RELATORIO DE SUSTENTABILIDADE 2020

GENTE E INOVAÇÃO
CONFIANÇA NO FUTURO E NO CRESCIMENTO SUSTENTÁVEL

Algar Telecom

Environmental Performance

Algar Telecom has carried out projects and initiatives for more than 10 years aiming to ensure an effective climate governance of our operation and the engagement of our stakeholders, contributing to a joint environment preservation agenda.

We have a public commitment to seeking sustainable development in our business model, by adopting practices aimed at environmental protection and using natural resources in an environmentally compliant manner.

In 2020, we doubled our investment in environmental protection to R$1.8 million, which went into environmental preservation and management, education and training, certification, research and development, and particularly energy efficiency projects, with a view to reducing the Company's impacts and emissions.

Our environmental management is based on three principles: climate governance (reducing environmental impacts), sustainable influence, and compliance.

REDUCTION OF ENVIRONMENTAL IMPACTS

According to our materiality matrix, managing greenhouse gas emissions and waste is a priority to mitigate environmental impacts. Our Capim Branco I photovoltaic power plant has been operating since 2018, and in 2020 our second plant (Capim Branco II) went on stream. We also have a sustainable fleet program whereby we prioritize ethanol to fuel our vehicles because it comes from renewable sources, contributing to reducing greenhouse gas emissions. Our emissions diagnosis is consolidated into reports based on the GHG Protocol methodology and annually audited.

SUSTAINABLE INFLUENCE

We mobilize our stakeholders, particularly employees, customers and suppliers, to consider their impact on the environment. For example, we have put together a communication and training program on sustainable practices that are easy to replicate and encourage new attitudes on behalf of active citizenship and sustainability.

COMPLIANCE

To ensure our environmental management, we have guidelines and procedures to help us

comply with the applicable environmental laws. We have an Environmental Management System ("EMS") in place to improve our risk control and avoid potential environmental liabilities, fines and reputational damages. It is also based on the EMS that we carry out our annual audit plan to check the effectiveness of our operating controls, our management of effects and impacts of our operation, and our compliance with legal requirements.

With the support of an external advisory firm and an integrated management solutions platform, we daily monitor and track information and updates on laws and regulations in the municipalities where we operate. To ensure we do business in compliance with all legal requirements, an external audit is conducted annually, and we periodically conduct internal audits of our compliance with environmental management practices and report the results to our senior management.

We implemented and publicized our "Sustainable Purchasing" (*Compras Sustentáveis*) in 2018 with a view to improving the management of critical suppliers with respect to health, safety and environment aspects and thus building a sustainable supply chain by incorporating sustainability criteria into supplier, product and service selection, development and assessment processes.

Additionally, we created a manual of hiring requirements for this type of supplier, we revised the environmental provisions of our agreements, and, to ensure compliance in our network installation and maintenance processes, we provided the 2nd training in environmental licensing for employees engaged in activities directly or indirectly related to that process.

Additionally, we are certified under ISO 14001, an international standard related to health, safety and environment issues, which reaffirms our transparency and our commitment to sustainability in all of our processes and services. To maintain this certification, the Company annually undergoes external audits.

Energy

103-1, 103-2, 103-3, 302-1; SDG 7

The energy used in all of the Company's facilities is an essential input for the operation of the telecommunications business, and it is our main source of emissions. For this reason, we are committed to finding and implementing initiatives that will contribute to reducing our energy consumption, such as tracking indicators and setting targets.

In this regard, existing medium and long-term projects will be expanded, including the migration of more units to the free market and the start-up of two more solar power plants to supply our operations in the states of São Paulo and Goiás. It is our target to expand our renewable energy matrix from the current 66% to 73% by 2021 and 80% by 2022. At the same time, we have projects in place to replace old air-conditioners with more modern and efficient ones in order to reduce our energy consumption.

In 2020, we consumed 268,312 Gigajoules of energy, an 41% decrease relative to 2019, thanks to the initiatives mentioned above.

	2019 (Gj)	2020 (Gj)	Δ 2020/2019
Non-renewable fuel consumption	**8.516**	**6.577**	**-0.23**
Gasoline A	3.884	2.474	-0.36
Diesel oil	4.482	4.051	-0.1
Natural gas	149	52	-0.65
Renewable fuel consumption	**78.329**	**60.672**	**-0.23**
Biodiesel (B100)	517	467	-0.1
Hydrous ethanol	77.812	60.205	-0.23
Electricity from utility companies	**204.246**	**86.569**	**-0.56**
Electricity from solar panels	**34.06**	**52.513**	**0.38**
Electricity from the Free Market (renewables)	**-**	**62.611**	**-**
Total energy consumption	**325.151**	**268.312**	**-0.41**

Greenhouse Gas Emissions

GRI 103-1, 103-2, 103-3, 305-1, 305-2, 305-3, 305-5; SDG 13

The management of greenhouse gas emissions is one of the most relevant material issues in our climate governance initiative, and by managing our emissions, we can map opportunities for mitigating environmental impacts, which contributes to our conscientious use of natural resources.

Our actions are in line with international agreements to which Brazil is a signatory such as the Paris Agreement (COP 21/2015). Our management of emissions and projects reflects the improvement of best practices in sustainable development in our operations and our management, strengthening the Company's commitments and directly contributing to SDG 13 – Climate Action.

Since 2012 we have taken our annual greenhouse gas (GHG) emissions inventory, and we publish and audit the results. For measurement purposes, we consider all production units over which we have control, even where it is shared. The inventory is prepared using the GHG Protocol calculation tool, which is based on internationally recognized methodologies, and we seek to map GHG reduction opportunities in our processes and operations.

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

The inventory is published in the emissions public register using the platform of the Brazilian GHG Protocol Program, Latin America's largest database of corporate inventories. It is audited by an independent third party (Instituto Totum), which adds credibility, reliability and transparency to our greenhouse gas emissions measurement and reporting process. We have been recognized for our practices for 4 years in a row with a golden seal of the GHG Protocol Program.

In 2020, our greenhouse gas emissions amounted to 3,162 tons (CO2e), 1,138 tons of which in direct emissions (scope 1), 1,486 tons of scope 2 indirect emissions, and 537 tons of scope 3 indirect emissions (emissions from activities in which ***Algar Telecom*** has no interference).

The result is a 52% decrease in all of our emissions, which was mainly due to an increase in the share of energy from renewable sources to 66% of our energy matrix, the parametrization of use of ethanol for fuel, and the digitization of meetings by means of videoconferencing, which significantly reduced business trips—a restriction imposed by the COVID-19 pandemic.

Emissions Compared					
Environmental indicators	**2017**	**2018**	**2019**	**2020**	**Δ 2020/2019**
Direct greenhouse gas emissions - scope 1	1.693	870	1.042	1.138	0.09
Indirect greenhouse gas emissions - scope 2	4.909	4.138	4.302	1.486	-0.65
Indirect greenhouse gas emissions - scope 3	1.28	1.537	1.298	537	-0.59
Total emissions	**7.882**	**6.545**	**6.642**	**3.161**	**-0.52**

Waste Management and Reverse Logistics

GRI 103-1, 103-2, 103-3, 306-2, 306-3, 306-4

Our business segment in the telecommunications service industry is not characterized as a business that causes damage to the environment, but the materials we use to install our services generate waste, such as cables, wires, and the batteries used in our generators. Such materials, if improperly disposed of, can have negative impacts on the environment. For this reason, we conduct a thorough management of these activities and ensure all waste that they generate is appropriately handled.

The purpose of our waste management is to direct, guide and try to ensure the personnel and teams inside and outside the Company properly treat and dispose of all solid waste produced, according to its type, thereby making sure quality is pursued in the process involved in properly sorting, storing and disposing of materials and that we contract suitable suppliers, lowering the risks of damage to the environment and public health.

To ensure compliance in agreements signed with suppliers, in 2018 we created a project for mapping critical suppliers into five categories (waste, construction, cleaning and conservation, fleet, and network installation partnerships). In 2020 we reviewed the environmental provisions of those agreements and created a manual of requirements for contracting suppliers that may cause impacts to the environment aiming at a more effective contract management and ensuring our partners minimize or eliminate any potential financial, reputational, operational, environmental and legal impacts while providing services or after the end of the agreements.

Waste Disposal

In compliance with the National Policy on Solid Waste (*Política Nacional de Resíduos Sólidos*, or “PNRS”), we have reverse logistics for electronics, ensuring the materials are properly disposed of

by sending them for recycling and reuse, in addition to the electronic waste disposal containers placed in our buildings, offices and stores so anyone, where or not our customer, can dispose of batteries, cell phones (including from other carriers) or any other electronic devices. We carried out campaigns to expand the reclaiming and recycling of those devices, such as modems, decoders and other machines used to provide telecom service to our customers. As a result of these actions, we collected 2.1 tons of electronic waste in 2020.

Considering all types of waste generated and collected in 2020, we disposed of 114 tons of materials, as follows:

83 tons

of recyclable materials (paper, cardboard, plastics) sent off to cooperatives

22 tons

of non-recyclable waste sent off to the landfill

2.1 tons

of electronic waste (batteries, lamps, decoders) sent off to specialized companies

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4 tons

of wood, printing materials and banners sent off to specialized companies

1.45 tons

of PPE sent off to specialized companies and donated

1.8 tons

of uniforms donated