

MATERIAL ACT OR FACT DISCLOSURE POLICY**ALGAR TELECOM S.A. MATERIAL ACT OR FACT DISCLOSURE POLICY****1. PURPOSE**

1.1. This "Policy on Disclosure of Material Act or Fact", approved at a meeting of the Board of Directors of **ALGAR TELECOM S.A.** ("Company") held on October 16, 2017, is intended to define the internal procedures to be adopted for full compliance with the legal and regulatory requirements for disclosure of material acts or facts, pursuant to CVM Instruction 358 (as defined below).

2. DEFINITIONS

2.1. The terms and expressions listed below shall have the following meanings when used in this Policy:

- 2.1.1. "**Controlling Shareholder(s)**": the shareholder or group of shareholders bound by a shareholders' agreement or under common control, which exercises direct or indirect control over the Company, as defined in Law No. 6.404, of December 15, 1976, as amended;
- 2.1.2. "**Material Act or Fact**": any decision of the Controlling Shareholder, resolution of the shareholders' meeting or of the Company's management bodies, or any other act or fact of a political, administrative, technical, business, economic or financial nature relating to the Company's business, which could have a measurable effect on: (a) the price of the Company shares or of securities pegged to them; (b) decisions by investors to buy, sell or hold its shares; or (c) decisions by investors to exercise their rights as holders of the Company shares or securities pegged to them, including, without limitation, the examples of potentially material acts or facts listed in **Exhibit A** to this Policy;
- 2.1.3. "**Company**" or "**Algar Telecom**": Algar Telecom S.A.;
- 2.1.4. "**CVM**": Brazilian Securities Commission;
- 2.1.5. "**Officer Responsible**": Investor Relations Officer, who is responsible on behalf of the Company for relations with investors and for the execution and monitoring of this Policy;
- 2.1.6. "**Market Entities**": the stock exchanges and organized over-the-counter market entities where the Company's securities are or may be traded, and equivalent entities in other countries;
- 2.1.7. "**CVM Instruction 358**": CVM Instruction No. 358, of January 3, 2002, as amended;
- 2.1.8. "**Material Trade**": a trade or set of trades whereby the direct or indirect holding of: (i) the direct or indirect Controlling Shareholders; and/or (ii) shareholders that elect members of the board of directors or the fiscal council; and/or (iii) any individual or legal entity; and/or (iv) a group of people acting together or representing the same interests, moves above or below a level of five percent (5%), ten percent (10%), fifteen percent (15%), and so on, of a type or class of shares in the capital stock of the Company; and

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2.1.9. "**Policy**": this "*Algar Telecom S.A. Policy on Disclosure of Material Act or Fact*".

3. PRINCIPLES

3.1. This Policy is based on the following principles and objectives:

- (i) to provide full information to the Company's shareholders and investors;
- (ii) to ensure wide and immediate disclosure of a Material Act or Fact;
- (iii) to provide equal access to public information on the Company for every shareholder and investor;
- (iv) to ensure that undisclosed Material Acts or Facts remain confidential;
- (v) to contribute to the stability and development of the Brazilian capital markets; and
- (vi) to instill good corporate governance practices in the Company.

4. PROCEDURE FOR DISCLOSURE

4.1. The disclosure of a Material Act or Fact and its communication to the CVM and to Market Entities, through the Company's institutional channels of communication, and the adoption of the other procedures described herein, are the obligation of the Officer Responsible.

4.2. A Material Act or Fact must be disclosed through at least two of the following channels of communication: (i) mass circulation newspapers normally used by the Company; or (ii) on a news website (<http://www.portalneo1.net/>); and also posted on: (i) the CVM system page for periodic and occasional items of information (Empresas.Net system); and (ii) the Company's website <http://ri.algar telecom.com.br>, at least as prominently as the item sent to the CVM and the Market Entities.

4.2.1. Publication in the mass circulation newspapers normally used by the Company, as mentioned above, may, at the discretion of the Officer Responsible, be in summary form, indicating that full information can be found on the Company website and/or on the above-mentioned news website.

4.2.2. The information relating to a Material Act or Fact must be clear and precise, and in objective language that is accessible to the investing public. Whenever a technical term is used which, in the opinion of the Officer Responsible, is more complex, an explication of its meaning must be included with the information.

4.3. If a Material Act or Fact is reported on any communication medium, including at a press conference or at a meeting of a professional association or meetings with investors, analysts or a selected audience, in Brazil or abroad, the Officer Responsible must simultaneously disclose it to the market, as provided for in this Policy.

4.4. The Controlling Shareholders, officers, members of the board of directors and the fiscal council and any other statutory body with technical or advisory functions, if instated, as well as any employee of the Company who has access to information about a Material Act or Fact, and who has signed the acknowledgment contained in **Exhibit B**, in accordance with item 6.3 of this Policy, must notify the Officer Responsible of any Material Act or Fact of which they are aware and which they know has not been brought to the attention of the Officer Responsible, and they must verify whether

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the Officer Responsible has taken the measures described in this Policy for the disclosure of such information.

4.4.1. The Officer Responsible must be notified under item 4.4 above by email at ri@algartelecom.com.br.

4.4.2. If the people mentioned in this item 4.4 find that the Officer Responsible has not complied with the duty of communication and disclosure, and if a resolution has not been passed to keep the Material Act or Fact confidential, under Section 5 of this Policy, they must immediately communicate the Material Act or Fact directly to the CVM in order to be exonerated from the responsibility imposed by the regulations in the event of non-disclosure.

4.5. If the CVM or the Market Entities ask the Officer Responsible for additional details of the communication and the disclosure of the Material Act or Fact, or if there are atypical fluctuations in the quotation, price or turnover of the Company shares or securities pegged to them, the Officer Responsible must make inquiries of the people with access to Material Acts or Facts in order to find out whether they are aware of information that should have been disclosed to the market.

4.5.1. These people must give the Officer Responsible an immediate reply. If they are unable to speak to the Officer Responsible in person or by phone on the day when the officer was informed of the requirement by the CVM or the Market Entities, they must email the information in question to ri@algartelecom.com.br.

4.6. The disclosure of a Material Act or Fact must always be made simultaneously to the CVM and the Market Entities, if possible one (1) hour before the opening or after the close of trading. If the Company shares are being traded simultaneously with Brazilian and foreign Market Entities, disclosure must be made, as a general rule, whenever possible one (1) hour before the start or after the close of trading in all the countries in question. If times are different, then the hours of trading on the Brazilian market shall prevail.

4.6.1. If it is imperative that the disclosure of a Material Act or Fact be made during trading hours, the Officer Responsible may, when communicating the Material Act or Fact, request the Brazilian and foreign Market Entities to suspend trading in the Company shares or securities pegged to them for the time necessary for the information to be adequately disseminated. Such request must be made simultaneously to all the entities.

4.7. The Company may adopt the practice of disclosing its expectations of future performance to the market ("guidance"), both in the short and the long term, particularly the financial and operational aspects of its business, if the board of directors so decides. Such disclosure involves the restrictions on trading described in Article 13, paragraph 4, of CVM Instruction 358.

4.7.1. If guidance is issued, the following conditions must be observed:

- (i) early disclosure of results is permitted in the case of unaudited preliminary information, with a clear indication, for each of the items and periods projected, as to the assumptions and methods of calculation used;
- (ii) results or information provided according to foreign accounting standards must be accompanied by a reconciliation with Brazilian accounting practices and with the account headings used in the Company's financial statements which are, therefore, obtained according to the accounting criteria used in Brazil;

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- (iii) if the guidance involves projections, a comparison with the results actually achieved must be included when the Company's quarterly information (ITR) is published; and
- (iv) if projections cease to be published, this must be announced as a material fact, giving the reasons for the change.

5. EXCEPTION TO DISCLOSURE

5.1. In exceptional circumstances, it is permitted not to disclose Material Acts or Facts, if the Controlling Shareholders or the board of directors of the Company believe that to reveal them would put the legitimate interests of the Company at risk, in which case the procedures defined in this Policy must be followed to ensure that the information remains confidential.

5.2. If a Material Act or Fact is related to transactions directly involving the Company's Controlling Shareholders, the latter may instruct the Officer Responsible not to disclose it, giving reasons for their decision.

5.3. The Controlling Shareholders or the board of directors, through its Chairman, must request the Officer Responsible to disclose immediately a Material Act or Fact which has been kept confidential in any of the following circumstances:

- (i) the information has become known to third parties outside the Company who are not involved in the transaction representing the Material Act or Fact;
- (ii) there are indications and well-founded fears that the secrecy of the Material Act or Fact may have been breached; or
- (iii) there are atypical fluctuations in the quotation, price or turnover of the Company shares or securities pegged to them.

5.3.1. If the Officer Responsible does not take immediate steps for the disclosure referred to in this item 5.3, the Controlling Shareholder itself, or the Company board of directors, through its Chairman, as appropriate, must take such measures.

5.4. The Officer Responsible must always be informed of a Material Act or Fact held under secrecy, and shall be responsible, together with the other people who have knowledge of it, to ensure that adequate measures are taken to keep it so.

5.5. If anyone with knowledge of a Material Act or Fact which is being kept confidential has any doubt as to the legitimacy of the non-disclosure of the information, they must submit the matter to the CVM, through the appropriate channels.

6. PROCEDURES FOR PRESERVATION OF SECRECY

6.1. The Controlling Shareholders, officers, members of the board of directors and the fiscal council and any other statutory body with technical or advisory functions, if instated, and other employees and agents of the Company, must preserve the secrecy of confidential information relating to Material Acts or Facts to which they have privileged access because of the office or position they hold, always observing the procedures set forth in this Section 6, until its effective disclosure to the market, and must ensure that their subordinates and third parties in their confidence do the same, being jointly liable with the latter if they fail to do so.

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6.2. For the purpose of preservation of secrecy, the persons mentioned in item 6.1 above must observe the following procedures, and see that they are observed, in addition to taking whatever other measures are appropriate in each particular situation:

- (i) disclose the confidential information only to people who really need to know it;
- (ii) not discuss the confidential information in the presence of third parties who are ignorant of it, even if it seems unlikely that they may understand the significance of the conversation;
- (iii) not discuss the confidential information in conference calls which are open to the investing public in general;
- (iv) keep documents of any kind which relate to confidential information, including personal notes, in a place where only authorized people have access;
- (v) always use password protection for electronic documents and files dealing with confidential information;
- (vi) not circulate documents containing confidential information within the company, but always hand them personally to the addressee;
- (vii) not send documents containing confidential information by fax, unless it is certain that the recipient will receive them in person; and
- (viii) in addition to the responsibility of the person transmitting confidential information, the recipient, if a third party external to the Company, must be asked to sign a confidentiality agreement, specifying the nature of the information, acknowledging its confidential nature, and undertaking not to disclose it to anyone else or to trade in Company shares before the information is disclosed to the market.

6.3. When confidential information has to be disclosed to an employee or agent of the Company or to anyone holding a position or function in the Company, its parent companies, subsidiaries or affiliates, other than an officer or a member of the board of directors or the fiscal council, the person responsible for transmitting the information must ensure that the recipient is aware of this Policy and signs the acknowledgment in **Exhibit B** before being given access to the information.

7. MONITORING OF THE DISCLOSURE POLICY

7.1. On the occurrence of a Material Act or Fact, the Officer Responsible must check that this Policy is being properly observed, and notify the board of directors immediately of any irregularity.

7.2. The Officer Responsible must check the accuracy and suitability of the wording of information disclosed to the market, as required by item 4.2.2 above, on the basis of requests for additional details received from the CVM or the Market Entities.

7.3. In any of the circumstances described in item 5.3, when a Material Act or Fact which is being kept confidential must be disclosed, or if a Material Act or Fact leaks before it is disclosed to the market, the Officer Responsible must undertake an investigation within the Company and question the people involved, who must always respond to such requests for information, with a view to finding out how any violation of secrecy occurred.

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7.3.1. The conclusions of the Officer Responsible must be reported to the board of directors, so that the appropriate steps may be taken, together with any recommendations or suggestions for amending this Policy, in order to avoid leaks of confidential information in the future.

7.4. The Officer Responsible must monitor trading in Company shares, or securities pegged to them, and arrange to be informed of trades during periods preceding the disclosure of a Material Act or Fact to the market, so as to identify any trading not permitted by law on the part of people with knowledge of the Material Act or Fact in question, reporting any irregularities to the Company board of directors and the CVM.

8. AMENDMENTS TO THE DISCLOSURE POLICY

8.1. The Company board of directors may resolve to amend this Policy in the following circumstances:

- (i) if the CVM so determines;
- (ii) if the applicable laws or regulations are altered, so as to adapt the Policy to the changes; or
- (iii) if the board of directors, when assessing the efficacy of the procedures, finds that an amendment is necessary.

8.2. Any amendment to this Policy must be reported to the CVM and the Market Entities by the Officer Responsible, in the form required by the regulations, and to the people listed in item 12.1.3 below.

9. REPORTING PROCEDURES FOR TRADING BY MANAGERS

9.1. The officers and members of the board of directors and the fiscal council of the Company, and of any statutory bodies with technical or advisory functions, must inform the Company, with the name of the person involved, of any trading in its shares or in the shares of its parent companies or subsidiaries (in these latter two cases, only if they are publicly-held companies).

9.1.1. The report referred to in item 9.1 includes trading in derivatives or any other securities pegged to the Company shares or those of its controlling shareholders or subsidiaries (in these latter two cases, only if they are publicly-held companies).

9.1.2. The individuals mentioned in item 9.1 must also report trading in shares owned by their spouses (unless they are separated legally or in fact), their partners, any dependent included in their annual income tax returns or by companies which they control directly or indirectly.

9.1.3. The report must be forwarded to the Officer Responsible, who must inform the CVM and the Market Entities on the form shown in **Exhibit C** to this Policy.

9.1.4. The Officer Responsible must be notified: **(i)** within five (5) business days of each trade; **(ii)** on the first business day after taking office, in this case both for the purpose of ownership and for trading in Company shares or those of its controlling shareholders or subsidiaries (in these latter two cases, only if they are publicly-held companies); **(iii)** when documentation is submitted for the registration of a publicly-held company; or **(iv)** within fifteen (15) days of an amendment to the list of the persons mentioned in item 9.1.2 above, containing their names and their tax registration numbers (CNPJ or CPF).

POLICY DE DISCLOSURE DE MATERIAL ACT OR FACT**10. PROCEDURES FOR COMMUNICATION AND DISCLOSURE OF MATERIAL TRADES**

10.1. The Controlling Shareholders, the shareholders who elect members of the Company board of directors or fiscal council, and any person or group of persons, individuals or legal entities, acting together or representing the same interests, must notify the Company if they execute any Material Trade, and provide the information included in the form shown in **Exhibit D** to this Policy.

10.1.1. Communication of Material Trades must be forwarded to the Officer Responsible immediately after the shareholding levels described in the definition are breached.

10.2. The Officer Responsible must transmit the information, upon receipt by the Company, to the CVM and the Market Entities, if applicable.

10.3. In the event that a purchase mentioned in item 10.1.1 results in, or is intended to result in, a change in the Company's shareholder control or management structure, or if it leads to the obligation to launch a public offer under the regulations, the purchaser must also provide as a minimum the information contained in **Exhibit D** to this Policy, through the Company's channels of communication described in this Policy.

11. INFRACTIONS AND SANCTIONS

11.1. In addition to any legal sanctions which may be imposed by the competent authorities, if the terms and procedures of this Policy are violated, the board of directors shall take the appropriate internal disciplinary measures, including dismissing the guilty party from office or terminating their employment, in the case of a serious infraction, as provided for in Law No. 6.385, of December 7, 1976, as amended.

11.2. If the shareholders' meeting is required by law or under the bylaws to take the appropriate measure, the Company board of directors must call such a meeting to resolve on the matter.

12. FINAL CONSIDERATIONS

12.1. The Company must send a copy of this Policy by mail or email with acknowledgment of receipt to the Controlling Shareholders, officers, members of the board of directors and the fiscal council, if instated, and to those people who by virtue of their office, function or position in the Company, its parent companies, subsidiaries or associates, may become aware of information relating to a Material Act or Fact, and request them to return a duly signed term of acceptance in the form of **Exhibit B** to this Policy, for filing at the headquarters of the Company.

12.1.1. When new managers of the Company are instated, they must also sign the acknowledgement in **Exhibit B**, to confirm that they are aware of this Policy.

12.1.2. This Policy, and the requirement that they sign the acknowledgment in **Exhibit B**, must be communicated to the people listed in item 12.1 above, before they are informed of any Material Act or Fact, as detailed in item 6.3 above.

12.1.3. The Company shall keep at its headquarters, at the disposal of the CVM, a list of the people included in item 12.1 above and their details, with their position or function, their address and their individual or corporate tax registration number (CPF or CNPJ), and the list must be updated immediately when there is a change.



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12.2. This Policy comes into effect on the date of its approval, and may only be amended by resolution of the board of directors. It is available at <http://ri.algartelem.com.br/governanca-corporativa/codigos-e-politicas>, by clicking on "Material Act of Fact Disclosure Policy".

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EXHIBIT A

1. Signature of an accord or a contract for the transfer of shareholder control of the Company, even if still subject to pre-conditions.
2. Change in control of Company, including by means of the execution, amendment or termination of a shareholders' agreement.
3. Execution, amendment or termination of a shareholders' agreement to which the Company is a party or an intervener, or which has been registered in the Company's books.
4. Admission or departure of a partner having an operational, financial, technical or administrative contract or collaboration agreement with the Company.
5. Authorization to trade the Company's shares on any market, in Brazil or abroad.
6. Decision to cancel the Company's registration as a publicly-held company.
7. Takeover, merger or spinoff involving the Company or related companies.
8. Transformation or dissolution of the Company.
9. Change in the makeup of the Company's assets.
10. Change in accounting practices.
11. Renegotiation of debt.
12. Approval of a stock option plan.
13. Change in the rights and benefits attaching to shares in the Company.
14. Split or reverse split of shares, or issue of bonus warrants.
15. Purchase of Company shares to be held in treasury or cancelled, or disposal of shares thus acquired.
16. Profit or loss of the Company and distribution of earnings in cash.
17. Execution or cancellation of a contract, or failure to execute a contract which the market was expecting to be closed.
18. Approval, alteration or cancellation of a project, or delay in implementation.
19. Start, resumption or stoppage of manufacturing or selling a product or supplying a service.
20. Discovery, change or development of Company technology or resources.
21. Amendment of projections issued by the Company.
22. Filing for judicial or extrajudicial reorganization, for bankruptcy or of a legal, administrative or arbitration proceeding that might affect the Company's economic and financial condition.



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EXHIBIT B

TERM OF ACCEPTANCE OF THE ALGAR TELECOM S.A. MATERIAL ACT OR FACT DISCLOSURE POLICY

I/We [INSERT NAME], [INSERT DETAILS - NATIONALITY, MARITAL STATUS, PROFESSION, ID (RG/RNE), IF AN INDIVIDUAL; TYPE OF COMPANY, IF A LEGAL ENTITY], of [INSERT ADDRESS], tax registration [CPF/MF – CNPJ/MF] No. [INSERT NUMBER], as [INDICATE POSITION HELD, COMMERCIAL OR PROFESSIONAL RELATIONSHIP OR "SHAREHOLDER"] of **ALGAR TELECOM S.A.**, a publicly-held company registered with the Brazilian Securities Commission ("CVM"), with its principal place of business in Uberlândia, State of Minas Gerais, at Rua José Alves Garcia, 415, Bairro Brasil, CEP 38.400-668, enrolled with the National Corporate Taxpayers' Register of the Ministry of Finance under CNPJ/MF No. 71.208.516/0001-74 ("Company"), sign this Term of Acceptance as confirmation that I am/we are aware of the Company's "*Policy on Disclosure of Material Act or Fact*", approved by the Board of Directors on October 16, 2017, pursuant to CVM Instruction No. 358, of January 3, 2002, as amended, and undertake to comply with the rules and procedures set forth in that document and always to act according to its provisions in relation to Company.

Minas Gerais, [●] [●], 2017.

Name:
Position:

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EXHIBIT C
TRADING IN SHARES OF THE COMPANY AND OF ITS LISTED SUBSIDIARIES AND PARENT COMPANIES
(ARTICLE 11 OF CVM INSTRUCTION 358)

Period: [<i>month/year</i>]	
Name of Buyer or Seller:	
Details:	CNPJ/CPF:
Trade Date:	
Issuer:	
Type of Trade:	
Type of Security:	
Total Number:	
Number by Type and Class:	
Balance of position held before the trade:	
Balance of position held after the trade:	
Method of acquisition/disposal:	
Price:	
Broker Used:	
Other Material Information:	

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**EXHIBIT D
EXECUTION OF MATERIAL TRADE
(ARTICLE 12 OF CVM INSTRUCTION 358)**

Period: [<i>month/year</i>]	
Name of Buyer or Seller:	
Details:	CNPJ/CPF:
Trade Date:	
Type of Trade:	
Type of Security:	
Purpose of the participation:	
Number proposed:	
If applicable, declaration of the purchaser that the acquisition is not intended to alter shareholder control or the administrative structure of the Company:	
Number of shares and other securities and derivative financial instruments pegged to such shares (quantity, class and type):	
Agreement or contract regulating the exercise of voting rights or the purchase and sale of Company securities:	
Shareholder resident in Brazil or domiciled abroad:	Name of Principal/ Legal representative:
	CNPJ/CPF:
Other Material Information:	

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