

ATTRACTION AND ENGAGEMENT

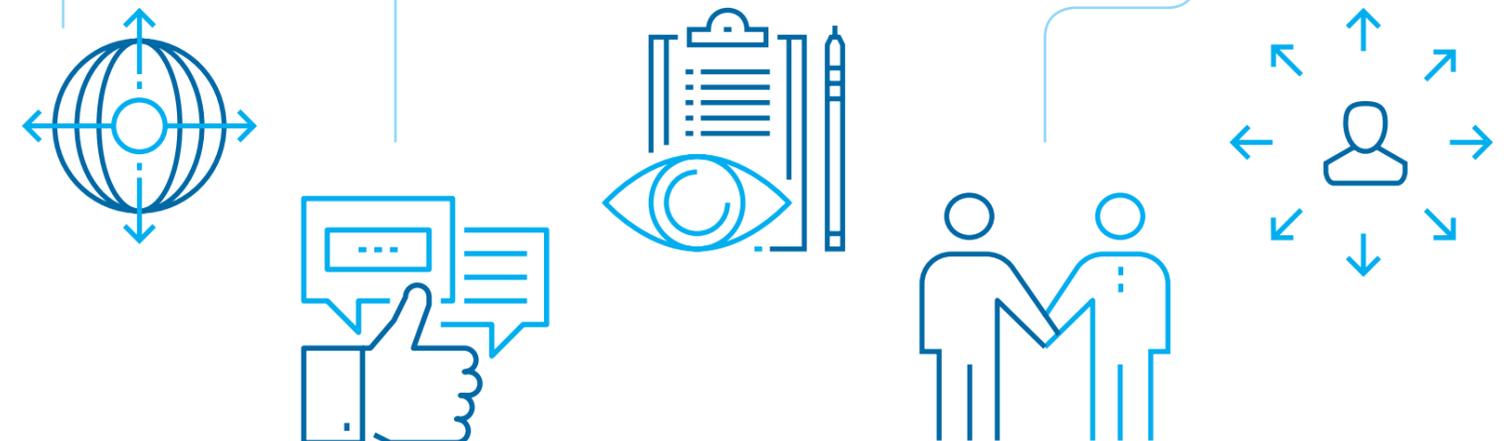
GRI 102-4I | 401-I | 404-I

In a highly competitive market, human talent is a differentiating factor. That is why we have different work fronts for attracting, engaging and developing our employees. In 2017, the headline actions were: The **Coaching and Mentoring Program**; the **Executive Development Program**; training in distribution channels; participation in the **Leaders that Teach Program**; promotion to more complex functions; and international benchmarking in high-performance companies in the technology industry.

- **Prospects** – we build, with all our employees, a career path that can be **linear** (for leadership positions) or in **Y-form**, where there is career progression to non-managerial positions, like specialists in certain fields of knowledge. We present the possibilities for professional growth within the Group companies, giving preference to internal recruitment. We undertake annual performance assessments and we instruct our managers to engage in frequent feedback sessions, not just on occasions when the results are being consolidated.
- **Leadership development** – we appraise the performance of our executives, based on the Nine Box methodology, which takes into account the potential and performance of our talent, enabling an extensive overview of the competencies and the points requiring attention. The development plans and targets are personalized.
- **Compensation and benefits** – we offer fair and meritocratic compensation that encompasses a fixed component and a variable component linked to the attainment of targets and profit sharing, in addition to a benefits package in line with market standards. The compensation policy is dealt with in collective bargaining agreements that cover 99% of our employees (only executives are not party to the agreement, since their compensation rules are set out in the regulations).

In 2017, we launched the **Performance Assessment Process (PAP)** covering:

- **360° Assessment** – of collaborative competencies involving superiors, peers, subordinates and self-appraisal;
- **Performance Assessment** – analyses of technical competence, ability to deliver, professional aspiration assessment and annual monitoring;
- **Calibration Committee** – evaluates, analyzes and balances the perceived performance of a group of people at the same level of complexity;
- **Feedback** – feedback phase with the manager and analysis of the calibration report and suggested action plan;
- **Fulfillment of the Individual Development Plan.**



◉ **Professional training** – we undertake training sessions, discussion forums, workshops and gatherings, both live and remote, using the internet – which facilitates access for the teams working outside the offices. One of the highlights in this respect is UniAlgar, a corporate university benchmark. In 2017 alone, the Algar group dedicated approximately **1 million hours** to training its employees, a reduction of 20% over the previous year resulting from the lower headcount. The reduction in the average work load per employee was around 3%, giving an average of 52 hours of training per employee (see more in the [“Supplementary GRI Indicators”](#)). In addition to live training sessions, more than **500 courses** were also available under the distance learning system, with around **73,000 participations**.

◉ **Communication and engagement** – we provide communication channels, such as the Talent Integration Program (Pint), the corporate intranet (Algarnet), an in-house social network via Facebook (Workplace), a weekly video program (TV Algar), news flashes on television screens distributed across the Group companies (Toda Hora), in-house news sheets (Fique por Dentro), live and remote meetings, a tool for chats among employees and the Fale com o Presidente (Talk to the CEO) Program, a get-together for dialoging about strategy, objectives and results.

These and other practices directly affect turnover, the indicator that reflects the flow of admissions, dismissals and redeployments, and demonstrates our ability to attract and retain engaged employees. In 2017, turnover was slightly down in relation to 2016, from 40% to 39%. In the analysis by age bracket, the greatest percentage was registered among employees up to the age of 30 (25%). In the division by region, the Southeast showed the highest rate (31%). See more in the [“Supplementary GRI indicators”](#).



Each employee was given an average of 52 hours of training in 2017.