



FROST & SULLIVAN
INSTITUTE

2021 Frost & Sullivan Institute **Enlightened Growth Leadership Award**

Excellence in Best Practices





Congratulations!

Frost & Sullivan Institute, in partnership with Frost & Sullivan, is proud to present Embratel with the Enlightened Growth Leadership Award.

Frost & Sullivan's global team of growth pipeline experts continuously identifies and evaluates growth opportunities across multiple industries, technologies, and regions of the world. As the world emerges into the new norm disrupted and accelerated by the COVID-19 pandemic, it is becoming increasingly important for companies to leverage opportunities to shed old ways of thinking, build value chains that leave no stakeholders behind, and create foundations for stable growth to thrive in these new environments. We identify companies that demonstrate the commitment to embrace emerging technologies and protocols and generate opportunities for all while sustaining continued growth and highlighting best practices for sustainable development. This approach involves deep strategic deliberation around best practices and the development of core analytics across the entire value chain of specific products and services. Against the backdrop of these analytics, Frost & Sullivan Institute, in partnership with Frost & Sullivan, recognizes Embratel for its valuable achievement.

Frost & Sullivan strictly reserves this recognition to companies at the innovation to zero and growth forefront in their respective industries. These companies demonstrate proactivity in utilizing business practices to 'innovate to zero' and address global priorities while securing sustainable growth over a span of their enduring association with Frost & Sullivan. These companies also uniquely leverage technology and boost their industry partner ecosystem to serve ever-evolving customer needs in a way that facilitates environmental initiatives and supports the planet's well-being. Moreover, by combining business sense with a moral imperative, these companies demonstrate aspirational ideals beyond the simple goal of generating profits. This recognition is also a token of our gratitude towards our clients whom we have accompanied on their journeys towards transformational growth. In this context, Embratel's recognition holds an even greater significance in reaffirming its longstanding relationship with Frost & Sullivan.

Moreover, this recognition is the result of many individuals (employees, customers, partners, and investors), making critical decisions every single day to support the organization and meaningfully contribute to its own future in a sustainable and socially responsible way. Frost & Sullivan in partnership with Frost & Sullivan Institute enthusiastically acknowledges and celebrates their contributions.

Once again, congratulations on your accomplishments, and we wish you great success in the future.

Sincerely,

David Frigstad

Chairman

Frost & Sullivan and Frost & Sullivan Institute



Best Practices Criteria for World-Class Performance

Frost & Sullivan Institute leverages Frost & Sullivan's rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria for each nominated company. Embratel excels in multiple criteria.



Introduction

The telecommunications industry has rapidly evolved with wireless digital technology. 5G, artificial intelligence (AI), cloud computing, and the Internet of things (IoT) are imperative to the smooth running of business. COVID-19 has also created unprecedented demand for digital communications which has led most telecommunications companies to consume more energy than ever before, leading to a surge in carbon footprint.

With over 20 years of experience and expertise, America Movil's subsidiary Embratel is a leader in the telecommunication industry. Based in Brazil, Embratel provides voice and data communication services.¹ The company also owns domestic communication satellites, fully digitized microwave and fiber optic networks.²

¹ [Embratel Operation and Corporate Highlights - Services](#), Embratel Website

² [Embratel Operation and Corporate Highlights - Infrastructure](#), Embratel Website



'Innovating to Zero' on Global Priorities

"Frost & Sullivan commends Embratel for its outstanding determination to 'innovate to zero' (zero pollution and zero inequality) by being environmentally and socially responsible through its efficient usage of energy and commendable effort in ensuring equality within the organization."

- Analyst, Frost & Sullivan

'Innovating to zero' is a mega vision which brings social innovation of products and technologies to the forefront. The "zero concept" world envisions zero inequalities, zero pollution, and equal access.

Embratel's goal is aligned with its parent company America Móvil to address the issue of climate change. The company has taken initiative to align its operations with the Ten Principles of the 'Global Compact'. For example, the company has adopted a set of science-

based targets consisting of reducing 52% of its scope 1 and 2 emissions, as well as 13.5% of its scope 3 emissions by 2030 (vs 2019) in line with a 1.5°C de-carbonization pathway.

Embratel has managed to drive sustainability within its company by developing programs and projects to reduce fuel usage, mainly to connect its remote base stations to the electricity grid. The company has also been in collaboration with other industry members within the GSMA (Groupe Special Mobile Association), to encourage telecom providers to pursue emission reduction goals. In 2020, the company managed to achieve its goal in minimizing energy consumption by using 54% of clean energy sources (above the 50% target).

Social sustainability is also of importance to Embratel. The company has adopted a Human Rights Policy based on the United Nations Universal Declaration of Human Rights, the Declaration of Fundamental Labour Rights of the International Labour Organization (ILO) and the Guiding Principles on Business and Human Rights of the United Nations. In addition, this policy is also aligned with the Company's Code of Ethics, as well as with the Ten Principles of the United Nations Global Compact.

Frost & Sullivan commends Embratel for its outstanding determination to 'innovate to zero' (zero pollution and zero inequality) by being environmentally and socially responsible through its efficient usage of energy and commendable effort in ensuring equality within its organization.

Growth Excellence

Embratel strives towards growth excellence through its state-of-the-art infrastructure and cutting-edge technology by offering world class connectivity solutions to its customers. Despite the emergence of the COVID-19 pandemic in 2020, the company managed to maintain positive growth with total operating revenues of Ps.1,016,887 Million (USD 50,975 million) compared to Ps. 1,007,348 million (USD 50,497 million) in 2019.

The company's efforts have been centered on constructing Latin America's best fibre optic network in order to carry data and long-distance services from Argentina to the US southern border and back. In doing so, the Company is narrowing the digital divide and making wireless infrastructure available to a larger population.



Additionally, the company has managed to broaden its coverage and enhance the quality and speed of the network, with a series of microcells and indoor solutions. Consequently, Embratel aims to work on enabling its Virtual Network features with the goal of replacing existing physical infrastructure to improve overall performance, as well as availability, flexibility, and scalability, while also allowing for cost & energy savings, and allocating resources from network on-demand.

The COVID-19 pandemic took a huge toll on the performance of telecommunication players. While other competitors struggle to achieve growth, Embratel has managed to maintain its leadership position and growth excellence by leveraging state-of-the-art infrastructure and cutting-edge technology. The company strives towards growth by incorporating technological innovation such as Virtual Network features to reduce cost and energy whilst allocating its resources from network-on demand.

Technology Leverage/Innovation

Research and development (R&D) and technological advancement is responding to transformative changes in the telecommunication space. Embratel is highly invested in its R&D as it is the most important strategic priority for the company. The company intends to build fifteen (15) Edge Datacenters in Brazil by the end of 2022. The Edge datacenters are smaller in size and capacity than traditional datacenters, and they are typically more distributed across territories. These datacenters serve to provide content closer to end customers, thus, minimizing concerns such as data latency. Furthermore, in 2021, the company managed to launch Star One D2, a satellite that will expand satellite capacity in Brazil and Latin America. The satellite is equipped with C-, Ku-, Ka-, and X-band transponders whereby, the Ku-band shall be used to expand capacities oriented to the Brazilian park of parabolic antennas, demands for pay-TV, and the companies' overall connectivity.

Conclusion

Embratel empowers environmental and social sustainability through efficient usage of energy within its operation and admirable initiatives towards equality. The company has also demonstrated excellence in growth surpassing its competitors by offering world class connectivity solutions to its customers through its state-of-the-art infrastructure and cutting-edge technology. Additionally, research and development is a core strategic priority to Embratel as the company invests in expansion of its R&D facilities and expertise.

For its strong overall performance and strategy driven by a moral imperative, Embratel earns the 2021 Frost & Sullivan Institute Enlightened Growth Leadership Award.



What You Need to Know about the Enlightened Growth Leadership Recognition

Frost & Sullivan Institute's Enlightened Growth Leadership Award recognizes the company that addresses the global priorities as identified by the Institute and demonstrates sustainable growth in the industry.

Best Practices Award Analysis

For the Enlightened Growth Leadership Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

'Innovating to Zero' on Global Priorities: The company demonstrates proactivity in 'Innovating to Zero' in terms of one or more of the following global priorities that form the seven pillars of the Frost & Sullivan Institute:

- i) **Environment:** Environmental initiatives can include climate change, vulnerable groups, behavioral change, international governance, waste management, or others.
- ii) **Education:** Education can encompass equal access, gender parity, EdTech, quality education, education resources, vocational training, or others.
- iii) **Infrastructure:** Infrastructure can incorporate infrastructure as a basic right, technology and infrastructure, environment and infrastructure, urban infrastructure, and financing models, among others.
- iv) **Healthcare:** Healthcare can comprise healthcare crisis, mental health, finance, healthcare systems, advanced healthcare, and technology and healthcare, among others.
- v) **Security:** Human security can refer to transnational governance, human security, food security, or others.
- vi) **Human Rights:** Human rights can involve governance, special group rights, justice, or other such elements.
- vii) **Economics:** Economics can pertain to inequality, new economic regime, FinTech, behavioral change, or others.

Growth Excellence: The company demonstrates healthy growth over a span of 10 years. It focuses on short-term and long-term growth strategies to maintain a superior industry position. The executive team's vision aligns with the company's growth strategy, effectively translating this vision into growth. The socially responsible organization enforces strategies to increase its share of the customer wallet, successfully differentiating itself from competitors and positively impacting its market share. It also adopts strategies to build upon achieved growth and sustain continued growth while highlighting best practices for sustainable development.



Customer Value Chain: The company pays heed to the planet's well-being and addresses environmental initiatives such as climate change, carbon footprint reduction and elimination, waste management, or clean energy production. Its key value proposition is refined by building on client feedback and continuously improving products and services. The organization prioritizes its customers' needs and provides significantly greater value for the price. It offers exceptional customer value by providing the best purchase experience to customers, placing importance on providing a high degree of satisfaction amongst existing and potential clients, or ensuring the best and differentiated service experience.

Integrated Competition - Industry Partner Ecosystem: The company makes use of unique business models such as corporate partnerships and public-private collaborations to boost the industry partner ecosystem. By combining business sense with a moral imperative, the company demonstrates aspirational ideals beyond the simple goal of generating profits. The organization's efforts to cooperate with competitors reveal its cognizance of a broader vision and endeavors towards positively impacting the overall industry.

Technology Leverage/Innovation: The company incorporates or uniquely leverages technology, standing out among the competition. The technology addresses key future needs and applications and is disruptive to or supersedes existing technologies. The company's technology or technology leverage can be diversely applicable or has created new markets or applications where none existed before. It has introduced creative features and functionality by jumping through hoops to convert its vision into a reality. The organization has a structured process or best practices to incubate new technologies developed internally or through strategic partnerships. The company's innovations or technology incorporation has the potential to become an industry standard.



Analytical Perspectives:

- Mega Trend (MT)
- Business Model (BM)
- Technology (TE)
- Industries (IN)
- Customer (CU)
- Geographies (GE)

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