

VBDO Responsible Supply Chain Benchmark 2012

a comparative investigation into CSR in the supply chain
of 40 multinationals





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A research paper by
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Contents

	Foreword	5
	Executive Summary	6
Chapter 1	Introduction	8
1.1	Mission and vision of the VBDO	8
1.2	Vision on Corporate Social Responsibility (CSR)	8
1.3	Vision on Responsible Supply Chain Management (RSCM)	10
Chapter 2	Method	12
2.1	Introduction to the method	12
2.2	Basic principles and demarcation	13
2.2.1	Basic principles	13
2.2.2	Demarcation	13
2.3	Benchmark indicators	14
2.4	Modifications in the benchmark criteria 2012	16
2.5	Scoring in practice	17
2.6	Role of the jury and the Award	18
Chapter 3	Results - Company Performance	19
3.1	Chemicals	19
	AkzoNobel	19
	DSM	20
3.2	Construction	21
	Ballast Nedam	22
	BAM Group	23
	Heijmans	24
	Imtech	25
3.3	Electronics	26
	ASMI	27
	ASML	28
	KPN	29
	Philips	30
	TomTom	31
3.4	Food and Agri	32
	Ahold	33
	CSM	34
	HEINEKEN	35
	Nutreco	36
	Sligro	37
	Unilever	38
	Wessanen	39

3.5	Industry and Manufacturing	40
	Aalberts Industries	41
	Accell Group	41
	Crown Van Gelder	42
	Macintosh Retail	43
	TenCate	44
	TKH Group (TKH)	46
	Vopak	47
3.6	Media	47
	Reed Elsevier	49
	Telegraaf Media Group (TMG)	50
	Wolters Kluwer	50
3.7	Metals and Mining	51
	AMG	52
	Aperam	52
	ArcelorMittal	53
3.8	Oil and Offshore	54
	Boskalis Westminster	55
	Fugro	56
	SBM Offshore	56
	Shell	57
3.9	Pharmaceuticals	58
	Mediq	59
	Pharming	60
3.10	Transport	60
	Air France-KLM	61
	PostNL	62
	TNT Express	63
Chapter 4	Ranking and Analysis	64
4.1	Ranking	64
4.2	Analysis	67
4.2.1	Governance and Strategy criteria	67
4.2.2	Policy criteria	67
4.2.3	Management criteria	68
Chapter 5	Summary and Conclusions	71
Appendices		73
Appendix 1	Benchmark Criteria	
Appendix 2	Graphics Chapter 3	

Foreword

This research is the oldest VBDO benchmark. Six years ago, supply chain management was not a hot topic as it is today. The notion has only gradually grown that a company's success is to a large extent determined by its suppliers and, at the same time, is also the responsibility of companies for the impact in the chain.

Last year, the definition of Corporate Social Responsibility (CSR) was tightened up by the European Commission to "the responsibility of enterprises for their impacts on society". That impact is partly felt here, but the biggest consequences are in countries where the supervisory role of the government is often less developed or less pro-active. On the subject of human rights, we see this reflected in recent developments. The United Nations Guiding Principles on Business and Human Rights, for example, draw special attention to a study of the impact of human rights in the supply chain (called 'due diligence').

This study among 40 Dutch publicly listed companies not only provides a clear picture of the companies that do well in the field of responsible supply chain management. The results also provide a good indication of the position of the company and the opportunities for improvement on this topic. This applies not only to those left behind but it also challenges the frontrunners to maintain and work on their leadership role. The benchmark results provide them the necessary feedback. Sustainability is not an easy task and also in the field of supply chain management a degree of pioneering is indispensable.

An important advantage of better cooperation within the chain is initiating research and innovation together with suppliers. By sharing best practices and successfully cooperating, we are able to get the Dutch business environment on a higher level with their suppliers. This benefits both the competitiveness of the industry and the impact of their actions, through their suppliers, in other countries.

We hereby proudly present the results of the Responsible Supply Chain Benchmark 2012. It is an overview of where 40 Dutch companies stand today and will give us all guidance to take the next necessary steps forward in making supply chain management truly responsible.

Giuseppe van der Helm
Executive Director VBDO



Marinus Verweij
Chairman of the Executive Board ICCO



Note: The results of this study can be found on our website www.duurzaamaandeel.nl Here you can find more information on how Dutch listed companies perform on social and environmental criteria.

Executive Summary

This is the seventh annual edition of the VBDO Responsible Supply Chain Benchmark of 40 multinationals in the Netherlands. This report is published by the Dutch Association of Investors for Sustainable Development (VBDO) and is a qualitative and partly quantitative, comparative investigation among 40 Dutch publicly listed companies, aiming to inform stakeholders on responsible supply chain management. Rather than concentrate on the nature of a company's activities, this benchmark focuses on the company's supply chain governance and management thereof. This makes it possible to compare, to a reasonable degree, the responsible supply chain policies of companies across different sectors.

The benchmark criteria are slightly modified and consist of a list of 25 criteria, in which companies can accumulate anywhere between 0 and 52 points. By transforming this score into a percentage score, the score can be compared to scores ranging back to 2006. The researched group of companies comprises 40 of the largest Dutch publicly listed companies whose procurement of goods and services constitutes a significant proportion of their total expenditure. Service-oriented companies, such as financial institutions, and recruitment companies are not included in the research.

Ranking and Performance

The top five companies in this year's ranking are:

1. Philips	96%
2. DSM	92%
3. Air France-KLM	87%
4. Unilever	83%
5. ArcelorMittal	79%

The following companies have achieved a relatively high progress in their score:

- Air France-KLM (28% increase in total score)
- PostNL (26% increase in total score)
- Boskalis Westminster (28% increase in total score)

The following companies have a relatively low performance and have the lowest scores in the ranking:

• Pharming Group	2%
• ASM International	2%
• Aalberts Industries	6%
• Fugro	15%
• AMG	17%

Compared to 2011, the results of this benchmark research indicate a general improvement in responsible supply chain management. Since 2006, progress has been made on all three levels (Governance and Strategy, Policy and Management) of the benchmark. This year, most progress has been made on the Policy level of the benchmark. The overall score for the policy criteria is 55% and has increased by 18% since 2010. As can be expected, most companies scored highest on the more abstract and general level: Governance and Strategy. The overall score for Governance and Strategy is 73%. The overall score for the Management level is 43%.

Governance and Strategy

Companies score relatively well on supply chain management strategy. They often integrate the supply chain in their sustainability strategy. Also, most companies have conducted a supply chain analysis. However, improvements can be made by a number of companies as many of them have within their supply chain analysis not identified the sustainability themes the supply chain has a significant impact on. For most of the companies, a formal member of the Executive Board bears responsibility for sustainability or supply-chain related issues.

Policy

Most companies have a supplier code. If not, often the code of conduct applies. Nevertheless, the scope of the supplier code varies enormously. Some companies have extensive documents serving all subjects required by this benchmark while others have a supplier code that consists of a single page with some general outlines on supplier behaviour. Also, the research shows that most companies do not request their suppliers to have an environmental monitoring system. Given new legislation, and the penalties involved, it is a risk to leave this topic uncovered. Furthermore, identification of suppliers with a high impact on sustainability supplier is only reported by a relatively small amount of companies. Almost half of the companies within the research (17 out of 40) do not make any reference to this topic.

Management

Concerning the upstream, supplier policies are often in place but supervision on suppliers and their compliance is often lacking. The average number of points scored on this criterion is 24%. Companies report that supplier compliance is supervised, but frequently it is omitted what part of their suppliers are verified. Moreover, the scores are also lagging on company's transparency, on their supervising results, and on actions undertaken on non-compliant suppliers.

Focusing on the midstream, companies score well on product life cycle management R&D. The majority of the companies make investments in production and consumption patterns in such a way to avoid or even eliminate the use of scarce commodities, including energy. This is often focused at creating more sustainable solutions.

Finally, companies have in general not achieved progress in monitoring and setting up KPIs. For the upstream (e.g. company's suppliers), KPIs are lacking at 19 companies and for the downstream (company's customers/clients) KPIs are lacking at 25 companies. This omission is significant. The inclusion of upstream and downstream KPIs would lead to a next step in supply chain management.

An overview of the ranking and score for the Responsible Supply Chain Benchmark can be found on table 3 (page 67).

1 Introduction

1.1 Mission and vision of the VBDO

The Dutch Association of Investors for Sustainable Development (VBDO) aims to create a sustainable capital market, a market that considers not only financial criteria but also non-financial, social and environmental criteria. VBDO's vision is to increase sustainability awareness among companies and private and institutional investors.

Through various stakeholder engagement initiatives the VBDO aims to convince all parties in the capital market to be more sustainable. Since 1995, the organisation has asked questions about sustainability at the Annual General Meetings (AGMs) of publicly listed companies. Furthermore, the VBDO organises stakeholder dialogues for individual companies. In these sessions representatives of the company, their suppliers, NGOs and other stakeholders get together under the supervision of the VBDO in order to discuss ways to further improve their CSR policies and practices.

Apart from these activities the VBDO publishes various (annual) research reports. On the investor side, these include reports on responsible investment policies of large investors such as pension funds, insurance companies, charities and religious institutions. Research into companies includes, amongst others, biodiversity and ecosystem services, human rights, sustainable remuneration and this report on responsible supply chain management.

1.2 Vision on Corporate Social Responsibility (CSR)

According to the VBDO, companies hold a license to operate through their capacity to create value for their stakeholders. Creating value can have different meanings to each stakeholder. To an employee for instance, value represents good wages and other benefits, job fulfilment, or 'simply' universal labour rights. To a shareholder it usually implies a solid return on investment. To local society surrounding a factory the way the company deals with its waste and emissions is of importance.

To quote the report 'From Challenge to Opportunity'¹ from the World Business Council for Sustainable Development (WBCSD): "We see shareholder value as a measure of how successfully we deliver value to society, rather than as an end in itself". Making a profit should be the result of good company policy, not a sole objective in and of itself. This notion *seems* obvious. Still, the VBDO regards the primary focus on the financial economic dimension as one of, if not *the*, primary problem(s) facing the world today.

Besides the moral reasons for corporate responsibility, it is the VBDO's conviction that the owners of a company, its shareholder(s), will obtain the best long-term return on investment when a company focuses its strategy on the long-term creation of value for all its stakeholders. While the mainstream financial sector still seems to discard this notion, an ever-increasing number of people and institutions is convinced that the inclusion of environmental and social aspects in a company policy will also lead to better financial results.

1 *From Challenge to Opportunity: The role of business in tomorrow's society (2006)*, World Business Council for Sustainable Development.

Reduction of risks

While CSR may initially entail, amongst others, the internalisation of externalities, increased labour and monitoring costs and R&D expenditures, there are also strong arguments for the (long-term) financial benefits of more sustainable business practices. One important benefit - and one that is often acknowledged by companies - is the reduction of risks. Companies with a good CSR policy are better prepared for potential new legislation on social and environmental issues and have a smaller risk of being confronted with disasters and lawsuits. The recent problems that British Petroleum (BP) encountered with the oil spill in the Gulf of Mexico is a case in point.

Potential to save costs

Another often mentioned reason for adapting CSR policies is the potential to save costs through efficiency. As environmental measures often entail efforts to reduce the amount of resources used, such savings can have a substantial impact. In this vein Google recently mentioned that it has saved a billion dollars in energy to date.² This argument may be expanded with the potential to guarantee that supplies will remain available and costs will be kept down in the future. Investments in CSR now can reduce or even eliminate the loss of productivity in the future. If, for instance, investments are made that counter salinization and loss of topsoil, the land in question will remain more productive in the future. By enabling the continuation of agriculture on larger tracts of land, such actions can counter potential future price rises.

Enhancing reputation

Furthermore, decent social and environmental policies can greatly enhance a company's reputation and consumer preference. Conversely, the lack of such policies may have negative impacts on sales. Apple recently illustrated this fact through their involvement with the Chinese manufacturer Foxconn. Here various suicides caused global public outrage about labour standards, prompting Apple to commission independent research by the Fair Labor Association (FLA) and to increase their monitoring practices and improve working conditions in order to manage its reputation. Reputation not only reflects on customer preferences but can also help to attract talent and motivate employees.

Opportunity for innovation

Finally, investments in CSR policies force companies to re-think and re-design their products, processes and strategies. While this process may initially entail increased expenditure, it may well lead to innovations that would otherwise not have emerged. These innovations can put those companies at the cutting-edge of their sector and benefit sales.

CSR and financial performance

The beneficial effects of CSR policy on financial results have also been proven in a number of recent studies and through the experience of various investors. In May 2012 the Harvard Business School published a study in which the relationship between the level of sustainability and financial performance was tested. The study shows that so-called high-sustainability firms outperform low-sustainability firms on the stock market over the 18-year period of the study.³ As the researchers conclude: "A more engaged workforce, a more secure license to operate, a more loyal and satisfied customer base, better relationships with stakeholders, greater transparency, a more collaborative community, and a better ability to innovate may all be contributing factors to this potentially persistent superior performance in the long-term."

2 <http://www.google.com/green/bigpicture/>

3 Eccles, R.G., Ioannou, I., and Serafeim G., (2012), The Impact of a Corporate Culture of Sustainability on Corporate Behavior and Performance. Harvard Business School, Working Paper.

In a recent study by the VBDO, the relationship between CSR policy and financial results has been shown again. In the Business Balance report 25 Dutch listed companies were analysed on their performance on People, Planet and Profit. The analysis led to an average score of the sustainability performance of these companies. When the value of stock over the last three years of the ten best performing companies were set against those with the lowest score the same pattern emerged: companies with strong CSR policies on average saw a 30% higher stock rate than those with weak policies.⁴

Besides these studies, there is an ever increasing number of organisations and products/portfolio's/funds that only invest in companies that fall within their definitions of sustainability, be it on social, environmental or both aspects. Organisations such as the ASN Bank, Triodos Bank limit their investments in such ways but still manage to perform well in comparison to companies that do not use such criteria. Also, pension funds like PGGM and APG are on an increasing scale taking ESG criteria into account in their investment decisions.

In summary, there are many reasons for companies to adopt better CSR policies and their beneficial effects have been proven on numerous occasions. CSR is beneficial for companies, investors and society at large. In order to make maximum improvements, companies should not only look at their own operations but also consider their partners, suppliers, distributors and customers. In other words, companies should approach CSR from a supply chain perspective.

1.3 Vision on Responsible Supply Chain Management (RSCM)

As the online Oxford dictionary notes, a supply chain is “the sequence of processes involved in the production and distribution of a commodity”.⁵ In all of these processes different people and organisations are involved. Supply chains typically include suppliers of raw materials, manufacturers, wholesalers and/or distributors, retailers and customers. Of course this can differ according to the type of organisation and commodity. All of these groups involve people who depend on this chain for their livelihoods. For some this means being paid a decent wage in countries with strong safety nets in case of job loss. For others it is a question of mere subsistence survival and a fight against abuse, child-labour and corruption and for decent working conditions.

Furthermore, the processes involve interaction with the natural environment. Raw materials may depend on soil, water and climate or the availability of high-grade ores and other natural resources; manufacturing takes energy and often includes by-products such as toxic gasses and fluids; distribution uses up fuel and produces CO₂ and particulates; finally, consumption of the end-products often leads to waste and packaging which needs to be discarded. These environmental impacts eventually affect each and every person on the planet.

Ideally, then, responsible supply chain management involves the management of the process of doing business in such a way that all those involved benefit or, at the very least, that no one suffers negative consequences. Unfortunately, most current (business) practices are still very far removed from this ideal.

It is for this reason that an ever increasing number of organisations is actively engaged in the improvement of supply chains. This has led to various initiatives aimed at certain parts or aspects of the supply chain. In some cases these initiatives have become standards of conduct, such as the International Labour Organisation (ILO) standards and the Organisation for

4 Benchmark CSR by 25 AEX companies in the Netherlands 2012: Business balance method for CSR performance 2010-2012. VBDO. Available at: http://www.vbdo.nl/files/download/1083/VBDO_BB_rapport_LR.pdf

5 <http://oxforddictionaries.com/definition/english/supply%2Bchain?q=supply+chain>

Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises. Such standards provide the lower limits of what is considered responsible. This minimum standard is of considerable importance, because it provides a framework of consensus within which there is room for companies to act and operate. However, it remains a minimum standard.

Moral responsibility

The inflexible nature of these frameworks has its limitations when it comes to responsible supply chain management. From a legal perspective it is very difficult, if not impossible, to appeal to a company's responsibility for anything that lies beyond its own actions. Any attempt by another party to do so is in fact currently an appeal to a company's moral involvement.

It is the position of the VBDO that companies should in fact go beyond standards and take moral responsibility for their actions. While standards provide a good basis on which to start thinking and acting towards the improvement of the supply chain, companies should also try to look beyond them to prevent and mitigate any negative impacts of their actions that are not included in the standards. As was mentioned in the previous section, such actions are also likely to have a beneficial impact on the (long-term) financial results.

In the past years, more stakeholders have started to question the execution of (ir-) responsible supply chain management policies. Incidents keep occurring where policies and actions are not aligned. Therefore, VBDO continues to expand its focus and tools to also include impact indicators. Responsible supply chain management is not just about implementing policies but also aligning actions with the policies.

The contents of this research report are as follows: chapter 2 provides an introduction to the method, its principles and demarcation. It provides insight into how information was gathered. Chapter 3 describes the results of the research per company for the 3 levels (Governance and Strategy, Policy and Management). Chapter 4 provides the overall ranking followed by an analysis on the results. Lastly, chapter 5 states the conclusions of this report and thereby the status of supply chain management by 40 Dutch multinationals.

2 Method

2.1 Introduction to the method

Benchmarks have been used by the VBDO for many years with the aim of evaluating the performance of companies and investors. Examples are the Transparency Benchmark and the Pension Fund Benchmark. The Transparency Benchmark - initiated by the VBDO and later on taken over by the Dutch Ministry of Economic Affairs - has clearly been having a stimulating effect for many years now. Both the quantity and quality of sustainability reports increased considerably as a result. Companies and (institutional) investors often acknowledge the VBDO's influence on this development.

In 2005, the VBDO decided to include responsible supply chain management as a focal area in its core activities. By addressing the topic using a benchmark and actively promoting it in the media, the VBDO expects responsible supply chain management to increasingly get the attention it deserves. As it turns out, the Responsible Supply Chain Benchmark has also been influential as can be gauged, for instance, by its mention in the Annual- and/or CSR Reports of many Dutch listed companies. In the end, the VBDO hopes that this will encourage companies to work on making their activities within the supply chain more sustainable.

As is clear from its short history, the method is fluid and does not measure the exact same variables each year. Nevertheless, by converting the scores to a percentage score, the results of various years can be compared to some extent. While this is a methodological complication when comparing the results over time, such an approach has the important benefit that new developments and best practices can be included each year. It is the VBDO's intention to make the measurement more challenging with the years. This means that any improvement in score over the years can be seen as improvement. For companies that perform worse than previous years this may not mean that they actually performed worse but may instead only reflect the methodological changes. As it is our conviction that companies should continuously improve their performance we feel that this approach is justified. It also means that companies scoring (near) 100% should not consider their performance to be perfect but should keep making improvements.

Using the 25 indicators of this research, the VBDO analysed the Annual Reports, Sustainability Reports and other relevant publicly available company sources. A qualitative profile of the analysis performed is documented along the setup of the benchmark criteria. These profiles, presented in section 3, explain the performance of companies on all criteria and provide insight into the most important pros and cons per company. These analyses also provide the company with suggestions for improvement. Additionally, sector profiles and historical figures were drawn up to enhance the comparative perspective for the companies involved and describe influential context and/or developments.

The VBDO bases the Responsible Supply Chain Benchmark on international standards and consulted a number of supply chain experts in the field during the drafting process. When adjusting the criteria, the same sources were used to guide the process. The companies that are included in the benchmark are given the opportunity to review their draft scores and profiles before publishing to ensure the public information is well interpreted. The Award event, which is traditionally part of this project, adds another interactive and informative public aspect to the theme of responsible supply chain management. Moreover, institutional investors can use the ranking to determine which companies can be seen as a more sustainable investment.

2.2 Basic principles and demarcation

2.2.1 Basic principles

The Responsible Supply Chain Benchmark is based on a number of basic principles and is both simple and practical. This provides companies and other interested parties with a quick and easy insight into their own performance and that of its sector, into best practices and into business strategy in general.

The approach of the benchmark is top-down. This means that the indicators are ordered in such a way that overall strategy and vision are treated first. General policies are subsequently analysed and, lastly, actual management practices are addressed. This is in accordance with the Global Reporting Initiative (GRI) guidelines and the viewpoint of the VBDO. The first concern of investors is the overall vision and performance of a company.

The underlying methodology of the benchmark (paragraph 2.3) is fully transparent and publicly available. The benchmark is based on internationally recognised norms and standards. These include the OECD Guidelines for Multinational Enterprises, the Declarations of International Labour Organization (ILO) and the United Nations Global Compact (UNGC). It also enjoys public support. The VBDO gained this support by involving a variety of stakeholders in the design of the benchmarking method.

2.2.2. Demarcation

The benchmark is subject to certain limitations.

- First of all, the investigated group of companies comprises 40 of the largest companies that are listed on the Dutch indices AEX, AMX, AScX (and 'local'), see table 1. A requirement is that procurement of goods and services constitutes a significant proportion of their operational expenditure. Service providers, such as financial institutions, ICT companies and recruitment companies are therefore not included in the research.
- The VBDO has limited itself to 40 companies in 2012. This number is equal to that of the benchmark in 2011 and 2010. The cut-off point potentially changes from year to year, but the VBDO strives to repeat, rather than to exchange the corporations included in the benchmark. Hence, AEX listings are greater in number than AScX, and a 'local' listing is included in the group of investigated companies - which is included in Table 1. With regard to last year, one company (Wavin) has been dropped from the benchmark. The reason for this is that Wavin is no longer listed on a Dutch index. To bring the total number of companies back to 40, this year TKH has been added.
- The benchmark is a generic model. It is therefore highly adaptable to all companies of the investigated group. Hence, a simplified supply chain model is used.
- Finally, in carrying out the benchmark, the VBDO only uses publicly available information. This includes mainly annual reports, sustainability reports, supplier codes and company websites.

Table 1: Researched companies

AEX		AMX		AScX		'Local'	
1.	Ahold (Royal)	21.	Aalberts Industries	34.	Accell Group	40.	Crown Van Gelder
2.	Air France-KLM	22.	AMG	35.	Ballast Nedam		
3.	AkzoNobel	23.	ASM International	36.	Macintosh Retail Group		
4.	Aperam	24.	BAM Group (Royal)	37.	Sligro Food Group		
5.	ArcelorMittal	25.	CSM	38.	Telegraaf Media Group (TMG)		
6.	ASML	26.	Heijmans	39.	Wessanen (Royal)		
7.	Boskalis Westminster (Royal)	27.	Imtech (Royal)				
8.	DSM (Royal)	28.	Mediq				
9.	Fugro	29.	Nutreco				
10.	HEINEKEN	30.	Pharming Group				
11.	KPN (Royal)	31.	TenCate (Royal)				
12.	Philips (Royal)	32.	TKH				
13.	PostNL	33.	Vopak (Royal)				
14.	Reed Elsevier						
15.	SBM Offshore						
16.	Shell (Royal Dutch)						
17.	TNT Express						
18.	TomTom						
19.	Unilever						
20.	Wolters Kluwer						

2.3 Benchmark criteria

The benchmark methodology distinguishes between different levels of supply chain management. First, the management has been analysed at the general strategy level (A Governance and Strategy). This year the focus has shifted from the extent that sustainability is an inherent part of a company's governance to the extent that supply chain management is connected to sustainability at the executive level.

Next, the policy level is analysed (B Policy). This goes beyond the executive level and considers what kind of policies are in place to manage the supply chain. This part focuses on the upstream section of supply chain and looks at the ways in which the company approaches its suppliers. More specifically, this part mostly revolves around the existence, content and scope of a supplier policy and a supplier code.

Finally, the supply chain management of the company has been examined at the operating level (C Management). This considers the ways in which policies and strategy have actually been executed on the ground. It therefore focuses on quantitative and qualitative results and is divided in an upstream, midstream and downstream part.

The Responsible Supply Chain Benchmark focuses on environmental and social issues that arise during the production and operating processes in the entire supply chain of the company. The following categorisation of benchmark criteria has been made. The maximum amount of points (52 points) is devoted to the company when it meets underlying explanation.

A Governance and Strategy (6 points)

- 1 *Supply chain management strategy (2 points)*: A supply chain strategy is part of the company's corporate strategy.
- 2 *Board of Directors' responsibilities (1 point)*: A formal member of the Board of Directors or a high-level commission is responsible for supply chain management and sustainability.
- 3 *Stakeholder engagement/identification (1 point)*: Key stakeholders in the supply chain have been identified and engaged with hence issues that are important to these stakeholders have been considered in the company's strategy.
- 4 *Supply chain analysis (2 points)*: The supply chain of the company has been analysed and sustainability issues that are material to the company have been identified.

B Policy (17 points)

- 5 *Policy and management systems for suppliers (2 points)*: The company has a supplier policy that includes sustainability issues and a corresponding management system.
- 6 *Scope of supplier policy (2 points)*: The scope of the supplier policy is consistent with the material issues that have come about in the supply chain analysis.
- 7 *Inclusion of indirect suppliers (2 points)*: Indirect suppliers are included in the supplier policy and explanation has been given for the relevance of including these suppliers.
- 8 *Content of the supplier code (5 points)*: There is a supplier code or suppliers are to uphold the requirements of the company's Code of Conduct. This code contains the following subjects: a human rights policy; an employment rights policy; a social policy; an environmental policy; and an environment management monitoring system.
- 9 *Monitoring method (2 points)*: The company has a method to monitor suppliers on compliance with the supplier code and this method is independently verified.
- 10 *Non-compliance policy (2 points)*: The policy, containing a stratified plan of action in the case of non-compliance with the code, is publicly available.
- 11 *Identifying suppliers with a high impact on sustainability (2 points)*: Suppliers that have a high impact on sustainability have been identified. Also, countries that generally have a high impact on sustainability have been identified.

C Management (29 points)

Upstream

- 12 *Supplier supervision (3 points)*: All suppliers with a high impact on sustainability are supervised and inspected at least once every three years.
- 13 *Competence of the supervising persons/institutions (2 points)*: There is an external and impartial institution that carries out the supervision. Internal supervision yields one point.
- 14 *Transparency on supervising results (2 points)*: The company reports the number of suppliers which did not pass supervision and gives examples of non-compliance cases.
- 15 *Transparency on action on non-compliant suppliers (2 points)*: The company reports on the measures that have been taken to improve the performance of its suppliers. It has also identified key areas that need attention.
- 16 *Capacity building (2 points)*: Suppliers are provided with structured education regarding material sustainability issues.
- 17 *Compliance of suppliers (2 points)*: More than 75 percent of suppliers has stated their compliance with the supplier code.
- 18 *Monitoring results (2 points)*: The company has formulated KPIs concerning the upstream supply chain and reports quantitative and qualitative data that show improvement.

Midstream

- 19 *Product life cycle Research&Development (2 points)*: Continuous investments are being made to improve the production process in such a way that it optimises the use of materials and minimises its effect on the environment.
- 20 *Logistics (2 points)*: The company tries to minimise the environmental effects of logistical processes by using short distribution channels, minimising the distance between the production location and the user market and minimising business related travel.
- 21 *Educating company purchasers (2 points)*: The company purchasers are educated in the sustainability policy of the company and they are required to adhere to the sustainability criteria in their purchasing procedures.
- 22 *Cooperation agreements (2 points)*: Within its sector, the company is an initiator in the development of strategic cooperation agreements for sustainable solutions within the entire supply chain.

Downstream

- 23 *Product life cycle; recycling (2 points)*: The company has a recycling policy that is being implemented and actively stimulates taking back products that have entered the end-of-life stage. Moreover, the company is actively involved in sector-wide initiatives to draw up a recycling policy.
- 24 *Responsible marketing (2 points)*: Sustainability is a structural part in the way the company markets its products to its customers.
- 25 *Monitoring results (2 points)*: The company has formulated KPIs concerning the downstream supply chain and reports quantitative and qualitative data that show improvement.

In total 52 points can be earned for these criteria. If the criterion is only partially met, fewer points are given. If there is no reference to the criterion in publicly available documents, zero points are given. A more elaborate description of the criteria can be found in Appendix 1.

2.4 Modifications in the benchmark criteria 2012

Based on a review and consultation of different stakeholders the benchmark has been revised this year. Accordingly, the number of criteria has been reduced and certain criteria have been modified. The total number of points decreased from 59 last year to 52 this year. The majority of the changes have been made to focus more on material sustainability themes in the supply chain. Information below provides a motivation on these modifications.

At the Governance and Strategy level more attention is given to the importance of the supply chain as a part of the company's sustainability strategy. Therefore, the first criterion 'Supply chain management strategy' reflects the importance of sustainable supply chain management to be an integral part of strategy more so than it did last year. Consequently, criterion 4 is now directed more at the analysis of the supply chain and the identification of themes that are material to the company, whereas before the criterion considered trends in the supply chain in general. The increased attention for material sustainability issues in the supply chain is also reflected in the fact that this year the criterion 'embed core values in the organisation' has been dropped, because this concerns general corporate governance issues.

At the Policy level, criterion 6, 'Scope of supplier policy' was included this year to emphasise that the supplier policy is actually in line with the issues material to a sustainable supply chain as identified by the company. Next, last year's criterion on critical supplies has been dropped and integrated with criterion 11, 'Identifying suppliers with a high impact on sustainability'. The underlying thought is that it is of minor importance what percentage of suppliers has been identified as being critical to the company. Rather, it is of importance that those suppliers who pose a higher threat to sustainability are monitored, regardless of their share in delivered goods. This acknowledges the fact that big steps can be taken with small suppliers.



At the Management level, first of all, the criteria that were previously divided between 'general' and 'midstream' have been merged in the 'midstream' section. Criterion 14, 'transparency on supervising results', has been extended with the necessity to include the number of terminated contracts, next to the number of suppliers that did not pass supervision. Here, the need to be transparent has thus been increased. Criterion 15, 'Transparency on action on non-compliant suppliers', has been adjusted to include the identification of areas that need increased attention. Also the company is expected to describe actions in order to improve the performance on sustainability issues. A more thorough description of actions taken is thus desired to obtain full points.

Where in the former benchmarks education of suppliers was treated by two criteria, 'Educating suppliers' and 'Education coverage', they have been replaced by 'Capacity building' in this year's benchmark. Only 2 points can be earned here, whereas the combined criteria previously yielded a maximum result of 5 points. This has been changed, because a total score of 5 is disproportionate on this point. Lastly, in the upstream section 'Communication between company and suppliers' has been renamed 'Compliance of suppliers' (criterion 17). The content of this criterion has remained the same, but 2 instead of 3 points were granted this year in order to better balance the different benchmark elements.

In the midstream section, the criterion on logistics has been adjusted slightly to broaden the possibility to receive one point. Lastly, the criterion on the adjustment of sales to emerging markets has been dropped in this year's benchmark. The reason for this is that it was not specifically aimed at the supply chain and not always appropriate in the current selection of companies.

2.5 Scoring in practice

The benchmark is a generic model and can be applied to all companies. This notwithstanding, the number of Dutch publicly listed companies is limited. This results in a sample of companies that undertakes a variety of activities. In practice, some criteria might therefore apply differently in certain occasions due to the nature of a company's activities. Although this denotes certain limits to the research, the benefits outweigh the costs.

A first example here is on the topic of recycling. This can be of importance both midstream and downstream and may apply differently for Air France-KLM and for Philips. A service company like Air France-KLM is not a deliverer of goods and as such will not be able to take back products. It can recycle onboard products and equipment, which is as downstream as it comes. On the other hand, Philips is a deliverer of goods and the downstream section of its supply chain is therefore different. A midstream recycling policy will hence not suffice. Taking back used products will be necessary to get full points on the downstream recycling criterion (criterion 23).

In a similar way the supplier policy might apply for different groups. With PostNL this policy might also consider subcontractors that are actually part of the downstream supply chain. This concerns external parties to which delivery is outsourced and that are not an actual part of the company. With a company such as Shell subcontractors are required to comply with the company code of conduct. They are regarded as employees and are often at work at company sites. They therefore are a part of the company's midstream operating processes and are not considered to be upstream or downstream in the supply chain. In this case subcontractors will not be considered for the criteria on the supplier policy.

Crucial for the scoring within this benchmark is that reporting on governance, strategy, policy and management should be done on a company level. Interesting initiatives on business unit levels are important and encouraged. However, full points are given when those initiatives are part of governance and strategy, policy and management practices on company level.

A final example is the case of responsible marketing (criterion 24). This affects e.g. Unilever and ASML differently. The first operates in a market of private customers. Downstream communication will happen through advertising and the company engages its customers indirectly on the topic of sustainability. ASML is active in a business-to-business market, and will therefore engage its clients in a more direct way. A different approach is thus required.

Lastly, it is important to realise that the benchmark only takes publicly available information into consideration. While companies are often developing new activities that support sustainable supply chain management these efforts can only be included into the scores when the company reports publicly on these activities.

2.6 Role of the jury and the Award

To acknowledge and stimulate positive developments within responsibly supply chain management by companies an Award has been initiated. An independent jury consisting of 6 members chooses the Award's winner and possibly mentions some honourable achievements. The jury does not only take the benchmark results into consideration, it also considers the best performer-(s) and any outstanding initiatives.

The winner will receive the VBDO Responsible Supply Chain Award. By handing out this award, the VBDO raises awareness within publicly listed companies and society on the topic of responsible supply chain management. It rewards robust policy and strategy and urges lagging companies to improve performance.

The winner of the Award is announced during an event hosted by VBDO and KPMG on November 27th 2012. Previous benchmark reports and jury reports are published at <http://www.vbdo.nl/nl/research/duurzaam-ondernemen>.

3 Results- Company Performance

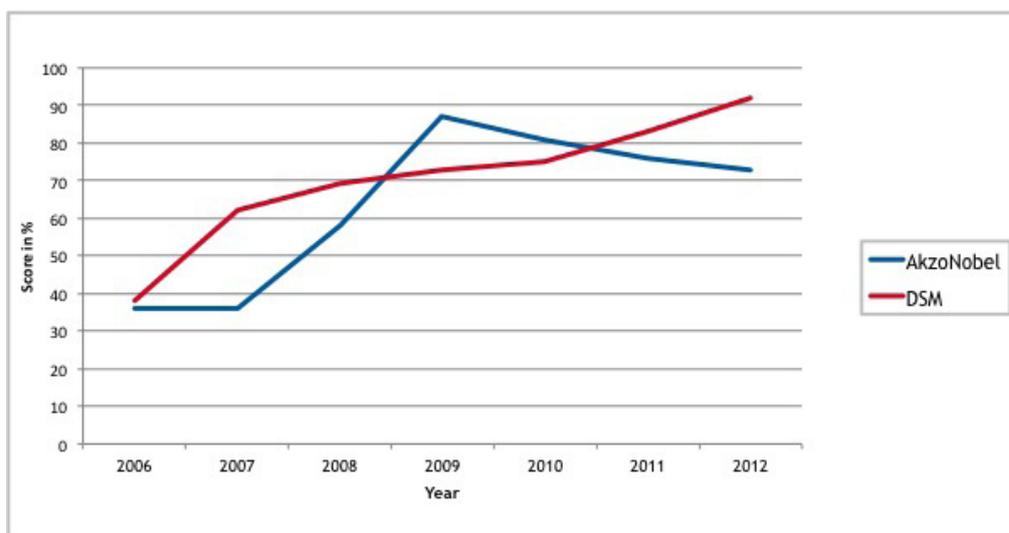
In the following chapter the results of the Responsible Supply Chain Benchmark research are set out. The companies are discussed per sector and are preceded by a sector overview. Appendix 2 provides the graphs in full colour.

3.1 Chemicals

The 'chemicals' sector comprises companies that produce goods that are resource intensive and have a high sustainability risk, due to their chemical composition. This might therefore be the prototypical example of a sector that has a high urgency to integrate sustainability in its supply chain management. This urgency is recognised by DSM and AkzoNobel for they are among the top scoring companies. DSM ranks second and AkzoNobel ranks ninth. This is roughly in line with last year's benchmark, where DSM also ranked second and AkzoNobel ranked fifth. On the strategy level they both earn full points. The chemicals sector in general ranks first with respect to other sectors. It should be noticed that within this benchmark the chemicals sector only includes two companies.

Both AkzoNobel and DSM receive full points on the governance and strategy level. Both companies have an explicit supplier policy and monitoring system, although AkzoNobel does not include indirect suppliers in its supplier engagement.

Both companies make work of analysing the entire life cycle of their products and R&D is an important part of this. They work to reduce materials' impact and the carbon footprint throughout the supply chain. They engage their suppliers extensively and for both companies more than 75% of suppliers adheres to a supplier code.



AkzoNobel

Governance and Strategy - 6/6

At the beginning of 2011 AkzoNobel broadened its executive committee and included a member responsible for the Supply Chain and Sourcing. The responsibilities of this member include health, safety and environment in the supply chain. Sustainable growth is one of the strategic ambitions of AkzoNobel and it aspires to achieve a zero environmental footprint across the

supply chain. Moreover, AkzoNobel has an ambitious program for operational excellence in the integrated supply chain. The company also engages its customers and suppliers to reduce the environmental footprint as well as stakeholders such as the communities it is active in and NGOs.

Policy - 12/17

AkzoNobel maintains a Vendor Policy taking into account social and environmental standards as well as human rights and labour rights. The company makes sure that suppliers endorse its standards as formulated in the Code of Conduct by asking them to sign a Vendor Compliance Letter. This is aimed at general sustainability themes. This Vendor Policy is continuously verified, covering 95% of suppliers for product related spend and nearly 77% of suppliers for non product related (NPR) spend. Moreover, key suppliers are included in the supplier support visits. Nonetheless, there is no identification of suppliers with high sustainability risks, nor are indirect suppliers included in the Vendor Policy.

Management - 20/29

AkzoNobel is committed to reduce the impact of its raw materials and to help its customers to reduce their energy requirements and the company continues to develop its portfolio of eco-premium solutions for customers. In logistics, it tries to reduce the CO₂ emissions of its cars and logistical suppliers are also selected on sustainability criteria. AkzoNobel participates in different business initiatives. For example, it has taken an active part in developing the GHG Protocol Accounting and Reporting Guidelines for product lifecycles and corporate value chains. Although high-risk suppliers are not specifically mentioned, 95% of product-related spend is from suppliers who are verified against the Vendor Policy, and nearly 77% of non-product related (NPR) spend. Since 2007, 300 Supplier Support Visits have been done and key suppliers are included in these. The company works to improve its suppliers' results through these Supplier Support Visits and if improvements are not made within 2 years doing business will be discontinued. The actual results of the visits are not reported. It is recommended to report on the improvements that suppliers made.

The carbon footprint is analysed for upstream and midstream operations. AkzoNobel has the ambition to reduce the cradle-to-gate carbon footprint with 10% in 2015, compared with 2009. The reduction in cradle-to-gate carbon footprint per ton of product from 2009 is 2%. More KPIs specifically related to the up- and downstream are not given. In general, AkzoNobel is not very specific in the analysis and the reporting of the downstream part of its supply chain.

Total score: 38/52

DSM

Governance and Strategy - 6/6

DSM recognises sustainability as a business driver. Its mission is to create brighter lives for people today and generations to come. Therefore DSM is in on-going dialogue with its stakeholders. In its strategy DSM pays attention to environmental issues in the whole value chain and has identified material issues. Moreover, sustainability has the attention of the entire management board, with their CEO as focal point.

Policy - 17/17

DSM has a supplier sustainability program comprising of compliance to the supplier code of Conduct and Supplier Solutions. This covers global suppliers (accounting for 60% of DSM's total spend) and local suppliers. Suppliers are also expected to include their suppliers. The supplier code of Conduct includes policies on human rights, employment and social issues. It also includes an environmental policy, where suppliers are to demonstrate continuous improvements.

The supplier code of Conduct sets sustainability guidelines for suppliers. Secondly, supplier self-assessment questionnaires allow them to measure their activities. Thirdly, supplier audits are used for critical or high-risk suppliers. There is a publicly available policy that describes how non-compliance is dealt with.

Management - 25/29

In 2011, more than 90% of DSM's external spend was covered by the supplier code of Conduct. Every year 50 to 100 suppliers are selected for closer evaluation. Of the audited suppliers 7% got the score C, which means that improvement programs have been set up. One supplier failed to comply with the code and was replaced, while the contractual relationship with another has been frozen. Although it is not sure that all high-risk suppliers are externally monitored, in 2011 an external party performed audits for 22 high-risk suppliers. Furthermore, DSM ensures implementation of the code by dialogue with its suppliers and training if required. Using 2010 as a reference, DSM is working with suppliers to reduce their carbon footprint by 20% by 2020.

DSM engages with multiple supply chain initiatives and sector organisations such as the World Business Council for Sustainable Development (WBCSD). In 2011, several Life Cycle Assessments were carried out in cooperation with suppliers. To decrease the footprint of its logistical operations, DSM has a number of initiatives, such as the use of a new common pallet. DSM has adopted Cradle to Cradle® as part of its sustainable strategy. The ECO+ solutions DSM offers actively target a more sustainable product market. The company also maintains the 'Quality for Life™' seal symbolising DSM's pledge to uphold ethical values in relationships with its customers. The company has specific downstream KPIs on its ECO+ solutions, targeting for improvement.

Total score: 48/52

3.2 Construction

The supply chain policy of Ballast Nedam and BAM Group is mainly intended for procurement. The companies have all identified material issues for the supply chain such as the reduction of CO₂ and energy. Sustainability KPIs related to the upstream and downstream are formulated and qualitative data is provided by the companies.

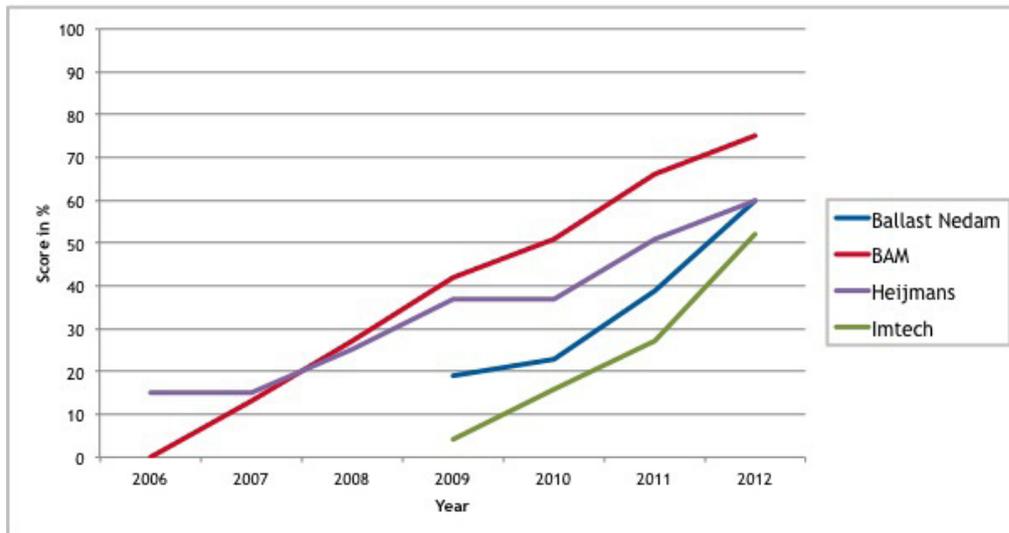
Similar to last year, little is published about the compliance of suppliers to the supplier code. Policy to improve the compliance of suppliers is lacking for Heijmans and Imtech. Independent supplier supervision in order to verify supplier compliance with the supplier code is an area of improvement for all the companies. Developing a method to monitor suppliers on compliance with the supplier code is also an area of improvement for all the companies especially for Ballast Nedam and Heijmans.

Suppliers with a high impact on sustainability issues are not identified by Imtech and Heijmans. None of the companies conducts investigations to assess sustainability risks of countries and/or regions. Suppliers of all the companies are not structurally resourced with education concerning sustainability issues in order to build sustainable educational capacity.

The investigation of the environmental impact of the entire logistical chain remains an area of improvement for Ballast Nedam, Heijmans and Imtech. The companies are taking part in different R&D projects and are also initiating sector wide projects to implement sustainable solutions within the entire supply chain.



Graph 2: Responsible Supply Chain Benchmark Score 2006-2012 for the Construction companies



Ballast Nedam

Governance and Strategy - 6/6

Supply chain responsibility is one of the five pillars of the CSR policy. There is a supply chain policy and objectives are formulated. Ballast Nedam considers supply chain strategy as the process of ‘creating optimum value in cooperation with stakeholders’. Ballast Nedam has both annually structured and occasional dialogues with stakeholders. On the annual ‘Innovation Day’ stakeholders are also involved in the dialogues.

Stakeholders have prioritised sustainability issues for Ballast Nedam to take into account.

A supply chain analysis has been conducted and Ballast Nedam has identified material issues in the supply chain like CO₂ emissions and the use of energy. The Board of Directors of Ballast Nedam is responsible for the CSR Policy. The CEO has the main responsibility.

Policy - 12/17

Suppliers are expected to endorse the ‘Code of Conduct for Suppliers’ and the Code is part of the supplier contract. Despite the fact that Ballast Nedam identifies different stakeholders, the supply chain policy is mainly intended for the purpose of procurement. Certain material issues like CO₂ and energy consumption are targeted by the policy and this is discussed with ‘A-suppliers’ to reduce CO₂ emissions and energy consumption in cooperation with suppliers. By 2017 suppliers are expected to only ‘relatively’ reduce their CO₂ emission and waste.

Ballast Nedam states that the ILO and OECD standards are specified in the ‘Code of Conduct for Suppliers’ and does include human rights, employment rights, social and environment policy. The Code does state a clear intention to apply environment standards, however those standards are not further explained.

Prior to signing up a contract with suppliers, suppliers are involved in an ‘acceptation procedure’. During this procedure Ballast Nedam assesses suppliers. Suppliers are assessed at least once a year to optimise the cooperation. It is not clear whether these assessments also include sustainability criteria.

The supplier code lacks a general non-compliance policy. However it mentions that the measures that can be taken depends on the degree of the violation of the supplier code. Ballast Nedam has conducted a risk analysis in China in 2011. It is unknown whether these risk analyses takes place on a regular basis or that there is a general monitoring method to assess the compliance of suppliers.

Suppliers who deliver the best sustainability performance have been identified and are capable to have a high impact on sustainability issues. Indirect suppliers should also endorse the 'Code of Conduct for Suppliers'. Ballast Nedam does not specify the relevance of the indirect suppliers or the boundaries of the supply chain.

Management - 13/29

Little is published about non-compliance of suppliers to the supplier code. It is unknown whether Ballast Nedam verifies the supervision of the supplier code. It is also not published who or which institutions carry out the supervision. Ballast Nedam does not publish the percentage of suppliers that did not pass the supervision.

Ballast Nedam has formulated KPIs for upstream and downstream supply chain. It reports qualitative data about waste and recycling and has formulated targets for the future. A central working group 'Afval & Recycling' is initiated to reduce waste and to increase recycling in the entire supply chain. Ballast Nedam has started a project in 2011 to optimise the logistical processes with the cooperation of the suppliers. Ballast Nedam has also initiated an investigation to reduce the energy consumption in the logistical chain. Although quantitative data about the CO₂ emission of vehicles is provided, Ballast Nedam has not investigated the environmental effect of the entire logistical chain.

Ballast Nedam has different R&D projects; it has invented the 'Greenerator and iQwoning®'. Purchasers are trained to minimise the CO₂ emission and energy consumption of their operations. However, it is unknown whether suppliers are also trained on sustainability issues. Ballast Nedam has qualified for the Bewuste Bouwers Code in 2011.

Total score: 31/52

BAM Group

Governance and Strategy - 6/6

The supply chain strategy is mainly focused on procurement and how to make procurement more sustainable in material terms. BAM has identified sustainability issues mainly for procurement: reduction of waste, CO₂ emission and safety. The sustainability policy is defined by the Executive Board in consultation with the operating companies management teams. Selection of key stakeholders is based on the risks and opportunities for business. BAM maintains regular contact with different stakeholder groups, particularly those in the financial sector. An annual multi-stakeholder dialogue is organised to discuss the business principles, which also includes sustainability themes.

Policy - 13/17

BAM has signed the responsible sourcing policy of NEVI (Dutch Procurement Professionals Organisation) in 2011 but is not clear how this is translated into specific sustainability themes. The procurement policy, which also includes the Business Principles, covers company specific sustainability themes. The procurement policy also applies to indirect suppliers, but no further explanation is given about the relevance of indirect suppliers to the supply chain. The Business Principles should be endorsed by suppliers and includes topics as human rights, employment rights, social and environment policy. However, it is unknown what kind of environmental management monitoring system policy is used by BAM to monitor the environmental policy. The main contractor monitors suppliers on compliance. However, there is no independent verification of the application of the method. In 2011, a supplier performance rating system was put in place. Suppliers are assessed against five different themes (including safety and environmental issues). If the score is lower than required, BAM starts a dialogue to improve their performance.



BAM does however not identify suppliers with a high impact on sustainability. BAM is currently drawing up an inventory of high-risk suppliers. Several suppliers that have a high impact on sustainability report on the CO₂ emissions that have been caused in delivering services and/or products to BAM.

Management- 20/29

BAM states that 3,700 suppliers performance assessments were carried out. BAM is transparent about the assessment results and reports that 5% of the assessed suppliers scored below minimum standards. However, only 40% of the operating companies are working with the performance rating system for suppliers. The percentage of the supplier companies that have stated their compliance with the supplier codes is unknown. BAM reports about non-compliance that suppliers will eventually be excluded from future work with BAM, if suppliers do not improve their performance. BAM is in discussion with suppliers and customers about best practices in sustainability and the company's activities are marketed stressing the importance of sustainability. Purchasers are educated about the following sustainability issues: safety, CO₂ emissions and waste.

BAM has formulated KPIs for the upstream and downstream supply chain. However, there are no specific targets set for the downstream supply chain. Although the overall CO₂ emissions have decreased, the CO₂ emission of business related travel and the vehicle fleet have increased due to business growth. BAM publishes quantitative data of CO₂ emissions of their different sources and sectors. BAM has a zero waste policy and raw materials in the entire supply chain are being recycled. BAM works with supply chain partners to identify 'greener alternative's for both upstream and downstream. Those 'greener alternatives' are, however, not further explained. BAM is cooperating with different universities to contribute to research concerning sustainable technologies. Different alterations at the construction facilities have already been implemented to optimise the energy need. BAM is an initiator in the development of strategic cooperation agreements for sustainable solutions by the development of 'low emission road' and EcoBeach.

Total score: 39/52

Heijmans

Governance and Strategy - 6/6

Heijmans has a set of policies to manage the supply chain and procurement. The concern chief is responsible for the sustainability policy. Heijmans engages with different stakeholders on regularly basis and organises stakeholder meetings to discuss stakeholder issues. Heijmans has identified material sustainability issues such as recycling, use of alternative resources and the emission of CO₂ the supply chain has a significant impact on.

Policy - 8/17

Heijmans has formulated a 'Sustainability Declaration', and a 'Code of Conduct and Principles', which apply to all suppliers. The scope of the policies covers different supplier groups. Yet, suppliers with a high impact on sustainability are not identified by Heijmans. In the 'Sustainability Declaration indirect suppliers are mentioned, however their relevance is not explained. The Sustainability Declaration includes human rights, employment rights and environmental issues. The 'Leidende Principes Opdrachtgevend Bouwbedrijf' include social issues. The ISO14000 and ISO14001 environment management systems are used to monitor the environment policy.

It is unknown whether Heijmans monitors suppliers on the compliance with the suppliers code or that there is a non-compliance policy. However, Heijmans will conduct a sample in 2012 to investigate to what extent suppliers observe the Sustainability Declaration which is part of the supplier contract.



Management - 17/29

At least 80% of the suppliers is provided with the supply chain policy. Heijmans does not publish how many suppliers with a high impact on sustainability are supervised. However the asphalt plants are supervised and an external auditor verifies this. The external auditor is not mentioned by name. 42% of the suppliers have endorsed the sustainable supply chain policy. Heijmans does not have a general non-compliance policy. Suppliers are deregistered if they violate the safety VCA certification. What measures are taken in case of other non-compliant cases is unknown. Suppliers are educated about the 'Gemeentelijke Praktijk Richtlijn'. Though whether there are also other sustainability themes educated is unknown. Suppliers and purchasers have to take into account the Sustainability Declaration. But it is unknown whether purchasers are regularly educated about relevant sustainability themes.

Heijmans has formulated different KPIs for upstream and downstream supply chain. One of the sustainability goals of 2011 is to reduce the use of raw resources like wood and steel during construction processes and to use alternative (energy) resources. Production facilities are modernised to reduce the use of energy. Reducing waste and increasing recycling is also one of the sustainability goals of 2011. However, waste has increased compared to 2010. Suppliers are also committed to reduce and separate waste. The use of energy efficient cars is stimulated to reduce CO₂ emission. It is not clear whether Heijmans is a follower or an initiator in the development of strategic cooperation for sustainable developments within the entire supply chain. Nevertheless Heijmans is working on several sustainability projects like 'Smart Mobility & Smart Energy' to provide a sustainable energy network and 'Greenway LE' to construct sustainable asphalt. Despite the broad scope of the sustainability policy, Heijmans does not publish anything on responsible marketing.

Total score: 31/52

Imtech

Governance and Strategy - 6/6

Imtech has developed a 'Code of Sustainable Supply' (CoSS), which includes sustainability objectives and activities related to services, business operations and processes. This code includes topics like Health & Safety, Environment, Ethics and Labour, that Imtech wants to address together with its partners in the supply chain. Imtech distinguishes between different stakeholders and states that it has a different approach per type of stakeholder and division. Imtech is in dialogue with its stakeholders to mutually exchange information and to discuss the CSR policy. However, Imtech does not give an overview of the key issues per stakeholder.

Policy - 10/17

The responsibility of Imtech's 'Code of Sustainable Supplier' is organised at the company's management level and the status is reviewed on regular basis. The sustainability themes that are covered in the Code have a broad scope, however supplier groups that make the most impact are not taken into consideration. Imtech has included different topics such as human rights, employment rights, social and environmental issues in the Code. Imtech endorses the ILO standards with the Code.

Indirect suppliers are only implicitly included in the Code. Imtech only assumes that its suppliers will translate the Code to their suppliers as well. Imtech expects its suppliers to conduct periodic self-evaluations to ensure conformity to the Code and customer contractual requirements related to social and environmental responsibility. Yet, an independent verification is not part of the evaluation; the monitoring of the Code is based on self-assessment by suppliers. Although Imtech has formulated a policy to monitor and no policy is published about non-compliance with this Code.



Management - 11/29

Imtech has a pragmatic approach with regard to non-compliance to the Code by stating that is realistic in what it is asking to his suppliers. Imtech does not verificate the supplier supervision on the implementation of the 'Code of supplier code'. Results of supervision of the Code are not published. It is also not published which measures Imtech takes to improve the performance of the non-compliant suppliers. However, 25 important suppliers have signed the Code.

Imtech states that suppliers needs to provide their employees with training about environmental issues regarding its primary processes, waste management systems, health and safety issues. It is unknown whether Imtech provides education concerning sustainability issues to critical suppliers and company purchasers.

Imtech has developed a resource reduction policy to reduce waste, to recycle and to modify production in order to reduce the use of resources. Nonetheless, Imtech does not publish the quantitative results of this policy. It is also expected that suppliers will make continual progress to reduce the use of fossil energy and other resources, reduce waste of all types and re-use materials. Imtech has formulated KPIs for the upstream and downstream supply chain and they indicate improvement. Although Imtech states that it will get involved in sustainability issues, and contributes to ICOS Cleantech I and II initiatives, it is currently a follower in the development of strategic cooperation agreements for sustainable solutions within the entire supply chain.

Total score: 27/52

3.3 Electronics

The 'electronics' sector clearly has a very large impact on sustainability issues. The sector uses large quantities of various resources and has an enormous impact on the use of electricity by consumers. Another relevant theme for this sector is the sourcing of certain rare earth minerals, which are important components for most modern technological products. These minerals are often sourced from conflict zones, such as the Democratic Republic of Congo, and hence require companies to take due responsibility.

The electronics sector shows the extremes of supply chain management. This group contains both the company with the highest score in the benchmark, Philips, and one of the two companies with the lowest score, ASMI. Philips remains ahead of the pack with a score of 96%. KPN is continuing its fast upward trend and has moved from third to second place in the sector, switching places with ASML who scored ten percentage points less than last year. TomTom has remained almost stable, scoring slightly better than last year. Finally, ASMI still mostly disregards the need for a sustainable supply chain with a score of only 2%.

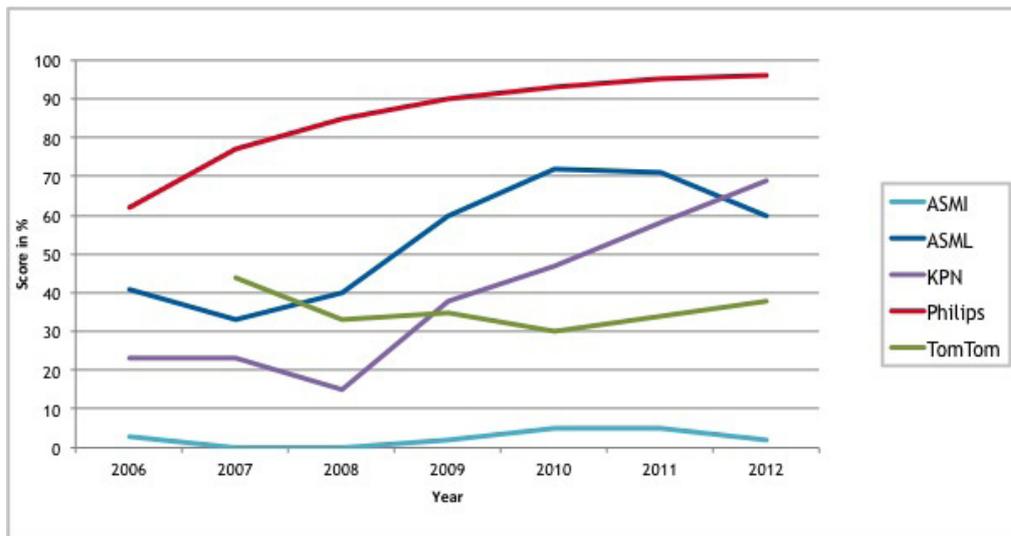
As may be expected of a group with such a diversity of supply chain policies, the electronics sector overall scores rather average as the fifth best sector in a total of ten. For most of the criteria there is a large spread of results. For governance and strategy KPN and Philips include all requirements, and ASML only misses one point. The two percent that ASMI scores on the benchmark is gained here because of a brief mention of the importance of supply chain management in the risk section of its annual report.

At the policy level the sector scores well on the criterion of requiring an environmental management monitoring system for its suppliers. ASML, Philips and TomTom all have such a requirement. Furthermore, the sector scores well when it comes to monitoring the results of its supply chain policy.



Concerning upstream management the sector does slightly better than other sectors on supplier supervision and competence of the supervising persons or institutions. Philips is the only company in the entire benchmark that scores full points on this criterion because it monitors all companies with a high impact on sustainability issues. Midstream the sector does relatively well on the education of suppliers and participation in cooperation agreements, with all of the points scored coming from ASML, KPN and Philips. Downstream the sector performs well on monitoring results, again because of the same companies. The electronics companies score somewhat below average when it comes to product take-back and recycling, where not even Philips gets full points.

Graph 3: Responsible Supply Chain Benchmark Score 2006-2012 for the Electronics companies



ASMI

Governance and Strategy - 1/6

There is no evidence that ASMI recognises the importance of sustainability or supply chain management. There is only a very brief mention of “disruption of sources of supply” in the risk section of its Annual Report (p.24). The company also mentions that the Management Board has the responsibility to “determining relevant aspects and achieve aims in relation to corporate social responsibility and sustainability.” but this is not further specified. Thus there does not appear to be a specific member or commission bearing responsibility for sustainability and the supply chain. There is a very general mention of strategic alliances with stakeholders but no further explanation of how these are engaged. Supply chain analysis was also not found.

Policy - 0/17

ASMI has no relevant policies in place. While there is a Code of Ethics on the website, this document is very hard to find. Furthermore, it is not mentioned that this also applies to suppliers. Monitoring, non-compliance policy and the identification of suppliers with a high impact on sustainability is thus also not in place.

Management - 0/29

Not surprisingly, then, ASMI does not mention any of the relevant criteria for supply chain management. There is no mention of supervision, capacity building, socially or environmentally improved products or processes, logistics, education for suppliers, cooperation agreements for the supply chain, recycling or responsible marketing.

Sustainability and supply chain management at ASML is thus limited to a few very general remarks and no substantive policies.

Total score: 1/52

ASML

Governance and Strategy - 5/6

In 2011, ASML has taken efforts to further embed their sustainability and supply chain strategy in the governance structure of the organization. The focus lies on four 'domains': sustainable operations, sustainable products, sustainable value chain and sustainable culture. Each of these now has its own 'domain owner' who is responsible for coordinating the implementation of the relevant goals. Furthermore, the Corporate Sustainability department was expanded and a Sustainable Portfolio Manager was appointed to monitor the overall implementation of sustainability projects. Despite these organisational improvements, ASML assesses relevant sustainability trends in a very general manner. While the company identifies relevant issues for various stakeholders, the supply chain analysis is not worked out in much detail. ASML does actively engage with a wide variety of stakeholders. Such engagement could form the basis for more detailed mapping of important issues, but currently does not seem to be used in this way.

Policy - 11/17

At the policy level, ASML has taken some important steps in 2011. The EICC (Electronics Industry Citizenship Coalition) Code of Conduct is now being used to define supplier policy, and ASML is in the process of monitoring compliance to this code. It is expected that this monitoring will be further rolled out in the current year.

The Code includes almost all relevant issues concerning human rights, employment rights, political engagement and the environment. Furthermore, the code states that suppliers are expected to apply the same standards to their own suppliers. This last statement concerning second-tier suppliers, however, could be worked out in more detail, including an explanation of the way ASML aims to measure compliance. The non-compliance policy mentioned in the Sustainability Report also remains very general, simply stating "Suppliers that fail to meet our standards ... are encouraged to take adequate measures". While ASML has a system of analysis in place to identify high-risk and critical suppliers, information concerning the specific sustainability risks, a country-by-country analysis, and the (numerical) importance of these suppliers to the entire business remains unclear. On all of these issues, further information would be beneficial.

Management - 15/29

Concerning the upstream activities, ASML states that it has started to conduct full sustainability audits at selected suppliers in 2011 through its Supplier Audit Team. However, the results of these inspections and any consequent measures against non-complying parties could not be found. While ASML mentions various instruments for educating and communicating with its suppliers, it remains unclear to what number (percentage) of suppliers this applies. Similarly, while it is stated that agreement with the supplier code was asked of 230 critical suppliers in 2011, it is unclear what percentage of total suppliers this represents. The company has set a number of goals for 2012, including the number of suppliers that have signed the EICC Code of Conduct, using sustainability criteria in 100% of audits and auditing 25% of high-risk suppliers.

Concerning the use of resources in products, ASML focuses only on energy efficiency, in which no progress has been made in 2011. The organisation tries to make logistics as 'efficient as possible' but is doing little to decrease business related travel, mentioning only that it supports the use of public transport by its employees. Purchasing account managers are educated on issues of sustainability by the Supplier Audit Team. As ASML is still working on full membership of the EICC, it can be considered a follower in strategic cooperation agreements for a more sustainable supply chain.



Downstream activities focus on the KPI of improving energy efficiency in the use of its products, which ASML deems both commercially and ecologically beneficial. The company has a policy for refurbishing and taking back products although no exact data is provided. While ASML refers to energy efficiency as a strength that has helped to create a strong market position, it is unclear whether the company actively uses its sustainability strategy in its marketing efforts. The company has a downstream KPI to improve the energy efficiency of its machines. Another downstream KPI, customer energy use, was omitted in 2011 because it relies on factors over which ASML has no control.

Total score: 31/52

KPN

Governance and Strategy - 6/6

KPN includes the supply chain in its policies through sustainable value chain management. Governance of sustainability within KPN is drawn up by the task force 'KPN in society', chaired by a member of the Board of management. Sustainability is further organised through members of the Executive Committee and by a special project team for each social theme. In its CSR report KPN explains its stakeholder engagement and shows the results of its supply chain analyses in a comprehensive graph.

Policy - 13/17

KPN has the supplier code of Conduct in place and has created a sustainable procurement steering committee. While the scope of the policy is limited, this is in line with the supply chain analysis in which KPN sees its own role mainly as a service provider that creates strong ICT infrastructure. The responsibilities of suppliers for their own suppliers is mentioned but not further explained. There is a reasonably elaborate non-compliance policy in place. The Code also includes most relevant issues relating to human rights, working conditions, corruption and the environment, but lacks provisions on an environmental management monitoring system for suppliers. Suppliers are monitored through E-TASC. High- and medium-risk suppliers are identified based on the country from which they operate.

Management - 17/29

At the management level, supplier supervision is in place but still seems to be in a beginning phase with only a limited number of suppliers currently being audited. The audits that are held are conducted by the Joint Audit Cooperation. KPN reports some very general findings of these audits, but does not mention the number or percentage of cases of non-compliance. Specific action on non-compliance is not mentioned in the 2011 Sustainability Report because the details had not yet been analysed. KPN has set a number of KPIs related to the upstream supply chain. These KPIs, concern the percentage of high- and medium-risk signatories of the code and the number of audits held. While these numbers are given, no percentage of total number of suppliers that signed the Code is given. KPN also does not mention any programs to educate its suppliers on issues relevant to the Code.

Energy savings is KPN's main environmental goal, with various products and policies geared at reductions already in place. Logistics and business related travel are addressed through energy reductions in the Dutch vehicle fleet. KPN has a Sustainable Procurement steering committee in place that deals with purchasing for the entire company and includes members from across the various departments. The company takes part in various sector-wide agreements for a more sustainable supply chain. However, it appears to do so mainly as a follower rather than an initiator.



KPN has a number of downstream KPI, the most notable of which concerns reductions in the use of energy. The company has also started to include sustainability in its marketing strategy. While the tacking back of products is mentioned as an important issue, the company itself states that this has been given insufficient attention.

All in all KPN has clearly embedded the idea of a sustainable supply chain at the governance level and is well on its way to embedding this at the level of policy and management. Improvements can still be made, especially considering auditing. As the company has started implementing new policies on this issue, this issue too should improve in the near future.

Total score: 36/52

Philips

Governance and Strategy - 6/6

To improve the sustainable performance of its suppliers, Philips has set up the Philips Supplier Sustainability Involvement Program. Sustainable development is also well embedded within Philips' organisation. There is a separate Sustainability Board and a Corporate Sustainability Office to support the board. Philips often mentions stakeholder engagement, but this could be further improved by giving a clear overview of the key stakeholders and the main issues associated with them. Nevertheless, Philips analyses environmental and societal trends throughout the supply chain, giving a clear overview of material issues.

Policy - 16/17

The company has a comprehensive Supply Policy and a corresponding management system to improve sustainability on key material issues throughout the chain. The policy builds on the Electronic Industry Citizenship Coalition (EICC) Code of Conduct and includes the vast majority of the relevant supplier issues pertaining to society at large, employees and the environment. The supplier policy includes the responsibility of suppliers to make sure that their own suppliers also adhere to the Code. Philips has a method for auditing suppliers that is conducted by an external party. The methodology is publicly available via the website. Philips has a policy for non-compliance, including a clear stratified approach for dealing with such cases. The organisation identifies high-risk and critical suppliers. The identification of high-risk suppliers includes country analysis, but both the methodology and the results of this analysis are not communicated. While it is stated that Philips engages with all its suppliers, more could be said about the specific interactions with suppliers with a high impact on sustainability.

Management - 28/29

Upstream in the supply chain, Philips audits all of its high-risk suppliers through an external party. The company gives percentages on non-compliance and terminated contracts and explains the most common types of non-compliance and what the company is doing to improve such issues in the future. Suppliers are educated concerning sustainability issues, but no numbers were found concerning the percentage of suppliers to whom this pertains. It is mentioned that all suppliers have stated their compliance with the supplier code in order to do business with Philips. The company uses 'Compliance rate' as a KPI, relating to the number of risk suppliers that were recently audited and has resolved all major non-compliance issues.

Within its own organization, Philips is continuously improving its environmental performance on criteria such as carbon emissions, water, waste and chemical substances. The impact of logistics is measured through carbon emissions and the company has a policy in place to reduce these emissions, as well as emissions stemming from business related travel. Purchasers at Philips are educated on sustainability issues and the company is an initiator when it comes to the development of strategic cooperation agreements for sustainable solutions within the supply chain of the business sector.



Through its EcoVision sustainability commitments, Philips has set a number of downstream sustainability KPIs. One of these relates to an increase in the collection and recycling of its products. While this is set out by giving the total amount of collected and recycled materials, the issues is not split out between the two, nor is this set out as a percentage of total production. Through the website containing product descriptions Philips makes it clear that sustainability is a structural element of its marketing strategy.

Total score: 50/52

TomTom

Governance and Strategy - 3/6

By appointing a CSR Programme Director, TomTom has taken an important step this year in further embedding CSR within the organisation. Supply Chain management is one of the three pillars of its CSR strategy. While the term is often mentioned in the Annual Report, no systematic identification of stakeholders and their key issues was held; neither did the company conduct a supply chain analysis.

Policy - 11/17

TomTom's supply chain policy is clearly set out in the Ethical Trading Code of Practice (ETCOP) but this covers only general sustainability issues and is not the result of an analysis of the supply chain. Management of the supply chain is shared between all departments. The Code sets out the obligations of suppliers to make sure their own suppliers take the same responsibilities. The Code includes most of the relevant employee, social, and environmental criteria. However, the Code has little to say about corruption, political lobby and contributions, and community management. While TomTom has a supplier monitoring policy in place, the exact execution of this policy remains illusive because of brief and/or unclear statements about who conducts the audits and the methodology used. The non-compliance procedure is mentioned but also worked out in insufficient detail. Furthermore, the organization does not mention the identification of suppliers with a high impact on sustainability issues.

Management - 6/29

Concerning supply chain management, TomTom is still in the beginning phase. While suppliers are audited, the exact extent and execution of these audits remains unclear and no figures could be found for the percentage of suppliers that have stated their compliance with the supplier code. Furthermore, there is no mention of supplier education and communication, and no KPIs have been formulated concerning the supply-chain. No stratified approach on non-compliant suppliers has been reported.

While at the company level some initial steps have been taken to improve the sustainability of its products, logistics and business travel are currently not addressed. TomTom does not mention the education of purchasers on supply chain sustainability or participation in strategic cooperation agreements across the sector.

Downstream in the supply chain, the company has begun to stimulate collection and recycling and is promoting take-back in its marketing through a mention on its packaging. Both of these issues could, however, be worked out in much more detail. Furthermore, TomTom has not set out any KPIs for its downstream impacts.

All in all, TomTom is beginning to recognise the importance of CSR and supply chain sustainability at the governance and policy level but still has much to improve, especially at the more practical management level.

Total score: 20/52

3.4 Food and Agri

The food sector is characterised by long and complex supply chains spanning the globe. The (agricultural) commodities at the base of the chain are mostly sourced from developing countries and require, amongst others, the use of productive land and long transportation routes. Because of these characteristics, the food sector supply chains have a substantial impact on society and environment along the chain.

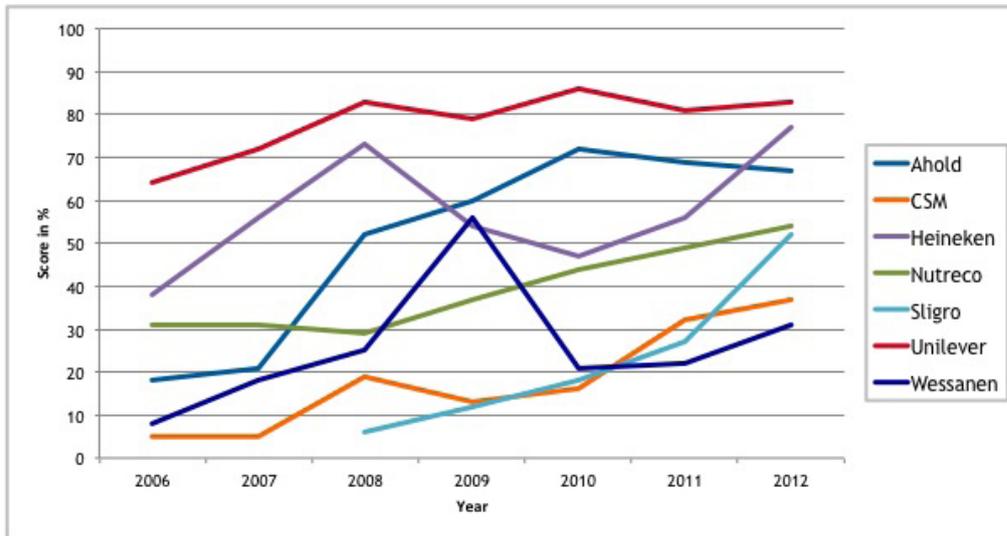
As in earlier years, in the selection of ‘food and agri’ companies for this benchmark one company in particular stands out. Unilever has kept addressing sustainability in its supply chain through its Sustainable Living Plan, making it the best performing company in the food and agri sector and fourth overall. HEINEKEN should also be mentioned for making a lot of progress in its ‘Brewing a Better Future’ programme, earning the company a second place in the food and agri sector. Ahold has a score that is similar to last year, slightly below HEINEKEN, and is now number three in this sector. Just as last year, Sligro has again made many improvements in its supply chain, giving it by far the largest improvement in score of all the food companies. CSM, Wessanen and Nutreco also all saw a slight increase in their score this year.

In this benchmark the food and agri sector as a whole takes the fourth place out of a total of ten sectors. On the governance and strategy level, most companies score full points. Only Wessanen and Sligro score less, mostly because they do not report on stakeholder engagement and supply chain analysis. All companies in this sector, however, recognise the need for sustainable supply chain management at the strategic level.

At the policy level it is striking that only HEINEKEN and Unilever fully explain the inclusion of indirect suppliers in their policies. Ahold and Sligro briefly mention that these are included, while the other companies do not make any mention of indirect suppliers. Of these remaining companies Nutreco scores well on policy issues due to its newly published vendor policy. CSM and Wessanen have a very limited supplier code and score less than average on the remaining policy issues.

This lack of policy is also reflected at the management level, where these companies again have the lowest scores. Upstream in the supply chain the most notable characteristic of the food and agri group is the lack of transparency on supervision of suppliers with a high impact on sustainability. Only HEINEKEN pays any attention to this subject, and even this is very brief. Midstream, all food and agri companies do pay attention to product life cycle and R&D and report that they have redeveloped products and/or their processes in such a way as to have a smaller impact on the environment. All companies also take part in sector-wide cooperation agreements for sustainability, with Ahold, Unilever, HEINEKEN and Nutreco also acting as initiators. Downstream in the supply chain it is striking that all companies use sustainability to some extent in their marketing approach, even when they do nothing else at this level.

Graph 4: Responsible Supply Chain Benchmark Score 2006-2012 for the Food and agri companies



Ahold

Governance and Strategy - 6/6

At the governance level, Corporate Responsibility (CR) is well embedded within Ahold's organisation and the company has a supplier strategy in place. At the central level there is a Chief Corporate Governance Counsel (CCGC) and a Vice President Corporate Responsibility (VPCR). Also, Ahold has appointed a Vice President Product Integrity (VVPI). Furthermore, many more are accountable for CR at the regional and local level. Stakeholder engagement is well embedded within the organisation. Recently Ahold has started extensively mapping its suppliers. This policy was enhanced by the introduction of a Supplier Information Management System in 2011.

Policy - 10/17

Ahold has a supplier policy in place via its Standards of Engagement. Within its supply chain Ahold pays particular attention to six critical commodities: tea, coffee, cocoa, palm oil, soy and seafood, because of the negative environmental and social impact that sourcing these products can have. The Standards of Engagement include most relevant employee and social issues but do not mention bribery, corruption, political engagement, environmental issues, or an environmental monitoring system. The policy includes a general mention of indirect suppliers and a short mention of non-compliance policy. Ahold works closely with the Business Social Compliance Initiative (BSCI) to monitor suppliers of own-brand suppliers on compliance, but no detailed, stratified action plan is disclosed for this. Ahold has recently started to map its suppliers to the last stage of production. To support this process, in 2011 the company implemented a Supplier Information Management system, but does not disclose the entire method. High-risk suppliers are identified and Ahold has set a goal of monitoring all of them by 2012. Individual critical suppliers are not mentioned, but there is a focus on high-risk countries.

Management - 19/29

Upstream, Ahold audited 111 out of 565 high-risk suppliers through the independent BSCI program. The number of suppliers that did not pass supervision is not reported, and action taken on non-compliance is only described for one single case. While Ahold has started to conduct some programs that may be called supplier education, this does not appear to be a structural policy, nor is any quantitative data published on the subject. While it is stated that the company requests all of its suppliers to comply with the Standards of Engagement, no percentages of signatories are given. Ahold does define four upstream KPIs: 1) ensure that 80% of own-brand food suppliers are Global Food Safety Initiative certified by 2012; 2) source 100% of the six criti-

cal commodities for own-brand products in accordance with industry certification standards by 2015; 3) ensure that 100% of own-brand suppliers in high-risk countries are audited on social compliance by 2012; 4) map the environmental footprint of 50% of own-brand suppliers and their supply chains by 2015.

Midstream Ahold is improving the social and environmental impacts of many of its products and stores. Distribution is being made more environmentally benign, but the company does not report on its business related travel because this is deemed immaterial. There is evidence that purchasers in the US and Europe have been given training on sustainability issues, but it is not clear whether this is a structural part of company policy. Ahold participates in many cooperation agreements for sustainable solutions within the sector supply chain, sometimes as an initiator.

The company has a recycling policy and is trying to educate its customers to reduce, reuse and recycle via recycling labels on products. Marketing includes sustainability issues, mostly through campaigns that try to educate customers about healthy nutrition. Similarly, the only downstream KPIs that were found concern such 'Healthy Living' issues.

Total score: 35/52

CSM

Governance and Strategy - 6/6

CSM has a Sustainable Sourcing Program in place, which is overseen by the Head of Sustainability and the Sustainability Steering Committee. The company mentions a number of stakeholders with which it engages to implement the policy. These stakeholders were also included in an issue evaluation of the main sustainability trends that are relevant for CSM. With this analysis CSM has taken a big step towards understanding its impact and finding ways of addressing these. This is further elaborated in its sustainability framework.

Policy - 7/17

CSM has a supplier code in place, although it is unclear when this was exactly introduced. While the Code mentions many of the most important sustainability issues, these are set out very briefly and are not directly linked to the issue evaluation. Especially the environmental issues in the Code are limited to emissions and energy use. The Code and the discussion about it in the Annual Report also do not mention indirect suppliers, monitoring methods, and a non-compliance policy. While CSM makes it clear that it has chosen to focus on a number of critical resources for its Sustainable Sourcing program, more information could be given on the impact of specific suppliers and/or countries and regions.

Though CSM mentions self-assessment as a way of verifying supplier compliance, no further information is provided on the subject. The company also does not make it clear if and how it supervises its suppliers to be able to implement the Code, a matter that seems even more important considering the brevity of the text. The Annual Report sets out a commitment to increase the use of sustainable palm oil, but the intention to "increase our commitment by sourcing only sustainable palm oil, where market conditions allow, by the end of 2015" is too vague to be rightfully considered an upstream KPI. While the supplier code is thus a good step forward, there currently appears to be no way of measuring the number of suppliers that have agreed to it, let alone its effectiveness.

Management - 6/29

The higher-level commitment to a more sustainable supply chain does not yet seem strongly embedded at the policy level. However, CSM shows some good examples of the way sustainability is already being implemented in their products. The company is working to improve the use of energy and water in their production process and to eliminate waste. CSM is also showing innovation through producing biodegradable packaging and better food preservation to reduce the amount of downstream waste. Considering this it is strange that there are no KPIs relating to consumer waste. It was also noticed that the carbon impact of logistics was not mentioned, while this was included in last year's Sustainability Report. Also training of the purchasing department on sustainability issues was not mentioned. Finally, while CSM mentions customers as a relevant stakeholder group for its sustainability policy, it is unclear how the relevant issues are included in the marketing strategy.

All in all, CSM has made some good commitments but can still do much to improve the implementation of the goals it has set and may also improve on the amount and quality of information it reports.

Total score: 19/52

HEINEKEN

Governance and Strategy - 6/6

Supply chain management and sustainable development are well embedded within HEINEKEN's organisation through the vision of 'Brewing a better future'. There is a team in charge of this strategy that includes representatives from the Supply Chain, Commerce, HR, Control & Accounting and Corporate Relations and is headed by the Manager Global Sustainable Development. Stakeholder engagement includes a wide variety of stakeholders, and action points per stakeholder group are clearly set out. While HEINEKEN takes note of the main material sustainability trends concerning its supply chain, the way the supply chain is analysed and these issues are identified could be set out more clearly.

Policy - 16/17

At the policy level, HEINEKEN has a policy in place that encompasses the entire chain from 'barley to bar'. The related supplier code mentions the responsibility of producers to use the same criteria to value its own suppliers. The Code encompasses most of the relevant issues concerning employees, society, the environment and political engagement and a corresponding environment management system. It also includes remarks about the way HEINEKEN will deal with any instances of non-compliance, although more detailed explanations would be beneficial. HEINEKEN has recently chosen to monitor its suppliers through the EcoVadis platform, which will be further rolled out during 2012. Independent verification of supervision is carried out by SGS. The company has analysed the impact of its water use in a number of countries. As part of the internal risk assessment category specific risk and supplier specific risk including country of origin are carried out to assess suppliers with a high impact on sustainability.

Management - 18/29

Upstream in the supply chain, HEINEKEN's documentation remains unclear concerning the identification and supervision of high-risk suppliers, the way such supervision is carried out, and who is responsible for this. While some instances of non-compliance are explained, reporting on this issue is limited and does not include non-compliance as a percentage of total suppliers. The company states that it helps farmers build their understanding of sustainable agricultural practices but does not mention the scope of such education. It does however state that 98% of global suppliers and 12.000 local suppliers have signed the new supplier code and thereby reports on its KPI of getting 100% of suppliers to sign the code. Data on the other upstream KPI, auditing at least 20% of its suppliers, could not be found.



HEINEKEN has taken many initiatives to reduce the environmental impact of its products and addresses both environmental improvements in logistics - through local sourcing - and the reduction of business travel. The company is an initiator in the development of strategic cooperation agreements for a sustainable supply chain across the sector but does not provide information concerning the training of its purchasers on this issue. Purchasers can select a company from a list of approved suppliers.

HEINEKEN also took some big steps in downstream reductions and recycling for retailers and consumers through improved cooling and packaging policies. Some figures are given concerning reductions through better cooling techniques, but as the packaging policy will be implemented in 2012, no figures are yet available for this issue. Responsible marketing is explicitly addressed with a focus on responsible drinking. KPIs have also been set out for this issue. While it is good that HEINEKEN addresses this important issue, inclusion of environmental criteria and broader societal criteria would further strengthen its downstream activities.

Total score: 40/52

Nutreco

Governance and Strategy - 6/6

In 2011, Nutreco took important steps to improve its sustainability and supply chain. The strategy has been updated with the announcement of 'Ambition 2016 – driving sustainable growth' and the development of the 'Nutreco Sustainability Vision 2020' which was launched at the beginning of 2012. Nutreco's sustainability strategy is supported by the Innovation & Sustainability Committee of the Nutreco Supervisory Board and the Nutreco Sustainability Steering Committee. The company organised the fourteenth Nutreco multi-stakeholder Vision conference, Agri Vision 2011, which brought together many stakeholders in the fish and animal protein industry. The company has also done much to identify and engage with stakeholders directly involved in its production, but states that further formalisation of these processes still needs to take place in 2012. Stakeholder engagement was used to identify material issues for Nutreco, which were translated into four themes that are included in the Ambition 2016 program.

Policy - 12/17

Nutreco prepared its Sustainable Procurement Strategy in 2010 that started to be rolled out in 2011. The company has a Vendor Policy in place but this is very difficult to find because it is not included in Nutreco's overall documentation. Instead the company has currently only disclosed it in the sustainability report of its daughter company Skretting. This policy includes most issues concerning human rights, labour rights, political involvement and the environment. The policy, however, is not clear about the need for an environmental monitoring system or the inclusion of indirect suppliers. It does discuss a monitoring method for the supplier policy and no non-compliance policy. While Nutreco mentions the importance of suppliers with a high relevance for sustainability, it is not made clear that there is currently a comprehensive policy to identify them. The company also does not analyse the relevance of specific countries or regions to which it should pay specific attention.

Management - 10/29

At management level, Nutreco currently speaks of 'engaging' a number of suppliers that account for a large part of their expenditure and all suppliers of soy, marine products and palm oil. It is not made clear what this engagement exactly entails and no details are given concerning the findings of the engagement process. Therefore, questions of (non-) compliance and supplier capacity building could currently not be answered. However, Nutreco has set goals to improve this process in 2012, hopefully leading to a detailed auditing scheme in the near future.

At midstream level, Nutreco has taken initiatives to improve the environmental impact of its production processes, such as energy efficiency programs. A number of pilot projects were initiated to improve logistics and there was a switch to more video conferencing accordingly reducing business travel. While it is clear that sustainability is an important issue for the procurement department, it is not clearly explained how purchasers are using the procurement policy, for instance by including only suppliers that have proven to meet a certain standard. Nutreco plays an active role in various cooperation agreements within the sector, for instance by chairing the Roundtable on Responsible Soy. Sustainability is also mentioned a few times concerning marketing, but it is not made clear to what extent this plays a role. Other downstream issues, such as reducing consumer waste (through take-back or recycling), are also not mentioned and no corresponding KPIs exist.

All in all, Nutreco has set some impressive goals for the future, but still has much work to do before these plans are integrated throughout the business. The goals set for 2012, however, promise to bring them significantly closer.

Total score: 28/52

Sligro

Governance and Strategy - 2/6

Sligro Food Group applies the principles of sustainable business practice to both product selection and supplier selection, with the aim of striking the right balance between people, planet and profit. Its CSR steering group, which is chaired by the chairman of the Executive Board, sets the priorities and translates these into a series of spearhead projects. However, Sligro's involvement with stakeholders still needs to be analyzed, as well as its full supply chain and related sustainability themes.

Policy - 10/17

Sligro is a member of the BSCI. BSCI's code of conduct prescribes what is expected of suppliers, and aims to attain compliance with certain (international) social and environmental standards. Affiliation with the BSCI is overseen by a Sligro working group, using a 'traffic light model' to show the progress of such a target. While Sligro states that 122 suppliers were identified in 11 high-risk countries, there is no further information on the various measures taken in relation to the various degrees of non-compliance with the code of conduct.

Management - 15/29

Sligro does not mention any terminated contracts with suppliers or any common types of non-compliance. Nevertheless, a total of 23 of Sligro's suppliers are currently in or have completed the BSCI process. Four suppliers have taken the first steps by conducting a self-assessment and are now moving on to the external audit phases, but the company does not reveal whether it actually helps suppliers to improve on sustainability themes.

Besides its affiliation with BSCI, Sligro has several initiatives to minimise its effect on the environment. These include energy saving initiatives, such as covered freezers in supermarkets and cash-and-carry stores, and a heat-recovery trial project, which both show positive results. Moreover, Sligro is dedicated to 'green' logistics, using alternative fuels and reducing the number of transport streams by using video conferencing. By participating in several projects via the Dutch Retail Association (CBL) and Superunie, the company also acknowledges to share responsibility for the primary sector's impact on people and the environment in which they operate.



Sligro's customers are made aware of the necessity of sustainable consumption by the offering of the company's Eerlijk & Heerlijk range of sustainably produced items in its fresh product and other food lines. In 2011, the website www.eerlijk-heerlijk.nl was launched as well.

Total score: 27/52

Unilever

Governance and Strategy - 6/6

Unilever has a comprehensive supply chain management strategy, clearly set out in its Sustainable Living Plan. Sustainable development is well embedded in the governance through the Corporate Responsibility and Reputation Committee. This committee is further informed through the Unilever Sustainable Development Group (USDG) and the Unilever Sustainable Living Plan (USLP) Steering Team, which reports to the Unilever Leadership Executive, led by their CEO. Unilever regularly engages with its suppliers and analyses trends throughout the supply chain.

Policy - 16/17

Unilever's management strategy is translated into policy that covers various stakeholders, including suppliers with a high impact on sustainability issues. The company's supply chain policy is set out in Unilever's supplier code and for suppliers of agricultural raw materials the Unilever Sustainable Agriculture Code - both codes include all relevant social and environmental issues and indirect suppliers. Year 2011 saw the introduction of an updated version of the self-verification tool Quickfire. Furthermore, the company makes use of the Sedex methodology to audits its suppliers through independent auditors. While the company mentions a general approach to non-compliance, a more detailed explanation of this approach could be given. Unilever's supplier policy focuses on material issues and has the ambition to make all sourcing of agricultural raw materials sustainable by 2020. While country specific problems are mentioned for certain issues such as water, no general analysis of countries or regions where social and/or environmental standards may be compromised was found.

Management - 21/29

While there is much attention for sustainable sourcing, little information could be found on supplier supervision results such as the percentage of suppliers supervised, the organizations that conduct supervision, percentages and actions on non-compliance and the number of suppliers that have stated their agreement with the supplier code. The company has a program in place to educate its many suppliers on sustainability issues. Also, various upstream KPIs have been set and are measured and reported.

Unilever is putting in a lot of effort to reduce the use of scarce resources in its products and operations. Action is also being taken to reduce business travel and to minimise emissions from logistics. While the company makes clear that sustainability is a key issue for its procurement division, more information on training purchasers and the way in which they include sustainability criteria could be made available. Unilever plays an active role in many strategic cooperation agreements throughout the supply chain. The company has a policy to reduce consumer waste, for instance through improved packaging and refill packaging, and tries to inspire consumers to adopt more sustainable habits. The company measures many features of its downstream sustainability policy through KPIs.

All in all, Unilever has an ambitious and all-encompassing vision to make its supply chain sustainable and strong policies to deliver on these goals. This is reflected in strong scores on most issues. Improvements can be made namely by elaborating further on supplier supervision.

Total score: 43/52

Wessanen

Governance and Strategy - 3/6

Wessanen states that its focus on organic food means a focus on the most sustainable food chain. This vision includes paying close attention to the sourcing of ingredients and products and is supported by the Executive Board, a member of the Executive management Group, and the Food Safety & Sustainability Committee. Strangely, while the company includes a list of stakeholders, their expectations and the methods of engagement, this list does not mention suppliers. While the company makes some very general statements about the benefits of organic food, no actual supply chain analysis is in place.

Policy - 5/17

While sourcing is mentioned as a priority at the governance and strategy level, there is very little discussion of the supplier policy. It is mentioned that such a policy is in place, but very little further information is provided. There is also no supplier code. Instead, Wessanen mentions that its own Company Code is imposed on its suppliers. This Code is very general in nature and is clearly written with employees of Wessanen in mind, rather than suppliers. While relevant issues concerning human rights, employee rights and bribery and corruption are in place, the Code only very generally mentions environmental issues and does not mention the need for an Environmental Monitoring System. As with the supplier policy, Wessanen mentions that there is a new monitoring system in place that will come into use in 2012 but gives no further information on the monitoring method. In case of non-compliance to the Code, there is a general mention of discussing improvement plans in case of shortcomings and the possibility of delisting suppliers that are unable or unwilling to cooperate. Furthermore, no mention was found of a system to identify high-impact suppliers.

Management - 6/29

As was mentioned above, Wessanen states that it will start auditing suppliers in 2012. The company has not published any additional information on this subject during the year. Thus, there is no information available concerning the amount of suppliers that have agreed to adhere to the code and are/will be supervised, the organization that will conduct audits and cases of non-compliance. While the company makes a very general reference to educating suppliers, no more information could be found on this issue and no KPIs are set for the upstream supply chain.

For its own production Wessanen does report some changes in its production process. The company is working on reducing its fuel use, waste and CO₂ emissions. While logistics are mentioned as a significant source of CO₂ pollution, the company does not mention a policy to shorten distribution channels or tackle business related travel. Mention of educating the company's purchasing department could also not be found. The company is a member of the Roundtable on Sustainable Palm Oil, but it does not mention active involvement in more strategic cooperation agreements in its supply chain. No policy for reducing or recycling downstream waste was mentioned and there are no downstream KPIs. While informing consumers about the benefits of organic products is mentioned in the Annual Report, it is surprising that the company makes only very general statements as to what these benefits actually are and how they are communicated to the public.

Overall, Wessanen makes many claims concerning sustainability, which are currently not substantially supported in its publicly available documentation. While there is thus attention for sustainability at the governance and strategic level, this is currently not adequately reflected at the level of policy and management.

Total score: 14/59

3.5 Industry and Manufacturing

The sector ‘industry and manufacturing’ comprises a wide array of companies. The common denominator is that they produce goods, but these can roughly be divided between industrial goods and consumer goods. Industry mostly refers to Aalberts Industries, TenCate and TKH. These companies do not score very well in term of responsible supply chain management. Manufacturing roughly comprises Crown Van Gelder, Macintosh Retail and Accell Group, which score reasonably. Vopak is an industrial services company and therefore slightly different than the other companies within this sector. The industry and manufacturing sector is ranked ninth out of ten sectors. However, there is a large variety in results, partly because this sector comprises such diverse companies.

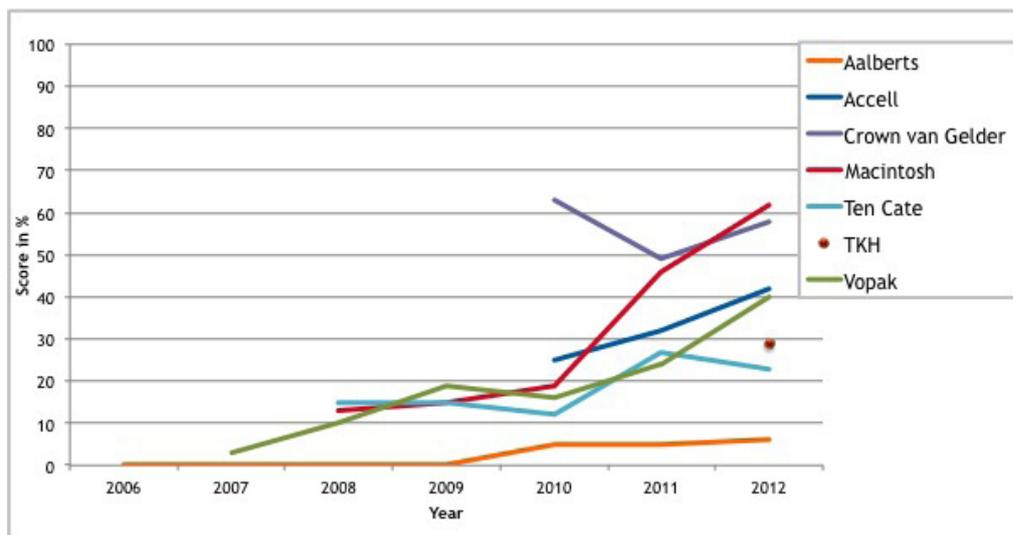
Aalberts Industries (rank 38), TenCate (35) and TKH (34) are in the lower regions of the benchmark. Vopak rises from the thirtieth place to the twenty-sixth place. Vopak has a higher score than last year, partly due to more transparency on their supplier policy, although the company states that up till date no corrective actions had to be taken with suppliers.

Only TKH connects its strategy to supply chain management explicitly. It is also the only company that has a limited supplier policy. TenCate and Aalberts industries do not engage their suppliers in terms of sustainability. Nevertheless, TenCate gets full points for its Product Life Cycle. Hence, TenCate focuses very much on the sustainability in the goods it produces. Only it is lagging in (the reporting of) the management of their entire supply chain in terms of sustainability. Concerning the improved life cycle of products, Aalberts Industries and TKH receive 2 out of 4 points.

The manufacturing companies score reasonably in the benchmark, with Macintosh Retail earning the thirteenth position, Crown Van Gelder the eighteenth and Accell Group the twenty-third. Macintosh again made a step up in ranking, being on the nineteenth position last year. Last year Crown Van Gelder’s score fell back to 49%. Scoring 58% on the benchmark this year, Crown Van Gelder is almost back at its 2010 score of 63%. However, due to improving results of the other companies in this benchmark, it has not been able to translate this into a higher ranking. Accell Group’s rank dropped slightly.

Both Macintosh Retail and Crown Van Gelder score well in terms of supply chain strategy and both have an explicit supplier policy. Moreover, Macintosh Retail reports transparently on its monitoring methods and results. The Accell Group is lagging in this sector.

Graph 5: Responsible Supply Chain Benchmark Score 2006-2012 for the Industry and Manufacturing companies



Aalberts Industries

Governance and Strategy - 1/6

Aalberts Industries has integrated corporate responsibility into its strategy. Certain issues here touch upon the supply chain. Aalberts Industries aims to minimise energy consumption, limit waste generation and source responsible and use materials efficiently. Nevertheless, the supply chain is not explicitly mentioned. There is, hence, also no supply chain analysis. No formal member of the Management Board is responsible for sustainability or supply chain issues. Although the company has identified stakeholders and communicates with them it does not elaborate on this in its Annual Report.

Policy - 0/17

The company states that it manages good conduct of its employees and suppliers by its Code of Conduct. The Code of Conduct stipulates that suppliers should be selected based on a number of criteria. Sustainability is included in these. No elaboration is given on what specific sustainability criteria should be considered. Suppliers that adhere to the standards that are outlined in the Code of Conduct should be contracted by preference, but there is no formal supplier code. Such a code would be recommended.

Management - 2/29

Because there is no specific supplier code, nothing is reported on monitoring of suppliers or their compliance with certain standards. Aalberts Industries has identified four pillars concerning Corporate Responsibility. These include people and planet. KPIs are being developed for these. However, data are still being collected and the final indicators are still to be decided on. No specifics are given on logistics or further purchasing policies in the area of sustainability. Neither does the company report on any initiatives involving the supply chain.

Part of Aalberts Industries' strategy is to control energy costs and to reduce material consumption. Moreover, energy-efficient products are being launched. Re-use and implementing modern production and assembly techniques is also encouraged. Once again, the company is not very specific on this and it is not clear to what extent this applies to its downstream operations.

Total score: 3/52

Accell Group

Governance and Strategy - 3/6

Accell Group has formulated a 'Code of Conduct for Suppliers' and is currently working on a sector-wide Code of Conduct. Beside this, Accell Group strives for a joint sector-wide approach together with the World Federation of the Sporting Goods Industry (WFSGI) to improve labour conditions and the environmental aspects of the supply chain. In the current 'Code of Conduct for Suppliers' two supply chain issues are identified; labour conditions and environmental impact. There are no KPIs set for these issues. Accell Group has identified different stakeholders and has formulated key issues for consumers and stakeholders. It is unknown who carries the highest responsibility for supply chain/ sustainability issues.

Policy - 8/17

Accell Group has formulated a 'Code of Conduct for Suppliers', but a corresponding management system is lacking. Accell Group is currently setting up a sector-wide management system to improve labour conditions and environmental issues in the supply chain.

Accell Group does not make clear on which international standards the 'Code of Conduct for Suppliers' is based on. However, the Code does include human rights, employment rights and the obligation to protect the environment. A social policy regarding corruption, inappropriate contributions etc. is lacking in the Code. There is no reference to international environment standards or an environmental management system.



The content of the supplier policy covers general sustainability issues and the issues covered are not specific to the company. Indirect suppliers are included in the supplier policy. However, no further explanation about the relevance of including indirect suppliers is given. Accell Group has not conducted an analysis to identify suppliers with a high impact on sustainability.

Although the 'Code of Conduct for Suppliers' states that inspections are carried out for the purpose of supplier compliance, supervision results are not published. It is also unknown whether an independent auditor verifies the supervision. The non-compliance actions that are operated to improve the compliance of suppliers are not further explained.

Management - 11/29

Although the 'Code of Conduct for Supplier' states that suppliers are subject to inspections, no quantitative data are reported about the amount of suppliers that are supervised. Accell Group has not identified areas that need increased attention nor has it described actions/plans to improve the compliance of suppliers. It is unknown how many suppliers have endorsed the 'Code of Conduct for Suppliers'.

Accell Group states that it wants to increase sustainability in the sector. However, whether this will be realised through educational capacity building is unknown. It is also unknown whether purchasers are educated about sustainability issues.

For the upstream supply chain, only the objective to improve labour conditions in the supply chain is formulated. No concrete targets have been formulated. Accell Group has formulated objectives regarding the downstream supply chain to reduce the emission of CO₂ and the use of toxic substances, water, raw materials and energy. Though no concrete targets are set. All Accell Group companies separate waste flows for recycling; however no quantitative data is given. For now only plans have been formulated to improve recycling. Accell Group does not report about the environmental effect of the logistical chain or how the logistical chain is organised. Together with a number of other key players, Accell Group has taken the initiative, via the WFSGI to define and develop the chain responsibility in the international bicycle sector.

Accell Group's research and innovations are mainly focused to increase comfort and performances of the bicycles. For now it has only formulated the objective to increase the proportion of sustainable materials in its products. Accell Group has invested in a REACH testing laboratory and has a waterbased paintshop. Other processes are not yet redesigned in a way that optimises the use of materials and minimises their effect on the environment.

Total score: 22/52

Crown Van Gelder

Governance and Vision - 5/6

The strategy of Crown Van Gelder consists of ten key business objectives. These include the objectives to source pulp from sustainably managed forests and to increase energy efficiency. Within the supply chain, most of Crown Van Gelder's business is with Western European companies. Because pulp is sourced from outside Europe, the company takes extra care to ensure that these deliveries meet its standards.

Crown Van Gelder maintains close contact with its stakeholders. The company has identified key issues per stakeholder and connected them to an action scheme for 2012. There is no executive board member that is responsible for sustainability.



Policy - 11/17

Crown Van Gelder imposes sustainability requirements on its suppliers. Although it does not make its suppliers sign a code, it maintains a Sustainable Purchasing Policy. Herein standards are set for business partners regarding human rights policies as well as labour, social and environmental policies. Indirect suppliers are not mentioned. Key suppliers are reviewed during regular assessments, but this is not independently verified. It is also not clear how non-compliance is dealt with.

Crown Van Gelder's guiding policy is to source pulp from sustainably managed forests that are at least FSC or PEFC approved. All other auxiliary materials are procured from within Europe. Hence, no other raw materials are sourced from high-risk suppliers.

Management - 12/29

The supply chain management of Crown Van Gelder is mainly about the procurement of pulp from sustainably managed forests. Next, energy efficiency also plays a role. Crown Van Gelder does engage its suppliers, but it does not specifically monitor them. Sustainability of pulp suppliers is established in advance by means of the certifications (in 2011 79% of pulp suppliers was certified with FSC or PEFC). There are therefore no examples of non-compliance by these suppliers. Neither does the company work with suppliers to enhance their processes. It can hence be said that Crown Van Gelder spends a lot of attention on sustainability in the upstream supply chain, but that it is mainly dependent on external certifications for this.

With regards to the company's own operations, there has been no disclosure about the logistical processes and choices. The company shares the environmental priorities adopted by the pulp and paper industries. Next to monitoring its sustainable pulp procurement, the paper industry introduced a method for calculating a reliable carbon footprint in 2011. Crown Van Gelder expects to be able to determine this footprint in the course of 2012. Moreover, with concern to the product life cycle, the paper Crown Van Gelder produces is for a large part recycled and reusable. The company also invites its customers to audit specific processes at Crown Van Gelder, although it does not make clear that sustainability is a structural part of marketing.

Total score: 28/59

Macintosh Retail Group

Governance and Strategy - 6/6

Macintosh has developed a vision and strategy on supply chain and a corresponding supply chain policy to make the supply chain transparent and sustainable. It has conducted a supply chain analysis regarding the sustainable use of raw materials such as leather and wood. The manager of 'Corporate Social Responsibility & Innovation' is responsible for the CSR policy. Different stakeholders have been identified and the company engages in different ways with them to maintain a dialogue about sustainable products and production.

Policy - 14/17

The supplier code consists of the 'Code of Conduct' and the 'Business Social Compliance Initiative'. The Code of Conduct includes sustainability issues. However, Macintosh has also formulated other policies regarding supply chain and production processes to produce sustainable shoes like using sustainable leather and wood. It is stated that the Code of Conduct is based on several international standards including those of the ILO and OECD. The Code of Conduct includes human rights, employment rights and social and environment policy, while an environment management system is lacking.



The scope of the supplier policy is broad and covers specific sustainability issues such as the use of wood, toxics and leather and tanning issues. Supplier groups that make the most impact (A-Suppliers) are taken into account by the supplier policy. It is unknown whether the supplier policy is also intended for indirect suppliers.

Macintosh has developed a 'vendor rating' method with different aspects to assess direct suppliers (plants) and countries. Five categories of direct suppliers are distinguished based on the 'vendor rating' results. If a direct supplier scores below 60%, the supplier in question will be rejected and orders will not be placed with the supplier. Suppliers conduct self assessments and independent auditors of BSCI assess the compliance of direct suppliers every three year. However A-Brand suppliers are not independently monitored. It is also unknown whether indirect suppliers are monitored.

Management - 12/29

In 2011, only a third of direct suppliers was supervised to verify compliance with the supplier code. Macintosh does not publish an analysis of areas that need increased attention and what actions should be taken in order to improve the performance of suppliers. The percentage of suppliers that has stated their compliance with the supplier code is unknown.

Macintosh attempts to make suppliers more aware of sustainability by providing workshops and visitations of plants. It is unknown whether these actions also include material issues. Although the Code of Conduct states that sustainability is part of procurement, it is unknown whether purchasers are educated about sustainability issues.

There are no concrete KPIs formulated related to the upstream supply chain. Macintosh only states that 'it wants to measure the environmental impact of the organisation'. It is also stated that it strives for proper social working conditions in the factories and for the safe and responsible use of chemicals, adhesives and paint. A couple KPIs have been formulated for the downstream supply chain but no clear targets have been set. Macintosh takes back used shoes by the 'oude schoeneninzamelactie' in most of the shoe stores. It has formulated the ambition to reduce waste and plans to set up a general waste management in 2012. Qualitative data about recycling and the reduction of waste is not provided. Distribution takes places mainly with shipping vehicles. Qualitative data about the environmental impact of the logistics is also not provided.

Macintosh cooperates with The Forest Trust and the Leather Shoe Group researching the possibilities to produce vegetarian leather and 'eco-tanning'. It is also researching the 'cradle-to-cradle shoe'. The production processes are however not yet redesigned in a way that optimises the use of materials and minimises their effect on the environment. Macintosh has developed in cooperation with The Forest Trust and the Leather Shoe Group the 'Restricted Substances List' for the shoe industry. It is unclear whether Macintosh is an initiator for sustainable solutions for the entire supply chain.

Macintosh wants to maintain a sustainable relationship with its customers. However, it is not clear whether Macintosh steers its marketing towards sustainability.

Total score: 32/52

TenCate

Governance and Strategy - 3/6

Although TenCate mentions sustainability and outlines a corporate social responsibility policy in its Annual Report, the role and relevance of its supply chain and its suppliers are not specified with regards to sustainability. The CSR policy is mainly intended to produce sustainable products. The sustainability themes that are mentioned in the CSR policy include; 'weight reduc-



tion, limitation of energy consumption, noise reduction, insulation, water management, reuse, recycling, waste water and sludge processing, bullet- and fragment-proofing and heat and flame resistance'. TenCate engages with stakeholders, but specific stakeholder issues are not identified. The CEO and CFO carry the highest responsibility for the sustainability policy, however this is not explicitly mentioned in the Annual Report.

Policy - 0/17

Although TenCate implements ISO certificates to guarantee sustainable products, no company-wide supplier chain policy that incorporates the upstream, midstream and downstream supply chain processes has been formulated. While TenCate operates several ISO standards for different product groups, it is not explicitly stated that suppliers are required to implement those ISO standards. TenCate Protective Fabrics has signed a Code of Conduct with suppliers, though this is not applied company-wide. Suppliers are also not supervised on a company-wide scale. Only TenCate Protective Fabrics retains the right to visit suppliers unannounced in order to see if the code is actually being observed. There is no general policy on how TenCate's separate business units deal with sustainable supplier issues. It is unknown whether indirect suppliers have to implement a certain policy to operate sustainability goals and processes.

Due to the lack of a supplier policy it is unknown whether social, labour and environmental standards are operated by suppliers. Only the Annual Report of 2006 states that suppliers in low cost countries have to sign a Code of Conduct that is based on the ILO standards. The other Annual Reports do not consequently mention this policy. Due to the lack of a supplier code it is unknown how (in)direct suppliers are monitored on the compliance with sustainability themes. As a consequence, it is also unknown what policy TenCate operates to improve the compliance of suppliers.

Management - 9/29

With regard to the midstream, innovation is at the core of TenCate's business. Often products are also aimed to minimise the effect on the environment. Moreover, TenCate tries to make its production processes more sustainable by innovative production processes like the 'Inkjettechnologie', which contributes to the reduction of the use of energy and raw resources and the 'Ecotool', which reduces the CO₂ emission. The Annual Report states that: 'with the aid of specific product ecotools, the CO₂ footprint of a growing number of TenCate products (outside the gate) will be determined in 2012'. No specific, qualitative targets have been set yet to monitor sustainability KPIs such as the reduction of CO₂ emission, energy usage, raw resources, waste management. The Annual Report states that for 2012 TenCate has planned to use indicators to measure sustainability aspects.

In general, the company reports to have a leading position in the pursuit of fulfilling the needs of customers in a sustainable way, although it does not report on sector-wide initiatives. The company tries to keep the logistical lines to the market short. Downstream, TenCate works to manufacture biologically, chemically or mechanically recyclable products. For example, the first fully recyclable synthetic turf pitches were developed in 2011. At the end of the life cycle, materials can be reused in the TenCate Grass production process. The company integrates sustainability themes in its marketing. In general, it can be said that TenCate is a company that produces sustainable products and shows to be aware of the importance of sustainability. At the moment, it does not report transparently on how it integrates this in the entire supply chain.

Total score: 12/52



TKH Group (TKH)

Governance and Strategy - 3/6

TKH has set sustainability criteria for procurement processes, which are derived from the 'TKH Code of Conduct'. TKH refers to a 'Code of Supply' that is stimulated by customers in the supply chain. The 'Code of Supply' is not published by TKH on its corporate website. TKH has not conducted a supply chain analysis. Despite the existence of a CSR policy and a supply chain policy it is unknown who carries out the highest responsibility for the CSR or the supply chain policy. TKH distinguishes different stakeholders and TKH states its commitment to bear responsibility towards its stakeholder.

Policy - 5/17

The scope of the supplier policy is not defined by TKH. It is not clear whether indirect suppliers are included in the supplier policy. Also, it is not clear on which standards the 'Code of Conduct' is based on. The code includes some social issues but lacks an environment policy and a general environment management system. All production related TKH companies apply the ISO 14001 environmental management standard. However, it is not clear to what extent suppliers are also committed to implement the ISO standard. TKH does not identify suppliers with a high impact on sustainability.

Day-to-day responsibility for monitoring compliance is delegated to the boards of management of the operating companies. The Code of Conduct only states that "sanctions will be imposed for violations". However, this is not further specified and a general non-compliance policy is lacking.

Management - 7/29

TKH does not publish whether suppliers with a high impact on sustainability are supervised to verify supplier compliance with the supplier code. TKH is not transparent about supervising results and the specific measures it takes on non-compliant suppliers. It is unknown whether suppliers and purchasers are educated about sustainability issues.

Although TKH has formulated KPIs in its CSR report 2011, it is not clear whether these also apply to suppliers. Quantitative data about the KPIs is lacking. TKH implements the Six Sigma Quality programme to reduce waste, but it is not clear whether this policy also aims recycling. The 'Theory of Constraints programme' focuses on efficiency in production capacity. This has an effect on energy consumption but quantitative data is not published. 'Greening' of the vehicle fleet is also contributing to the reduction of CO₂ emissions. TKH has set limits for CO₂ emissions per lease category and fuel type. TKH also stimulates the use of energy-efficient cars and, where possible, alternative fuels. Employees are reminded of fuel saving measures. Quantitative data about CO₂ emission of vehicles is provided. Nonetheless, an analysis including the entire logistical chain is lacking.

TKH is currently a follower in cooperation agreements for sustainable solutions within the entire supply chain by participating in sector-wide initiatives relating to CSR. It attends meetings organised by the industry and by Fedex on the subject of CSR and sustainability. TKH is contributing to responsible marketing by focusing on development of products and solutions that are distinctive and lead to a sustainable positioning for customers. Nevertheless, it is not clear whether TKH actively steers its marketing towards sustainability.

Total score: 15/52



Vopak

Governance and Strategy - 3/6

The supply chain is being mentioned in Vopak's sustainability strategy, but the company acknowledges that reporting on this subject is weak. No specific supply chain analysis is executed or reported on. Nonetheless, Vopak aims to reduce the use of raw materials, energy and water and the amount of emissions it produces. In 2011, Vopak has completed the implementation of the Vopak Sustainability Policy and measurement systems. From 2011, the final roll out strategy of the sustainability policy will take place. Within the Executive Board, it is the responsibility of the COO to guide the overall implementation of sustainability issues. Stakeholders are being engaged on a daily, monthly and annual basis.

Policy - 9/17

Although there is no specific supply chain analysis, suppliers are supposed to uphold the same standards as Vopak. Vopak maintains General Conditions for the purchase of goods and services and the vendor is held to the statements of its Code of Conduct, the Vopak Fundamentals on Safety and the Vopak Sustainability Policy. The Internal Audit department is to confirm these standards during a pre-qualification process. These standards include social, environmental, labour and human rights policies. It is not being mentioned that suppliers need to officially sign a document, but Vopak will end its relations with a supplier if it is not upholding these requirements. No external monitoring takes place for this. The company does not specifically execute country-risk analyses for its operations, although it states that it has developed a position paper on human rights in 2011 that stipulates the considerations for investing in locations. The exact content of this position paper is unclear, however.

Management - 9/29

Vopak has no specific life cycle management, but as part of its innovation program the company has identified innovation topics for short-term, medium-term and long-term research, such as energy efficiency and emission & waste-free operations. In general, it is Vopak's mission to ensure more efficient logistics processes. The company does not specifically provide qualitative and quantitative information on the environmental effect of the supply chain, either in its upstream or downstream operations. It also gives no insights in how the procurement department deals with sustainability.

Suppliers are audited selectively, although existing suppliers are not audited without cause. No corrective actions had to be taken up until 2011. Furthermore, it is not clear what approach is used to improve processes at suppliers. Downstream, the company does not make clear that it actively steers the marketing of its services towards sustainability.

Lastly, although Vopak does not appear to be the absolute frontrunner in its sector regarding sustainability, it has some admirable initiatives. Most notable is the project to contribute to reduced carbon emissions. In cooperation with Anthony Veder, Air Liquide, Gasunie and the Rotterdam Climate Initiative (RCI), the objective is to capture CO₂ and store it in depleted oil or natural gas fields or depleted natural gas fields under the North Sea.

Total score: 21/52

3.6 Media

The 'media' sector supply chains may be regarded as having a relatively small impact due to the fact that it is less resource intensive than other sectors such as manufacturing or chemicals. Media, after all, is largely concerned with content, which may be communicated through paper-based or electronic means. Nevertheless, the sector requires the consumption of large amounts of energy, water, paper, and chemicals such as bleach and ink.



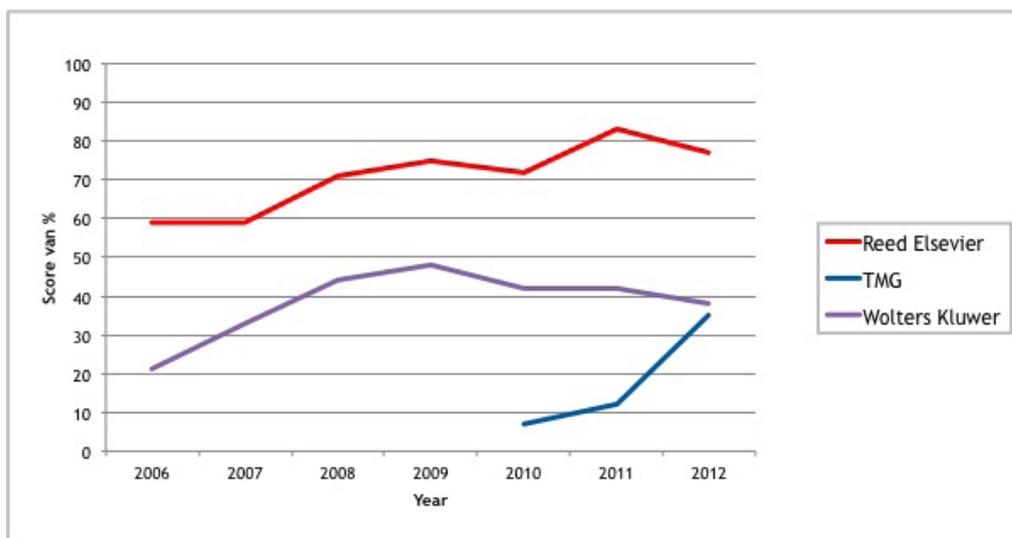
The selection of companies for this sector has remained the same as the last two years, when the Telegraaf Media Group (TMG) was added. Reed Elsevier is still far ahead of the other companies in this sector with a comprehensive sustainability and supplier policy. Nevertheless, the company lost a few percentage points in comparison to last year due to the updated methodology. Wolters Kluwer also lost a few points and remains second in the sector. TMG however, made some big improvements this year, showing the development of its sustainability policy. The company score improved by more than 20 percentage points and is now only just behind Wolters Kluwer.

The media sector as a whole is the sixth best performer of all ten sectors in this benchmark. At the governance and strategy level the sector is performing well. All three companies acknowledge the importance of supply chain management, although TMG could formulate its strategy more clearly. All companies also have a high-level executive or board that holds responsibility for the policy and they engages relevant stakeholders. Only Wolters Kluwer does not conduct a supply chain analysis.

At the policy level a few issues stand out. First of all, the sector shows little inclusion of indirect suppliers in its supplier policies. Only Reed Elsevier mentions this criterion. Secondly, none of the companies mentions the need for an environmental management monitoring system for its suppliers. This is an issue that is disregarded by many companies throughout the benchmark but only in the media, industry and manufacturing and pharmaceuticals sectors is this criterion disregarded altogether.

Concerning actual management of the supply chain, the media sector scores relatively low on its upstream activities. Especially the criteria transparency on actions taken on non-compliant suppliers, capacity building and compliance of supervisors score very low. Only Reed Elsevier includes a large number of the upstream criteria in it's reporting. Midstream, all three companies are taking actions to reduce the impacts of their products and tackle the impact of their logistics to some extent. Again only Reed Elsevier educates company purchasers and takes part in cooperation agreements. The sector does quite well on criteria concerning the downstream of their supply chain, with all companies addressing take-back and recycling, responsible marketing and the monitoring of downstream results to some extent.

Graph 6: Responsible Supply Chain Benchmark Score 2006-2012 for the Media companies



Reed Elsevier

Governance and Strategy - 6/6

Sustainability is well embedded within the governance of Reed Elsevier with a CR director and a Corporate Responsibility Forum that includes members from throughout the organisation. A sustainable supply chain is part of the CR strategy. The company has taken a number of initiatives to analyse the sustainability issues in its supply chain, including a survey of paper providers and broad stakeholder consultation. Stakeholders are engaged, but reporting on this issue could be more structured, for instance by providing a list of key issues per stakeholder.

Policy - 14/17

Reed Elsevier's supplier policy is set out in its Socially Responsible Supplier Terms of reference and its supplier code of Conduct and mentions that it applies to a broad array of suppliers of both products and services. The supplier code includes most of the relevant issues concerning employee and human rights, anti-bribery and corruption and environmental policy. Supplier Environmental Monitoring is not set out in the Code. The company publishes extensively on its own monitoring method and has clearly set out its non-compliance policy. Furthermore, Reed Elsevier identifies suppliers with a large impact on sustainability issues and actively engages them in their activities.

Management - 20/29

Supervision of suppliers is conducted both internally and externally and the company has started to educate its suppliers on sustainability issues. However, this cannot yet be said to be a structural feature because it was only introduced this year. Reed Elsevier has set three KPIs relating to the upstream supply chain, namely: 75% of key suppliers as supplier code of Conduct signatories, 50 external audits of high risk suppliers and broaden Socially Responsible Supplier. Data, including improvements, are given for the first two KPIs. While much is explained about supplier supervision, many issues remain unclear, especially concerning quantitative data. It is not clear what percentage of high-risk suppliers are audited, what percentage has passed supervision, and how many are educated on sustainability issues. While there is a large sample of actions taken against non-compliance, this issue is also not structurally addressed by summarising all actions that were taken.

Midstream, Reed Elsevier is investing in making its products more resource efficient. Logistics are addressed through reducing the emissions of its car fleet and trying to minimise business travel, but no information could be found concerning distribution and initiatives to shorten distribution channels. It is unclear how Reed Elsevier relates its supplier policy to its purchasing department. While the company is continuously working on a list of approved suppliers, the only mention of purchaser training that was found relates to paper only. Reed Elsevier does take part in numerous cooperation initiatives to further improve sustainability throughout the entire sector. In some cases it does so as an initiator.

No mention of taking back products or stimulating recycling was found. However, the company is active in reducing the amount of packaging waste from its products. Sustainability is used in a number of marketing initiatives, but it was not proven that this constitutes a structural element in its marketing approach. While a number of downstream KPIs has been set, these only relate to development of the community and do not include any environmental targets.

Total score: 40/52

Telegraaf Media Group (TMG)

Governance and Strategy 4/6

Although TMG has formulated a 'Code of Conduct for Suppliers', a clear vision is lacking about the role of supply chain in sustainability. Only one material issue, the reduction of CO₂ emission, is identified for the supply chain. The CFO is responsible for sustainability issues. However, how this is carried out is not further explained. TMG has distinguished different stakeholders and has given an overview of key issues per stakeholder.

Policy - 7/17

TMG has developed a 'Code of Conduct for Suppliers', but a corresponding strategy and a management system is lacking. The Code of Conduct for Suppliers is based on ILO and UN Global Compact standards and includes topics as human and employment rights, social and environmental policy. Which management system is applied to monitor the environment policy is not explained. A general supply chain analysis that identifies specific sustainability themes for the supply chain is lacking. Only one theme, the reduction of CO₂ emission, is identified as a material issue for the supply chain.

It is unknown how TMG monitors suppliers on compliance with the Code of Conduct for Suppliers and whether there is a non-compliance policy. The Code only states that suppliers should be transparent about their environmental impact. TMG states that it conducts investigations to monitor its operational companies. However, the management and policy of those investigations are not further explained. TMG is trying to cooperate with suppliers that can make the most sustainable impact and identifies them as preferred suppliers who have a strong CSR profile. It is unknown whether indirect suppliers are included in the Code of Conduct for Suppliers.

Management - 7/29

It is unknown to what extent and how many suppliers operate in compliance with the Code of Conduct for Suppliers. It is also unknown how TMG reacts to non-compliant suppliers and there is also no transparency on supervising results. It is unknown how suppliers and purchasers are educated in sustainability themes in order to build sustainable capacity. TMG has not formulated KPIs or targets for the upstream supply chain to improve compliance with the Code of Conduct for Suppliers. There is only one KPI formulated for the downstream supply chain: the reduction of CO₂. Yet, there is no specific target set for this specific KPI.

The publishers in Amsterdam and Alkmaar are making more efficient use of water, energy and paper with the installation of a new management system. Yet it is unclear how the entire supply chain is reducing water and paper. It is also unknown whether TMG is actively involved in sector wide initiatives to draw up a recycling policy. TMG is trying to reduce CO₂ emission in the entire supply chain, however it does not publish the emission of the logistical chain because distribution is outsourced. TMG does steer its marketing on sustainability by publishing sustainability related issues in De Groene Telegraaf on weekly basis. Nonetheless, it is unknown whether there are also publications in other daily paper or magazines.

Total score: 18/52

Wolters Kluwer

Governance and Strategy - 4/6

Wolters Kluwer has a supply chain strategy, which is briefly mentioned in the Sustainability Report. While sustainable development is integrated in the governance structure of Wolters Kluwer, it is named as one of many responsibilities of CEO and Chairman of the Executive Board. To truly embed such ideas, it would be preferable if this would be the responsibility of a separate executive or board. Wolters Kluwer addresses the most important trends in its operators but no mention of a supply chain analysis was found. Stakeholder engagement is well embedded in the organisation.



Policy - 6/17

While there is a supply policy, no evidence was found that this includes a corresponding management system and the policy is very general in scope. The supply policy addresses most relevant issues concerning human and employee rights, but supplier responsibilities concerning political engagement, community impact, and environmental policy, management and monitoring are either very brief or lacking altogether. While monitoring is alluded to in the Sustainability Report, the method is not explained. The same applies to discontinuing cooperation in the case of continued breaches of the supplier policy. This policy also lacks positions on specific suppliers and/or countries and regions with a high impact on sustainability issues.

Management - 10/29

Upstream in the supply chain, supplier supervision appears to be in place but is not explained. The same is true of the use of external auditors. While there is a code in place to which all suppliers should in principle comply, the results of supervision, the action taken concerning non-compliance, and the education of, and communication with suppliers is not set out. There are also no KPIs relating to the upstream supply chain.

Wolters Kluwer reports that it has adapted its production patterns in such a way as to avoid the use of scarce resources, especially by switching from paper-based to electronic products. While the company does not appear to address the environmental effects of distribution, there is a policy in place to minimise business travel. Wolters Kluwer does not publish anything about possible training of its purchasing department on matters of sustainability. While the company mentions the use of certified paper, no mention was found of its involvement in other strategic cooperation agreements to make the sector more sustainable. Because of the organisation's insistence on creating ever more electronic products, involvement in cooperation in the electronics sector may for instance be relevant here.

Downstream, paper is being recycled, as are toner cartridges through a partnership with Toshiba. Furthermore, the company also has some local recycling initiatives in place. The issue of moving towards ever more electronic products, already mentioned above, is used as a KPI, although no exact goal has been set.

Total score: 20/52

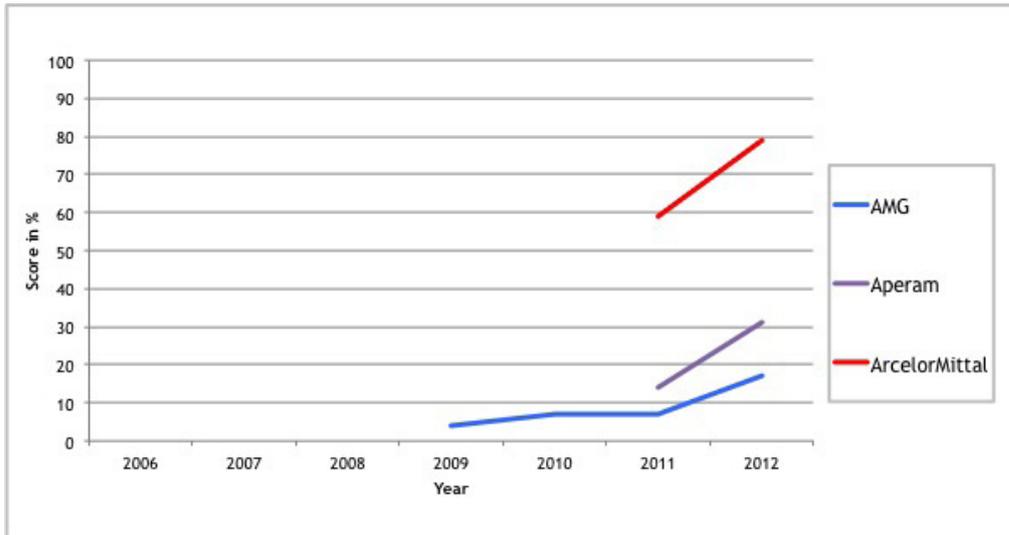
3.7 Metals and Mining

In the 'metals and mining' sector all three companies, AMG, Aperam and Arcelormittal, participate in the Extractive Industries Transparency Initiative (EITI). In its sector, ArcelorMittal is most prominent in taking the initiative. ArcelorMittal ranks fifth in the benchmark, whereas Aperam is on the thirty-second place and AMG on the thirty-sixth. With its score ArcelorMittal has climbed significantly as compared to last year when the company ranked tenth. This is largely due to the introduction of their Code for Responsible Sourcing and the corresponding Guide. Aperam and AMG have roughly the same ranking as they had in last years benchmark. Both Aperam and ArcelorMittal perform well in terms of sustainable supply chain strategy, but AMG does not. All three companies score full points in the area of the product life cycle.

In the area of supplier engagement the companies score very differently. ArcelorMittal has its (Guide to the) Code for Responsible Sourcing and Aperam has General Purchasing Conditions, which touch upon general sustainability issues. AMG, however has no supplier code. Moreover, ArcelorMittal assessed 263 suppliers on compliance with the code, whereas Aperam did not assess any of its suppliers with regard to sustainability issues. The results in this sector thus vary greatly. In general, it can be said that in the 'Metals and Mining' industry, companies can take an example from ArcelorMittal.



Graph 7: Responsible Supply Chain Benchmark score 2006-2012 for the Metals and Mining companies



AMG

Governance and Strategy - 1/6

AMG has published a sustainability section as a part of its Annual Report. This section discusses subjects such as resource efficiency, water consumption, energy use, emissions and waste disposal. The company refers to the supply chain, but it has no clear strategy on this. Stakeholders in the supply chain are not specifically engaged and the company does not make it clear that within the Executive Board someone is bearing responsibility for sustainability.

Policy - 1/17

The company does not maintain a supplier code. In 2011, it has published a policy on human rights. AMG makes clear that it endeavors to extend the values and principles of this policy to its suppliers and contractors.

Management - 7/29

Suppliers are not being engaged with regards to the sustainability of their operations. Upstream, AMG generates its own renewable energy. In 2011, AMG's upgraded hydroelectric generating facility in Brazil generated a record 43,000 GJ (12,000 MWh). Moreover, various products of AMG contribute to CO₂ reductions. Of the three business units AMG operates, recycling of raw materials happens primarily within the Advanced Material Division. Here, approximately 26% of raw materials were recycled. Also, the Engineering Systems Division is working on a project of designing and building a plant for the conversion of plutonium into MOX fuel. This prohibits the disposition of plutonium for the production of nuclear weapons. AMG participates in the Extractive Industries Transparency Initiative (EITI).

Total score: 9/52

Aperam

Governance and Strategy - 6/6

Aperam has made a materiality index of sustainability issues. Energy and material use and efficiency are considered to be crucial to the company, while use of recycled materials and waste management are considered of major importance. Moreover, supply chain management is under continuous improvement. The company has identified its stakeholders and issues that are relevant to them. Aperam uses life cycle assessments that help integrate sustainable development into management systems. Moreover, the Sustainability, Performance and Strategy Committee exists to regularly review the company's approach to sustainability.

Policy - 3/17

The company uses the General Purchasing Conditions for its suppliers, but it is not very clear how its corresponding management system works. A form accepting the General Purchasing Conditions has to be signed. In these conditions, some sustainability criteria are mentioned, but only in general terms. Human rights are still to be added and a more extensive supplier code on sustainability would be desirable.

Aperam works with suppliers from its South American operations on local economic development. However, the company gives no further indication on how it engages and monitors suppliers in general. Neither are cases of non-compliance reported. However, it should be considered that the company was spun out of ArcelorMittal at the start of 2011.

Management - 7/29

As Aperam does not report on auditing of suppliers, it hardly receives any points in the upstream part of the management section. As has been mentioned in the previous section, Aperam works with suppliers in South America on economic development, but no further supervision takes place. No specific targets are set, but results on some indicators (such as indirect CO₂ emissions) are given. Next to the General Purchasing Conditions the company does not report how it educates its purchasers.

In the area of lifecycle management, the company is very active. In Europe almost 100% of Aperam's products are produced of recycled metal, while in total 40% of raw materials are from recycled sources. The company produces its own biomass and has set the target of doubling its production to serve 35% of its energy needs by the end of 2012. Logistical improvement, on the other hand, is only briefly mentioned. Because Aperam has direct contact with its customers, it is able to engage with them frequently, but the main sustainability issues are not specifically mentioned during these engagements. Aperam strives to be the leading industry catalyst in stainless steel.

Total score: 16/52

ArcelorMittal

Governance and Strategy - 6/6

ArcelorMittal has four main areas of corporate responsibility: transparent governance, investing in its people, making steel more sustainable and enriching its communities. The Board of Directors plays an active part in overseeing how Corporate Responsibility issues are managed. ArcelorMittal engages with its stakeholders and has made a materiality index for the importance of different issues to its business and its stakeholders. ArcelorMittal has published a Guide to Responsible Sourcing, which explains the company's approach to supply chain management extensively and gives an overview of important issues in the supply chain. Moreover, the Annual Report gives examples of issues, such as steel production itself and the use of conflict minerals.

Policy - 16/17

In December 2010, ArcelorMittal launched the Code of Responsible Sourcing (CRS), defining the minimum requirements for suppliers. This code incorporates health and safety, human rights, ethics and it requests its suppliers to manage their environmental impact with the same standards as set in ArcelorMittal's Environment Policy. The company also encourages its suppliers to promote these principles in their own supply chain.

Suppliers are asked to sign the code and they can be asked to do self-evaluations. Monitoring entails site visits and follow-ups on remediation plans. Moreover, ArcelorMittal focuses on those parts of its supply chain, where the risk of not meeting these standards is highest. In case of non-compliance, a supplier will have to commit to an action plan for improvement. As a last resort, the contract will be terminated.



Management - 19/29

In 2011, 263 suppliers were assessed against ArcelorMittal's Code for Responsible Sourcing. Although the results vary from supplier to supplier, the strongest area of performance is quality management, with human rights and other ethical issues having been identified as the main areas for improvement. Although no percentages are given of suppliers that comply with the code, all suppliers are expected to sign it and commit to meet its requirements. The principles from this code are being integrated in all procurement processes. The company has established a network of responsible sourcing champions in the key buying groups. These champions help to implement the code among other suppliers.

In the last 4 years, ArcelorMittal has developed its own sources of essential commodities. By integrating the upstream supply chain logistical efficiency has improved. Buyers are being trained in the Code for Responsible Sourcing. The company is active in a number of initiatives and it is a leading member of the Ultra-Low CO₂ Steelmaking initiative (ULCOS). ArcelorMittal is one of the largest steel recyclers in the world and recycles 57% of its steel. Moreover, it works to make steel more sustainable, for example, by reducing CO₂ emissions. As with regard to customers, ArcelorMittal provides them with innovative partnerships for sustainable growth. Some KPIs that are reported apply to the upstream and downstream of the supply chain and show improvement.

Total score: 41/52

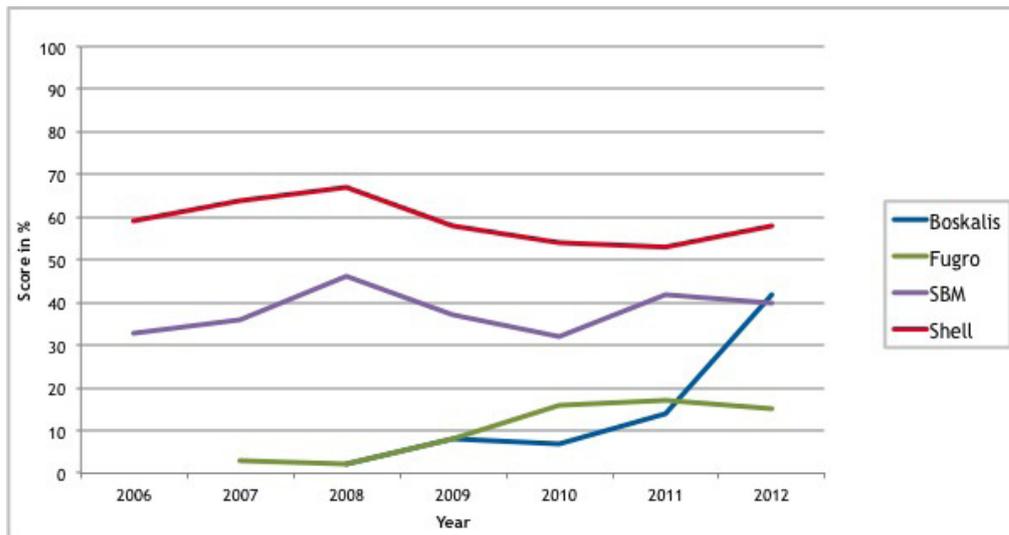
3.8 Oil and Offshore

The 'oil and offshore' sector, including Boskalis Westminster, Fugro, SBM Offshore and Shell, scores the eighth rank out of the ten sectors. Shell is the best performer within the sector score. In the total benchmark it scores a seventeenth position, a slight decrease with regards to last year's sixteenth position. Boskalis Westminster is the strongest riser in this sector from the thirty-fourth position last year to the twenty-third position this year. SBM Offshore shares the twenty-sixth position, dropping from last year's twentieth place. Fugro remains lagging with a thirty-seventh rank.

Shell, SBM Offshore and Boskalis Westminster have defined a sustainability strategy and executed a supply chain analysis. Shell and Boskalis Westminster have introduced supplier codes this year. Fugro has a Business Partner Code, although its scope is limited. SBM Offshore explicitly asks its suppliers to uphold its Code of Conduct. In general, however, monitoring and supervision systems are not very well developed in this sector. This might be caused by the fact that these companies often operate in countries, where sustainability risks are higher and supervision would be more demanding.

In the midstream the results vary, with Fugro and SBM Offshore lagging and Shell and Boskalis Westminster scoring reasonably well. The same applies for the downstream, where Shell and Boskalis Westminster score reasonably. Shell and SBM Offshore give some details on their downstream KPIs.

Graph 8: Responsible Supply Chain Benchmark Score 2006-2012 for the Oil and Offshore companies



Boskalis Westminster

Governance and Strategy - 4/6

While Boskalis addresses its supply chain in its CSR Report, chain management only mentions actions taken and the objective to “make the chain even more sustainable”. There is no clear vision towards supply chain management. Furthermore, while the company has a general safety Health Environment and Quality management, no specific sustainability or supply chain manager could be found. One of the actions taken for the supply chain was a series of engagement sessions with suppliers. Boskalis also actively engages with a broad group of other stakeholders. Despite the lack of a clear vision, the company identifies its main sustainability themes through Porter’s value chain.

Policy - 9/17

This year the company also introduced a Supplier Code of Conduct for which it clearly set out to whom it applies. The Code sets out the main issues concerning employment, bribery and corruption and the environment and briefly mentions that agreements with suppliers that do not comply may be terminated. However, the Code mentions only very generally human rights and does not require suppliers to monitor its environmental impacts. Boskalis mentions that an auditing scheme is in place but gives no details on its execution. There is also no mention of (groups of) suppliers with an especially high impact on sustainability issues.

Management - 9/29

At the management level very little information is forthcoming. The percentage of signatories of the new Code, actual audits, the competence of the supervising organization, results of audits and action taken on non-compliance are not given. While Boskalis mentions the exchange of ideas with suppliers, no evidence was found that the company makes an effort to provide continuous training on social and environmental matters to its suppliers. Additionally, no up-stream KPIs were found.

Midstream level, Boskalis is taking numerous steps to make its methods more sustainable, for instance through advanced monitoring techniques and improved fuels. The company also tries to source locally but does not mention a policy to reduce business travel or on educating its purchasing department on sustainability issues. Boskalis is an initiator in cooperation agreements to make the sector more sustainable, for instance through its role in Ecoshape and the ‘Building with Nature’ innovation program.

The company has a recycle policy in place for the scrap that is produced during its processes. Obviously there is no take-back procedure, as this does not apply to the sector in which Boskalis operates. There is also no mention of responsible marketing or downstream KPIs. The lack of information at the management level is largely the result of the new supplier code and audit scheme, which has not matured yet.

Total score: 22/52

Fugro

Governance and Strategy - 0/6

The sustainability strategy of Fugro aims at providing a framework for its subsidiaries on how to implement different aspects of sustainability. The company takes shareholders into account by balancing its regard for the environment, social awareness and financial results, but no specific stakeholders are identified. It is not clear whether a specific member of the Board of Management is responsible for sustainability issues. Moreover, no material themes are identified with regards to the supply chain and no supply chain management strategy is in place.

Policy - 6/17

Fugro has a Business Partner Code. In last year's report, it was mentioned that this would be integrated in a Corporate Social Responsibility Management System in 2011. However, there is nothing reported about this system in the annual report of 2011. The scope of the Business Partner Code is limited and covers general sustainability themes. The General Business Principles state that Fugro is committed to ensure that partners comply with its values. It is not made clear how suppliers are monitored and how non-compliance is dealt with.

Management - 2/29

Fugro is a geological service company and is not a producer of products as such. Nevertheless, its activities are frequently in the beginning stages of the supply chain and are also resource-intensive. Hence, significant steps could be made in its operations regarding supply chain sustainability. Although the company has instituted the Business Partner Code in 2009 and it requires its partners to comply with this, no actions are taken to supervise this. Moreover, in the purchasing of new equipment, Fugro states that it is aware that the use of energy and sustainable materials can be minimised to reduce environmental impact. No further insights are given in how the company makes product life cycles more sustainable.

Total score: 8/52

SBM Offshore

Governance and Strategy - 3/6

SBM Offshore publishes a Sustainability Report as a part of the Annual Report and to some extent sustainability trends are incorporated into the strategic agenda. Material sustainability issues are identified, but not always specific to the supply chain. These are: to minimise the company's carbon footprint; to maintain high standards for Health, Safety, Security and Human Resources; to serve communities through local content; and to develop and promote environmentally friendly technology. There is no formal member of the Executive Board responsible for sustainability issues and stakeholder engagement is mostly limited to shareholders.

Policy - 12/17

SBM Offshore maintains a Code of Conduct and states that its suppliers (as well as their subcontractors and agents) are also to uphold this code. This code includes policies on human rights, employment rights and also social and environmental policies. Furthermore, SBM Offshore assesses its suppliers using a web-based Vendor Relationship Management Tool. The scope of this tool is not clear however. The company audits its suppliers regularly, critical suppliers at least once every three years.

Management - 6/29

Part of the strategy of SBM Offshore is to develop and promote environmentally friendly technology. SBM is a services company and does not sell products as such. Nonetheless, Floating Production, Storage and Offloading (FPSO) vessels are its core products and the company does not mention how the end-of-life stage of this is being dealt with. Neither is there any mentioning of recycling or reuse of products. The company further does not report whether it works to educate both company purchasers and suppliers with regards to sustainable supply chain issues. Audits have been done at 43 key suppliers in 2011. As a result 53 corrective action reports were issued. It is not clear what number or percentage of suppliers did not pass supervision. In Myanmar, SBM Offshore was awarded with a contract prior to the international campaign to impose sanctions against Myanmar. The company is committed to not extend its existing contract past its expiry date as long as the sanctions apply. In the meanwhile it has commissioned independent audits of operations here.

Finally, with regard to the upstream supply chain no KPIs are identified. With regards to the midstream and downstream supply chain some environmental KPIs are given, such as on CO₂ emission from Offshore Production. Though the KPIs do not show much improvement.

Total score: 21/52

Shell

Governance and Strategy - 4/6

Within Shell, overall accountability for sustainability issues lies with the CEO and the Executive Committee. The company has identified the environmental and social topics that matter most for its stakeholders and focused its reporting on this. Sustainable development for Shell means a way to balance short- and long-term interests by integrating economic, environmental and social considerations. No specific supply chain analysis is reported. Moreover, 80% of its investments go into its key gas and oil markets.

Policy - 12/17

Where beforehand suppliers were to adhere to Shell's Business Principles and Code of Conduct, since 2011 there are the Supplier Principles. These include a policy on human and labour rights and a social and environmental policy. Next, Shell also asks its suppliers to maintain similar standards to their suppliers. The company asks its suppliers to use energy and natural resources efficiently and to minimise waste and the Supplier Principles ask suppliers to have a systematic approach to environmental management, which is aimed at improvement. Shell is working with its existing suppliers to implement the Supplier Principles and an external company assesses all new suppliers' ability to comply with these in advance. Due diligence checks are planned to start in 2012. Shell may identify further steps in the case of non-compliance of suppliers, but no details or examples are given. At the start of every project environmental, social and health impact assessments are held. There is a Supplier Qualification System, which identifies suppliers with a high-risk profile, but certain business units (often in countries with a high impact on sustainability) do not use this system.

Management - 14/29

Oil and gas are the main products of Shell, which are scarce commodities. An important part of life-cycle emission management relies on the shift from oil to gas. The company also works to extend the life of existing fields. Nonetheless, Shell invests in alternative energies such as biofuels and wind power, improving energy efficiency and carbon capture and storage. Shell develops advanced fuels and lubricants that can help drivers save fuel and it is actively working with a range of manufacturers to improve fuel efficiency. More specifically with biofuels, the company plays a role in the development of biofuels from specific crops. Although the company



is moving to more and more remote locations, it tries to procure goods locally. How purchasers are to deal with sustainability themes is not specifically mentioned, but some suppliers are excluded (for example by use of certifications).

Upstream, Shell works with its suppliers to improve performance on sustainability subjects and to identify further steps for this. Around the world, 464 suppliers have been assessed. With regards to biofuels, Shell works closely with suppliers to develop more sustainable supply chains and local suppliers are trained to compete for contracts, but capacity building is not a structural part of Shell's relations with its suppliers. Non-compliance of suppliers is not reported. KPIs are present on the percentage of countries with specific procedures in place for forced and child labour.

In the downstream operations, some examples are given of recycling of water and of decommissioned offshore platforms. Shell works with customers to help them save energy and has helped more than 200,000 drivers learn how to use less fuel since 2009. No specific KPIs are mentioned in the downstream.

Total score: 30/52

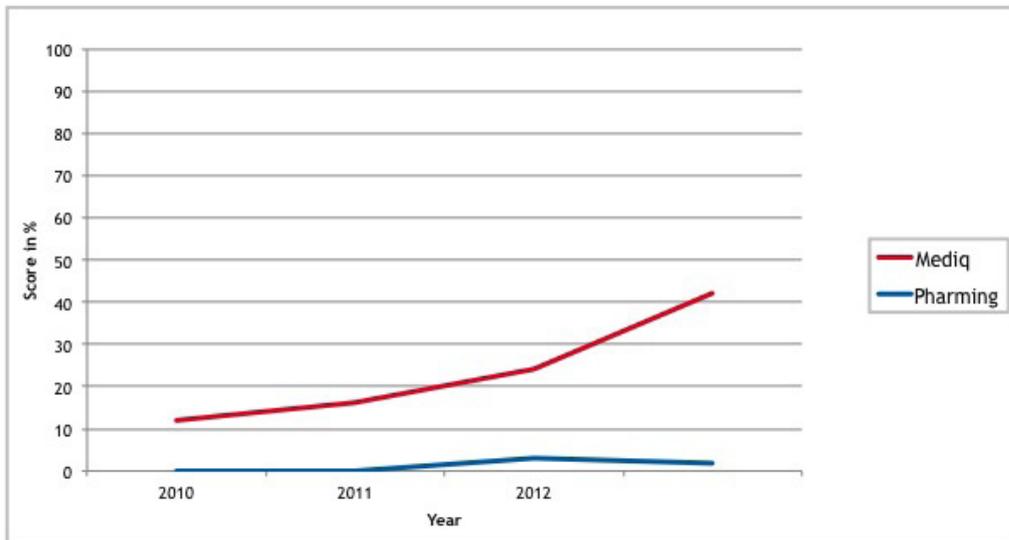
3.9 Pharmaceuticals

Pharming and Mediq have both formulated a sustainability policy. Pharming does not explain how it is realizing its commitment 'to conduct business in a sustainable, safe and responsible way'. Hence, it does not publish about sustainable supply chain management. However, company specific sustainability issues such as animal welfare and patient safety are identified by Pharming. How these issues are monitored, is not explained.

Mediq has not conducted a supply chain analysis and only states that it is shifting from traditional sourcing to sustainable sourcing. Formulating sustainability KPIs for upstream and downstream supply chain are still an area of improvement. The supplier code does include social and environmental issues, however a method to monitor environmental issues is lacking. Although a supplier code is implemented, a general non compliance code that describes how to respond to non-compliance with the supplier code is not implemented.

Although Mediq states that some of the waste is recycled, avoiding or eliminating the use of scarce commodities is an area of improvement by making investments in research and design. Though, Mediq is working to improve its transport efficiency with regards to its carbon footprint and fuel efficiency. Building sustainable capacity by educating purchasers and suppliers is also still a concern.

Graph 9: Responsible Supply Chain Benchmark Score 2006-2012 for the Pharmaceuticals companies



Mediq

Governance and Strategy - 4/6

Mediq has a clear sustainability strategy and has identified four material themes for this. These material themes, however, only marginally touch upon the supply chain. The ultimate responsibility for sustainability lies with the Executive Board, while the CSR council sets the direction for the strategy and CSR programme. Although the company states that it is shifting from traditional sourcing to sustainable sourcing, no specific supply chain analysis has been conducted. The company is aware of the importance of stakeholder engagement and has organised several meetings and interviews in 2011. It plans to perform a stakeholder review in 2012 that focuses on CSR.

Policy - 11/17

The company maintains the Mediq supplier code of Conduct, which covers general sustainability themes on human rights, labour rights, environmental and social policy. Suppliers are responsible for communicating the content of the Mediq supplier code of Conduct to their sub-suppliers, who are hence also expected to accept and observe this code. The code also describes how compliance can be verified. This happens through requesting suppliers to sign the code, through dialogue with suppliers or through audits. What happens in case of non-compliance is not clearly stated. Moreover, Mediq carried out risk assessments for its suppliers. It does not specifically state to what extent high-risk pertains sustainability.

Management - 7/29

Mediq started implementing its supplier code of Conduct in 2010 with the aim of completing it in 2011. Because the Annual Report of 2011 contains sustainability data until the third quarter of 2011, it is not clear whether the company actually succeeded in this. Mediq audits its high-risk suppliers, but no percentages are given. In the supplier code, Mediq states that audits can be executed by third parties but it is not clear whether this is the case. No results or actions on non-compliance are reported though.

Mediq contributes to the development of legislation to prevent counterfeit products from entering the market and to new guidelines for Good Distribution Practice for pharmaceutical products. The company is working to improve its transport efficiency with regards to its carbon

footprint and tries to minimise business related travel (e.g., by hosting international phone conferences). The company also recycles waste and purchased packaging. No explicit relation is reported between marketing activity and sustainability. KPIs are reported on CO₂ emissions and waste management, but these do not concern the entire supply chain.

Total score: 22/52

Pharming

Governance and Strategy - 1/6

Pharming states that it 'is committed to conducting business in a sustainable, safe and responsible way'. Pharming publishes its CSR policy in the Annual Report of 2011. However, Pharming does not publish anything about sustainable supply chain management or supply chain themes. Pharming does identify company specific sustainability issues such as animal welfare and patient safety. It is unknown whether suppliers are also committed to take those issues into account. The sustainability issues are supervised by the Board of Supervisory Directors. Pharming states that it 'is aware of its corporate social responsibility towards its employees, shareholders, patients, animals and other stakeholders'. However, Pharming does only report about its shareholder engagement.

Policy - 0/17

Although Pharming has formulated a sustainability policy, there is no supply chain analysis or a supply chain policy published. As a consequence it is unknown whether there is a human rights policy, employment rights policy, social and environment policy for the supply chain and how these policies are monitored.

Management - 0/29

It is unknown how Pharming monitors the compliance of suppliers with the policy items covered under supply chain policy and what actions it takes to improve the compliance. Pharming has not formulated 'KPIs' for the upstream and downstream supply chain. Hence, it is unknown how it reduces waste, CO₂ emission and energy.

Although Pharming continuously invests in R&D, it does not publish anything about how its research and innovations eliminate the use of scarce commodities. Or, how the production processes are redesigned in a way that optimises the use of materials and minimises its effect on the environment.

Although Pharming states that it is committed to conduct business in a sustainable, safe and responsible way, it is not clear whether purchasers and suppliers are educated to conduct sustainable procurement and how marketing is steered towards sustainability.

Transparency is the cornerstone of sustainability and hence Pharming should be encouraged to give more insight into its sustainability policy to inform stakeholders how it is conducting sustainable business.

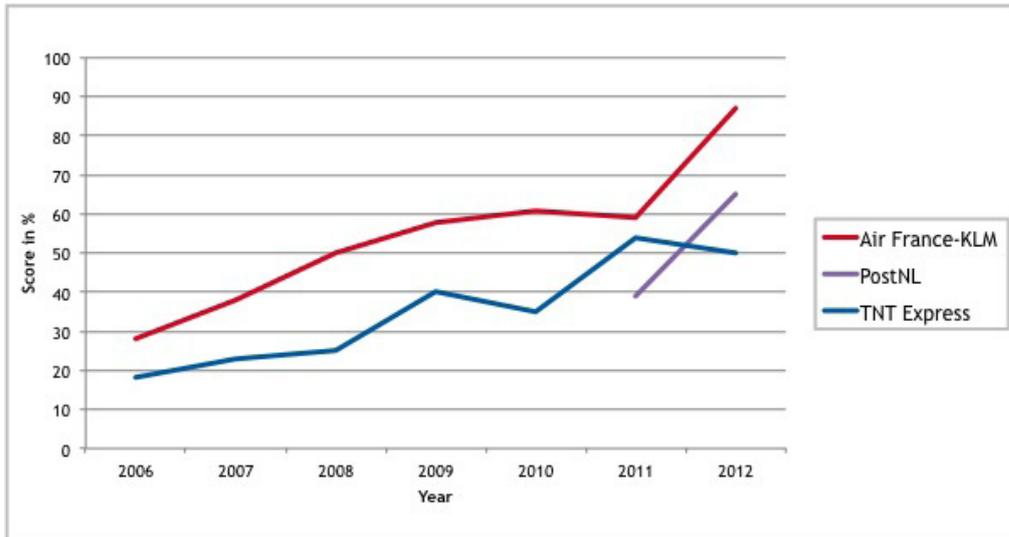
Total score: 1/52

3.10 Transport

The 'transport' sector comprises of Air France-KLM, PostNL and TNT Express. These companies score respectively third, twelfth and twenty-second place. Air France-KLM received full points for the governance and strategy level, whereas PostNL and TNT Express only missed out on a full score by one point. Air France-KLM and PostNL scored well for their engagement with suppliers. TNT Express does not work with a specific supplier code, but communicates its Business Principles to its suppliers and subcontractors. This results in supplier supervision that is less

organised. In general, all three companies scored well in the midstream and the downstream. Air France-KLM made the most explicit progress and should be commended for this. Last year it was still in tenth place. An important reason for this is the fact that it initiated a pilot project for audits of suppliers in 2011. PostNL and TNT Express seemed to have switched places with regards to last year.

Graph 10: Responsible Supply Chain Benchmark Score 2006-2012 for the Transport companies



Air France-KLM

Governance and Strategy - 6/6

Air France-KLM has integrated sustainability into its strategy and has special attention for the supply chain. Its policy is to find a balance between aviation growth and its total environmental footprint as well as making sustainability integral to its products and services. Partners in the supply chain and other stakeholders are regularly engaged and this has contributed to shaping Air France-KLM joint biofuel policy and to providing insights into its waste and energy footprints. Both at Air France and at KLM a member of the Executive Board is responsible for sustainability issues.

Policy - 16/17

All suppliers of Air France-KLM are requested to sign the Sustainability Charter, which covers general sustainability themes on human and labour rights and concerns social and environmental issues. The Charter requires also asks the group's suppliers to control their environmental impact and to work on continuous improvement. Suppliers are asked to provide further information on specific sustainability topics. Moreover, this policy applies to indirect suppliers.

In the tendering process suppliers are asked to provide information on several aspects linked to their sustainability policy, including environmental licenses, location of production sites and compliance with regulations on chemicals in particular. In 2011, pilot audits were initiated, which concentrated on suppliers in countries with high sustainability risks.

Management - 23/29

The company is transparent on the supervising results and on the actions taken. Supplier audits have been verified by external agencies. One second-tier supplier has been replaced, based on the outcome of these audits. Air France-KLM actively engages its suppliers on sustainability issues through active dialogue.

The group actively steers its procurement department towards more sustainability. Procurement focuses on integrating sustainability in the entire life cycle of products. One example is the use of materials to reduce aircraft weight and thus fuel. Both Air France and KLM recycle used on-board equipment. Most procurement is done locally and the group contributes to the development of suppliers in specific regions. A structural part of Air France-KLM's marketing is to increase customer knowledge about Air France and KLM's CSR actions. KPIs regarding the supply chain are often missing, however. Moreover, topics are reported on separately for Air France and KLM.

Air France-KLM is a sector leader with regards to sustainability initiatives. A good example is the sustainability of its fuel. The group set up a joint venture, SkyNRG, and is a founding member of the Sustainable Aviation Fuel Users Group (SAFUG) to promote the development of sustainable aviation fuels. In 2011, Air France and KLM realised the first commercial flights powered by sustainable biofuels.

Total score: 45/52

PostNL

Governance and Strategy - 5/6

The Corporate Responsibility strategy of PostNL revolves around four key areas. These areas were established during multi-stakeholder dialogues. For this, 650 stakeholders across all stakeholder groups were sent an online survey. The areas of importance are: employees, stakeholders (amongst which are subcontractors and suppliers), the environment and social responsibility. Furthermore, PostNL recognises its role in the supply chain although it is not a structural part of its strategy. It is committed to engage its subcontractors and suppliers to raise social and environmental standards. A subcontractor strategy was developed in 2011. This includes programmes to encourage subcontractors to drive safely, efficiently and in an environmentally friendly way. There is a Corporate Responsibility Committee that directly advises the Board of Management on sustainability issues.

Policy - 10/17

PostNL expects all of its subcontractors and suppliers to act in a sustainable manner and in accordance with the PostNL Business Principles. Subcontractors are providers of transport and logistical services; suppliers are providers of other services and materials. All suppliers are required to sign a set of guidelines that include relevant issues on human and labour rights as well as social and environmental policies. The guidelines do not require the supplier to monitor environmental management specifically. The exact content of these guidelines is not clear and indirect suppliers are not specifically mentioned.

Suppliers are assessed on sustainability risk. Based on a risk analysis a group of 20 suppliers was selected and visited in 2011 for further analysis on sustainability aspects. During these visits many improvements were found and no issues were detected. It is not clear what the approach would be in the case of non-compliance. In 2012 the number of suppliers to visit will be increased to 50.

Management - 19/29

Although 20 key suppliers are supervised, it is not clear what percentage of all suppliers is covered. PostNL carries out the supervision itself and no issues were found. The company shares best practices with its suppliers and subcontractors to minimise supply chain risks. The most important sustainability KPI for PostNL is CO₂ emissions. On this KPI no distinction was made between upstream and downstream. While own emissions decreased, those of subcontractors increased in 2011.



PostNL signed a covenant with the Forest Stewardship Council to ensure the use of responsible-produced paper and also signed the sustainable purchase manifest (MVIO) of NEVI. Being a logistics company, PostNL devotes a lot of attention to safe and fuel-efficient driving. It decided to purchase two electric Renault Kangoo's to test the feasibility of their use in the future. For the business units a Sustainable Supply Chain Protocol is available, but this is not public. A number of external benchmarks support PostNL's leadership in the industry. The company engages its customers on sustainability issues such as the CO₂ footprint of its operations. Also, business customers are offered a CO₂ neutral delivery proposition.

Total score: 34/59

TNT Express

Governance and Strategy - 5/6

The Corporate Responsibility strategy of TNT Express comprises three main areas: to protect its people, to maximise operational efficiency, and to build win-win relationships. Specific strategic targets are the implementation of a five-year road safety action plan with the goal of zero fatal accidents and the improvement of TNT Express' CO₂ efficiency index by 40% by 2020, compared to the 2007 baseline. With regards to the supply chain, it is one of the company's commitments to work with subcontractors and partners to continually improve road safety and operational efficiencies. TNT Express engages frequently with its stakeholders, for example through the annual multi-stakeholder dialogue. A CR committee advises the Executive Board and Management Board on CR strategy.

Policy - 7/17

There is no supplier policy, but TNT Express communicated the Business Principles to its subcontractors and suppliers and provides training to ensure compliance. Due to the lack of a supplier policy, it is not clear what the exact scope is or whether indirect suppliers are included. Based on the Business Principles, suppliers are expected to uphold labour and human rights and to have a well-defined social and environmental policy. When suppliers fail to meet TNT's health and safety standards, contracts will be terminated. TNT Express makes a risk assessment using both country-specific indicators and TNT Express-specific indicators. This results in risk profiles for each entity within TNT Express, including its associates and joint ventures. The company does not explicitly connect these risk profiles to suppliers.

Management - 14/29

Upstream, road accidents involving subcontractors are reported. In 2011 there were 38 road traffic fatal accidents at subcontractors. TNT Express relies on subcontractors to report this information. When subcontractors or suppliers fail to meet health and safety standards, the contract will be terminated. However, it is not clear how the company supervises its suppliers and subcontractors. It provides them with training to ensure compliance to the Business Principles, but the extent of compliance to the business principles by suppliers is not reported. Although no subdivision is made between up- and downstream, KPIs are mentioned on fatal accidents and CO₂ emissions at subcontractors. No significant improvements were made.

TNT Express works to maximise operational efficiency, by reducing the consumption of energy and other natural resources. The company continuously challenges the suppliers for this. Of TNT Express' operations 68% of waste is recycled. Being a logistics company, TNT Express has developed and implemented carbon reduction plans with clear actions in each country. This is based on best practice examples of, among others, air and road transport, as well as driver performance. The company participates in a number of initiatives and can be considered an industry leader in managing CO₂ emissions. With customers alternative supply chain solutions are developed to reduce CO₂ emissions.

Total score: 26/52

4 Ranking and Analysis

In this chapter the results of the research are analysed. First, an overview is given of the ranking in this year's benchmark. The results are presented here based on the scores per company. Subsequently, an analysis is presented on the results of the different criteria. The results here are based on the scores per criterion.

4.1 Ranking

Note: increase or decrease in percentage should be read as percentage points.

In general, scores in the Responsible Supply Chain Benchmark have risen in this year's edition. Although this is a good sign, one should take the modifications of the benchmark criteria into account. This year there has been an increased and specific emphasis on the supply chain. Previously, more points could be earned with general governance on sustainability instead of the supply chain. This year the focus has been directed more to the material themes within a company's supply chain. Nevertheless, it can be said that, especially in the ranks below the very top, standing still implies deterioration in rank. In the top ten, 4 companies showed an increase of 10% or more. In the middle group (between a 40% and 70% score), 9 out of 17 companies showed an increase of 10% or more.

Philips has again obtained first place in ranking. With a score of 96%, it has remained the top performer in this year's benchmark. DSM fills the second position. Last year, it shared this position with Reed Elsevier, but as a result of a 92% score it is now solely in pursuit of the first position. DSM has increased its score by 9% this year. In third place is Air France-KLM, which made a giant leap with regard to last year. With a rise of 28% in score it has, together with Boskalis Westminster, made the largest progress of all companies within the benchmark. A large share of this was caused by the start of a pilot program on supplier auditing. In general, the sustainability strategy of Air France-KLM has put a larger emphasis on the supply chain.

Unilever (scored 83%) has maintained the fourth position in the benchmark with a score that is almost equal to last year's (81%). The top five is completed by the second major riser of this year. ArcelorMittal has increased its score by 20% to a total score of 79%. The introduction of ArcelorMittal's Responsible Sourcing Programme in December 2010 is one of the motivations for this large improvement.

Reed Elsevier dropped back to the sixth position with a score of 77%, mostly because other companies have shown strong progress but also due to a decrease of 6% in their own score. It shares the sixth position with the third strong riser HEINEKEN. HEINEKEN has increased its score by 21%. This increase was a result of general improvements of the Brewing a Better Future program that considers the supply chain 'from barley to bar'.

AkzoNobel experiences faster moving competitors, falling back to the ninth position. The chemicals sector, in general, should be lauded for its management on the supply chain. DSM and AkzoNobel have respective cradle-to-grave and cradle-to-gate assessments. This is one of the reasons (and because the sector consists of only two companies in this benchmark) the chemicals sector is the best performing sector within this study.

The construction sector continued last year's upward trend. BAM Group consolidated its eighth position, increasing its score by 9%. Heijmans and Ballast Nedam now share the fourteenth position, with respective increases in score of 21% and 9%. Imtech has also continued its rise, by



scoring a nineteenth position with its increase in score of 25%. In general, these companies have increased their scores in the upstream part of the management section. In the sector ranking, the construction sector now reaches a third place.

The sector ranking provided in table 2 should be regarded with caution, because the number of companies that is included per sector has a considerable effect. A single laggard can have far-reaching consequences on the sector's ranking. When a sector consists of more companies, the chance of including such a laggard becomes larger. The large food and agri sector thus achieves a fine result with the fourth place in the sector ranking. Of the companies in this sector, Sligro has made the most significant progress with an increase in score of 25%.

Another company that should be complimented for its improvements is PostNL. PostNL has increased its score by 26% and now holds the twelfth position. This increase was partly the result of the selection and further auditing of 20 suppliers with a high impact on sustainability in 2011. The transport and logistics sector (containing three companies) scores a second place in the sector ranking. Although PostNL more or less changed positions with TNT Express (which dropped to a twenty-second position this year), the latter only dropped relatively, obtaining roughly the same score as last year.

Two last mentions should be made with regard to Boskalis Westminster and Telegraaf Media Group. Boskalis Westminster operates in a sector that is particularly vulnerable in the area of sustainability and has increased its score by 28%. This signifies a large improvement and marks an increase in the benchmark ranking from the thirty-fourth position last year to a shared twenty-third position this year. Telegraaf Media Group has increased its score by 23%. We encourage these companies to keep up the good work and continue their progress.

On the lower end, TenCate is a company that devotes a lot of effort to sustainability and the manufacturing of sustainable products. However, in its reporting it has given little attention to the supply chain as a whole and the engagement of suppliers specifically. Although it has given the example of one of its divisions that maintains a supplier code, there is no reporting of such a code on a company level. The lack of transparency on this resulted in a thirty-fifth place in the ranking.

As a newcomer, TKH has scored a modest thirty-fourth position this year. Aalberts Industries, ASMI and Pharming Group again remain at the bottom. The first two already since the benchmark in 2006.

Table 2: Average Sector Percentage and Ranking 2012

Sector	Average %	Rank
Chemicals	83%	1
Transport and Logistics	67%	2
Construction	62%	3
Food and Agri	57%	4
Electronics	53%	5
Media	50%	6
Metals and Mining	42%	7
Oil and Offshore	39%	8
Industry and Manufacturing	37%	9
Pharmaceuticals	22%	10

Table 3: Ranking Responsible Supply Chain Benchmark 2012

Rank 2012	Rank 2011	Company	Governance and Strategy	Policy	Management	Total	% 2012	% 2011	Difference	
1	(1)	Philips (Royal)	6	16	28	50	96%	95%	1%	←
2	(2)	DSM (Royal)	6	17	25	48	92%	83%	9%	↑
3	(10)	Air France-KLM	6	16	23	45	87%	59%	28%	↑↑
4	(4)	Unilever	6	16	21	43	83%	81%	2%	←
5	(10)	ArcelorMittal	6	16	19	41	79%	59%	20%	↑↑
6	(2)	Reed Elsevier	6	14	20	40	77%	83%	-6%	↓
6	(13)	HEINEKEN	6	16	18	40	77%	56%	21%	↑↑
8	(8)	BAM Group (Royal)	6	13	20	39	75%	66%	9%	↑
9	(5)	AkzoNobel	6	12	20	38	73%	76%	-3%	↓
10	(12)	KPN (Royal)	6	13	17	36	69%	58%	11%	↑
11	(7)	Ahold (Royal)	6	10	19	35	67%	69%	-2%	←
12	(21)	PostNL	5	10	19	34	65%	39%	26%	↑↑
13	(19)	Macintosh Retail Group	6	14	12	32	62%	46%	16%	↑↑
14	(21)	Ballast Nedam	6	12	13	31	60%	39%	21%	↑↑
14	(16)	Heijmans	6	8	17	31	60%	51%	9%	↑
14	(6)	ASML	5	11	15	31	60%	71%	-11%	↓
17	(15)	Shell (Royal Dutch)	4	12	14	30	58%	53%	5%	↑
18	(17)	Crown Van Gelder	5	11	12	28	54%	49%	5%	↑
18	(17)	Nutreco	6	12	10	28	54%	49%	5%	↑
20	(27)	Imtech	6	10	11	27	52%	27%	25%	↑↑
20	(27)	Sligro Food Group	2	10	15	27	52%	27%	25%	↑↑
22	(14)	TNT Express	5	7	14	26	50%	54%	-4%	↓
23	(34)	Boskalis Westminster	4	9	9	22	42%	14%	28%	↑↑
23	(30)	Mediq	4	11	7	22	42%	24%	18%	↑↑
23	(25)	Accell Group	3	8	11	22	42%	32%	10%	↑
26	(20)	SBM Offshore	3	12	6	21	40%	42%	-2%	←
26	(30)	Vopak (Royal)	3	9	9	21	40%	24%	16%	↑↑
28	(24)	TomTom	3	11	6	20	38%	34%	4%	↑
28	(20)	Wolters Kluwer	4	6	10	20	38%	42%	-4%	↓
30	(25)	CSM	6	7	6	19	37%	32%	5%	↑
31	(36)	Telegraaf Media Group	4	7	7	18	35%	12%	23%	↑↑
32	(32)	Wessanen (Royal)	3	6	7	16	31%	22%	9%	↑
32	(34)	Aperam	6	3	7	16	31%	14%	17%	↑↑
34	(-)	TKH	3	5	7	15	29%	-		
35	(27)	TenCate (Royal)	3	0	9	12	23%	27%	-4%	↓
36	(37)	AMG	1	1	7	9	17%	7%	10%	↑
37	(33)	Fugro	0	6	2	8	15%	17%	-2%	←
38	(38)	Aalberts Industries	1	0	2	3	6%	5%	1%	←
39	(38)	ASM International	1	0	0	1	2%	5%	-3%	↓
39	(40)	Pharming Group	1	0	0	1	2%	3%	-1%	←

Legend	Increase or Decrease	#
↑↑	15% up or more	13x
↑	3% up or more	12x
←	Between 2% up and 3% down	7x
↓	3% down or more	7x
↓↓	15% down or more	0x

4.2 Analysis

In this section, the average scores for the three levels (Governance and Strategy, Policy and Management) and for the separate indicators are further analysed. When reading this section it should be kept in mind that the percentages mentioned here refer to the average score for the indicator for all companies analysed. Hypothetically, if every company can score two points for a criterion and each company only scores one point, we will refer to an overall score of 50%. Similarly, if half of the companies do not mention the criterion and the other half receives two points, the score will again be 50%. The percentages, then, do not necessarily reflect the percentage of companies that report on this criterion. Only for criteria where one point can be scored does the percentage automatically refer to the percentage of companies that have included this criterion.

Since 2010, progress has been made on all three levels of the benchmark. Most progress has been made on the Policy level component of the benchmark. Between 2010 and 2012, the overall score for the policy criteria has increased by 17%. As can be expected, most companies scored highest on the most abstract and general level: Governance and Strategy. It is remarkable that this year the largest increase occurred for Governance and Strategy component. The overall score for Governance and Strategy is 73%. Table 4 shows the development of the scores on the different levels over time.

Table 4: Level scores 2010-2012

	2010	2011	2012
A Governance and Strategy	63%	61%	73%
B Policy	37%	51%	55%
C Management	32%	38%	43%

4.2.1 Governance and Strategy criteria

The companies scored 73% on average for the supply chain management strategy. Only two companies, Fugro and Pharming Group, do not provide insight into their governance and strategy on supply chain management. In general, having a supply chain management strategy leads to a supply chain analysis. Hence, most companies have conducted a supply chain analysis, but identifying material themes is still an area for improvement as the overall score for the 'supply chain analysis' criterion is 64%. The impact of supply chain analysis is smaller without the identification of material themes.

Of all companies, 78% refer to the responsibilities of the Board of Directors concerning sustainability and the supply chain. In the 2011 benchmark this score was 68%. 75 % of the companies identify stakeholders and their concerning key issues. This is an increase of 12% compared to last year.

4.2.2 Policy criteria

Although 75% of the companies have a supply chain policy, the scope of their policy (56%) and the explicit inclusion of indirect suppliers (36%) are areas of improvement. Aalberts Industries, AMG, ASMI, Pharming Group, TenCate and TNT Express lack a supply chain policy.

This year 85% of the companies have a human rights policy in place. This is an improvement of 12% compared to 2011. This year Aalberts Industries, Aperam, ASMI, Boskalis Westminster, Pharming Group and TenCate lack a human rights policy. Most sectors also have social and labour policies but in the metals and mining sector two out of three companies, AMG and Aperam, unfortunately do not have these policies in place.

Although 73% of the companies have an environmental policy, a corresponding management system is often not applied. The overall score for having a monitoring method is 46% and has decreased with 3% compared to last year. This is a striking result. Independent verification of this monitoring method is generally done in the electronics and chemicals sectors.

The overall score for non-compliance policy (39%) has decreased with 4% as 17 companies do not report on this subject. A non-compliance policy is necessary to improve the compliance of suppliers to the supplier code. Only AkzoNobel, ArcelorMittal, BAM Group, DSM, Macintosh Retail, Philips, Reed Elsevier and SBM Offshore have a stratified action plan to improve the compliance of suppliers.

Suppliers with a high impact on sustainability are only properly identified in the chemicals (75%) and transport sector (83%). Similar to last year, the remaining sectors have a low overall score for identifying high impact suppliers. 17 companies do not state anything on this subject. Identifying suppliers that make a large impact on sustainability is important so that sustainability themes and KPIs can be connected to these suppliers. Part of this criterion is to make a country- or region-specific analysis in order to assess sustainability risks. A country or region specific analysis is only carried out by Air France-KLM, ArcelorMittal, Crown Van Gelder, DSM, HEINEKEN Macintosh Retail, Philips, PostNL, Reed Elsevier and Unilever.

4.2.3 Management criteria

Companies have achieved a better performance in the mid- and downstream supply chain than in the upstream supply chain. The upstream score was 32% on average in contrast to the mid-stream (56%) and downstream (51%) scores.

In the upstream supply chain there are several areas of improvement. In general, verification of supplier supervision (24%), transparency on supervising results (25%), transparency on action on non-compliant suppliers (23%), capacity building (33%) and compliance of suppliers (36%) have scored better than last year, but they still need improvement. Out of the 40 companies, 27 companies do not publish supervising results and 26 companies do not publish (transparently on) actions on non-compliance. However, the overall score for the competence of the supervising persons or institutions has increased 11% compared to 2011.

The oil and offshore, media, industry and manufacturing, transport/logistics and pharmaceutical sectors provide limited monitoring results of the upstream supply chain. The overall score for monitoring results (43%) has decreased with 1% compared to last year.

37 Companies have a R&D policy that explicitly addresses sustainability and 32 companies are involved in sustainable sector-wide cooperation agreements. Compared to last year, the indicator on R&D has increased 11% (2011: 73%) and the indicator on cooperation agreements rose with 22% (2011:39%). This implies that companies are increasingly investing to improve and enhance sustainable solutions in the entire supply chain. Only ASMI, Mediq and Pharming Group do not explicitly connect their R&D policy to sustainability in the supply chain.

Similar to 2011, only 34% of the companies educate their purchasers about sustainable procurement to some extent. However, for most of the companies this is not yet a structural element of procurement. 22 companies do not educate their procurers about sustainability or do not provide insight about this subject. The overall score on logistics (46%) has decreased 3% compared to last year.

The overall score for recycling is 55%. 8 companies do not provide insight into their recycling policy. Compared to last year the overall score for recycling has decreased 4%. Only the metals and mining and transport and logistics sectors have achieved progress on this criterion and scored 100%. All metals and mining and transport and logistics companies provide detailed insight into their recycling policy. The overall score of companies on responsible marketing is 55%. Nonetheless, 10 companies do not provide insight into how sustainability is a structural part of marketing.

Reporting transparently on the monitoring results through KPIs is crucial for determining how a company has performed. Only 25 companies have formulated KPIs on sustainability in the supply chain. Most companies still need to provide more transparency about how they have performed on their KPIs. 15 companies have not published KPIs in this area. The metals and mining, electronics, construction and media sectors have achieved progress on this indicator compared to 2011. The transport and logistics sector and the food and agri sector have decreased overall scores on monitoring results compared to 2011.

Table 5: Average Scores per Criterion and Number of 1, 2 and 3 Scores

Criterion	max points	Average (percentage of points scored)	Number of 0 scores	Number of 1 scores	Number of 2 scores	Number of 3 scores	
A Governance and Strategy							
1	Supply chain management Strategy	2	79%	2	13	25	-
2	Board of Directors' responsibilities	1	78%	9	31	-	-
3	Stakeholder engagement/identification	1	75%	10	30	-	-
4	Supply chain analysis	2	64%	11	7	22	-
B Policy							
5	Policy and management systems for suppliers	2	75%	6	8	26	-
6	Scope of the supplier policy	2	56%	9	17	14	-
7	Inclusion of indirect suppliers	2	36%	18	15	7	-
8	Content of the supplier code						
	Human rights policy	1	85%	6	34	-	-
	Employment rights and decent work	1	83%	7	33	-	-
	Social policy	1	75%	10	30	-	-
	Environment policy	1	75%	10	30	-	-
	Environment management monitoring system	1	30%	28	12	-	-
9	Monitoring method	2	49%	12	17	11	-
10	Non compliance policy	2	40%	16	16	8	-
11	Identifying suppliers with a high impact on sustainability	2	41%	17	13	10	-
C Management							
Upstream							
12	Supplier supervision	3	24%	14	24	1	1
13	Competence of the supervising persons/institutions	2	48%	13	16	11	-
14	Transparency on supervising results	2	24%	27	7	6	-
15	Transparency on action on non-compliant suppliers	2	21%	26	11	3	-
16	Capacity building	2	33%	20	14	6	-
17	Compliance of suppliers	2	36%	18	15	7	-
18	Monitoring results	2	43%	19	8	13	-
Midstream							
19	Product life cycle R&D	2	84%	3	7	30	-
20	Logistics	2	46%	13	17	10	-
21	Educating company purchasers	2	34%	22	9	9	-
22	Cooperation agreements	2	61%	8	15	17	-
Downstream							
23	Product life cycle; recycling	2	54%	9	19	12	-
24	Responsible marketing	2	55%	10	16	14	-
25	Monitoring results	2	44%	15	15	10	-

5 Summary and Conclusions

This benchmark is a qualitative (partly quantitative), comparative investigation among 40 Dutch publicly listed companies, aiming to inform stakeholders on responsible supply chain management. These stakeholders are company executives, investors, academia, NGOs, government and society at large. Rather than concentrate on the nature of a company's activities, this benchmark focuses on the company's supply chain governance and management thereof. This makes it possible to compare, to a reasonable degree, the responsible supply chain policies of companies across different sectors.

Ranking

The methodology entails a study of publicly available company information, ranking and analysis. Subsequently, this research is a basis of communication in various VBDO stakeholder engagement activities such as the Responsible Supply Chain Award event, AGMs visits, stakeholder dialogues, and more. By means of 25 criteria and a potential score of 52 points, the 40 companies are ranked on total score, analysed on 'segmented score' (Governance and Strategy, Policy or Management) and relative score.

This year, Philips retained the first place in ranking. DSM is closely behind on second place and Air France-KLM takes the third place. Unilever and ArcelorMittal complete the top five with the fourth and fifth place, respectively.

The biggest climbers in the top ten are Air France-KLM, ArcelorMittal and HEINEKEN. Other companies that have shown vast improvements are Ballast Nedam, Boskalis Westminster, Imtech, PostNL, Sligro Food Group, and Telegraaf Media Group. We strongly encourage these companies to continue on this path.

A number of companies is still lagging. These are (in order of best to least performing) AMG, Fugro, Aalberts Industries, ASMI and Pharming Group. It should be noted that AMG improved its score with 10% this year. We encourage the others to follow this lead.

Governance and Strategy

In general, progress has been achieved on all three levels of this year's Responsible Supply Chain Benchmark. The largest improvement was made on the Governance and Strategy level, where the companies have scored on average 73% of total obtainable points. Most companies have conducted a supply chain analysis and have a supply chain management strategy in place. Half of the companies have, however, not identified material sustainability themes within their supply chain analysis. For most of the companies, a formal member of the Executive Board bears responsibility for sustainability or supply-chain related issues.

Policy

Almost all companies have a supplier code. If not, often the code of conduct applies. Nevertheless, the scope of the supplier code varies enormously. Some companies have extensive documents covering all the subjects required by this benchmark. An example is ArcelorMittal, which introduced a Code on Responsible Sourcing, which is supported by a Guide on Responsible Sourcing. Other companies have a supplier code that consists of a single page with some general outlines on supplier behaviour. Still others do not have company-wide supplier codes. In some cases this is the result of decentralised responsibilities. In general, most companies have a supplier code that at least includes policies on human rights and labour rights. The inclusion of the existence of an environmental monitoring



system is mostly lacking, even though many industries have regulatory requirements. Only 12 companies have included this. With several new pieces of legislation and the penalties involved it is a risk to the business that this topic is not well covered. Given the relative ease and the widespread availability of supporting companies, it is surprising this has not been covered to date by so many.

An important addition to the supplier policy is the identification of suppliers with a high impact on sustainability. In total, 10 companies received full points for this, while 17 companies do not make any reference. Other companies received one point. Shell is an example of getting a partial score of one point. This company operates a Supplier Qualification System, which identifies suppliers with a high-risk profile. Certain business units (often in countries with a high impact on sustainability), however, do not use this system. This is an example of how certain policies still have to be rolled out throughout the entire company.

Management

Supplier supervision is an indicator on which companies do not score well. This is partly due to the strict demarcation that is stipulated in this indicator. Consequently, only one company scores the full 3 points (Philips) and only one company scores 2 points (AkzoNobel). Moreover, 24 companies report on the supervision of suppliers, but do not report on the percentage of companies that it actually supervises. Of 14 companies it is not known to what extent they supervise suppliers, so there is a lot of room for improvement.

Two other indicators relating to transparency also need improvement. Most companies do not report transparently on the results of the supplier supervision and on the actions on non-compliance. Although it is recognised that this is partly a cosmetic point, it shows to what extent a company emphasises transparent engagement with suppliers.

Companies score well on product life cycle management. This subject appeared in the two criteria that treated R&D and recycling. Most companies connect their R&D to the supply chain to some extent. The majority even explicitly aims their R&D at making the supply chain more sustainable. Only 3 companies do not connect their R&D to a more sustainable supply chain. Merely 8 companies make no reference to their policy on recycling and downstream handling of their products.

Finally, companies have in general not achieved progress in monitoring and setting up KPIs. For the upstream, KPIs are lacking at 19 companies and for the downstream KPIs are lacking for 25 companies. We realise that having these KPIs in place is very demanding and would in fact attest to the existence of a far-reaching supply chain management system. Therefore, we keenly advise all companies to make serious work of such KPIs.

A policy for a responsible supply chain is important because it increases the scope of social and environmental policy beyond the limits of a company's own direct activities. In time the impact will increase if all those involved in the supply chain integrate sustainability into their company goals and strategy and monitor the operations. Sustainability creates common ground for more cooperation and this can result in synergy among suppliers. Eventually, such policies create more value for companies and society at large.

Appendices



1 Benchmark Criteria

A GOVERNANCE AND STRATEGY

1 Supply chain management strategy		
	The company refers to the importance of supply chain management and the relevance for the company. It has a clear strategy and vision towards supply chain management.	2
	The company refers to supply chain management, but has no strategy or vision towards supply chain management.	1
	The company does not refer to supply chain management.	0

2 Board of Directors' responsibilities		
	There is a formal member of the Executive Board or a high level commission bearing responsibility for sustainability or supply-chain related issues.	1
	There is no evidence of a formal member of the Executive Board or a high level commission bearing responsibility for sustainability or supply-chain related issues, either specifically or as part of the responsibilities pertaining to sustainability issues in general. Or, the company does not publish anything on the subject.	0

3 Stakeholder engagement/identification		
	Key stakeholders have been identified and an overview of the key issues per stakeholder exists. The company actively engages with supply chain stakeholders. There is no doubt that the key issues are actively considered in the company strategy. The identified stakeholder groups accurately represent all parties who are involved in any of the company's supply chain activities.	1
	It is not clear who the key stakeholders are. The company does not actively involve its stakeholders. It is not known how the stakeholders' interests are promoted in the company strategy.	0

4 Supply chain analysis		
	The company has conducted a supply chain analysis and has identified the sustainability themes the supply chain has a significant impact on.	2
	The company has conducted a supply chain analysis but has not identified material sustainability themes.	1
	The company has not conducted a supply chain analysis.	0

B POLICY

5 Policy and management systems for suppliers		
	The company has a supplier policy and a corresponding management system. They clearly include sustainability issues (transparency and sustainable performance).	2
	The existence of a supplier policy has been proven (only transparency).	1
	The existence of a supplier policy has not been proven. Or, the company does not publish anything on the subject.	0

6 Scope of supplier policy		
	The scope of the supplier policy (direct/indirect, upstream, etc) is consistent with the results of the supply chain analysis and covers suppliers groups that make the most impact on sustainability issues (e.g. water, CO ₂ , human rights)	2
	The scope of the supplier policy has been explained but covers general sustainability themes not necessarily specific to the company.	1
	There is no proof of scope of the supplier policy.	0

7 Inclusion of indirect suppliers		
	There is proof of indirect suppliers being included in the supplier policy. Explanation has been given for the reasons for and relevance of including these suppliers in the supplier policy and about what the company considers to be the boundaries of a supply chain and its motivation: when and why the policy also applies to indirect suppliers.	2
	It is mentioned that the policy applies to certain indirect suppliers, but little or no explanation is forthcoming.	1
	There is no proof of indirect suppliers being included in the supplier policy.	0

8 Content of the supplier code		
	There is a supplier code that includes the following subjects (based on, amongst other references, ILO, OECD, HRC and the company's present best practices). If no impartial supplier code exists, the company makes it clear that it requires from suppliers that they maintain similar standards as those that are incorporated in its own Code of Conduct. Subsequently, this code is considered to be a supplier code.	
	8a <ul style="list-style-type: none"> • Human Rights Policy • Prevention of forced labour and slave labour; • Banning of child labour; • Non-discrimination; • Freedom of Association (trade unions); • Rights for indigenous people and ethnic minorities; • Banning of revenge/retaliation; • Training and education with regard to human rights; • This listing is not exhaustive. 	1
		0
	8b <ul style="list-style-type: none"> • Employment rights and decent work (including home-work) • Maximum number of working hours; • Healthcare and safety precautions; • Risk prevention (e.g. fire and flooding); • Prevention of HIV, AIDS and other related diseases (if applicable); • Equal opportunities (including cases related to sexual harassment etc.); • Hygienic working and housing facilities, fresh air circulation and filtration, lighting and temperature; • Training and education in relation to human rights; • This listing is not exhaustive. 	1
		0

8c	<ul style="list-style-type: none"> • Social Policy • Managing community impact resulting from company operations and implementing procedures for impact control; • Bribery and corruption; • Inappropriate political lobby and contributions • This listing is not exhaustive. 	1
		0
8d	<ul style="list-style-type: none"> • Environment Policy • A clear intention to continuously improve operations effecting the environment; • Self imposed obligation to apply internationally accepted environment standards relating to certain resources (wood, palm oil, fish etc.); • This listing is not exhaustive. 	1
		0
8e	<ul style="list-style-type: none"> • Environment Management Monitoring System, covering • The consumption of scarce natural resources; • The consumption of energy and water; • Emissions concerning air and water; • Noise, smell and dust pollution; • Ground pollution; • The use of dangerous materials; • Waste production and recycling; • Product related issues (packaging, transport, recycling etc.); • Compliance with legislation, standards and codes. • This listing is not exhaustive. 	1
		0
	There is no supplier code. Or: The company does not publish anything on this subject.	0

9 Monitoring method

	The company has a method to monitor suppliers on compliance with the supplier code. The code is publicly available (e.g. published on websites and/or Sustainability Reports). The application of the method is independently verified.	2
	The company has a method to monitor suppliers on compliance with the supplier code. This code is publicly available but no independent verification of the application of the method has been conducted.	1
	The company has no method to monitor suppliers on compliance with the supplier code or the code is not publicly available.	0

10 Non compliance policy

	There is a publicly available policy that describes how to respond to non-compliance with the code. This policy contains a stratified plan of action. That is to say, the various measures taken for the various degrees of non-compliance and the cases in which the company decides to terminate a contract with its supplier(s).	2
	The way(s) in which non-compliance is dealt with are reported. The report mentions details about the taken action(s), but does not indicate a stratified approach. Or no details are mentioned as to the used approach.	1
	The company does not supervise suppliers and/or it does not publish anything on this subject.	0

11 Identifying suppliers with a high impact on sustainability.

	The company has a comprehensive policy that identifies suppliers with a high impact on sustainability. Next to this, the company has identified countries and/or regions with which no business should be conducted or for which certain additional conditions must be set.	2
	The company has a comprehensive policy that identifies suppliers with a high impact on sustainability or, the company has identified countries and/or regions with which no business should be conducted for which certain additional conditions must be set.	1
	The company has no policy that identifies these suppliers.	0

C MANAGEMENT

Upstream

12 Supplier supervision		
	The company supervises all companies it has identified as suppliers with a high impact on sustainability. This is done to verify supplier compliance with the supplier code. Inspections are carried out no less than once every three years.	3
	The company supervises at least half of all companies it has identified as suppliers with a high impact on sustainability. This is done to verify supplier compliance with the supplier code. Inspections are carried out no less than once every three years.	2
	The company supervises less than half of all companies it has identified as suppliers with a high impact on sustainability. This is done to verify supplier compliance with the supplier code. Either that or the company states that it carries out inspections, but no percentages are given.	1
	The company does not supervise suppliers and/or it does not publish anything on this subject.	0

13 Competence of the supervising persons/institutions		
	One or more external, impartial supervising institutions carry out supervision. These institutions could be registry or certificate providing accounting firms or consulting agencies.	2
	The company itself carries out the supervision of internal management assessment and other objectives.	1
	No supervision is carried out or it does not publish anything on this subject.	0

14 Transparency on supervising results		
	The company clearly states the number or percentage of suppliers that did not pass supervision and the number of terminated contracts with suppliers. Furthermore, the company gives insights in the number of non-compliance cases and most common types of non-compliance.	2
	The company gives examples of non-compliance by suppliers.	1
	The company does not supervise suppliers and/or it does not publish anything on this subject.	0

15 Transparency on action on non-compliant suppliers		
	The company states which measures have been taken to improve the performance of non-compliant suppliers. Also, the company has identified areas that need increased attention and has described actions in order to improve the performance on sustainability issues.	2
	The company states which measures have been taken with non-compliant suppliers but does not use information to adjust its approach in order to improve performance on specific sustainability issues.	1
	The company does not supervise suppliers or does not take any measures with non-compliant suppliers.	0

16 Capacity building		
	Structured, adequately resourced, education concerning material sustainability issues is continuously provided to critical suppliers.	2
	Education concerning sustainability issues is provided to critical suppliers, but on a random basis or the education does not concern material issues.	1
	No education concerning sustainability issues is provided. Or the company does not publish anything on this subject.	0

17 Compliance of suppliers		
	More than 75% of the suppliers (more than 75% of the company's total purchase value) have stated their compliance with the supplier code.	2
	Less than 75% of the suppliers (less than 50% of the company's total purchase value) have stated their compliance with the supplier code. Or, the company declares that it has asked its suppliers to sign the supplier code, but no percentages are given.	1
	The company does not publish anything on the subject.	0

18 Monitoring results		
	The company has formulated KPIs related to the upstream supply chain, such as the items covered under item 8, and shows qualitative and quantitative data, indicating improvement on the targets that the company has set.	2
	The company has formulated KPIs related to the upstream supply chain, such as the items covered under item 8. However, no targets for suppliers are set.	1
	The company does not have KPIs related to the upstream supply chain.	0

Midstream

19 Product life cycle R&D		
	Continuous investments are being made in production and consumption patterns in such a way as to avoid or even eliminate the use of scarce commodities, including energy. The production process is (re)designed in a way that optimises the use of materials for new products and minimises its effect on the environment (e.g. by recycling resources). The company gives practical examples of its alterations to the life cycle of its products.	2
	The company has the intention of making investments in present production and consumption patterns in such a way as to avoid or even eliminate the use of scarce commodities. The production process is as yet not (re)designed in a way that optimises the use of materials for new products and minimises their effect on the environment.	1
	The company does not make it clear that both production and consumption processes have been critically analysed with the intention of (re)designing them in a way that optimises the use of materials for new products and minimises their effect on the environment.	0

20 Logistics		
	The company provides qualitative and quantitative information on the environmental effect of the supply chain. The company uses short distribution channels and tries to minimise the distance between the production location and user market, using means of transport with lowest energy consumption. Act globally locally. Moreover, the company tries to minimise business related travel.	2
	The company uses short distribution channels and tries to minimise the distance between the production location and user market or tries to minimise business related travel. Qualitative and quantitative information is provided on the initiatives.	1
	There are no initiatives taken to limit the distribution channels or business related travel.	0

21 Educating company purchasers		
	The company supervises its suppliers on sustainability independently from its operational purchasing department. Purchasers are educated in the sustainability policy of the company. Purchasers are required to integrate evident sustainability criteria into their purchasing procedures and the selection of suppliers. Purchasers are aware of the supplier supervision policy regarding sustainability and are educated accordingly.	2
	Purchasers can select a company from a list of approved suppliers (tested for sustainability issues) for the purchase of products and services.	1
	Purchasers are not educated in sustainability within the supply chain. Or, the company does not publish anything on this subject.	0

22 Cooperation agreements		
	Within its sector, the company is an initiator in the development of strategic cooperation agreements for sustainable solutions within the entire supply chain.	2
	Within its sector, the company is a follower in the development of strategic cooperation agreements for sustainable solutions within the entire supply chain.	1
	The company does not take part in any initiatives that might promote sustainability within the supply chain. Or: the company does not publish anything on this subject.	0

Downstream

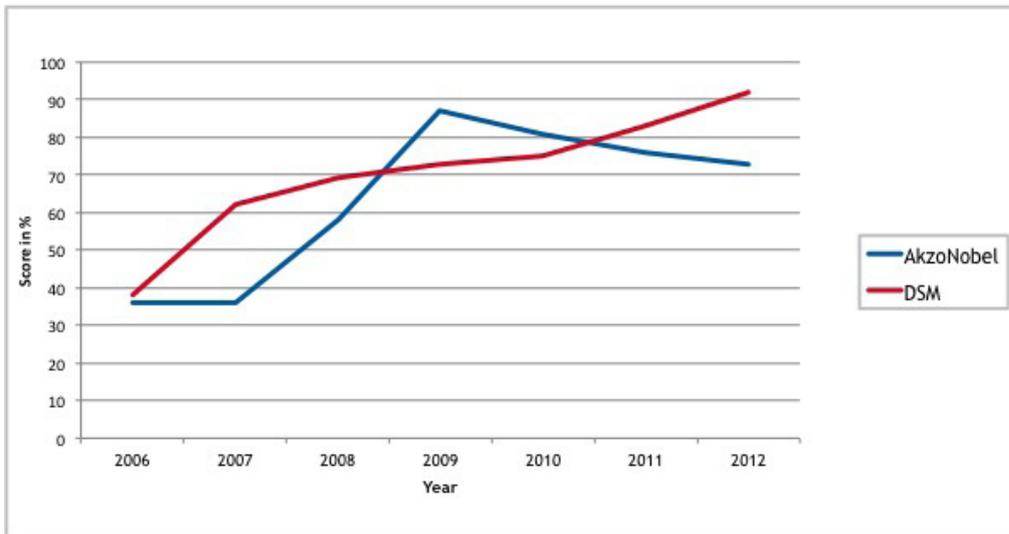
23 Product life cycle; recycling		
	The company has a recycling policy that is being implemented. The company actively stimulates taking back products that have entered the end-of-life stage. The company is actively involved in sector-wide initiatives to draw up a recycling policy. The company provides quantitative data on the percentage of sold products, which actually have been taken back.	2
	The company has a recycling policy that is being implemented. The company actively stimulates taking back products that have entered the end-of-life stage. The company is actively involved in sector-wide initiatives to draw up a recycling policy. The company does not provide quantitative data on the percentage of sold products, which is actually been taken back. Or the company does state the percentage of reuse, but its policy is not further clarified.	1
	The company is not actively involved in any recycling policy.	0

24 Responsible marketing		
	The company actively steers its marketing towards sustainability. Customers are made aware of the necessity of sustainable enterprise and consumption. The company makes it clear that this is a structural element in the marketing of its products, and underlines this with examples.	2
	The company actively steers its marketing towards sustainability. Customers are made aware of the necessity of sustainable enterprise and consumption. The company does not make it clear that this is a structural element in its marketing.	1
	The company does not include any sustainability issues or elements in its communication policy.	0

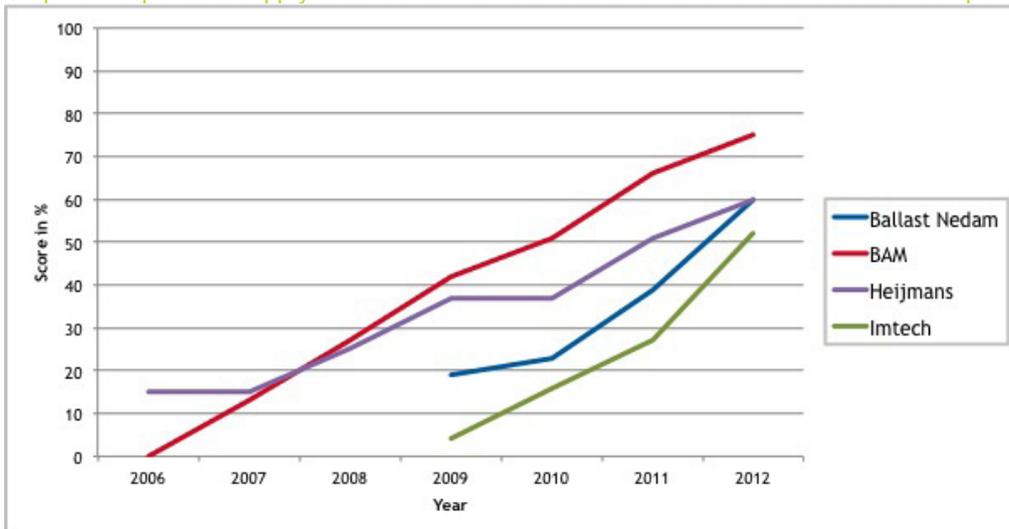
25 Monitoring results		
	The company has formulated sustainability KPIs related to the downstream supply chain and shows qualitative and quantitative data, indicating improvement on the targets that the company has set.	2
	The company has formulated sustainability KPIs related to the downstream supply chain. However, no targets are set.	1
	The company does not have KPIs related to the downstream supply chain.	0

2 Graphics chapter 3

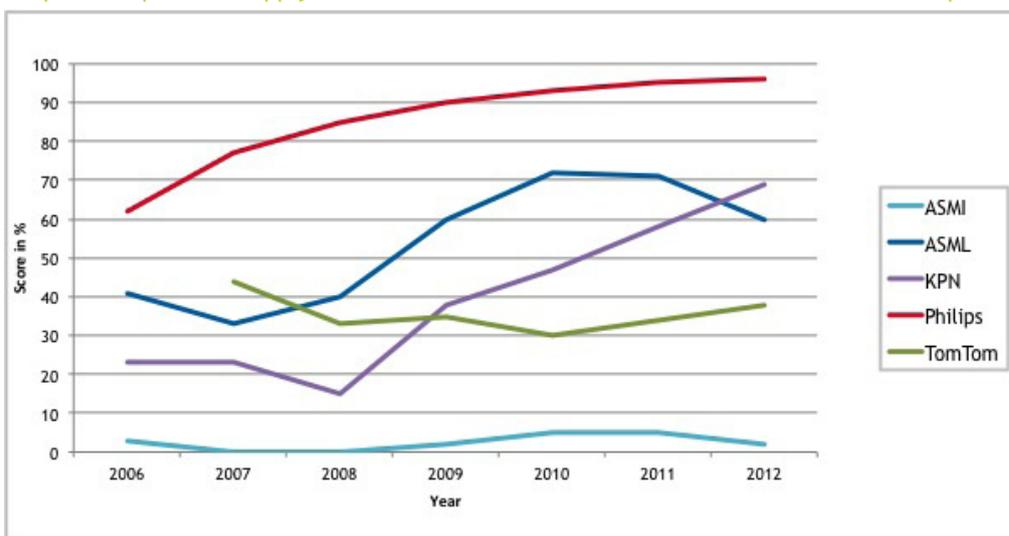
Graph 1: Responsible Supply Chain Benchmark Score 2006-2012 for the Chemicals companies



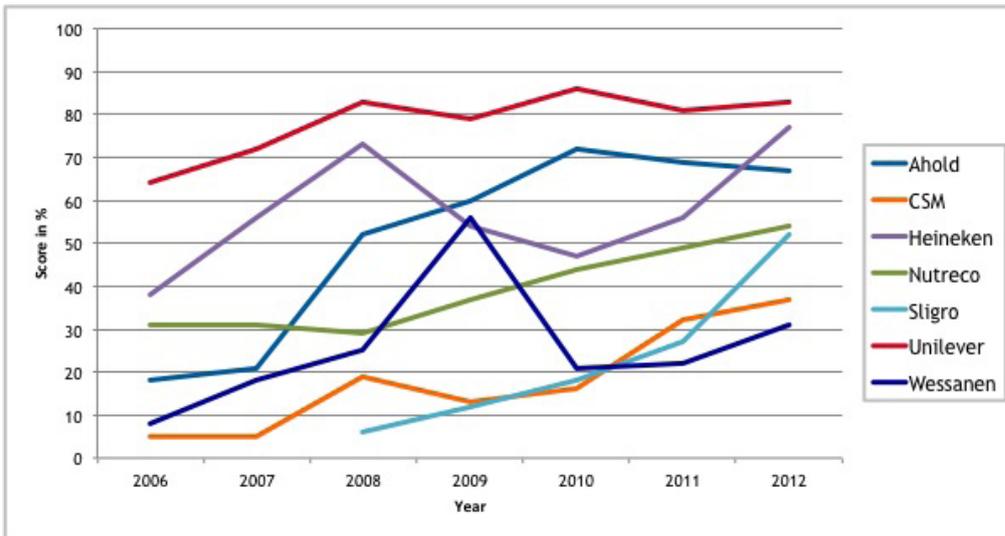
Graph 2: Responsible Supply Chain Benchmark Score 2006-2012 for the Construction companies



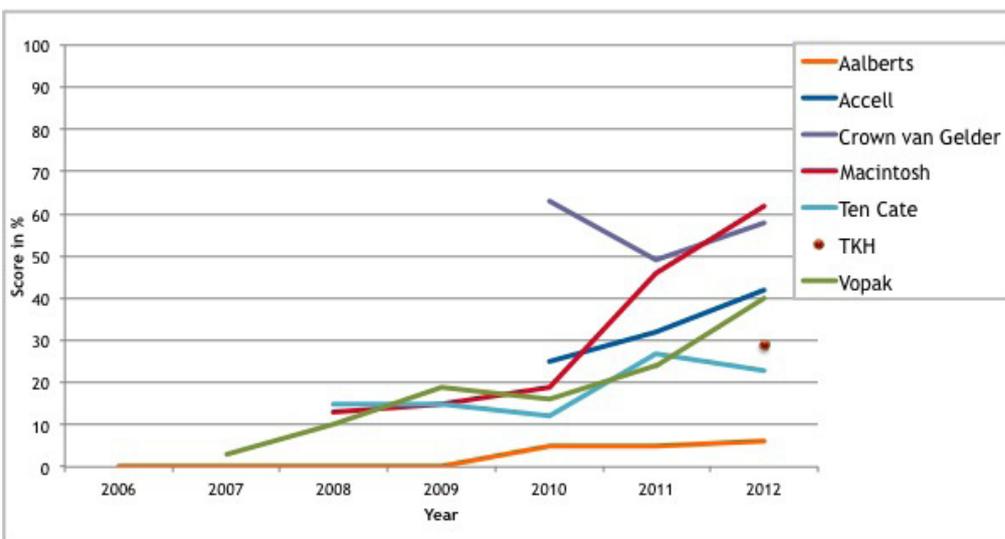
Graph 3: Responsible Supply Chain Benchmark Score 2006-2012 for the Electronics companies



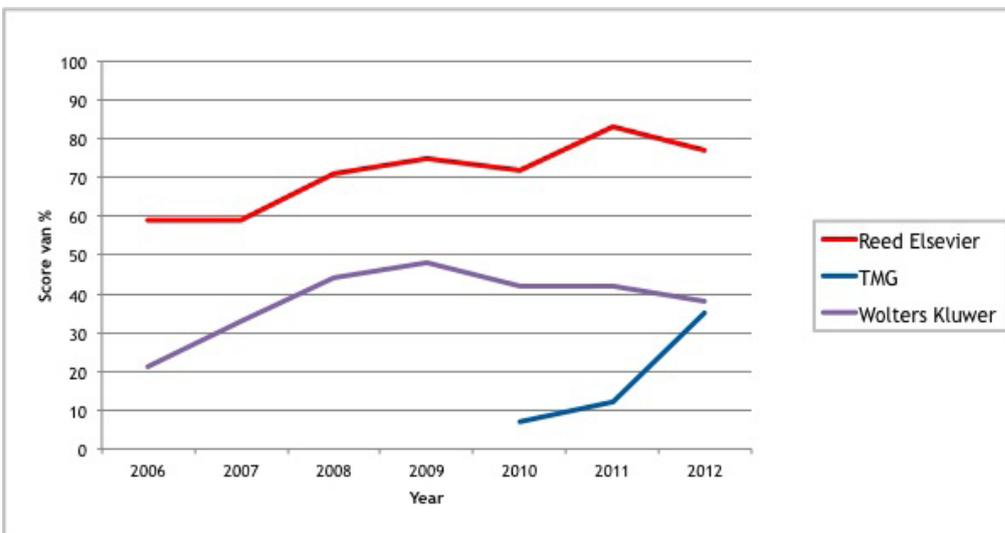
Graph 4: Responsible Supply Chain Benchmark Score 2006-2012 for the Food and Agri companies



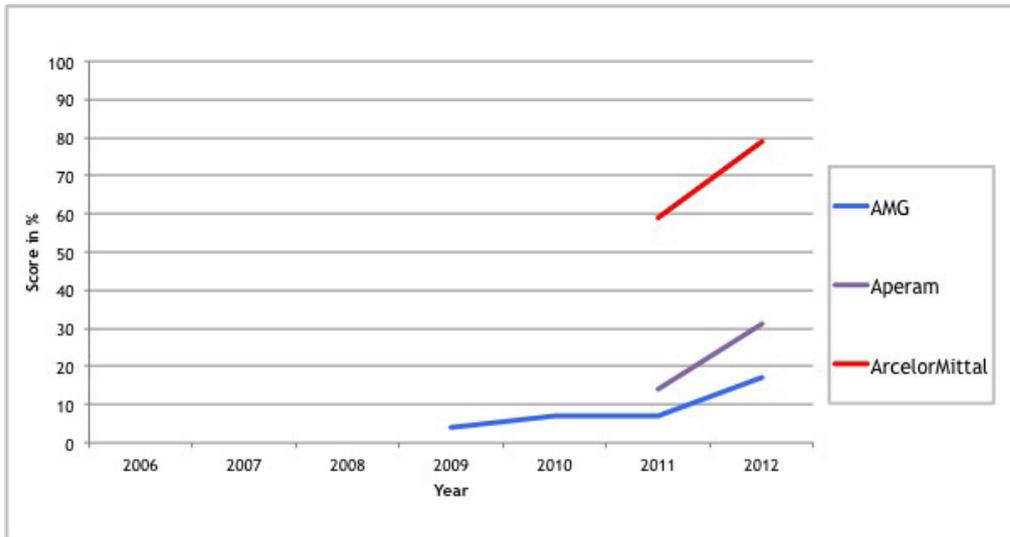
Graph 5: Responsible Supply Chain Benchmark Score 2006-2012 for the Industry and Manufacturing companies



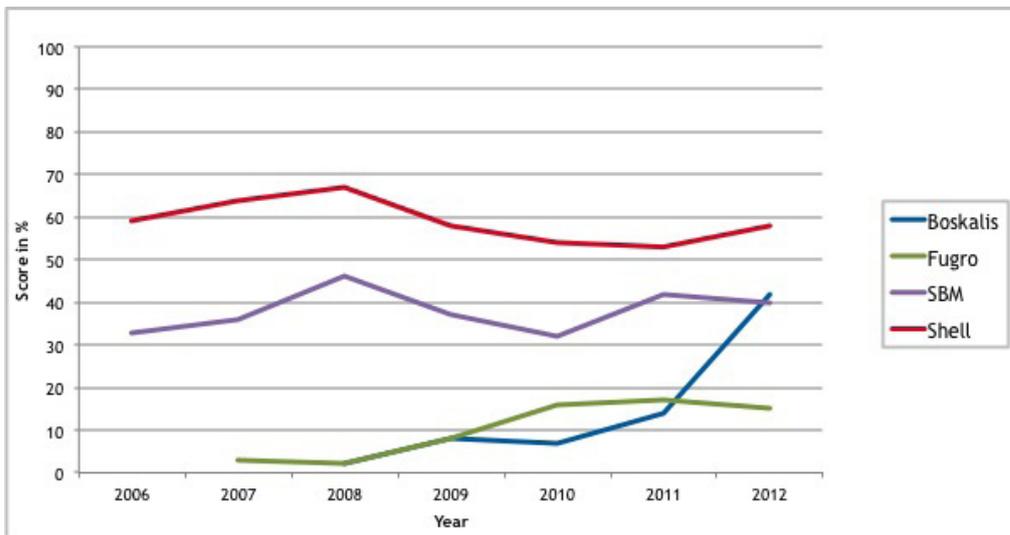
Graph 6: Responsible Supply Chain Benchmark Score 2006-2012 for the Media companies



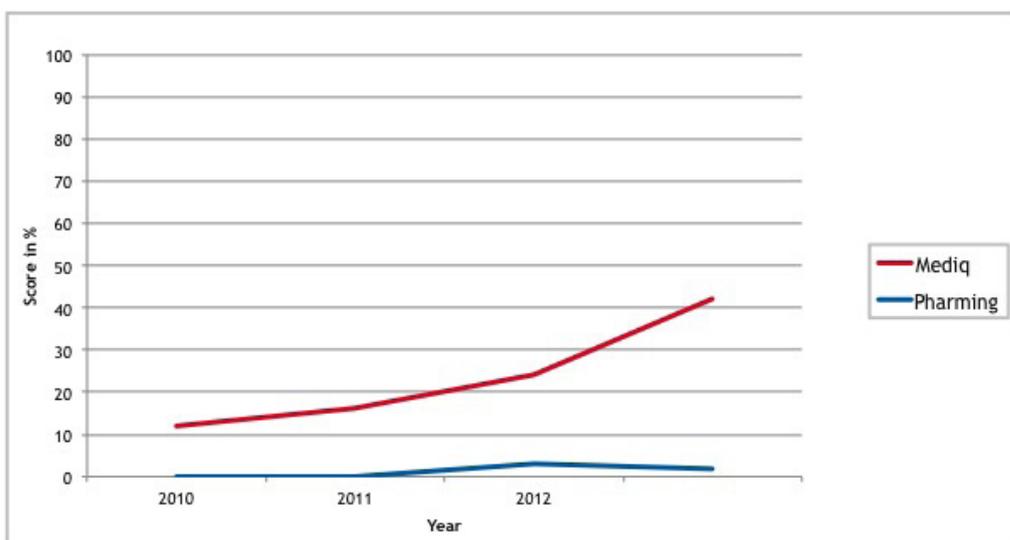
Graph 7: Responsible Supply Chain Benchmark score 2006-2012 for the Metals and Mining companies



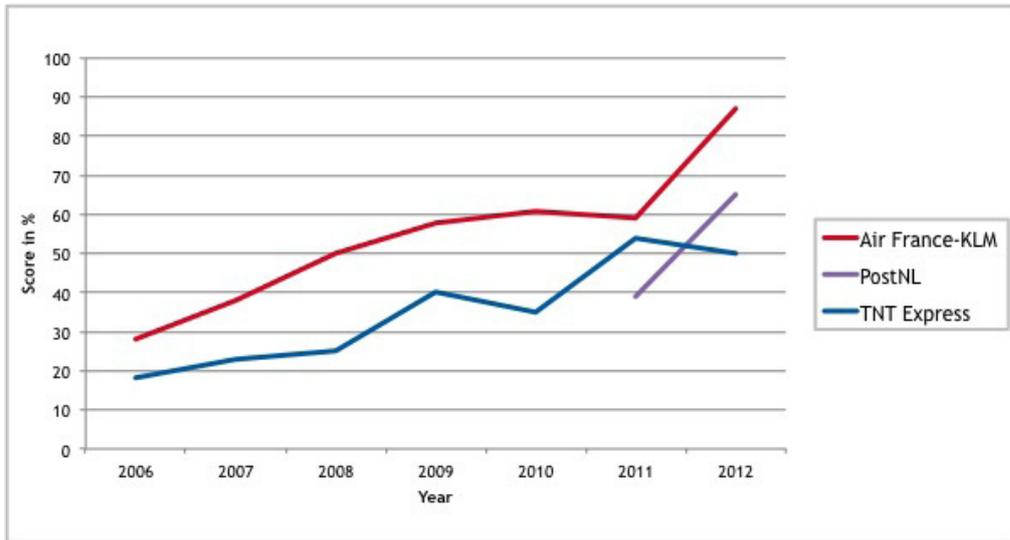
Graph 8: Responsible Supply Chain Benchmark Score 2006-2012 for the Oil and Offshore companies



Graph 9: Responsible Supply Chain Benchmark Score 2006-2012 for the Pharmaceuticals companies



Graph 10: Responsible Supply Chain Benchmark Score 2006-2012 for the Transport companies





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The VBDO (Dutch Association of Investors for Sustainable Development) aims at generating a sustainable capital market, a market that brings together supply and demand, not just based on financial criteria, but also on social and environmental aspects. VBDO focuses its activities on actors in the Netherlands, with the international context.