ALGAR

Family owned and professionally managed group

Established 1930
Our Vision: **People serving People**

Our Mission: Develop relationships and innovative solutions that generate sustainable businesses with perceived value.

Our Values:

- Costumer, our reason for existing
- Integrity
- Appreciation of human talents
- Entrepreneurship
- Sustainability
Our presence

Brazil, Argentina, Chile and Colombia

Clients: 2+ million
Net Revenues: USD 1.5 billion
EBITDA: USD 240 million
CAPEX: USD 210 million
Exports: USD 330 million
Headcount: 23,000

2015 Data
Market Segments

ICT

AGRIBUSINESS

SERVICES

TOURISM
Corporate Governance

Luiz Alexandre Garcia
CEO

Luiz Alberto Garcia
Chairman
Algar Governance Model

**Strategy: Family**
- Family Human Capital (*training, integration, information, communication*)
- Legacy Management
- Pride of Belonging

**Strategy: Property**
- Long term aspiration
- Family and corporate Principles and values
- Property heritage
- Perpetuation of the property

**Strategy: Company**
- Corporate strategy, portfolio management and capital allocation
- Return / value creation
- Corporate risk performance
- People (human capital)

**Family Council**

**Shareholders Council**

**Board of Directors**

**Family Governance** ↔ **Corporate Governance**
ALGAR INSTITUTE
14 years

Educational
- 102 elementary public schools
- 225 educators
- 8,020 students
- 25 cities
- 1,160 volunteers

Environmental
- 16 leaders trained
- 100+ implemented initiatives
- 5 years of quantified CO2 emissions

Cultural
- 51 sponsored projects
- US$ 2 million invested (incentive fund)

US$ 1 million direct investment in 2015

2015 data
A school for business which prepares Entrepreneurial Leaders and Educators for the strategic goals of the Algar Group.
UniAlgar
Corporate University

Investment
US$ 3 million

Training
- 264 courses
- 14,419 participants

Distance Learning
- 217 courses
- 23,373 participants

2015 date

Since 1998
Algar Group Challenges

Growth with High Performance

- Digital Disruption
- Engagement
- Geographic Spread
- Internationalization
- New leaders
- Innovation
- Organizational Changes
- Clearness of Strategy at all levels
- Higher competitiveness and Productivity
- Internationalization
1. Cultural Evolution Project

2. Potential Successors Program

3. Performance Assessment Process
CULTURE

PATERNALISTIC

HIGH PERFORMANCE
“Culture is the set of behavioral patterns which are encouraged and allowed over time. It is the result of the messages received about how people are expected to behave.”

Carolyn Taylor

It is the way of thinking, feeling and acting.
Current Culture

VALUES

BEHAVIOR

SISTEMS

SYMBOLS

PRINCIPLES
DIAGNOSIS

CURRENT Culture

IDEAL Culture
## Conclusions

### Current Culture

**STRONG POINTS**
- Image
- Commitment
- Values and Principles
- Access to the hierarchy
- Ethics and transparence
- Pride of being part
- Respect for people
- Freedom of expression
- Reputation and credibility
- Mobilization Capacity
- Relationship with clients
- Attraction and development of talents

**POINTS TO IMPROVE**
- Partnerships
- Discipline
- Meritocracy
- Simplicity
- Paternalism
- Appetite for risks
- Competitiveness
- Management at distance
- Disruptive Innovation
- Excess of consensus
- Agility in decisions
- Result orientation
- Autonomy and accountability
- “Walk the talk”
High Performance Culture

Main Archetype

SURMOUNTING

- Result
- Performance
- Discipline
- Meritocracy
- Focus
- Delivery
- Fulfil promises

INNOVATION

- Agility
- Creativity
- Communication
- Entrepreneurism
- Errors as learning

Supporting Archetypes

- Customer
  - Outside look
  - Experience
  - Pro-activity
  - Trustability
  - Simplicity
  - Excellence

- People
  - Listening
  - Delegation
  - Development
  - Work environment
  - Participation
  - Respect

High Performance

- Effectiveness
- Management
- Outside look
- Pro-activity
- Trustability
- Simplicity
- Excellence
- Listening
- Delegation
- Development
- Work environment
- Participation
- Respect
- Agility
- Creativity
- Communication
- Entrepreneurism
- Errors as learning

Performance

- Speed
- Focus
- Delivery
- Fulfil promises
General view of the process

- Implementation 4
- Action Plan 3
- Diagnosis of the Culture 1
- Archetype (adequate culture) 2
1. Cultural Evolution Project

2. Potential Successors Program

3. Performance Assessment Process
Potential Successor Program
Two levels: Corporative and Business

Corporative positions and business units chief executives:
• CEO, General Managers, Vice Presidents, Holding officers

Key business positions
• mapping according to each business
Identification of Potential Successors

Performance *(past)*

- Combination between competences and results

Potential *(future)*

- 5 Dimensions:
  - Motivator
  - Strategist
  - Entrepreneur
  - Willingness for the new
  - Executor

Background *(past)*

- Education
- Language mastering
- International experience
- Professional experiences
- Consistency of results

Aspiration *(future)*

- Career Objectives and interests
- Mobility Situation
- Growth targets

Potential Successor

- Map of Potential Successors with Preparedness Traffic Light
<table>
<thead>
<tr>
<th>PREPAREDNESS</th>
<th>0 to 3 years</th>
<th>3 to 5 years</th>
<th>5 to 7 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>External</td>
<td>Internal</td>
<td>Internal</td>
<td></td>
</tr>
<tr>
<td>Internal</td>
<td>Internal</td>
<td>Internal</td>
<td></td>
</tr>
</tbody>
</table>

Next challenge of the current General Manager: Xxxx....

General Manager: Xxx Xxxx
Company: Algar Xxxx
1. Cultural Evolution Project

2. Potential Successors Program

3. Performance Assessment Process
In the process are not only assessed elements from the past (competences and results) but also the readiness of the executives to cope with the future challenges (attributes of the leaders and the challenges of each business).

**Past**

<table>
<thead>
<tr>
<th>Competences (HOW)</th>
<th>Results (WHAT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Above</td>
<td>Above</td>
</tr>
<tr>
<td>Average E</td>
<td>Average D</td>
</tr>
<tr>
<td>High B</td>
<td>High B</td>
</tr>
<tr>
<td>Low F</td>
<td>Average D</td>
</tr>
</tbody>
</table>

**Future**

- **Motivator**
  - Showing energy to manage the business, engage and inspire people searching for a goal/purpose, offering growth opportunities and challenging the people to work on their qualities. Having ambition and aspiring big collective goals, being humble.

- **Strategist**
  - Thinking and planning how to deliver the future without neglecting the present, through an analysis of the sector’s trends and scenarios and aiming at the support of the business. Capacity to gather and give sense to information which indicates new possibilities and prioritizing projects and processes that make a difference in the implementation of the strategy.

- **Entrepreneur**
  - Challenging the status quo use creativity to generate new business opportunities. Being daring without being inconsequent, taking controlled risks and learning how to deal with frustrations.

- **Willingness for the new**
  - Showing interest and comfort to cope with issues outside the knowledge zone. Curiosity, openness towards changes and willingness to seek new experiences.

- **Executor**
  - Making happen, through fast decision taking and a strong execution discipline promoting the necessary changes. Able to analyze and demand execution from everyone involved.

**Reflections**

- “What is the legacy I want to leave?”
- “Where and how must we go?”
- “Am I exploring all the market’s potential?”
- “Which issues do I need to know?”
- “What is the next step?”
In comparison with your peers your assessment reflected the highest scores in the competences: Client Focus and Change Management.

**Aspiration**

Developing Algar Xxx searching for a high standard of performance and construct a talented and committed group for the Future of the company.

**Block High B – Performance above average**

The plotting in the block High B indicates that your acting has brought satisfactory results and that your behavior reflects a high refinement in the Algar competences.
### Attributes of Leadership for the future:

<table>
<thead>
<tr>
<th>Attributes</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Motivator</strong></td>
<td>Much energy as business manager. Enthusiastic, educator, believes in people, close relationship with the team. Wants to leave a legacy and his knowledge of the business for the people.</td>
</tr>
<tr>
<td><strong>Strategist</strong></td>
<td>Succeeds in clearly projecting the company into the future, besides listing the steps to be taken. Analyzes the scenarios aiming the sustainability of the business.</td>
</tr>
<tr>
<td><strong>Entrepreneur</strong></td>
<td>Is daring, takes controlled risks, notices new opportunities for the business.</td>
</tr>
<tr>
<td><strong>Willingness for the new</strong></td>
<td>Has broad functional knowledge (commercial, industrial, operations), however always within the same business sector. Lacks more engagement with the other businesses of the Group.</td>
</tr>
<tr>
<td><strong>Executor</strong></td>
<td>Big capacity and agility in decision taking, sense of urgency, promoting the necessary changes.</td>
</tr>
</tbody>
</table>
Name: Xxxx X...
Position: General Manager
Company: Algar Xxxx

**Strong Points**

- Seniority, experience, broad knowledge of the business.
- Predisposition to construct the business of the future.
- Motivator, enthusiastic
- Works very well with teams, believes in people, gives learning opportunities.
- Has made good deliveries.

**Points of Improvement**

- Still a little inhibition in relation to the other businesses of the Group
- Enhance the relationship building with peers
- The ability to listen others
- Management of the relations from the inside of the company.
- Some times he is wordy
- More attention to successors for the 2nd. Level
Name: Xxxx X...
Position: General Manager
Company: Algar Xxxx

Motivator | Strategist | Entrepreneur | Willingness for the new | Executor
---|---|---|---|---
1 | 2 | 3 | 4 | 5

Legend: ↓Low ↑High = Average ↑↑Very high

**PDI – Individualized Development Plan**

**SUGGESTED ACTIONS**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Next check (date)</th>
<th>End (date)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation in the program “Leaders who Teach”</td>
<td>October/2016</td>
<td>July/2017</td>
</tr>
<tr>
<td>Govern project of potential successors, guaranteeing the Pipeline of the company</td>
<td>December/2016</td>
<td>June/2017</td>
</tr>
<tr>
<td>Accelerate development of the potential successors</td>
<td>October/2016</td>
<td>2019</td>
</tr>
<tr>
<td>Participate in the meetings / Business Rounds of other companies to increase knowledge about other businesses and to contribute to experiences.</td>
<td>October/2016</td>
<td>July/2017</td>
</tr>
<tr>
<td>Attend some other executive committees of Algar companies, to expand knowledge of other businesses and share experiences.</td>
<td>October/2016</td>
<td>July/2017</td>
</tr>
<tr>
<td>PGA- INSEAD and FDC</td>
<td>June/2017</td>
<td>October/2017</td>
</tr>
</tbody>
</table>
Level C Executives consolidated Algar Group

- Exceptional performance (High A)
- Performance above average (High B)
- Adequate performance (Average C)
- Observe (Average D)
- Result – Average E

Competences – HOW: 40% - 60% - 80% - 100%

Result (WHAT): 40% - 60% - 80% - 100%

- Critical performance (Low F)
- Above average performance (High B)
- Adequate performance - develop Competences – Average D
- Observe Results - Average E
- Adequate performance - develop Result – Average E

Illustrative
Thank you!