

ESG Position Statement



Introduction

Welcome to Falconi's 1st ESG Position Statement.

This document asserts our commitment to Sustainable Development and the premises of an ESG-based performance (environmental, social, and corporate governance). In addition to being signatories of the Global Compact and the UN Women's Empowerment Principles Forum, and promoters of the 2030 Agenda for the Sustainable Development Goals (SDGs), we want to show that our commitment encompasses society, Brazil, the planet, and the future.

To prepare this report, we consulted Falconi's internal audience in workshops, surveys, and interviews. We also consulted external partners to prepare the case reports. This active listening helped us to seek the data and information presented here within the scope of the most relevant impact projects and actions for this audience.

This first report aims to broaden our view of sustainable operations throughout Falconi's history, rescuing the purpose, values, projects, and actions that have been part of our corporate DNA for more than 30 years. However, this document focuses on our most recent performance, especially in the year 2020 (although not exclusively), which posed so many challenges to everyone in Brazil and worldwide, and on our efforts to collaborate with a better society, through our core business (improving management in public and private organizations), and the projects, partnerships and social actions we develop or with which we collaborate.

Therefore, our commitments are stated and described in chapters organized as follows:

- 1. Commitment to Sustainable Development**, which describes our journey of social impact from the foundation of Falconi to the present day;
- 2. Commitment to Society**, that is, Falconi's initiatives in favor of society, ranging from pro-bono projects to the current mobilization to tackle the Covid-19 pandemic;
- 3. Commitment to the Market Drivers of Sustainable Development**, which shows how our business model can enable organizations to work for the development of society; and
- 4. Commitment to the Future**, that is, the initiatives currently under development that impact society positively now and in the future, showing the next steps and the path Falconi has already taken throughout this transformation journey.

We hope that this document can be more than a report on our sustainability performance. It can be a guide that covers the trajectory we have traveled so far, and the paths we have traced for the future, presenting our main milestones and motivating our team, our clients, and our partners to continue walking together with us toward a more sustainable future.

Message from the CEO

Viviane Martins - CEO, Falconi Consultoria

We believe in organizations and their power to transform the world. And we trust we can impact society positively by helping organizations to perpetuate themselves and fulfill their social role of building a better and more sustainable world.

Organizations are equivalent to systems and have social functions, regardless of their segment or size. These include the generation of jobs, income, and investments, but also improving their environment, their region, and, therefore, the entire country. What we have done at Falconi since the beginning is to perfect the fulfillment of the social function of each organization with which we collaborate. By helping to improve their business models, structures, processes, strategies, and operations, we are able to accelerate the transformations the organizations need to undergo in order to perpetuate themselves and perform their functions more efficiently.

That's why we talk about continuous change. Over the years, we have learned that in order to ensure its long-term viability, an organization must change and change the other organizations with which it interacts, reinventing itself whenever necessary. Yet, it must do so within the scope of its strategy, guided by a business model that, in turn, has to be framed by the concepts of sus-

tainable development. Many organizations have become aware of this new reality. As such, they have incorporated a 360-degree strategy addressing all pillars of impact, not only economic and financial, but also environmental, social, and corporate governance. However, many have yet to overcome the challenges in putting these ideas into practice. In this regard, we strongly support them by helping them to enforce their strategies so that all stakeholders can achieve the desired impact.

We understand that Falconi can impact society in two ways, both of which are deeply related to our core strategy. The first one is through the activities performed on a daily basis with our customers. The second takes place by allocating our resources, know-how, and expertise to develop or participate in a series of pro-bono initiatives to promote sustainable development in the fields of education, support for micro and small businesses, culture, sports, and now, more important than ever, healthcare, given the Covid-19 pandemic scenario.



Viviane Martins

Throughout our history, several factors and, above all, our values and experiences have helped to shape our vision of sustainability. A significant milestone in Falconi's history was its participation in solving the 2001 energy crisis in Brazil, which posed a severe threat to the country's population. Our contribution enabled the most successful goal deployment in the world, mobilizing all sectors, public and private, as well as the entire population.

This leads us to a high-impact factor: the expertise of working with the public sector. Each project carried out in this area makes us reflect more on how we can drive the social gear, even a little, and positively impact relevant areas such as healthcare, education, public services, and public and

road safety. This has certainly helped us a lot in creating our current mental models regarding social impact.

Another sustainability milestone for Falconi, which has completely transformed the way we think and act within the scope of its most central themes, was our collaboration with Network Brazil of the United Nations Global Compact. We were invited to design the initiative's strategic planning and goal deployment. The expansion of our know-how and awareness of the Brazilian reality in view of the Sustainable Development Goals has leveraged and strengthened our will to move forward.

However, some relevant issues of the sustainability agenda have been on our radar for some years now, more specifically when an internal movement was created at Falconi to value diversity and gender equality. This movement spread and unfolded in various agendas, encompassing broad diversity issues such as gender, race, sexual orientation, special needs, culture, among others, to which we have become increasingly attentive and active.

In a moment when thousands of lives are being lost, and social inequality in our country and worldwide has worsened, we cannot fail to mention the pandemic. What we

have witnessed so far, and the challenges in all areas of human life, have been a call to our performance. The year 2020 at Falconi was a point in our trajectory when we worked the hardest on relevant pro-bono projects, always attentive to the direct social impact and the tools within our reach to mitigate the pain during such a dramatic moment of human history. The pandemic has heightened our sense of urgency about the enormous tasks that lie ahead.

These experiences have shown us how we can act systematically to become even more effective in view of our performance possibilities and fully employ our expertise and workforce.

Therefore, as we envision the sustainable future that we aspire to for Falconi, we also create the paths we must take. And they help us identify and prioritize which SDGs can accelerate our work in the scope of its strategic planning. We are developing a pragmatic action structure, with initiatives that will unfold from each one of them. We are also reformulating one of our solutions, the GPD¹, to turn it into a practice focused on 360-degree performance, addressing the economic-financial, environmental, and social pillars of impact. FIVE², a newly launched solution, can awaken this pragmatic glance at the pillars of ESG

policy in organizations³ as a win-win relationship, in which everyone perceives the positive impacts, including financial ones, of performance focused on sustainable development. ESG can lead to financial results in excess of the costs many believe it to have. We have also been focusing our efforts on extending our management know-how to medium and small Brazilian businesses, and understanding the economic and social importance they represent, both in terms of employment and income generation, along with the local transformations they are capable of undertaking. We wish to democratize access to management excellence to reach, make viable and perpetuate as many companies as possible across the country.

This is the call we make, both within our own organization and our network of partners, customers, and suppliers. We believe that everyone can do a little, and that by adding each little part together, significant changes will take place. Because when we put together the many pieces of a puzzle, they will make an entirely different big picture, as long as they are grounded on a single principle; that is, sustainable development. At Falconi, we can help complete this puzzle. We want to see this scenario change.

¹"Management by the Guidelines," one of the most recognized methodologies for the deployment of goals in organizations.

²Falconi Impact, Value & Execution.

³Environmental, Social and Corporate Governance.

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Falconi's Commitment to the Future

Chapter 1

Falconi's Commitment to Sustainable Development

"Everything starts with a purpose. And at Falconi, our purpose is to impact society positively. We do it by helping to transform people and organizations and generating sustainable value."

Viviane Martins - CEO, Falconi

Since our foundation, we have built a journey of continuous transformation, seeking knowledge, developing best practices and solutions for the market, and impacting private organizations, public bodies, people, and society. We have helped to change the country, one step at a time.



Knowledge and management for a more sustainable world

If now we can bring transformation to the lives of people and organizations, it is because this company was founded by someone who inspires us to do our best every day.

The engineer and professor Vicente Falconi was inclined to seek knowledge wherever it was and share it with those who most needed it to grow. In his trips to the United States and Japan, he came across two significant differences in the companies and institutions he visited: the high level of education of the people and the management systems that both cultures valued so dearly. Then he decided that this would be his mission in life: to bring that knowledge to Brazil and change the country by improving the management of organizations. Brazilians were going through challenging times in the 1980s, marked by an economic crisis, hyperinflation, and increasing poverty and social inequality. Unhappy to see a country with such great potential struggling, the professor realized that only management could change that scenario.

“Only applied knowledge adds value. The only way we can eliminate misery and poverty and really change our country is to start with the minds and hearts of each one of us. This change has to be driven through our efforts, by applying knowledge to our everyday lives, from within organizations to society.”

Prof. Vicente Falconi⁴

Not by chance, the origin of everything was the academic environment of the Federal University of Minas Gerais (UFMG), more specifically at the Cristiano Ottoni Foundation, in the 1980s, whose purpose was to disseminate management knowledge. Professor Falconi has ever since become one of the biggest names in management in Brazil and worldwide, in addition to being an advocate of the importance of results in organizations and the deployment of goals to achieve results. Yet, he has always believed that sound business management goes beyond; it lends itself to something much bigger, which involves the environment, ethics, governance, people, and, ultimately, society and its development. In 2009, in his book *O Verdadeiro Poder*, Falconi already mentioned a concept that gained ground only ten years later: Stakeholder capitalism.



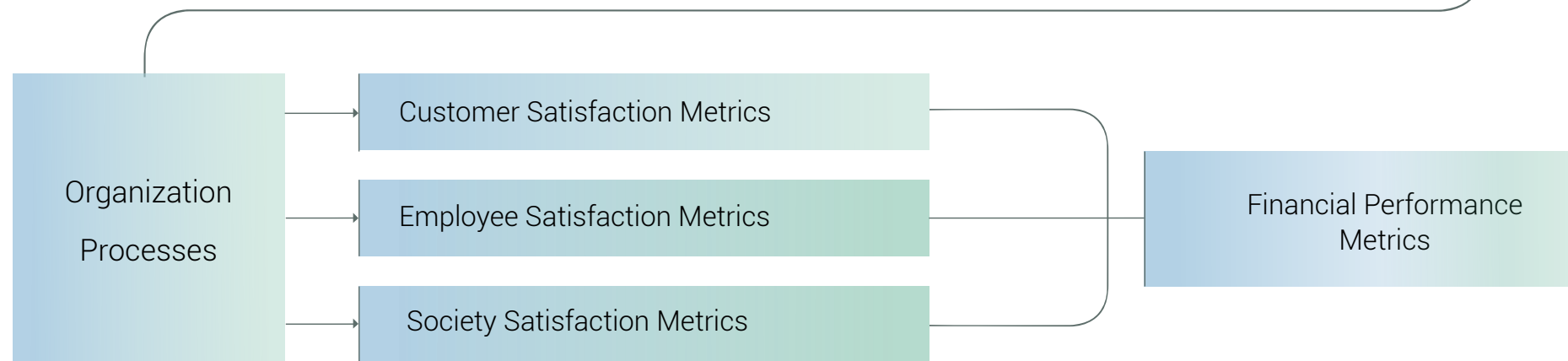
Prof. Vicente Falconi

“There are four types of human beings who are part of the goals of any organization. They are called stakeholders or ‘interested parties’ and include Customers, Employees, Shareholders, and Society. Long-term survival is guaranteed by simultaneously satisfying the needs (which can sometimes be antagonistic!) of all stakeholders.”

Prof. Vicente Falconi⁵

⁴From the book *Daily work routine management* (2004).

⁵From the book *True Power* (2009).



For four decades, Professor Falconi has relied on the power of management, coupled with the application of knowledge and leadership to change organizations. And he has also trusted in the power of organizations to change society. A talented professor with a vast background, Falconi has trained thousands of professionals in management techniques and disseminated his knowledge to transform organizations such as Ambev, Gerdau, Sadia (BRF), Unibanco (Itaú Unibanco), and many others, in Brazil and abroad. Indeed, this significantly impacted the economy and society through the positive results achieved by such companies. Falconi is also an influential consultant in the public sector, carrying out successful projects in municipalities, states, and the federal government.

One of the most notorious cases of his performance on behalf of Brazilian society was the solution for the 2001 “black-out crisis” that threatened the whole population. Indeed, studies conducted at the time proved that a prolonged power

outage proved to impact security, healthcare, and the economy in virtually all spheres of society. Professor Falconi was summoned by former Minister Pedro Parente to join the Crisis Management Committee and worked as one of the minds behind the great plan enforced to reduce electricity consumption in all sectors (commerce, industry, services, households, etc.). He also helped to coordinate one of the largest projects to expand the country's power capacity, based on a project management methodology recognized worldwide, under the guidance of Professor Darci Santos do Prado.

Professor Falconi is emphatic in stating that there is no more significant impact on the sustainable development of societies than that which is fostered by example. The reason why his consulting company has been able to disseminate knowledge to organizations across Brazil is that its employees are trained with excellence without losing sight of the human element associated with the problems they aim to resolve. And

the reason why Falconi emphasizes to its clients the importance of structuring governance in organizations is that we seek to improve our own governance in the process of continuous improvement, aimed at achieving more transparency and leading more positively, according to the “walk the talk” concept.

Falconi was established as it is now in 2012, when its founding partners decided to adopt a **rotating partnership** model. This allows the best professionals in the organization to buy Falconi's shares. By doing so, they become partners with a defined date to leave the partnership. According to Prof. Falconi, this is a solid sustainability principle: “We create opportunities for more people to achieve positive results, transparently and aware of how governance should work. This model has been a framework for several companies in Brazil, which so severely lack well-conducted governance, both in the private and public sectors.”



Falconi's transformative journey in numbers

Falconi was founded by **Professor Vicente Falconi**,
“**one of the 21 voices of the 21st Century**”
by the American Society for Quality, who has been working
in the management consulting market **for over 30 years.**

It has more than 600 consultants
worldwide and operates all over Brazil, United States, Canada,
Latin America, and Europe (**present in 42 countries**).

More than 6,000 concluded projects,
achieving **92% of the goals**
and a world-class **NPS score (higher than 70%).**



Governance and Compliance

"It is critical that our businesses have robust and well-established governance. That is, governance that ensures credibility and impartiality, so as to avoid all business conflicts."

Márcio Fróes – Chairman, Falconi

We are an institution that aims at developing and achieving positive results in organizations and positively impacting society as much as possible. The integrity of each member of this company depends on that. Un-ethical behaviors are not tolerated. We are all guardians

of our values, and ethics always come before any contract or result. We do not take shortcuts and lead with consistency, fairness, and transparency. We cultivate integrity in all our professional relationships (partners, suppliers, and clients).



Our attitudes are guided by our values:

								
Ethics	Focus on clients	Results-oriented performance	Caring for people	Ownership attitude	Teaching and learning	Meritocracy	Simplicity	High Spirits
All issues associated with the relationship between Falconi and society are guided by ethics.	We seek to understand the context of our clients in order to deliver high-quality results and solutions that please them and exceed their expectations.	We are disciplined about methodology, deadlines, data use, and everything involving deliverables and commitments.	We make decisions that respect and preserve our greatest asset: People.	We are passionate about our purpose and ethically defend the Falconi dream.	We have complementary skills, will, and humility to learn and teach every day.	We recognize and reward independently, impartially, and transparently.	We focus on what is essential and on understanding people, clearly and objectively, without excesses.	We take pleasure in what we do. We timely rely on high spirits to foster a favorable environment, generate empathy, and facilitate relationships.

To support performance with integrity, we have structured and improved a Governance system that values harmony

between management and ownership, thus perpetuating the legacy of Professor Falconi.

The system is based on a rotating partnership model focused on “succession” and offering opportunities for the best consultants to remain involved in decision-making and business conduction, thus oxygenating and keeping the company updated.

The partnership is governed by a Shareholders' Agreement, in which the following points stand out:

- * Clear separation between ownership and business;
- * Non-kin ties;
- * Strengthening of the rights and duties of members by outlining their roles and responsibilities;
- * Devices for mitigating conflicts of interest and conflict resolution;
- * Protection of succession and renewal guidelines;
- * Members must sell their shares up to 60 years of age;
- * Exclusion of partners and members who engage in unethical behavior.

Our Governance and Management structure aims to ensure compliance with this agreement and is governed by a Statute that consistently sets forth the bylaws arising from the commitment to one another.

Our General Assembly is active and fulfills its role as the highest decision-making body, valuing harmony over representativeness. Moreover, management influence is forbidden on our Board of Directors. Therefore, with the sole and exclusive exception of the founding partner, Prof. Falconi, all other members are independent and have vast market experience and skills to guide the management processes.

Finally, the mission of our Statutory Board is to outline and fulfill the company's main guidelines. All levels operate in harmony, respecting previously defined rules and competencies.

All of this is moderated and supported by thematic committees: People, Careers and Succession; Finance, Risks and Governance; Technology and Development; and Compliance. It is worth highlighting the work of the Compliance Committee, which, supported by our Reporting Channel, oversees our Values and Code of Conduct by reporting directly to the Board of Directors.

Our Code of Conduct and policies reflect our ethics and values, supporting and safeguarding us. To view these documents in their entirety, please visit:

- **Code of Conduct**
- **Freebies, gifts and entertainment policy**
- **Supplier and partner contracting policy**
- **Compliance Policy**
- **Anti-corruption and Government Relations Policy**

In line with our commitment to continuous improvement, our greatest challenges from now are to give partners more openness to participate in decisions, support the company's growth, promote dynamism (respond quickly without losing security), and ensure fluidity and harmony in the company by achieving the desired growth.

"Every time you do something,
ask yourself if it will harm
anyone or Falconi.
If the answer is 'yes,' don't do it."
Prof. Vicente Falconi

Sustainable Development Program

For us, sustainability is not merely an abstract concept or a dream to be fulfilled by humankind. More than that, it is a crucial factor of the organization's positioning and decisive for the long-term viability of the business. We are convinced that Sustainable Development brings concrete results to organizations by:

- * transforming their relationships with teams, customers, suppliers, and the entire community;
- * reinforcing their purpose and values and engaging people;
- * generating trust and credibility;
- * driving knowledge generation;
- * expanding the network of alliances and strengthening the relationship with stakeholders;
- * supporting commitments to global development agendas such as the ESG pillars, the Sustainable Development Goals of the 2030 Agenda, and the UN Global Compact.

Throughout Falconi's trajectory, we have carried out countless pro-bono projects in the areas of healthcare, education, micro, and small business development, and various other impact causes that have made a difference. However, there is more to be done to pragmatically absorb and convert ideas into concrete actions, especially in a scenario such as the one which we are facing right now. In 2020, we launched the **Sustainable Development Program**.

The Program organizes Falconi's Sustainable Development performance consistently and systematically in two crucial spheres of social impact: **Education and Social Responsibility**. The initiatives focused on SDG 4 (Education) are carried out through several projects and partnerships that aim at positively influencing and advancing Brazilian education. In turn, in the scope of Social Responsibility, we have focused our efforts on SDG 10 (No Inequality). One of the major initiatives of 2020 was the launch of the Falconi Community, which was founded to bring together projects to tackle the coronavirus pandemic in the areas

of society, healthcare, entrepreneurship, support for micro and small businesses, among others. Indeed, this has triggered a vibrant and active set of initiatives within Falconi. Therefore, during one of the most challenging periods of recent human history, we reaffirm our responsibility to society, making a commitment to Sustainable Development for the sake of Falconi, the organizations with which we associate, as well as Brazil, and the whole world.

*Transformation begins at home,
and this can open new doors to
the future and business, not only
for the organization but for the
entire society.*

Diversity and Inclusion Program

In 2017, guided by our purpose and our belief in transforming the society we live in, we kicked off a rich internal debate about Diversity and Inclusion. The movement grew, gained ground, and in 2018 became an official program, led by the

D&I (Diversity and Inclusion) Committee, which ensures systemic vision and strong governance to the activities, driving teams of volunteers and managing topics associated with diversity, which are addressed by Affinity Groups:

DIVERSIDADE & INCLUSÃO



Focusing on racial diversity, Grupo Cór addresses the issues of racial privilege and racism, aiming to ensure effective inclusion at Falconi.



The challenges and achievements of PWD (People with Disabilities) and their inclusion in our company are worked by the Sem Limites group.



Gender equity is the focus of the Falconi 8.03 group. It is divided into two lines, one focused on women's development and the other one on parenting.



The goal of the B.You group is to ensure a welcoming and safe environment regardless of sexual orientation, gender identity, and expression.



The goal of Talento Sem Fronteira (Talent Without Border) is to welcome diverse experiences and cultures.

Each Affinity Group carries out specific activities according to its primary theme. Moreover, several actions have been implemented institutionally divided into Structuring Actions and Education and Visibility Actions.

Structuring Actions

(cross-cutting initiatives that help us bring more and more good people into our team):

- Revision of Parent's Benefits;
- Outlining of D&I metrics and goals;
- Revision of recruitment processes to increase diversity;
- Revision of communication material according to the D&I perspective (representativeness in communications);
- Revision of the Compliance Program, among others.

- Adherence to the pacts and commitments related to the topic:

- * UN WEPs
(Women's Empowerment Principles)
- * LGBTIQ+ Business Forum
- * REIS (PWD)

When outlining D&I metrics and goals, we must highlight the UN Global Compact's Target Gender equality accelerator Programme, which has the daring goal of having 30% women in top leadership positions by 2025.

Other vital purposes are currently being finalized and implemented, such as new guidelines for recruitment and selection in the Jovem Falconi Program (Young Falconi Program), and for hiring Black interns as of 2021. These add to other initiatives aimed at increasing diversity and inclusion in the organization.

Education and Visibility Actions

(we aim for an effective change in attitude, and education and visibility are paramount to achieve it):

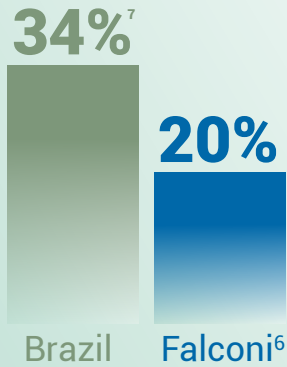
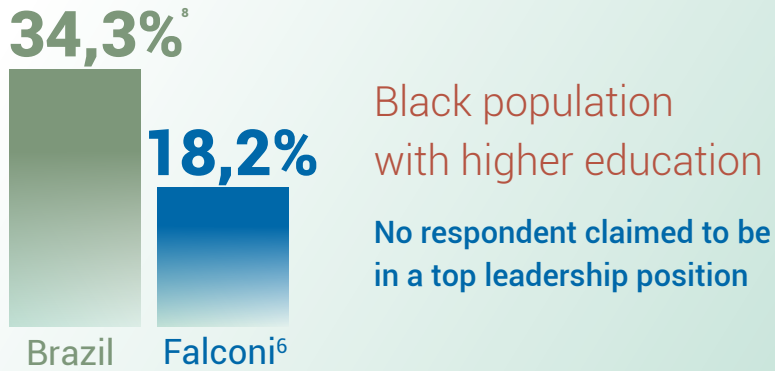
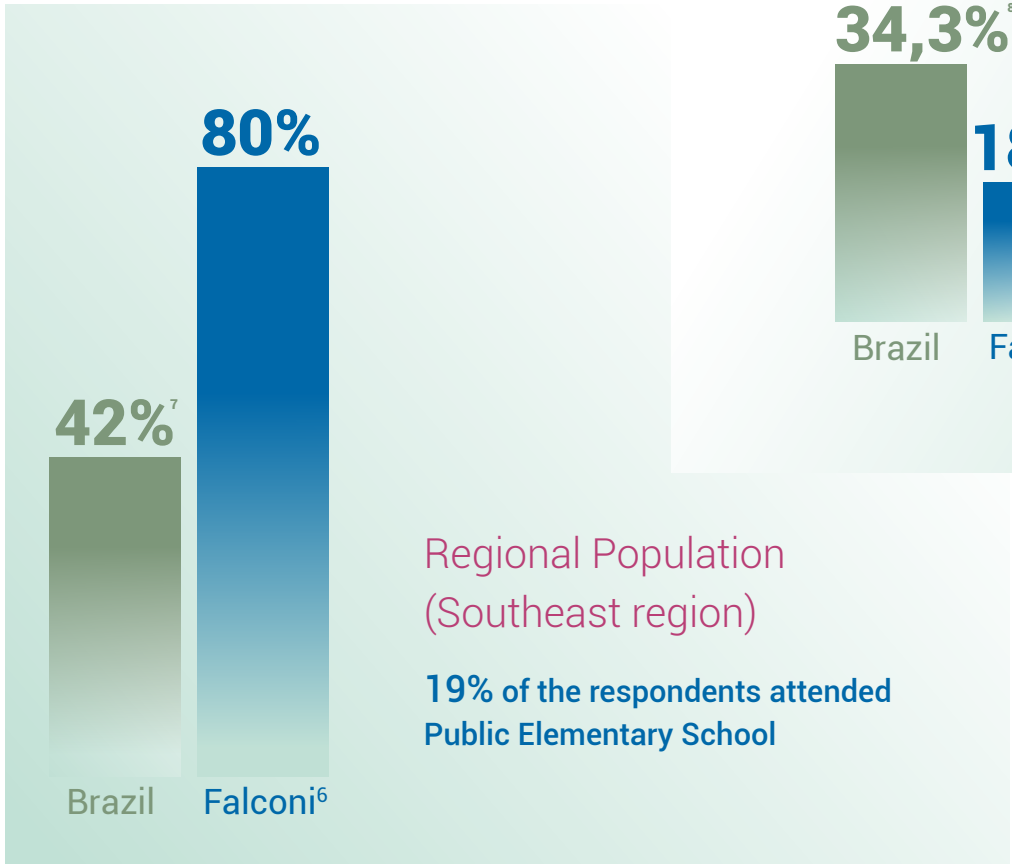
- 2019 Diversity Season: five weeks of contents published on the topics prioritized at Falconi, featuring posts on social media and events with guests;
- 2020 Theme Weeks: along the lines of the 2019 season, we published content related to the commemorative dates of each theme;
- 2020 Allied Journey: knowledge pills on the five themes were shared for six months, according to the interest of each ally, featuring the sharing of materials prepared by the groups and the recommendation of external media (e.g., books, podcasts, movies, etc.);

- Study Groups: contents to be studied and debated, which reflect attitude changes and knowledge expansion (five groups and 11 meetings per group on average in 2020). Highlights include Trilha de Letramento Racial (Racial Literacy Trail) based on the lesson plan created by renowned teacher Suzane Jardim and disclosed by Basf;
- Elaboration of booklets and educational material about the topics covered (more than 93 pieces produced in 2020, totaling approximately 900 accesses over the period);

- Designing of specific D&I training trajectories for all positions (in progress);
- Events and roundtable discussions for the Falconi team and external guests, with a current average attendance of 70 participants per event; more than 14 events organized, with more than 560 participants in 2019 and 2020;
- Organization and publication of data in an official repository, allowing broad access to all the information and training materials produced in the scope of the programs.

The Falconi Census

Since the creation of the D&I Program, a Census, and a Perception Survey have been conducted annually. The data collected allow us to evaluate the organization as a whole and in its specificities, to identify opportunities for improvement and evolution, and to help us make decisions and establish metrics and actions for the next steps. We still have a long way to go in our quest for representativeness; but we know that according to the precepts of good management, the first step is to identify the problem:



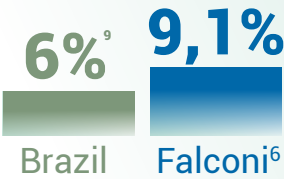
Top leadership positions held by women

Higher representation in entry-level positions (42%) and predominance in business support areas (60%)



People with disabilities

Low participation rate, particularly in consulting



LGBTIQA+ Community

3,2% in top leadership positions

⁶Falconi Census conducted in 2020
⁷Women in Business, 2020
⁸Outnow, 2017
⁹IBGE



REPRESENTATIVENESS,
DIVERSITY,
INCLUSION,
EQUITY,
ACCEPTANCE.

Together we are stronger.

Our dream is to increasingly represent the society in which we are inserted in our organization. To this end, concrete actions are underway for each of the topics addressed:

1. Gender

- a) Target Gender Equality (in progress): It aims at reaching 30% women in leadership positions by 2025 and setting goals for entry-level positions, in which we will go through the entire career trajectory, from promotion to leadership and turnover, with a transversal Action Plan).
- b) Parenting Flow: Care and support actions for fathers and mothers.

2. LGBTQIA+

- a) Improving the B.You Group to welcome LGBTQIA+ people.
- b) Educational and visibility actions against LGBTQIA+phobia.

3. Ethnicity

- a) Actions combined with Sustainable Development: structuring of a support program for companies headed by Black leaders. The pilot projects are currently at the final stage of implementation.
- b) Specific process for Black interns and trainees.

4. PWD (People with disabilities)

- a) Hiring at least one person with disabilities for the consulting firm in 2021, in addition to the people already working in the support areas.
- b) Increased engagement in the Sem Limites group for greater inclusion.

5. Background

- a) Setting a recruitment goal for various courses (JF) – currently being outlined.
- b) Implementation of a pilot project according to Delta Evaluation¹⁰– in progress

¹⁰Delta is an approach to recognize the path each participant has taken, not just their individual finishing points. It aims at providing more opportunities for people to compete equally, thus making Falconi more diverse socially and economically.

We believe that our greatest asset is PEOPLE. We care about, develop and listen to people; we respect differences and foster an environment of trust and fulfillment. We believe that experienced talents make our team capable of generating exceptional results, bringing us closer to our goal of building a better society. We have yet to reach the levels we aspire, in order to represent the demographic composition of Brazilian society in our staff more faithfully, but we are moving in the right direction because together we are stronger.





Global Commitments

In 2019, we signed the UN Global Compact, embracing the commitment to meet the Sustainable Development Goals of the 2030 Agenda. The seriousness with which we have incorporated this vital role and was ratified by the invitation that Viviane Martins, our CEO, received from

the Global Compact Network Brazil to be an Impact Leader and representative of SDG 8 (Decent employment and economic growth). In 2020, we launched the Strategy 2030 of Network Brazil to engage and guide the Brazilian private sector in the scope of the SDGs.

UN Global Compact

"The partnership between the Global Compact Network Brazil and Falconi was established in 2019 when the firm accepted the challenge of building a strategic plan to achieve the SDGs through the business sector. This is how Strategy 2030 emerged, focusing on five priority action fronts: measurable impact on SDGs; insertion of SDGs in business strategies; participation in global sustainability reference forums; partnerships and regionalization and engagement of value chains.

Over the past few years, our partnership has been fruitful, and we expect to obtain even better results in the future. The country needs courageous companies willing to generate positive impact, improve their ESG practices, and collaborate to accomplish the SDGs."

Carlo Pereira – Executive Director, UN Global Compact

In 2019, we affirmed our support for the ten principles of the Global Compact on labor, human rights, the environment, and anti-corruption. We are now even more committed to putting the concepts and values of each principle

into practice, from strategic to everyday operations, as well as engaging in cooperative projects that promote the goals of sustainable development.

As one of the primary objectives of this report, the following pages describe and detail our efforts, initiatives, and projects for the implementation of the ten principles of the Global Compact by Falconi, both in the scope of its internal actions and its

initiatives targeted at the external public; from the social and pro-bono efforts performed to the projects carried out with clients, which promote and improve employment, labor dignity, education, health, and safety rates, among others.

Human Rights Principles

- 1



Businesses should support and respect the protection of internationally proclaimed human rights; and
- 2



make sure that they are not complicit in human rights abuses.

Labor Principles

- 3



Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- 4



the elimination of all forms of forced and compulsory labour;
- 5



the effective abolition of child labour; and
- 6



the elimination of discrimination in respect of employment and occupation.

Environmental Principles

- 7



Businesses should support a precautionary approach to environmental challenges;
- 8




undertake initiatives to promote greater environmental responsibility; and
- 9



encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption Principles

- 10



Businesses should work against corruption in all its forms, including extortion and bribery.

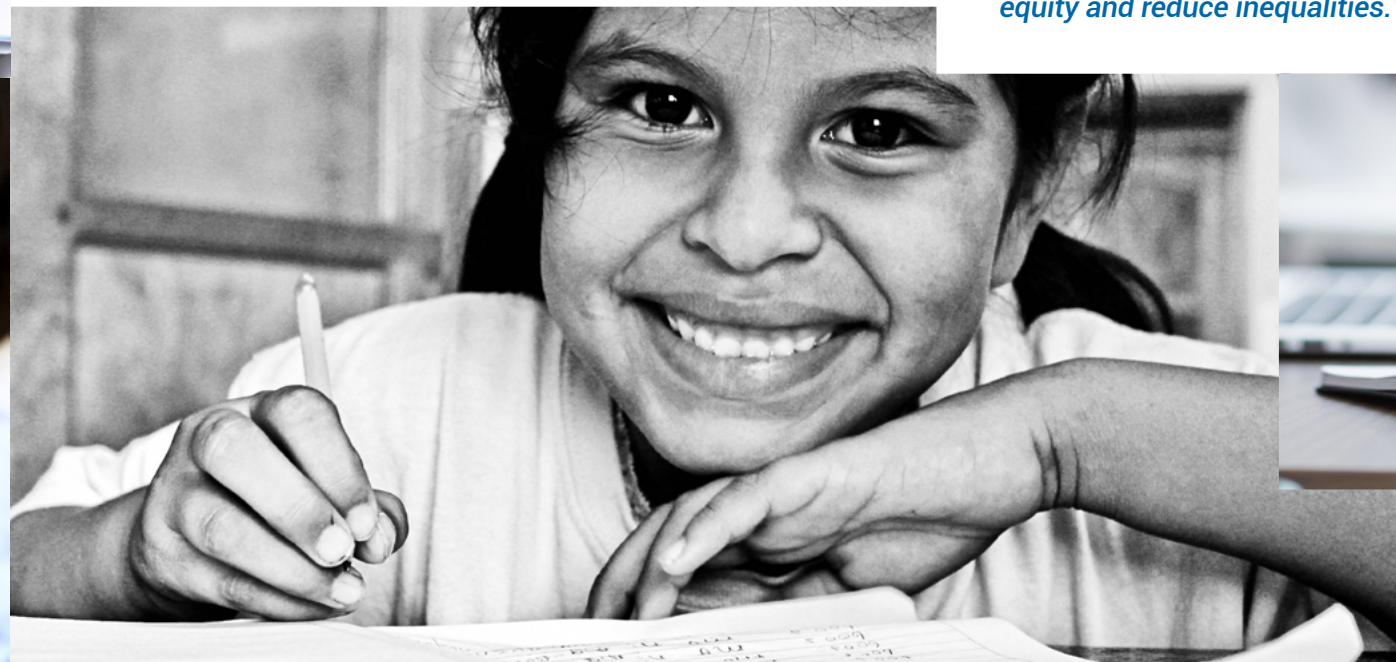


Sustainable Development Goals | 2030 Agenda.

The 2030 Agenda for Sustainable Development adopted by members of the United Nations in 2015 provides a road map to peace and prosperity for humans and the planet, now and in the future. At its core are the 17 Sustainable Development Goals (SDGs), which are an urgent call to action for all countries, organized in a global partnership.

Just as we recommend our customers to do the same, we seek to align our strategy with the concepts of Corporate Social Responsibility and ESG to paint a complete picture of our organization's priorities and apply our values to sustainability. As such, we defined the priority SDGs for our everyday work of using, disseminating, influencing, and acting within the scope of various initiatives and projects, both internal and external, with partners and customers.

The strategic guideline that guided the prioritization of our actions has been our belief in Education and Equity. That belief is ingrained in our foundation and is the signature of Professor Falconi, who values knowledge and the importance of disseminating it to all people and organizations. It is also present in our primary purpose of making quality management transform organizations and society, establishing a virtuous cycle to expand equity and reduce inequalities.





Ensure inclusive, equitable, and quality education and promote lifelong learning opportunities for all.

Quality Education is the primary focus of action among the prioritized Goals and is regarded by Falconi as a determining factor in changing society. Our vast experience in projects and activities focused on improving Brazilian public education and support for educational networks to transform themselves through management are paramount to understand how this Goal can impact society and the country as a whole.



Achieve gender equality and empower all women and girls.

Since 2018, Falconi has been working systematically for Diversity and Inclusion within the organization, as we believe that a more diverse environment leads to better solutions and business opportunities for all. Gender equality is one of the critical flagships of this work, which has audacious goals to achieve, such as placing women in at least 30% of the organization's leadership positions by 2025.



Promote sustained, inclusive, and sustainable economic growth and full, productive, and decent employment for all.

Our Core Business is to make management excellence accessible by forming well-trained leaders. We believe that management can promote and sustain economic growth, in the private and public sectors. The need to focus on the long-term viability of organizations and the generation of value for all stakeholders must be highlighted, and we do not tolerate any initiative that threatens or jeopardizes the principles of human and labor rights.



Reduce inequality within and among countries by promoting the social inclusion of vulnerable groups.

Our business impacts the public and private ability to optimize management results and promote development and reduce inequalities. In our pro-bono projects and those provided to our clients, we always try to highlight that the improvement in management, combined with the effort to build a more diverse and inclusive team, and the incorporation of ESG concepts are factors that can make a significant difference in society and reduce inequalities, which are so accentuated in the Brazilian context. We count on the Diversity & Inclusion Program, which shows that we do inside our company that which we want to promote in all organizations.

Throughout this report, readers get to know the projects that directly or indirectly have helped promote or achieve the SDGs prioritized by Falconi.

Highlights Chapter 01

Rotating Partnership:

We set a standard in the **internal governance model** that promotes our business's sustainability through the **succession and acquisition of shares** by the firm's consultants.

Sustainable Development Program:

Transformations

begin at home.

Changes can open new doors to the future and business, not only for the organization but the entire society.

Diversity & Inclusion:

. **To have 30% of women** in top leadership positions by 2025,

- New guidelines for recruitment and selection,

- And other initiatives aimed at **increasing diversity and inclusion** in the organization.

Chapter 2

Falconi's Commitment to Society

Throughout our trajectory, we have always valued the development of projects in partnership and the use of our expertise to promote excellence in management and seek solutions to society's challenges. Based on these premises, we also carry out voluntary and pro-bono work, developing our own projects or participating in initiatives to support institutions that encourage social improvements. Moreover, through

Our experience in this area can be exemplified by our partnership with Rede Cruzada, an initiative created to expand and qualify access to early childhood education that, over time, has also incorporated activities aimed at the social inclusion of the elderly and teenagers and their insertion into the labor market. Since 2017, we have assisted in the implementation of the results-based management structure of Rede Cruzada, defining the basis of indicators and goals to be achieved by the institution.

tax incentive laws, we support countless projects in the fields of education, sports, culture, and leisure. All these actions reaffirm our purpose of impacting society positively and sealing our commitment to it, whether through management excellence in the institutions and projects in which we participate or the quest for quality education and the reduction of inequalities.

Rede Cruzada operates in four (4) units, three of which are located in Rio de Janeiro and one in São José do Vale do Rio Preto. The network assists 624 children (daycare and early childhood education), 564 youth and teenagers, and 63 senior citizens.

"The result figures were all just in our hearts. With Falconi, we started outlining results indicators. Nowadays, the 'result-oriented management' methodology has become part of our corporate DNA."

Lia Carvalho - Rede Cruzada





In 2020, the Covid-19 pandemic posed social and health challenges worldwide. Like many organizations around the world, Falconi made a serious and meaningful commitment to promoting initiatives and institutions that acted to tackle this situation. Since March 2020, we have been engaged in several fronts created to mitigate the risks imposed by the pandemic to society. **Thus was created the Falconi Community, a set of projects to support the companies, institutions, and communities most impacted by the country's severe social and economic scenario.**

Our engagement in facing the crisis has continued in 2021 through the maintenance of some existing initiatives and the implementation of new ones, translated into volunteer actions, pro-bono projects, or support to companies through tax incentive laws. Thus, we reaffirm our commitment to continue collaborating to overcome the economic and social challenges faced by organizations, governments, and society across the country.



An organization that brings together volunteers from all over Brazil, acting as a league of independent state leagues with a common goal: to support the most vulnerable communities against the effects of the pandemic. UniãoBR seeks to connect network participants to strengthen movements in each state, share best practices and mobilization tools, and facilitate the establishment of other state organizations. Learn more at <https://www.movimentouniaobr.com.br/>

Falconi's performance has sought to structure the governance, to establish a system to follow up results, and to disseminate the good practices of UniãoBR and the state movements. To this end, we created a manual for structuring the state unions and the movement's results follow-up panel in order to contribute to the management of the initiative and the creation of new state movements across Brazil.

Results

In four months, the movement, initially carried out in four states of the Federation, was organized in 17 more states, totaling 21 states that were part of the initiative by the end of 2020. The movement has collected more than R\$ 160 million, 12,000 tons of food, and 3 million pieces of personal protective equipment for donation, which have benefited more than 9 million people. Besides, we have achieved other non-measurable results:

Testimonial:

[...] "Falconi has helped us a lot with methods, processes, systems. We have a lot of energy and good intentions, but sometimes a little organization certainly helps us go much further. And faster too."

Daniel Serra – Cofounder of UniãoBr, in a video published by the Falconi Community (June/2020)

Non-measurable results



Implementation of the management concept in Organizations with lower levels of management maturity and methodology.



Outlining of goals and endorsement of their relevance in Organizations.



Promotion of sharing of good practices among Organizations.



Encouragement of decision-making based on facts and data through a control system (results panel).



The COVID Radar has established a collective of companies and organizations that operate as a network to tackle the challenges of the pandemic, prevent the collapse of the healthcare system, and help the economic recovery. By 2020, the collective had been joined by more than 80 companies, entities, partners, and supporters that, by acting co-operatively, collaborated to link and offer donation resources to entities that need to be benefited, in

addition to organizing essential information about the fight against the pandemic, such as the creation of a qualified database for managing the process.

As partners of this initiative, we worked effectively to implement the collective's Project Management Office (PMO) and its initiatives, in addition to instituting and managing the governance of participatory instances.

Results achieved during the partnership period:

Donation of

- * **105,000 surgical masks;**
- * **1,010,000 cloth masks;**
- * **180 aerosol boxes and 85 mechanical lung ventilators;**
- * **2,000 kg of food;**
- * **14,600 liters of 70% alcohol;**
- * **30,150 face shields;**
- * **1,000 of non-woven fabric and manufacturing of surgical masks;**
- * **380,000 pairs of rubber flip flops;**
- * **24,752 units of cosmetic products.**

We also highlight the publication of newsletters with news and analysis about Covid-19 in Brazil, sent weekly to the press and partners, allowing qualified access to information about the status of the pandemic in Brazil. Learn more at <https://www.covidradar.org.br/>



This initiative was established to allocate the resources from donations to fight the pandemic more efficiently. Managed by epidemiology experts and leaders of referenced hospital centers in Brazil, it counted on the support of 39 entities and national and multinational companies that raised more than R\$ 1.2 billion.

The project featured four organized axes, namely (1) to qualify the general information

process about the pandemic; (2) to provide personal protective supplies; (3) to provide hospital infrastructure by purchasing treatment equipment; and (4) to support for epidemiological research on treatment procedures.

Our support consisted in organizing governance and management processes for the funds raised through the creation of a PMO panel discussing the support fronts to be ben-

efited, monitoring the progress on the action fronts, and preparing periodic consolidated information for the initiative's management board. As objective results of our performance, we can highlight the consolidation of the governance and monitoring system of the program and the improvement in the budget management efficiency. Learn more at <https://www.todospelasaude.org/>

Support for



**Tribunal
Superior
Eleitoral**



Given the imposed scenario of restrictions and social isolation, another challenge posed by the pandemic to Brazilian society was to ensure the right to vote safely, minimizing the population's exposure to the risks of infection by the coronavirus when voting. Before the elections, we engaged with other institutions and companies to support the Superior Electoral Court (TSE) in holding the elections, thus contributing to this vital gear of Brazilian democracy and reinforcing our commitment to Brazil's social development.

For two months, we worked with the program's PMO, coordinating several organizations in the logistical planning for the production, separation, and distribution of security items for all Brazilian states by employing management and communication techniques, defining process flows, and implementing daily control routines.

Results:

*The collective effort of the institutions involved made health safety possible during the electoral process. More than **19 million safety and hygiene items were collected, involving a complex logistical structure of donation, storage, and distribution of materials to the electoral zones.***

Our performance was recognized and praised by the Minister of the Superior Electoral Court, Luís Roberto Barroso, who highlighted our competence and commitment to the project on the occasion of a public ceremony about the Brazilian electoral process.

"I believe that the key to success in achieving the results of this great project was to form a good planning team. Having a systemic vision, overseeing the process from end to end, and using management and communication techniques allowed us to design the plan while executing it. We were able to remotely build a continuous communication flow involving more than 70 organizations. Being able to combine managerial knowledge with the social impact that public authorities can make is more than a job; it is an honor and a privilege as a citizen."

Leandro Maia – Consultant at Falconi, project coordinator



Relying on our expertise, the structure of our core business, and the belief we have in management as the cornerstone of sustainable development, we created the Falconi Juntos program, which supports, on a pro-bono basis, the improvement of management and performance of micro and small businesses directly impacted by the pandemic. This initiative was carried out in partnership with Moxtra, which enabled the use of a platform by

the supported companies; and with VOA/Ambev, which provided content and training.

Through the volunteer work of our consulting team, we provided mentoring to micro and small entrepreneurs with management solutions that enabled the sustainability of their businesses in the current scenario.

Results:

*During two cycles of this program conducted in 2020, more than **100** companies were supported, in **13** Brazilian states, impacting more than **2,000** people, considering partners, directors, and employees from different companies; partnerships with four (4) companies were established; more than 200 volunteer consultants were mobilized, both internal (Falconi) and working from partner companies.*

"For those of us working in the education sector, who don't have financial expertise, the support and learning granted to us were vital. The tools they provided enabled a global vision that will help us manage our school more efficiently from now on."

Silvia Cerulio Di Pietro – Educational Director and Rosângela Iunes Cano – Financial Director of Escola Pinguim, program participant

Vamos Juntos FRST



The goal of the Vamos Juntos FRST program is to offer professionals and institutions access to management knowledge through a free online platform. By adapting our Falconi Road of Skills and Talents (FRST) product, we started to offer a

training journey that involves applied and collaborative knowledge on topics such as leadership, management, and innovation, thus helping participants to overcome the challenges posed by the current socio-economic crisis.

Results:

- * **3,400** participants from all regions of Brazil;
- * Participation of teams from **1,300** large and small businesses;
- * Almost **6,000** hours of live training sessions on YouTube.



Besides the programs described so far, we have developed other actions to support companies and entrepreneurs and seek management solutions for the crisis, thus collaborating to the recovery of the country's development. As for the COMPRE DO BAIRRO (BUY FROM YOUR NEIGHBOR) movement, we supported the organization and structuring of the project, which aimed to strengthen small local businesses and engage consumers in the

Although the Falconi Community was specifically designed for the pandemic, we understand that engagement was and still is relevant to leverage and direct our efforts on behalf of society. Therefore, we have kept several of these initiatives operative in 2021, either through pro-bono actions, project funding through tax incentive laws, or programs developed in 2020 that will continue in the coming years, as is the case of FALCONI JUNTOS.

importance of supporting local commerce. Through the COMPROMISSO FALCONI project, we provide free information and studies on Covid-19 and the business outlook in the context of the crisis. In turn, the DAYWAY against COVID employs a digital routine management platform to temporarily help organizations adapt to the new working conditions and protocols imposed by Covid-19.

With this mentality, we believe we can contribute considerably to structure and organize institutions and projects more efficiently, thus impacting impact society more positively.



Projects assisted



Through tax incentive laws, Falconi has contributed to the development of projects in the areas of education, culture, sports, and leisure. In 2020, we supported seven projects, namely:

- 3 projects carried out through the São Paulo Municipal Culture Law (ISS);
- 3 projects carried out through the Federal Law for Cultural Incentive (Rouanet);
- 1 project related to The Childhood and Adolescence Fund (FIA);
- 1 project related to the National Fund for the Elderly (FNI).

Project	Location
Escola de Trovadores	São Paulo/SP
Orquestra Jovem Social	São Paulo/SP
Elas Por Nós	São Paulo/SP
Projeto Querubins	Belo Horizonte/MG
Remando para inclusão	Vitória/ES
Projeto IOS Inclusão Produtiva	Grande São Paulo/SP
Adote um Leito (Hospital de Base)	São José do Rio Preto/SP
Sonho de uma noite sem palavras	São Paulo/SP
De mãos Dadas	Belo Horizonte/MG



We highlight our partnership with Associação Querubins. The entity based in Belo Horizonte, Minas Gerais, Brazil, our city of origin, has developed projects aimed at the artistic and educational development of needy children and youngsters in the city for 25 years. Learn more at: www.querubins.org.br

*"Falconi, in a solidary and friendly way, lent its hands to Querubins. It is crucial to value companies that really make a difference in our society. "
Magda Coutinho – Founder and Manager, Associação Querubins*

The Falconi Community:

in a partnership with other institutions, we created a set of projects to support companies, institutions, and communities most impacted by the country's severe social and economic scenario.

Support to **TSE in the 2020 Elections**: management assistance that allowed collecting, storing, distributing, and delivering more than **19 million** safety and hygiene items to electoral zones across Brazil.

Falconi Juntos:

- More than **100** companies assisted,
- Reaching **13** Brazilian states,
- Impacting **more than 2,000** people,
- And mobilizing **more than 200** volunteer consultants, both internal (Falconi) and from partner companies.

Chapter 3

Falconi's Commitment to Market Drivers of Sustainable Development

"I dream that our products and services will become so accessible to the point that we can, along our journey, bring management excellence to the widest corporate and institutional audience possible. To me, that is the cornerstone of sustainability."

Prof. Vicente Falconi

When Falconi was founded in the 1980s, the explicit difficulties in the context of hyperinflation compromised the development of Brazilian companies and institutions. Moreover, the absence of quality management processes in the most varied types of organizations aggravated the crisis by restricting their capacity to respond and overcome the challenges posed by the socio-economic context. By not conforming to that reality, we established the institutional purpose of providing

access to management excellence, finding solutions to the challenges faced by organizations, and boosting the country's development. Based on this belief, we have structured a management and market performance model that, throughout our trajectory, has contributed for organizations in the three sectors to achieve differentiated results, positively impact society, and contribute to sustainable development.





6000

projects in over
30 years
of operation

in the following sectors:

Mining and Metals;

Public Administration;

Wholesale and Retail;

Oil and Gas, Chemical,
Petrochemical, and Energy;

Healthcare;

Food and Beverages;

Construction and Infrastructure;

Agribusiness;

Financial Services;

...and many others.

Support to Private Management

Together with the business sector, we operate in the most diverse sectors of the economy. Even though many belong to the private sector, they impact society as a whole, such as in the areas of healthcare and education, for instance. Therefore, management improvements can boost public projects that benefit the entire population. Our goal with clients and partners has always been to develop projects to implement customized solutions for the challenges at all management levels of each organization.

Among the most advanced practices employed by Falconi to manage organizations, processes, and operations, we highlight:

- The adoption of practices for transformation (strategic planning and goal deployment);
- Sales planning organization;
- Performance measurement of operations and support areas, assets, and supply chains;
- Budget and working capital management practices;
- Project and portfolio management;
- Innovation and digital transformation;
- People development;
- Process optimization;;
- Routine management;
- And other specific management approaches.

Driven by the work we carry out in partnerships with such organizations, the advancements in organizational performance lead to the expanded capacity to respond quickly and accurately to the demands of a market that has increasingly demanded an ethical commitment to sustainable development, both locally and globally.

A sustainable partnership



"Sustainable development is a central premise of Irani. We know well the importance of management to make strategies viable in an efficient and balanced way. Having partners like Falconi gives us security and clarity to move forward in a reliable way and in line with our values."

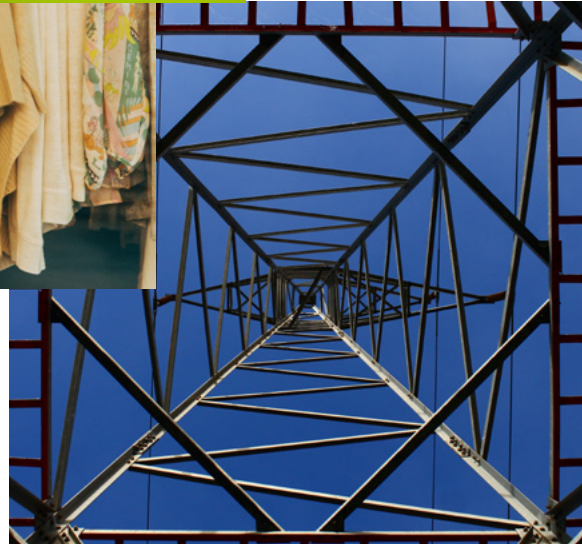
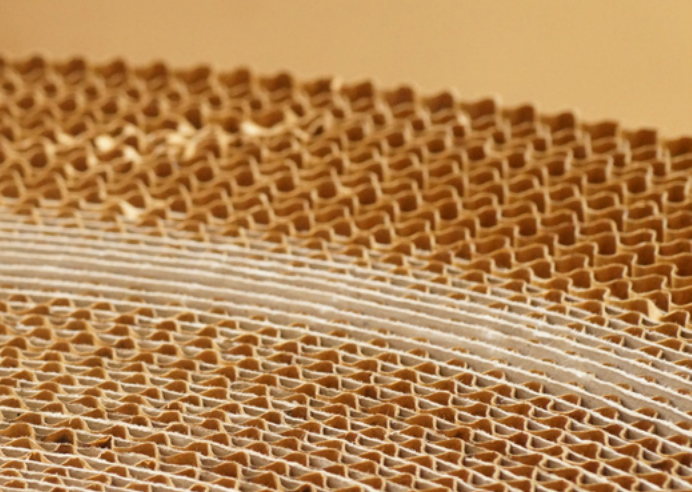
Sérgio Ribas – CEO, Irani

Among the various successful partnerships we have established with our customers, we are glad to highlight the partnership we have had for over ten years with Irani Papel e Embalagem, one of the leading national industries in the segments of packaging paper and corrugated packaging.

Irani has operated for more than 80 years and received more than 40 awards regionally and nationally. It is the third most prominent company in the packaging paper segment in Brazil, with more than 2,000 employees. In 2020, it generated R\$ 1.3 billion in gross revenue by producing 293,000 tons of packaging paper and over 155,000 tons of corrugated cardboard packaging.

Critical points of success for a sustainable partnership:

- Respect and adherence to Irani's mission ("To build valuable relationships."), which is in line with how we perceive our relationships with clients;
- Corporate positioning and performance: Irani has been a signatory of the UN Global Compact since 2007, as has Falconi since 2019;
- Performance based on values such as "Life comes first," "Integrity," and "Social and environmental responsibility."



For ten years, we have helped develop and strengthen Irani's management system by improving the areas of sales, manufacturing efficiency, expense management, organizational restructuring, and project management. But the project that best represents our achievement as consultants and brought us closer to our core purpose was **"Management by the Guidelines,"** carried out in 2018, whose focus was on defining and unfolding the CEO's goals for the entire organization while considering the stakeholders' perspective (economic-financial, health and safety, climate, and customer focus). Irani has ever since internalized this know-how and taken the opportunity to further and expand the notion of management by guidelines within the scope of its performance with suppliers, communities, and the government.

We are convinced that systemic management is the key for higher ambitions, such as reaching B3's high-

est level of governance (1st company in its segment to achieve it) and its expansion project portfolio called Gaia Platform (which aims for a 25% increase in production capacity and energy sufficiency), as well as the ongoing investment in management that will contribute to the constructions to be carried out.

"The partnership with Falconi is in line with our mission to 'Build Value Relationships.'" As project sponsor, I was able to see the commitment and engagement of both teams, Irani and Falconi, in delivering superior results and strengthening our culture of excellence and results, which has enabled us to go through virtuous cycles, such as the entry to the New Market and the implementation of our expansion project portfolio, the Gaia Platform."

Fabiano Alves de Oliveira – People, Strategy and Management Director at Irani

New business and product development

Our commitment to the market drivers of sustainable development also translates into new businesses and products, which since their creation have been in line with the goal of enabling further access to institutions and, above all, to their professionals, the qualification of skills and ESG management processes. Falconi's new products, FRST and MID, rely on the potential of artificial intelligence and new technologies to transform more people and organizations, thus impacting society more and more positively.



The FRST focuses on the development of competencies for the future within companies and institutions. By employing training processes for managers and leaders, the proposal aims to effectively impact individuals and, consequently, the results of organizations. The FRST's approach is grounded on the individualization of teaching, with learning trajectories that include topics such as creativity, innovation, flexibility, critical

thinking, negotiation, advanced communication, and emotional intelligence. FRST was born in the digital era. Based on the assessment by artificial intelligence, it focuses on preparing individuals for a qualified professional performance in the future, in a scenario of ever-changing demands by organizations and society. This takes place through the development of individual Human Skills (soft + hard).

FRST FIGURES:

Road of Skills Program

91% recommend the Program

93% satisfaction with practical applicability

90% satisfaction with learning objects

Interprise and SMB Clients

+3.000...participants

+300.....companies

+40.....countries
(global presence)

Social Impact Program (free event)

+10.500...Participants

+4.500....Companies



Mid is a management solution targeted at medium-sized businesses because we believe that when these companies perform well, the whole country improves. The proposal aims at qualifying the management of this business sector, which has gained a lot of ground in Brazil but lacks support and assistance to

sustain and develop their business to adapt to market and society transformations. In this way, we expand our operations to other social spheres and economic sectors, therefore impacting the country's ability to generate employment and economic growth.

MID FIGURES:

85% of the projects achieved their goals, along with an
88% satisfaction rate and operations
in more than **+13** states.

Learn more at www.midfalconi.com

Small businesses

In 2020, to advance the expansion of access to management knowledge, we started a pilot project for small businesses in addition to the launch of Mid and FRST, focusing on the restaurant, food, and catering segment, one of the most affected by the pandemic. This is how we started creating a customized format that could meet

the needs of small businesses. Aware of the relevance of small companies operating in the base of the economy, we aim to structure our performance for other segments, as new Falconi product, seeking to impact businesses that are crucial for the country's development.

Support to Public Administration Management

Since the beginning of our operations, public projects have always been part of our scope of work. We believe that improving the quality of public management is a crucial factor for driving economic growth and social development for the entire country. Throughout our trajectory, we have developed more than 700 projects for the public sector at the local, state, and federal levels, coming up with management solutions in areas such as education, public security, financial management, economic development, and sanitation, among others.

Education

The education sector is one of the pillars of Falconi's performance. We have participated in several projects for state and municipal education networks, focusing on the improvement and strengthening of school management systems. We have also addressed critical issues for each client's reality by planning steps, deploying goals, and responding to the challenges imposed on each school. All actions are done together with the teaching network in a process that enables the transfer of knowledge and the professionalization of management (from the secretariat to the board).

The transformation of education in the state of Rio de Janeiro

A purpose

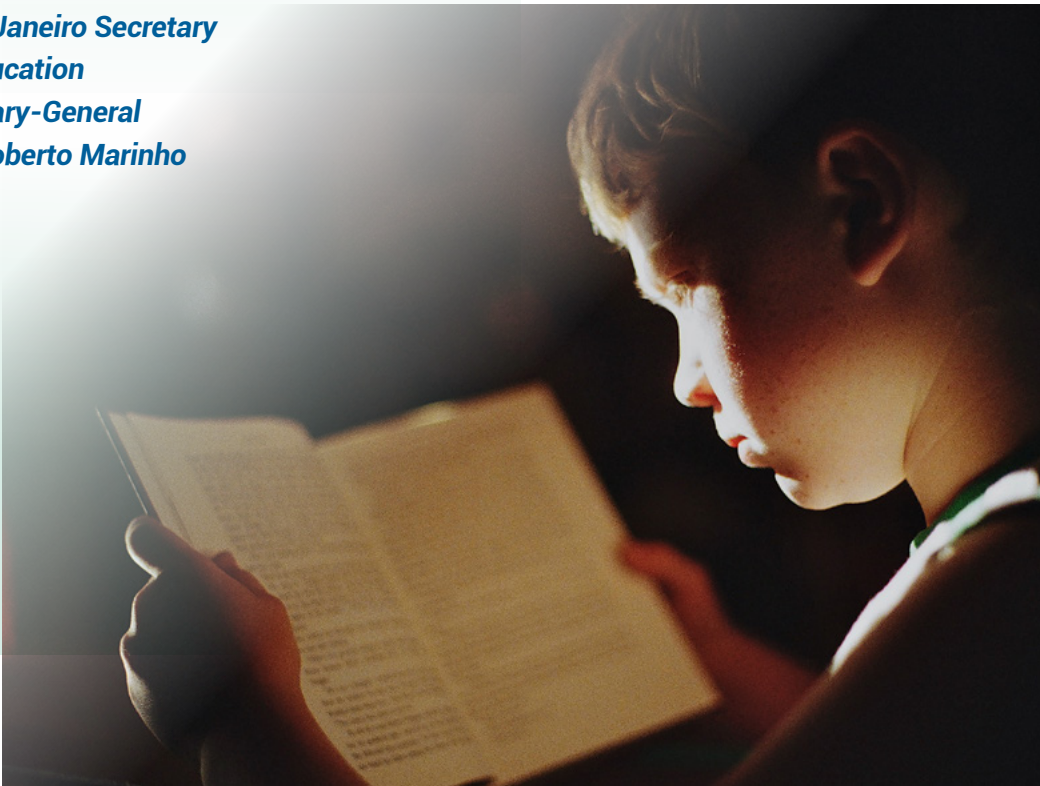
The project developed for the State Secretariat of Education of Rio de Janeiro from 2009 to 2013 is a milestone in Falconi's performance in public education. The revolution experienced by all parties involved in this project shows how social impact converses with our purpose of transforming society through management.

While the state of Rio de Janeiro needed to improve its infrastructure for the 2014 World Cup and the 2016 Olympics, there was a systemic problem concerning state education: Rio de Janeiro ranked second to last in the national Basic Education Development Index (IDEB) at the high school level.

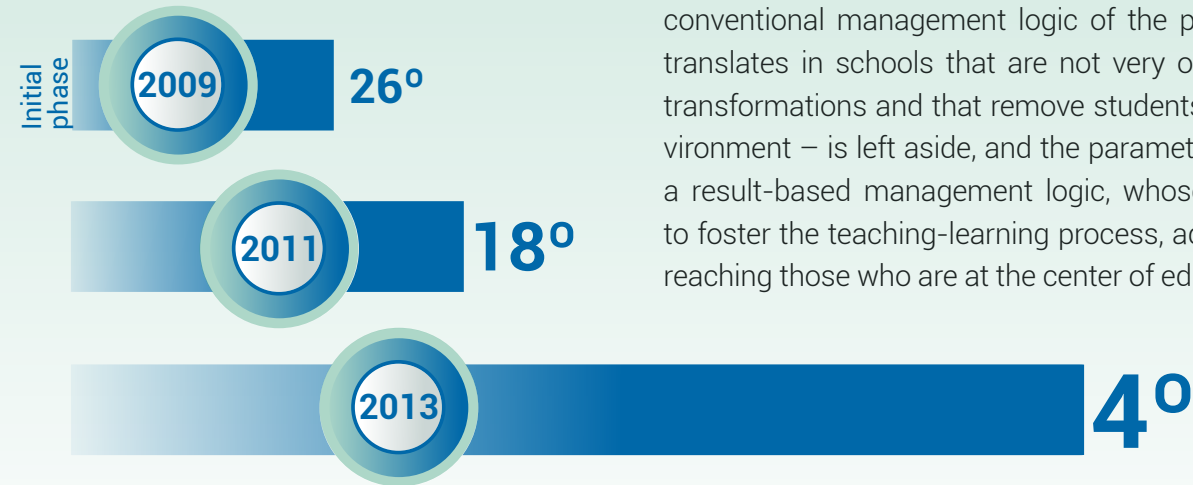
Given this scenario, it was necessary to establish goals, plan strategies, and achieve results to tackle the issue.

"Education is a strategic asset for development. We must remember that all the problems of a society can be found inside a classroom. Based on these premises, the project proposed to develop a strategic management plan for the public educational network, capable of changing the direction of education in the state of Rio de Janeiro at the time. And that's precisely what happened."

Wilson Risolia
Former Rio de Janeiro Secretary of State for Education
Current Secretary-General at Fundação Roberto Marinho



Project stage

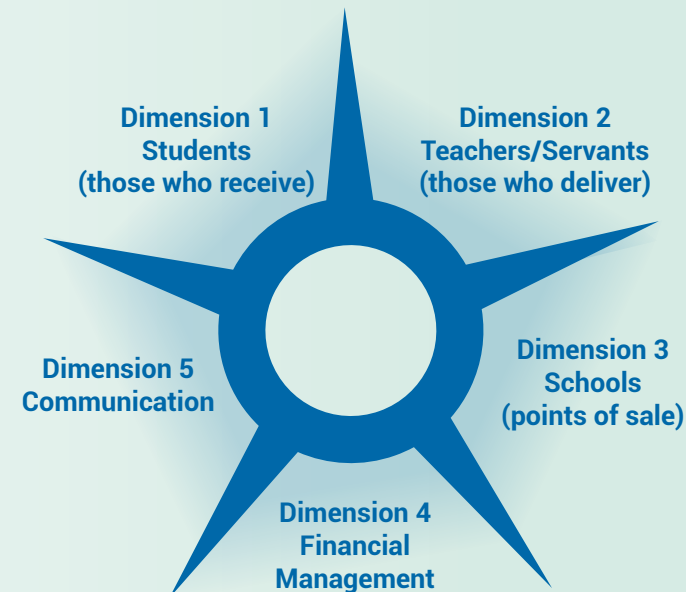


*RJ position in the Basic Education Development Index (IDEB) Ranking

Year after year, education indicators in the state of Rio de Janeiro have shown the broad scope of its transformation. The conventional management logic of the public sector – which translates in schools that are not very open to today's social transformations and that remove students from the school environment – is left aside, and the parameters are modified to fit a result-based management logic, whose primary purpose is to foster the teaching-learning process, adding end-to-end and reaching those who are at the center of education: the students.

To achieve these results, Falconi developed a management qualification process by outlining five integrated strategic dimensions based on the diagnosis of the fundamental structural problems of the state's educational network. Once the dimensions were drafted, we collaborated with the Department of Education in the design and monitoring of action plans and goals to be achieved.

Strategic action by dimensions and organization of development fronts for plans and goals



From the integrated management perspective, we established synchronous actions that enabled, in each dimension, the reduction of expenses; the focus on problem-solving; prioritization and qualification of investments; the valorization of meritocracy among education professionals, by rewarding those who achieve their goals and improving results.

A legacy

"The IDEB's progress in numbers reflect our achievements. But we must remember that the project enabled us to turn the school into a more interesting space, closer to the reality of millions of students, through improved management. This was and still is the greatest social impact of the project."

Wilson Risolia

**Former Secretary of Education of the State of Rio de Janeiro
Current Secretary-General at Fundação Roberto Marinho**

Public Safety

We had the opportunity to work on the revision of public safety management systems in several Brazilian states. In those projects, we helped to define the strategic and operational planning, with the respective breakdown into plans for goals, indicators, actions, and results. By overseeing and evaluating the projects, from the perspective of preventive or repressive actions by the police forces, the qualification of systems management has contributed to significant improvements on different fronts, such as decreasing robberies, murders, and drug-related crime rates.

SOME HIGHLIGHTS:

In **4** years, Rio de Janeiro came up through the homicide ranking, from **22nd** place to the **11th**, among all 27 Brazilian states.

In 2008, after 12 months of the project in Pernambuco, crime rates **declined by 11%**.

Road Safety

In 2017, we carried out a pioneering project to reduce deaths caused by traffic accidents by disseminating knowledge and generating a critical mass to address this chronic problem in Brazil. We have ever since been dedicated to expanding our performance, associated with other organizations pursuing the same goal.

Based on the UN goal of reducing traffic fatalities by 50% by 2020, the Federal District Government launched the Brasília Vida Segura Program, aiming at improving the

safety of the road system in the federal capital and, thus, reduce unnatural deaths. The program was led by the Distrito Federal State Secretariat of Transportation and Urban Mobility and involved other government agencies, such as the Secretariat of Public Safety and internal bodies, in addition to the health sector, with the Emergency Care Network (SAMU). We designed the program's strategy based on the PCDA approach to support result-based management and continuous improvement.

Results:

In April 2019, the program had already reduced the number of fatalities by 50%, thus reaching the UN target. This accounts for **296 lives saved from traffic fatalities** in Brasília annually.

"There are projects that reduce costs, increase revenues and improve processes. And there are projects that save lives. That is the case of the Brasília Vida Segura Program."

Vinícius Brum – Consulting Partner, Falconi

Financial Management

The qualification of the administrative and financial management of the public sector is known as one of the worst bottlenecks for the country's development and an urgent demand from society. This reality applies to virtually all Brazilian states and municipalities at all levels of the public sector. At Falconi, we have always believed that improving management efficiency can create paths for development, since our earliest motivations and organizational purposes.

A milestone in our performance on this topic was the extensive work carried out with a state government in Brazil aimed at administrative reorganization. We aimed to help the state to achieve the much-desired balance of public budgets. By revising the administrative structure, reducing and controlling expenditures, and optimizing revenues, the State was able to achieve fiscal balance and, thus, improve the conditions for financing investments and promoting development. Similar projects were carried out in states such as Rio Grande do Sul, Minas Gerais, and Pernambuco, among others.

"We were participating in an event with the governor. Nobody knew why the meeting was held. Neither we at Falconi nor the entrepreneurs and leaders from various economic sectors. In the end, the governor said: 'You must be wondering why this event is happening. I can imagine how curious you are. This meeting was organized to celebrate the fact that we have achieved fiscal balance in the state.'"

Prof. Vicente Falconi

Economic Development

On several occasions, we worked with the government sector in programs and initiatives that aimed to increase the economy of states and municipalities through the establishment and improvement of management processes. One of the examples was the **Desafio do Conhecimento Program**, carried out in partnership with **Desenvolve SP**, a financial institution of the São Paulo State Government, which aims at building sustainable growth opportunities for micro, small and medium-sized businesses (MPMe).

The program aims to teach MPMe managers how to optimize their management processes and achieve high-impact results, in addition to establishing favorable credit conditions for the business. Using the technology of the FRST program, we developed the management training platform, and, based on the results achieved, managers can seek special conditions for accessing financing offered by Desenvolve SP. Learn more at www.frstfalconi.com/programa-desafio-do-crescimento/



Sanitation

Among the various aspects of public management, we believe that the improvement and universal access of the population to sanitation are capable of directly impacting people's quality of life. Indeed, several aspects seem to support this view:

- Sanitary: according to the World Health Organization, every R\$ 1 invested in expanding access to Sanitation can save R\$ 9 in public healthcare expenses.

- Social: sanitation is one of the fundamental human rights. Promoting access to sanitation is promoting human dignity.

- Environmental: Drinking water is the most important natural resource on our planet. Sanitation is what enables the conscious and sustainable use of this precious resource.

- Economic: the recent approval of Brazil's New Sanitation Legal Framework defined bold goals for the universalization of this service while opening doors for greater allocation and regulation of private investments. In addition to reducing the impact on public expenditure due to the need for investment, this milestone also increases the level of investment in the country, boosting the economy and creating jobs.

All these aspects can and should be enhanced by adopting good management practices and preparing managers imbued with the social purpose of this segment. Throughout our history, we have established partnerships with some of the leading basic sanitation companies in the country, both public and private, in projects to optimize costs, improve process efficiency and expand supply networks. We believe that this can contribute to enhance systems and achieve universal service quality goals.





Whether in the private initiative, in associations and foundations, or in the public sector, we are committed to making institutions increasingly solid and organized in the search for problem-solving. This is the path of development. This is our purpose and also our business.



Business support:

A 10-year partnership

with Irani aimed at management improvement.

- Results:
- Achievement of B3's highest level of governance (Ranked 1st in the sector)
 - Gaia Platform (Irani's expansion project portfolio)
 - o 25% increase in production capacity target
 - o Energy sufficiency target

Support to the public sector :

Public Education:

with our support, the state of Rio de Janeiro has come up through the ranks in the Basic Education Development Index (IBED) at the high school level, from the second to last place (26th position) in 2009, to fourth place in 2013, among 27 states.

Road Safety :

Brasília Vida Segura Program

- 50% reduction in traffic fatalities, reaching the UN goal, 296 traffic fatalities prevented in Brasilia every year.

Chapter 4

Falconi's Commitment to the Future

"Working to improve and perpetuate organizations in a world of profound transformation and allow the social functions of institutions to be sustained and fulfilled over time."
Viviane Martins – CEO, Falconi Consultoria

By reviewing our strategic positioning in 2019, we have reaffirmed our institutional purpose and engagement with the development of businesses, products, and services in line with the new global order. In the scope of this new order, technological advances and changes in social relationships are increasingly constant. Therefore, companies and institutions must generate value for all stakeholders. It is the 360-degree approach.

We also reaffirm our role before the market and society as promoters and agents of this transformation. In practical terms, this translates into our everyday activities, based on our proposal to participate more and more in innovative projects, by creating products and solutions that invest in technology and increasingly value people, education, and knowledge

generation. Thus, we believe that our contribution can be even more significant for the sustainable development of organizations and, consequently, of society as a whole.

Our first ESG Position Statement also affirms our commitment to the growth and advancement of our **Sustainable Development Program**, which encompasses our performance in the scope of the SDGs we prioritize in our strategic plan, and the institutional commitments we have made at the global level.

Next, we present some of the projects, actions, and initiatives currently under development at Falconi, either through its own efforts or alliances, which will help to accomplish the transformation process we propose.



Butantan Institute Vaccine Factory



Launched in 2020, amid the pandemic, the construction of the Multipurpose Vaccine Production Center (CPMV) of the Butantan Institute has been one of the most significant projects for us at Falconi, precisely for bringing answers and solutions at such a crucial moment. Given the sad scenario we have faced, this is a critical project that can contribute to save thousands of Brazilian lives.

The structured project management methodology has been applied to strengthen the planning and control of the project's scope, time, cost and quality, in order to increase vaccine production as fast as possible. Also, we are committed to carrying out the governance of results and the integration of stakeholders and committees, as well as reporting results and metrics on the treatment of deviations and risks for Instituto Butantan, Comunidades, and the Government of the State of São Paulo.

To be completed in 2021, the project's expected results are:

To expand vaccine production capacity to **100 million doses a year.**

To enable the additional immunization of at least **50 million people/year** (considering vaccines requiring two doses);

To increase the vaccine production **capacity in Brazil by 30%.**

"We are facing the most challenging times of our generation. The COVID-19 pandemic has posed the biggest obstacles we've ever come across in our lives. But in adversity, we can join forces to overcome the most unexpected barriers. In the scope of the commitment to build the Butantan Institute's Multipurpose Vaccine Production Center on such a tight schedule, several companies responded to our call to contribute to the project. Falconi was one of them. The possibility of producing vaccines in national territory and achieving independence from imported inputs will enable Brazil to fight the virus with more adequate weapons. Falconi's support has been paramount to help us face the challenge of building the new plant in record time."
Wilson Mello – Chairman of Investe São Paulo
(São Paulo's Agency for the Promotion of Investments and Competitiveness)



Gerando Falcões



Based on the commitment to disseminate the culture of management excellence through education, we have prioritized support for the expansion of Falcons University, the educational branch of the NGO Gerando Falcões, whose goal is to train leaders and social entrepreneurs. Through a strategic network initiative in peripheral areas and shantytowns, Falcons University's proposal is to expand

the access to education among people living in these locations. Among its goals, the program plans to form 1,080 new leaders, impact 2,400 favelas, and accelerate 100 units by 2024. Meanwhile, we have been conducting a study of monetization alternatives for Falcons University in order to enable its expansion and long-term viability.

Co-management of School Boards of Education in the São Paulo state education system



By partnering up with Parceiros da Educação, an entity that has supported the comprehensive education of public school students since 2004, we joined a pilot initiative in 2020 aimed at building the professional qualification of two Boards of Education management teams in the São Paulo state education system.

Our work is focused on strengthening the management and on implementing projects to improve the quality of learning, encompassing all levels of system manage-

ment. In addition to helping to define the project's governance, this initiative includes a diagnostic analysis of the Education Boards' management maturity, as well as setting goals and preparing action plans. The proposal also involves monitoring the execution of action plans and organizing the management qualification process, which includes technically preparing the multiplier team, designing technical support material, and reporting the results to the State Secretariat of Education. This model will be systematized to be replicated across the country.



A total of **182 schools** from the South 1 and South 2 Boards of Education are involved in the project, serving more than **180,000 students**. These schools are located in areas with high social vulnerability. **Comparatively, the number of schools and students served by this project is greater than the state education system in eight Brazilian states.**

Education that works



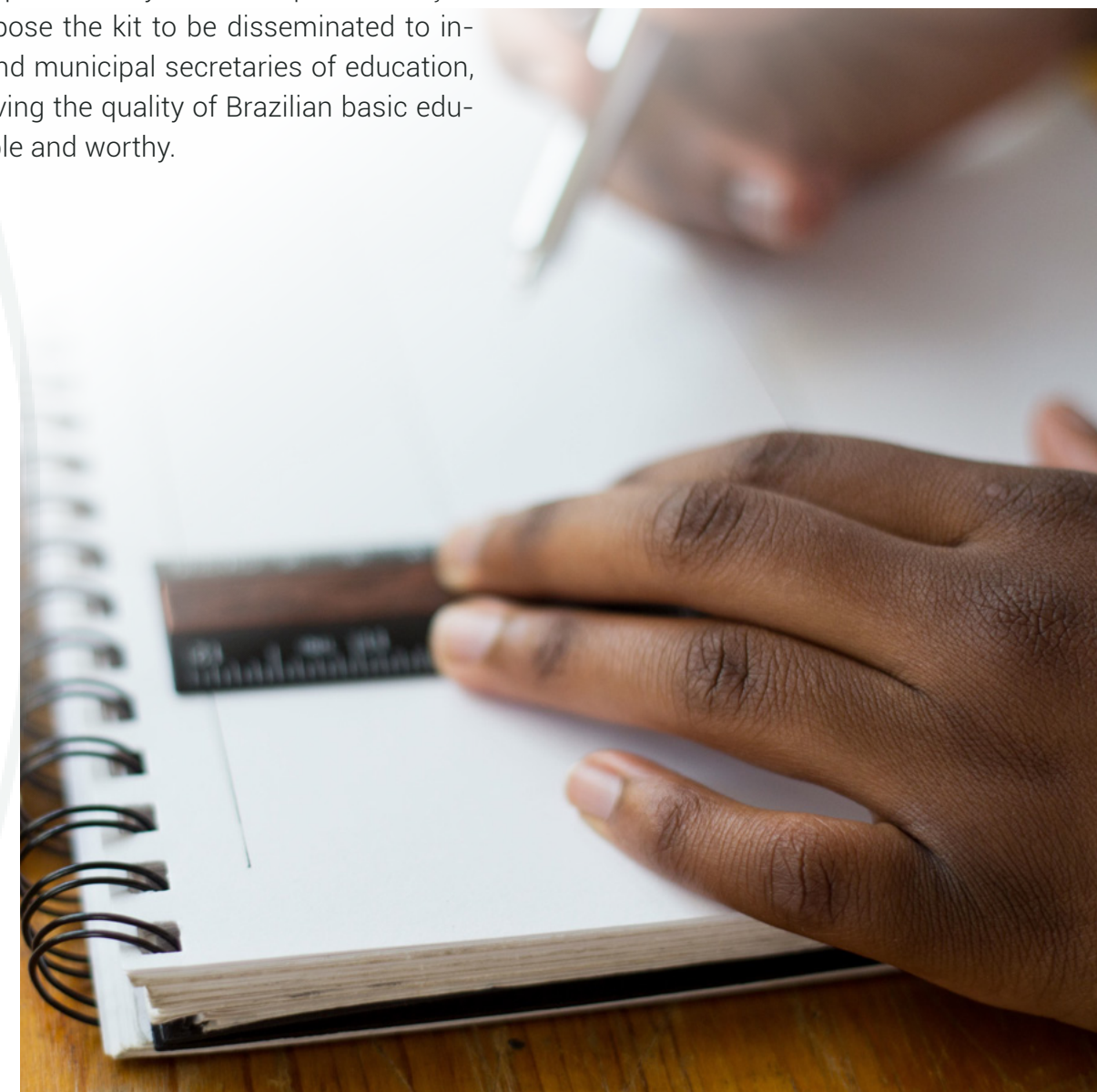
The Educação Já! (Education Now!) Program was created in 2018, based on the work of the non-profit organization Todos pela Educação, whose mission is to boost quality and equity in basic education in Brazil. The Program's purpose is to help government officials in implementing the necessary measures to improve the quality of teaching in basic education. Within the Program scope, the Educação que dá certo (Education that works) project was created to map, document and disseminate good practices and success stories of public educational policy, aiming to help implement the Educação Já! Program proposals, as well as to reinforce the major themes to be prioritized on the national educational agenda and to show that the Program is indeed possible and worthwhile and, above all, to influence the decision-making of public administrators.

Our partnership aims to systematize six cases and involves:

- * Assistance in understanding and collecting data and information about the selected cases;
- * Material design and content arrangement;
- * A full report detailing the case (success factors, elaborated policies, results achieved).

Along with the Todos pela Educação (All for Education) Public Policy team, we are conducting interviews with former mayors, former secretaries, and techni-

cians from the Education Secretariats in the state of São Paulo, professionals who have helped to develop programs and policies for the selected cases. We are also carrying out desk research in search of additional information. All information is organized and made available in a document that, together with an audiovisual piece to be produced by the Todos pela Educação team, will compose the kit to be disseminated to inspire mayors and municipal secretaries of education, showing improving the quality of Brazilian basic education is possible and worthy.



Marajoara Archipelago School Improvement Program



To foster educational transformation in Marajoara Communities, the National Association of Private Universities (ANUP) and its partners have created a project to improve schools in the Marajoara archipelago, within the government program Abrace Marajó (Embrace Marajó). In a local context of numerous alarming social problems, with high vulnerability and geographic isolation, which reflect low economic, social, and educational indicators, the project focuses on education improvement as an alternative to promote the social, economic, and cultural development of the Marajoara community.

Project figures:

- 31 elementary schools in the municipality of Breves;**
- 15.789 students involved;**
- 1.080 teachers:**
- 3 action fronts:**
 - Education qualification (management system and training processes);**
 - Infrastructure improvement (labs/computers);**
 - Integration with the local community.**

The first phase of the project is expected to be concluded in December 2021. Our extensive contribution lies in providing support to systematize the management of the project, mapping existing and ongoing actions, and offering methodological support. A full report of the developed practices will be provided at the end of the project, with manuals describing all the steps. We believe that this can help to improve the operational management structure of the schools, as well as the local education, promoting results with a direct impact on the social conditions of Marajó.

“For us, at ANUP, Falconi’s presence in the program secures the legacy and hope for the children of vulnerable and forgotten communities, such as those in Marajó. They will have their history of inclusion and social development reported and transformed into processes and methodologies at Falconi. By highlighting success and pointing out imperfections, this work is our guarantee of a safe journey, bringing quality education to the archipelago. We are very grateful to the Falconi team.”

Elizabeth Guedes – ANUP – National Association of Private Universities

Maré Stock Exchange (BVM12)



In order to help more companies comply with the socio-environmental and governance tenets, we have partnered with Maré Stock Exchange (BVM12), a platform aimed at bringing investors together with the purpose of companies with a real and positive impact on society. In this partnership, we will develop a management training

process for companies that have joined the platform, focusing on improving management maturity and helping to define indicators to measure the company's solidity. We want to improve these organizations' management to attract investments and help them grow in a structured way that leads to even more impact.

Envisioning the future, together



In addition to these projects, in 2021, we will continue working on the initiatives established in previous years, in line with our purpose of promoting social transformation through the improvement of management processes.

More cycles of mentoring and training will be carried out in the FALCONI JUNTOS initiative, with the expectation of continuing to contribute, on a voluntary basis, to the qualification of micro and small companies' management teams.

In 2021, we will also move forward with a program that is already part of our history and that reflects our ideals as agents of social transformation: the **Diversity and Inclusion Program**. The planned actions contemplate gender equality, racial equality, and the inclusion of people with disabilities as part of our team of in-house collaborators and associates. These actions always

take into account our organization's values and internal assumptions:

- * Ensure a welcoming and safe work environment, regardless of sexual orientation;
- * Respect diversity, welcoming diverse experiences and cultures;
- * Educate people about diversity issues;
- * Foster inclusive attitudes;
- * Ensure that people can be who they are;
- * Know and leverage our diverse experiences to retain and attract new talent.

Experiencing the transformation every day

At Falconi, ESG issues do not just translate into internal controls of environmental or social impact or into the governance aspects of our institution. Nor are these issues only addressed in projects, initiatives, and partnerships with social institutions. Above all, our part in the ESG transformation of society stems from believing that our business promotes sustainability, both by valuing environmental, social, and governance aspects in organizations, as well as by improving the management teams that cement institutions, businesses, and good government projects.

This is why we are constantly reviewing our work, seeking to include in our core business products and ser-

vices that address our commitments and that speak to this moment of intense transformation we are currently experiencing. Solutions that can help companies and institutions to organize their management processes in accordance with the new global order.

Some of our initiatives in this direction include our new product, **FIVE** – Falconi Impact, Value, and Execution. It is an impact assessment platform aimed at promoting transformation in companies and institutions, which necessarily includes ESG issues. With the platform, we can help companies and institutions to define new practices for aligning goals and incentives and for structuring governance.

A Final Word

Izabela Lanna Murici
Falconi's Sustainable Development Program Sponsor



This is our first ESG Position Statement. We are very proud of what we have been able to build so far, but we are also aware that there is still a long way to go to achieve what we want both internally (with our team and with our governance) and externally, with society.

We live our mission every day. Falconi is about transformation, about wanting to help others through individual and corporate actions. We know we can help, and we know that wherever we are, results flourish. This is our crusade and our mission.

We have recently updated our business model by incorporating people and technology into our management. We believe that for current and future challeng-

es, these three factors are essential to effectively and efficiently deal with social problems in terms of scalability, impact, and sustainability.

Finally, we invite you to join us in this mission: as a collaborator who helps us to transform the world; as a partner, sharing our challenges; as a client, who trusts us to support problem-solving and results management; or as an interested/impacted party who helps us be our very best on a daily basis.

Let's work together to build the present and the future we deserve, that is, a fairer, more responsible world with opportunities for all.



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