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PROhumana presented results of the Roundtables “Sustainable supplier management using the principles of Economic Development

- **In the presentation made last October, the Executive President of PROhumana explained the main keys to determine the relationship with suppliers and how to align them with the sustainable strategy.**

PROhumana has released the results of the study **“Roundtables: Sustainable supplier management using the principles of Economic Development”** which collects the reflections of **43** Purchasing Managers, Administrators, Supply Managers and Sustainability Managers in various industries of the major companies in the nation.

The goal of these roundtables was to provide a space for reflection and dialogue about sustainable management of suppliers and identify what types of relationships they establish, the guidelines that define the relationships and any relevant challenges and weaknesses.

The results were released last October, in the seminar **“Systemic Thinking in Sustainable Business Management”**. This event gathered more than 80 representatives of the public and private sector. The results of the study were commented by a panel conformed by Marcelo Mena, Minister of the Environment; Natalia Piergentili, Undersecretary of Economy; Enrique Teixidó, General Director of L'Oréal Chile; Juan Diego Valdés, Manager of Own Brands of Paris; and Hernán Larraín, President of Consultive Advice Horizontal and was moderated by Soledad Teixidó, Executive President of PROhumana.

“Only 46% of companies in Chile use sustainability criteria in the selection of suppliers” said Teixidó, saying one of the main conclusions of the study.

Other main Conclusion

“The challenge we have is great because we are practically in the middle of the value chain, in the development of suppliers, but at the same time we engage in best practices for the service administrators. Because in purchasing we can't manage all of the services, especially in large corporations with a great many number of suppliers. Therefore, everything must be supported by best practices, robust processes and the systematic tools that we have for complying with suppliers' requirements, which I think are profoundly changing.” This perspective shared by one of the Roundtable participants summarizes in a way the evolution of and feelings about

the relationship with suppliers.

Ten conclusions have been identified that can serve as a guide and roadmap for progressing towards more comprehensive relationships with providers.

Establish long-term relationships. Try to maintain the connection and create occasions for joint development that strengthens the relationship and improves results.

Promote occasions for meeting and building relationships such as committees, roundtables and periodic meetings to align perspectives and detect potential conflicts in a timely way. **Understand that the relationship with providers is a human one** with all the relevant complexities.

Establish clear and transversal directives with general management for policies and managing suppliers.

Incorporate flexibility and new technological variants into the processes that define the links to suppliers: contracts, payments, service management, etc.

Make progress on organization and improving process management, seeking the best way to systematize and structure project management.

Align with the Legal Departments for the strategic importance of maintaining and managing a good relationship with suppliers.

Generate awareness within the entire organization about the importance of complying with time frames and commitments made to suppliers.

Understand that the relationship with suppliers is a strategic issue for business management and therefore must be a priority for general management.

Despite the fact that sustainable management of providers is an emerging reality in our country, the businesses represented at the Roundtables have declared their interest and intention to make progress in this area.

Methodological background

The conversation was centered on five questions, which set out the discussion format for each group:

1. How do you establish a relationship with a supplier?
2. How is a supplier defined for the interested parties?
3. What kind of environmental, social and economic guidelines are set forth by the company for including its suppliers in the sustainability strategy?

4. What is the supplier payment system? Describe it.
5. What must be improved in the supplier relationship?

The discourse analysis was done as a function of each of the questions, identifying the principal points of analysis and debate uncovered for each response.

This was made possible by the support and participation of a group of companies and institutions. They recognized the opportunity to address supplier management and the various aspects this entails within a company by taking a dialogical approach in order to understand the complete scope of this relationship. In this opportunity, PROhumana was sponsored by CAP Minería, Copeuch, GNL Mejillones and Paris in order to carry out this initiative. It also created a strategic alliance with the Confederation of Production and Trade (CPC), the Federation of Chilean Industry (SOFOFA).

About PROhumana

PROhumana – created in 1997 – is a Chilean non-profit organization which identifies its identity as a DO TANK who acts from a reflecting critical position, promoting and identifying good practices for an integral and sustainable human development. PROhumana develops the work in the area of corporate sustainability through investigation and development of knowledge; creating awareness for the actor in the thematic of sustainability and citizens' social responsibility; promoting opportunities of dialogue and meeting; founding and coordinating cooperation networks; development of methodologies for implementation and evaluation of the sustainability; and services of specialized consulting.