.9	-14.80%
Total intended for final disposal - Non-hazardous	0	0	0	0%
<b>Common waste - Class II*</b>	<b>22.0</b>	<b>22.9</b>	<b>153.8</b>	<b>571.40%</b>
Total not intended for final disposal - Common	0	0	0	0%
Landfill confinement	22	22.9	153.8	571.40%
Total intended for final disposal - Common	22	22.9	153.8	571.40%
<b>Total waste not intended for final disposal</b>	<b>85.1</b>	<b>363.8</b>	<b>275.8</b>	<b>-24.20%</b>
<b>Total waste destined for final disposal</b>	<b>22</b>	<b>22.9</b>	<b>153.8</b>	<b>571.40%</b>
<b>Grand total</b>	<b>107.1</b>	<b>386.7</b>	<b>429.6</b>	<b>11.10%</b>

In general, there was an increase in the volume of waste compared to 2021, due to the results of the Clean UP Project, a work for identifying and demolishing base stations, buildings, and other obsolete assets.

\*Waste generated by administrative areas (Bathroom waste, organic materials and other non-recyclable waste), drop cables, cards and SIM cards directed to landfills.

# Financial performance

(GRI 201-1, 201-2, 201-3, 201-4)



SDG



Access full  
information  
about our  
financial  
performance  
in our results  
center

#### YEAR'S HIGHLIGHTS

- Net revenue from **B2B customers grew by 13.10%** and accounted for **67.1%** of the Company's total revenue
- **ICT services expanded 33.10%** and reached **15.50% of B2B revenue;**
- Machine-to-Machine (M2M) **business grew by 58%** with the addition of more than **1.0 million connected things;**
- We reached the **98.20% fiber broadband** in B2C milestone;
- Consolidated net revenue **grew by 8.10%** and **EBITDA exceeded R\$ 1.1 billion.**

In 2022, we maintained the double-digit growth of our B2B business unit, with a 13.1% expansion in net revenue. We added 11.5 thousand customers (+6.3%) in the cities where we already operated, and revenue from ICT increased by 33.1%. In B2C, we continue to lead the market in the region where we operate, in cities in Minas Gerais, São Paulo, Goiás, and Mato Grosso do Sul states

The following table features the main figures for the year. The complete data can be accessed in our [results center](#).

## Business performance

Financial Highlights (em R\$ million)	2022	2021	Δ%YoY
<b>Net revenue</b>	<b>2,798.7</b>	<b>2,588.3</b>	<b>8.10%</b>
B2B	1,878.6	1,660.4	13.10%
B2C	920.1	928	-0.90%
<b>EBITDA</b>	<b>1,144.1</b>	<b>1,115.0</b>	<b>2.60%</b>
<i>Margin %</i>	40.90%	43.10%	-
<b>EBITDA – with no punctual effects</b>	<b>1,123.6</b>	<b>1,110.5</b>	<b>1.20%</b>
<i>Margem - %</i>	40.10%	42.90%	-
<b>Net Profit</b>	<b>51.4</b>	<b>229.5</b>	<b>-77.60%</b>
<i>Net Margin%</i>	1.80%	8.90%	-
<b>Investment</b>	<b>1,106.8</b>	<b>1,199.3</b>	<b>-7.70%</b>
<b>Free cash flow</b>	<b>521.3</b>	<b>125.2</b>	<b>316%</b>
Operating Highlights (x 1,000)	2022	2021	Δ%YoY
<b>Number of B2B customers</b>	<b>195.2</b>	<b>183.7</b>	<b>6.30%</b>
<b>Connectivity accesses</b>	<b>786.4</b>	<b>747.8</b>	<b>5.20%</b>
B2B	250	241.8	3.40%
B2C	536.4	506	6%
<i>% fiber</i>	98.20%	93.50%	4,7 p.p.
<b>M2M accesses</b>	<b>3,339.7</b>	<b>2,330.7</b>	<b>43.30%</b>
<b>Human mobile accesses</b>	<b>1,210.7</b>	<b>1,211.9</b>	<b>43.30%</b>
B2B	112.4	121.7	-7.60%
B2C	1,098.3	1,090.2	0.70%

# About the Report

(GRI 2-3, 2-4)

This is the 17th consecutive year that we have published our annual sustainability report. The information presented refers to our performance and that of our subsidiaries in the period from January 1 to December 31, 2022.

The material was structured in accordance with the GRI Standards established by the Global Reporting Initiative, providing relevance, transparency and comparability to the information. We also adopted Integrated Reporting guidelines proposed by the Value Reporting Foundation, focusing on synthesis and connection between the company's performance and value creation in the short, medium and long-term, considering the Financial, Intellectual, Human, Manufactured, Natural, and Social & Relationship capitals.

We also consider the materiality map of the Sustainability Accounting Standards Board (SASB), which is directed to financial aspects and is considered more assertive regarding capital market stakeholder demands. The financial information presented here follows International Financial Reporting Standards (IFRS) international accounting standards, audited by Deloitte.

The document was submitted to external assurance by an independent entity that is capable of issuing an objective and impartial opinion or conclusions on the report. Questions regarding the Report or reported information may be directed to:

**[ri@algartelecom.com.br](mailto:ri@algartelecom.com.br)**

**+55 34 3256-2978**



# GRI & SASB Summary

Declaration of use: Algar Telecom has reported in compliance with GRI Standards regarding the January 1, 2022 to December 31, 2022 period

GRI 1: Fundamentals 2021

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# Letter of Assurance

(GRI 2-5)

## INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT

To

Board of Directors, the Shareholders, and other Stakeholders of the

ALGAR TELECOM S/A.

Uberlândia – MG

## Introduction

We have been commissioned by ALGAR TELECOM S/A. (“ALGAR TELECOM”) management to present our limited assurance report on the information contained in ALGAR TELECOM’s 2022 Integrated Report which was prepared following the Global Reporting Initiative (“GRI”) Guidelines, Standards-Version, related to the year ended on 31st of December 2022.

ALGAR TELECOM management responsibilities

ALGAR TELECOM’s management is responsible for the adequate preparation and presentation of the information contained in the 2022 Integrated Report, following the GRI guidelines, Standards-Version, as well as for the internal controls that ALGAR TELECOM determined as necessary to enable the preparation of such information free from material misstate-

ment, whether caused by fraud or error.

ALGAR TELECOM management is also responsible for the adequate preparation and presentation of information related to greenhouse gases emissions, GRI indicators 305-1 (Direct emissions of greenhouse gases - Scope 1), GRI 305-2 (Indirect emissions of greenhouse gases - Scope 2) and GRI 305-3 (Other indirect of greenhouse gases emissions - Scope 3) contained in the 2022 Book of Indicators, under the specifications of the Brazilian GHG Protocol Program: Accounting, Quantification, and Disclosure of Corporate Inventories of Greenhouse Gases Emissions - Second Edition and with the internal controls that ALGAR TELECOM determined as necessary to enable the preparation of such information free from material misstatement, whether caused by fraud or error.

## Independent auditor’s responsibilities

Our responsibility is to express a conclusion on the information contained in ALGAR TELECOM’s 2022 Integrated Report, based on the limited assurance work carried out, following the Ibracon Technical Communication (CT) 07/2012, approved by the Federal Accounting Council (CFC) and prepared based on the NBC TO 3000 (Assurance Engagements Other than Audit and Review), issued by CFC, which is equivalent to the International Standard and Assurance Engagement ISAE 3000, issued

by the International Auditing and Assurance Standards Board, applicable to non-historical information.

These standards require compliance with ethical requirements, including independence, and that the work is carried out with the purpose of obtaining limited assurance that the information contained in the Integrated Report, taken together, is free from material misstatement.

A limited assurance work conducted under the NBC TO 3000 (ISAE 3000) consists mainly of inquiries to the management of ALGAR TELECOM and other ALGAR TELECOM professionals who are involved in the preparation of the information contained in the 2022 Integrated Report, as well as in the application of analytical procedures to obtain evidence that enables us to conclude, in the format of limited assurance, on the information contained in the report, taken as a whole.

A limited assurance engagement also requires performing additional procedures when the independent auditor is aware of matters that lead the auditor to believe that the information contained in the Integrated Reporting, taken together, may present material misstatement.

The procedures selected were based on our understanding of the aspects related to the compilation, materiality, and pre-

sentation of the information contained in ALGAR TELECOM`s 2022 Integrated Report and other work circumstances as well as our consideration of areas and processes associated with the material sustainability information disclosed in the 2022 Book of Indicators where relevant misstatements could exist. The procedures comprised:

- The planning of the work, considering the materiality of the aspects of ALGAR TELECOM's activities, the relevance of the disclosed information, the volume of quantitative and qualitative information, and the operational and internal control systems that served as a basis for the preparation of the information contained in the ALGAR TELECOM`s 2022 Integrated Report.
- Understand and analyze the information disclosed concerning the form of management of material aspects.
- Evaluation of the sampled non-financial indicators.
- Understanding of calculation methodologies and procedures for the compilation of the indicators through interviews with managers responsible for the preparation of information.
- Application of analytical procedures on quantitative information and inquiries about qualitative information and its correlation with the indicators disclosed in ALGAR TELECOM`s 2022 Integrated Report.
- Analysis of evidence supporting the information disclosed.
- The confrontation of indicators of a financial nature with financial statements and/or accounting records.

We believe that the information, evidence, and results obtained in our work are sufficient and appropriate to substantiate our conclusion in the limited form.

## Scope and limitations

The procedures applied in a limited assurance engagement are substantially less extensive than those applied in a reasonable assurance engagement to express an opinion on the information contained in the 2022 Integrated Report. Consequently, they do not enable us to ensure that we have become aware of all matters that would be identified in a reasonable assurance engagement to express an opinion. If we had applied procedures of reasonable assurance, we could have identified other issues and possible misstatements that may exist in the information contained in ALGAR TELECOM's 2022 Integrated Report. Accordingly, we do not express an opinion on this information.

Non-financial data are subject to more inherent limitations than financial data, given the nature and diversity of the methods used to determine, calculate or estimate such data. Qualitative interpretations of materiality, relevance, and accuracy are subject to individual assumptions and judgments. ALGAR TELECOM's inventory of greenhouse gas emissions was subject to the independent external verification carried out by Totum Institute and the data contained in the GHG Inventory were not reviewed by our auditors. If any adjustments are identified after the conclusion of our work, ALGAR TELECOM`s 2022 Integrated Report and this limited assurance report will be republished.

In addition, we do not perform any work on data reported for the previous periods, to assess the adequacy of its policies, practices, and performance in sustainability, nor concerning future projections.

Our work had the purpose of applying limited assurance procedures on the sustainability information disclosed in ALGAR TELECOM's 2022 Integrated Report and did not include the

evaluation of the adequacy of its policies, practices, and sustainability performance.

## Conclusion

Based on the performed procedures, described in this report, nothing has come to our attention that leads us to believe that the information contained in ALGAR TELECOM`s 2022 Integrated Report has not been compiled, in all relevant aspects, in compliance with the guidelines of the Global Reporting Initiative – GRI, Standards version.

Barueri, April 26, 2023

RUSSELL BEDFORD GM  
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Technical Responsible Partner

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## *Credits*

### **ALGAR TELECOM COORDINATION**

Investor Relations Management  
Brand, Communication, Sustainability  
Advisory

### **GRI CONSULTANCY**

Beon ESG Strategies

### **CONTENT, EDITING, AND GRAPHIC PROJECT & DESIGN**

Beon ESG Strategies

### **IMAGES**

Algar's internal Image Bank  
Shutterstock  
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