



2019

SUSTAINABILITY
REPORT

**SUSTAINABLE GROWTH:
CONNECTING PEOPLE,
CULTURE AND BUSINESS**



Algar
Telecom



Relationship with Suppliers

GRI 102-9, 102-10

The Corporate Procurement Center (CCC) was established in 2014 to centralize the procurement activities, bringing a more strategic approach rather than transactional and, therefore, leading to a better economic and financial performance of businesses by adopting good procurement practices.

In 2019, we carried out transactions with around 4,356 suppliers through 48,678 purchase orders. The major items were from network services providers and suppliers of technology and equipment. Most of the companies we use are located in the southeast region.

Strategic planning is supported by a market intelligence area, and purchases are effected by the Shared Solutions Center (CSC), which negotiates, purchases, contracts, assesses and develops suppliers. The negotiations carried out by Algar Telecom are based on the application of the Total Cost of Ownership (TCO) methodology, which seeks to ensure more transparency and regularity in the processes, internal audits, contract management and verification of the area's internal results.

We have a Procurement and Service Contracting Policy and other relevant policies such as Relationship with Public Bodies and Gifts. We have a procurement website, in which current and potential partners can read our Code of Conduct for Suppliers, our policies for relations with the Company, our Guide for Registration of New Suppliers and our User Manual.

Before and after being engaged, suppliers are subjected to legal, tax, economic, financial and technical assessment. We also analyze matters related to human rights, the environment (environmental compliance), food safety, occupational health and safety and social responsibility. Our contract provides clauses related to the evaluated items and the performance of suppliers on the basis of indicators, so as to identify shortcomings which might jeopardize the quality of our services.