

Thematic Consultation 2018

MYTILINEOS has followed and will continue following the Open Dialogue policy, setting the conditions for establishing partnerships with its key Stakeholders. In this context, the company's Metallurgy Sector carried out its 4th Stakeholder thematic consultation, 9th in a row, titled **'Developing a Responsible Supply Chain'**.

MYTILINEOS considers that disseminating its ethical principles alongside its commitment to Sustainable Development, that underpinned its evolution to this day, across all stages of its value chain and primarily in supply chain, constitutes an important element of its responsible business behavior.

The company acknowledges that its supply chain affects the fulfillment of its social and environmental targets. An increased level of information and transparency on behalf of suppliers may possibly lead to improved productivity, fewer work-related injuries and occupational diseases, a more incentivized labor force, higher quality of products and services, reduced negative environmental impact and higher competitiveness.

In this respect, MYTILINEOS, having aligned its strategic priorities with UN Sustainable Development Goals, aims at a range of initiatives to create a more responsible supply chain across all its sectors, beyond the lawful compliance, by 2025.

The kickoff of the implementation of these initiatives was inaugurated with the 2018 thematic Consultation implemented by the company's Metallurgy Sector titled: **"Developing a Responsible supply chain"**. The key objectives of this open dialogue, in which 50 main suppliers across all professional categories were participated, were the following:

- to inform suppliers on the latest developments regarding the company's growth and the overall purchase policy,
- to showcase the important role of the supply chain in Sustainable Development and
- to investigate ways of synergies for the attainment of mutual benefit objectives.

Mr. Dimitris Stefanidis, General Manager of MYTILINEOS Metallurgy sector stressed in his speech that the Consultation aims to contribute substantially to the company's suppliers in the continued and responsible effort to promote and push forward Responsible Entrepreneurship related issues, while Corporate Social Responsibility can no longer be disregarded, besides its compliance with the established rules and the practices governing the international standards followed.

The Consultation started with an overview of the Metallurgy Sector development in combination with the significant environmental friendly business investments that have been

implemented, rendering MYTILINEOS one of the largest alumina and aluminium producer in SE Europe and the only vertically integrated plant for the production of bauxite, alumina and aluminium in the European Union.

Then, the Metallurgy Sector's procurement policy, rules and procedures were thoroughly analyzed. Emphasis was given to the ensuring equal opportunities, integrity and respect in the supply chain management, highlighting the continuation of Metallurgy sector policy for long term and reliable forms of cooperation, on a win-win basis.

The first part was completed by showcasing the importance and therefore the necessity of Suppliers' Code of Conduct in modern enterprises, presenting the respective Code of MYTILINEOS as example. Then, reported the benefits of the suppliers self-evaluation process in social, labor and environmental issues and how this process enhances their competitive advantage, while discussed the relationship between the supply chain and the national and international sustainable development trends es such as: the UN Sustainable Development Goals, the transposition of the European directive of non-financial data disclosure in the Greek law, the national strategy on circular economy and the new GRI Standards.

The second part of the Consultation was totally dedicated to the active participation of the company's suppliers and started with the distribution of suppliers in eight (8) working groups with the task to discuss, analyze and finally submit their views on two specific subjects/questions raised by MYTILINEOS: a) how they perceive their self-assessment in social, environmental and labor issues and b) highlighting areas where there is room for improvement in cooperation with MYTILINEOS Metallurgy sector on the basis of mutual benefit.

In conclusion, the Consultation highlighted the difficulties involved in sensitizing the supply chain in Sustainable Development issues, either due to the size of companies, or due to their limited exposure to external challenges and due to the lack of appropriate resources. However, an optimistic conclusion was reached since all suppliers agreed that their self-evaluation in social, environmental and labor issues constitutes more of an opportunity rather than a threat, because it will highlight the areas of their activity in need of improvement, help improve quality of products and services and strengthen the openness and development of their competitiveness.



In detail, suppliers responded to the two questions raised in the following way:

Question 1o: ‘Self-evaluation of suppliers in environmental, labor and social issues. Threat or Opportunity?’

All participants agreed that their self-evaluation in social, environmental and labor issues is more of an opportunity rather than a threat for the following six key reasons:

- Involvement with something new that they had not perceived to this day with legal dimensions.
- Highlight the areas of their activity in need of improvement.
- Strengthen the openness and development of their competitiveness.
- Improve the quality of their services.
- Possibility to develop sustainable partnerships.
- Reinforce self-knowledge and self-improvement.
- More training in Health & Safety issues (contractors)

Also, emphasis was placed in the area of transportation services, where until today only the price of the service is considered as the key criterion for the cooperation and not the environmental performance/initiatives of the companies (e.g. vehicles with engines EURO5-6).

- Some parameters have been mentioned that could be considered as inhibitory factors mainly as regards the self-assessment results and the need to match them with the company’s Suppliers’ Code of Conduct, such as: the lack of preparation and the cost presupposed both by the need for cooperation with an external consultant and the certifications acquisition procedure (e.g. ISO 14001, OHSAS 18001). The topic of unfair competition was also discussed in relation to foreign suppliers mainly in developing countries that do not impose such criteria.

Question 2o: ‘In which sectors of your cooperation with MYTILINEOS METALLURGY Sector do you see margins of cooperation improvement based on mutual benefit?’

The participants focused on the following topics: **[GRI 102-44]**

- Markets should be characterized by a higher Greek penetration. Request to mutually push forward needs and possibilities.
- Prospect for joint efforts to find innovative solutions with participation in applied research programs that are known to suppliers. Creation of a communication channel for this purpose and for establishing partnerships.
- As regards procurement requests in the purchases department, it should be able to jointly draft the technical specifications (mainly in cooperation with multinational companies with experience and universal knowledge).

- Request to improve the technical descriptions and the planning of works requested by the company, for better personnel time management.
- Better provision and information to suppliers for the company’s annual needs/contracts in terms of parts.
- The need of the existence of approved materials’ suppliers list and the possibility to have automated electronic bids for materials. In addition, it was suggested separating the companies offering materials from those providing services.
- It was proposed to take into consideration the concerns regarding a tactic followed by the Metallurgy Sector seeking the best possible quality at the most economical possible price, a situation that constrains certain suppliers.
- As regards the testing of new products (from the beginning up to the application), the need to improve the response time of the company’s departments (users) to the suppliers recommending them was expressed, alongside the need to have continuing cooperation in the areas requiring improvement. There are cases of submitted proposals with no response, although the supplier has invested money and resources. In these cases, a better and quicker communication is required with well documented answers.
- A proposal for interaction between the company and suppliers owning an SAP regarding timely information on stock quantities of the company.
- More support to contractors, by the company, in Health & Safety issues (training and prevention).
- Repetition of 2-monthly meetings between the company and contractors for improvement possibilities.
- A systematic feed-back has been requested after an order has been given, regarding the reason why one of the participants is not selected.

The Consultation was completed with the presentation of results by the participants working groups representatives and with clarifications given by the company’s representatives. Overall, the suppliers’ proposals and interventions were recorded aiming at their thorough evaluation for their optimal incorporation in the existing practices of MYTILINEOS Metallurgy sector.

Finally, MYTILINEOS proceeded to the consultation’s assessment by sending a satisfaction questionnaire with a 5-tier scale (1 low to 5 high) to all participants. The Consultation was evaluated at three levels: a) Overall image, b) Planning & c) Event organisation. Several individual variables were used in each category and respondents were also able to make comments and suggest improvements. The percentage of Suppliers who responded to the evaluation reached the 70%, while 10 comments/suggestions for future improvement were submitted. Moreover, the consultation process was characterized, by the participants, as exceptionally useful and positive.

4.42/5

Overall image

4.30/5

Planning

4.61/5

Event organisation

