



# RELATORIO DE SUSTENTABILIDADE 2020

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**GENTE E INOVAÇÃO**  
CONFIANÇA NO FUTURO E NO  
CRESCIMENTO SUSTENTÁVEL

**Algar** ▶  
Telecom

## Relationship with suppliers

In line with our mission of sustainably serving and integrating people and businesses, we set up a Supply Chain department, which has three major supply chain areas:

**1**

Supply Planning – main focus is the planning and procurement process for the most relevant equipment and services categories, enhancing strategic purchases and adding value throughout the supply chain;

**2**

Contract Management, with the main objective of implementing good contract management practices, monitoring the full life cycle of contracts from negotiation to execution and conclusion, thus ensuring transparency and security for all activities on Brazilian territory;

**3**

Logistics, responsible for logistics integration from planning to delivery to distribution centers, delivery centers and end users of the various materials. There are more than 4,000 tons of material transported during the year, with nationwide coverage supported by a renewed fleet of vehicles equipped with modern tracking and material management systems.

Since 2014, our Corporate Purchasing Center (CCC) has centralized procurement while taking a more strategic than transactional approach, thus helping to power up the business' economic and financial performance by adopting good purchasing practices. In 2020, **Algar Telecom** signed contracts with 3,942 suppliers through 36,553 purchase orders. The largest financial volumes involved were for negotiations with IT and Telecom companies.

The conglomerate's companies are running activities throughout Brazil. They have invested more in the South and Northeast regions, but are still concentrated in the Southeast, where most suppliers are located.

Our procurements area conducts its negotiations using the Total Cost of Ownership (TCO) method, which establishes policies and procedures to ensure greater transparency and regularity for processes, internal audits, compliance, managing contracts and determining the area's internal results.

Our Procurement and Service Contracting policy and other related policies, such as Relationship with Public Bodies and Gifts, Donations, Sponsorships and Hospitality, determine the practices adopted for negotiations. We have a purchasing portal from which current and potential partners may access our Supplier's Code of Conduct, policies applicable to relations with our company, a

Guide to Registration of New Suppliers and the User Manual for this channel. Before and after signing contracts, suppliers are submitted to legal- tax, economic- financial and technical assessments. Aspects related to human rights, the environment (environmental compliance), food safety, operational health and safety, and social responsibility are also analyzed. Our contract stipulates conditions related to the requirements assessed and suppliers' performance is analyzed using indicators in order to detect any deviations that could compromise the quality of our services.