

# **VBDO Responsible Supply Chain Management Benchmark 2009**





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## VBDO Responsible Supply Chain Management Benchmark 2009

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## 1./ Summary

In the summer of 2009, the Dutch Association of Investors for Sustainable Development (VBDO) carried out the Responsible Supply Chain Management Benchmark for the fourth time. This report is based on the results of that comparative investigation.

This benchmark has been developed by VBDO in order to assess the way in which Dutch publicly listed companies hold suppliers to their sustainability policies. Rather than concentrate on the nature of a company's activities, this benchmark focuses on company policy and the implementation thereof. This makes it possible to compare to a certain degree the responsible supply chain management policies of companies from different sectors.

The benchmark comprises a list of 23 indicators, in which companies can accumulate anywhere between 0 and 52 points. In conducting the investigation, VBDO has made use of information made publicly available by the companies themselves. This information includes sustainability reports, annual reports and websites.

The investigated group of companies comprises 40 large Dutch publicly listed companies from the AEX, AMX and Small cap indexes, four more than in 2008. All companies share the fact that the purchase of goods and services (according to expectations) constitutes a large part of their total operational costs. Service providers, such as financial institutions, ICT companies and recruitment and selection companies are not included in the investigation.

This investigation into responsible supply chain management was first introduced in February 2006. To maintain internal consistency, the investigation was conducted again in 2007 using the same method. In 2008 the method was revised. This year, again to maintain consistency, the method remains the same.

During the research process, a group of five companies distinguished themselves from the other companies. Like last year, an independent jury chooses the final winner. The winner, however, is not necessarily the company with the highest score. The nominees in alphabetical order for the year 2009 are AkzoNobel, DSM, Philips, ReedElsevier and Unilever. The winner will be announced at 2 November during the Accelerating Sustainable Trade Congress organised by IDH, Nevi and AkzoNobel.

The average total score in this year's benchmark is higher than it was last year, as well as the number of companies that scored above 55%. The higher score is partly due to the fact that frontrunners are being increasingly aware of the importance of responsible supply chain management and the fact that their company strategy is adjusted accordingly. Also, the transparency of reporting on responsible supply chain management and activities has improved for most companies. Some companies, however, have their level of reporting and therefore have lower scores. Even though performance keeps improving, many companies still need to take further steps. VBDO will continue to emphasize responsible supply chain management during engagement activities with all the companies included in this research.

In 2009 VBDO was granted a SMOM subsidy from the ministry of Housing, Spatial Planning and Environment to take a closer look at the issue of sustainability and logistics. The results of this quick scan are included in this report. Information on this topic is limited. VBDO wants to raise awareness of the trade off that might exist between on the one hand cheap labour and on the other hand high transportation costs in terms of CO<sub>2</sub> emissions. As the regulations related to CO<sub>2</sub> emissions become more stringent it is in businesses best interest to take a closer look at this equation and redesign the supply chain accordingly.

This research, report and the Responsible Supply Chain Management Benchmark Award have been made possible with financial support from ICCO.

## 2./ Organisations' Objective

The VBDO (Dutch Association of Investors for Sustainable Development) aims at generating a sustainable capital market, a market that does not solely focus on financial aspects but also includes environmental and social factors. Its commitment includes carrying out activities that challenge the capital market to take new initiatives on the one hand: initiating, and outlining desired and undesired developments within the capital market on the other: opinionating.

VBDO is the only organization in the Netherlands representing the interests of sustainable investors. Acting on behalf of its members, both private and institutional investors, VBDO engages Dutch publicly listed companies in dialogue concerning their policy, achievements and reporting procedures in relation to sustainability. This is done by putting questions forward during annual general shareholder meetings (AGMs), arranging meetings with company executive boards and managers and organizing stakeholder dialogues. Dialogue is often based on the standards that VBDO maintains in so-called benchmarks.

## 3./ Vision on Corporate Responsibility

At the centre of its philosophy lies VBDO's point of view that companies derive their *raison d'être* from their capacity to create value for their stakeholders.

Creating value has a different meaning to each stakeholder. To an employee value, amongst others, represents good primary and secondary elements of remuneration and job fulfilment. To a shareholder it often involves a good return on investment. To the surroundings of a factory, environment friendliness represents value.

It is VBDO's conviction that a company's owner, its shareholder, will obtain the best long-term return on investment when a company aims its strategy at the long-term creation of value for its stakeholders. Or, to quote the report 'From Challenge to Opportunity' by 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 is a result of good company policy, not an objective in and of itself.

This notion seems obvious. Still, VBDO regards the focus on the financial economic dimension as one of the primary problems with which the present worldwide economy is faced. This focus is strongly encouraged by the mainstream financial world. The financial world still readily discards environmental and socio-economic aspects, whereas VBDO is convinced that these aspects should be integrally considered in investment decisions.

VBDO considers it its task to put this more balanced point of view on the agenda, both on the supply and demand side of capital markets. A company should be transparent in demonstrating its multi-dimensional (People, Planet and Profit) strategy. Moreover, its strategy should be attuned to the interests of all company stakeholders. Those companies that best succeed in achieving this will continue to prosper in the long run. These are certainly not the only preconditions for responsible investors, but certainly highly important ones.

Corporate Responsibility (CR) was until recently primarily focused on risk and reputation management. In other words, preventing the loss of value. Although this approach towards sustainability is and remains important, it actually stands further away from a company's true reason of existence, which is the creation of value. The approach towards sustainability from a risk and reputation management point of view can even be regarded as one of the primary reasons for the misconception that sustainability and profit cannot go hand in hand. This approach considers sustainability as additional to the operational processes rather than an integral part. A company needs to see sustainability as a means of creating value. Only then will it integrally incorporate sustainability into its strategy and operational processes. Therefore, the integration of sustainability into strategic decision-making processes is a prerequisite for the long-term creation of value.

## 4./ Responsible Supply Chain Management

Responsible supply chain management is a concept that has been constructed from within a social context. A company should operate 'responsibly' and manage its supply chain accordingly. However, if one were to raise the question within a company as to what '(Responsible) Supply Chain Management' actually involves, the answer would no doubt lean towards preventing or minimizing risks. Besides risks, issues such as optimal efficiency and minimizing costs for the sake of the long-term increase in cash flow might be mentioned. There is, in other words, a discrepancy in the perception of 'responsible supply chain management'.

These differences in perception can be regarded as the difference between feeling responsible and being responsible. As far as companies are concerned, only the latter can be applied. There are, however, certain limitations to responsibility. It is subject to (international) normative standards and it is limited to a legal entity or person. Standards provide the (lower) limit of what is considered to be '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. It does, however, remain a minimum standard.

The inflexible nature of a normative framework 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 an appeal to a company's 'emotional' involvement. The main reason why companies embrace responsible supply chain management none the less has everything to do with risk and reputation, which is again related to the prevention of the loss of value.

A normative framework is crucial, but it also has its limitations. A normative framework is inflexible, provides a minimal standard and is restricted to a legal entity or person. It has limited use for external parties to force any sentiment on a company. It also has a very limited potential in managing supply chains responsibly.

The benchmark method incorporates a common denominator for a company and its stakeholders, the previously mentioned value creation. This includes both the prevention of value destruction 'and' value creation.

## 5./ Logistics in Supply Chain

In 2005 the VBDO identified responsible supply chain management as one of its focal points. In 2006 this was translated into the Responsible Supply Chain Management Benchmark. This benchmark has been developed to be able to monitor whether international operating companies take responsibility for the environmental and social effects their suppliers have. The benchmark results also provide information for the VBDO engagement activities with companies.

Last year VBDO developed a logistics indicator for the benchmark. The shift of production towards low wage countries increases the distances of transport between the various links in the supply chain. As a result, many products and services have a higher impact per product, particularly where air transport is involved. Besides a heavier burden on the environment, the structural increase in fuel prices, the increasing prosperity in emerging markets and the possible price-link to CO<sub>2</sub> also provide a financial dimension. When do lower production costs no longer outweigh the increase in other costs? This indicator was not included in the benchmark. It was too absolute and insufficiently generic. However, the subject remained on the VBDO agenda.

In 2009 VBDO was granted a SMOM subsidy from the ministry of Housing, Spatial Planning and Environment to take a closer look at the issue of sustainability and logistics. VBDO primarily wanted to increase the insight in the impact of distribution channels in the supply chain through answering the following questions:

- Do companies recognise the logistic challenges in the supply chain as a result of the globalising economy?
- Do companies give quantitative information on the environmental impact of their supply chain and where the largest issues are
- Which measures do companies take to control the environmental impact of distribution channels?
- Are there initiatives to shorten or optimise distribution channels?
- Do companies invest in the development of alternatives for the current way(s) of transport?
- Do companies participate in sector initiatives to search for solutions?

The conclusions of this research will be translated into additional criteria for the Responsible Supply Chain Management Benchmark. The research focuses on the largest AEX listed companies that are also included in the 2009 Responsible Supply Chain Management Benchmark.

<b>Ahold</b>	<b>DSM</b>	<b>Shell</b>
<b>Air France-KLM</b>	<b>Fugro</b>	<b>TNT</b>
<b>Akzo Nobel</b>	<b>Heineken</b>	<b>TomTom</b>
<b>ASML</b>	<b>KPN</b>	<b>Unilever</b>
<b>Bam Groep</b>	<b>Philips</b>	
<b>Boskalis Westminster</b>	<b>SBM Offshore</b>	

Overall there are few companies that give answers to the questions posed earlier. The main observations are that:

- The issue is less relevant for some companies included in this part of the research. Some have a limited supply chains or the main environmental impact of their supply chain is not in their distribution.
- However, some companies recognise the challenge and are also implementing measures to control the environmental impact of distribution channels, making investments to develop alternatives for the current ways of transport and take initiatives to shorten the distribution channels.
- More companies provide quantitative data. Some provide information on scope 3 CO<sub>2</sub> emissions as described by the Carbon Disclosure Project.
- Currently, companies focus on getting insight in the CO<sub>2</sub> emissions in their supply chain to determine which steps to take in a next stage



All in all information on this topic is limited. With this chapter VBDO wants to raise awareness of the trade off that might exist between on the one hand cheap labour and on the other hand high transportation costs in terms of CO<sub>2</sub> emissions. As the regulations related to CO<sub>2</sub> emissions become more stringent it is in business best interest to take a closer look at this equation and redesign the supply chain accordingly.

## 6./ Method

### 6.1. The benchmark methodology

The benchmark method has been used by VBDO for years in evaluating the performance of companies. Examples are the Transparency Benchmark and the Pension Fund Benchmark. The Transparency Benchmark clearly had a stimulating effect in recent years. Both the quantity and quality of sustainability reports increased considerably as a result. Companies and (institutional) investors often acknowledge VBDO's influence on this development.

In 2005, VBDO decided to include responsible supply chain management as a focal area in its core activities. By addressing the topic through a benchmark and actively promoting it through the media, VBDO expects responsible supply chain management to increasingly get the attention it deserves.

The first Responsible Supply Chain Management Benchmark (2005) was developed in order to gain insight into the (potential) consequences of production shifting to emerging markets. The financial advantages of shifting production activities to emerging markets are obvious. The correlating socio-economic and environmental disadvantages were less clear (or taken for granted). The first benchmark methodology demonstrated the pitfalls and challenges facing companies purchasing raw materials and products from these countries. Examples are the potential violation of employment legislation by suppliers and the ensuing environmental risks.

The original benchmark focused on company responsibility. The methodology was assessed and adjusted in 2008. The new benchmark took these responsibilities and transferred them to a framework of risk and reputation management, or in other words, the prevention of loss of value. Preventing the loss of value remains an important aspect of responsible supply chain management. That is why the original method has been incorporated in the new methodology, with some minor adjustments to the indicators.

The other aspect is the creation of value. According to VBDO, the creation of value comes much closer to the definition of what a company is: a legal entity geared towards creating value for its environment.

Approaching Responsible Supply Chain Management as a means to create value simplified the possibility to expand the methodology in two ways. Firstly, adding the creation of value has led to being able to chart the opportunities of responsible supply chain management. Secondly, this approach has made it possible for downstream activities to be benchmarked as well since the restrictions of responsibility do not apply when supply chain management is perceived as an opportunity. This does not, however, responsibility is left out of the equation. Both elements are complementary and essential.

VBDO based the Responsible Supply Chain Management Benchmark on international standards and consulted a number of specialists in the field during the drafting process. When adjusting the methodology, the same sources were used to guide the process.

In 2009 the methodology did not change to be able to compare results with the previous year. The indicators are categorized as follows: Governance & Vision, Policy and Management. Management is sub-divided into general, upstream, midstream and downstream. Midstream activities, a company's own operations, includes activities that relate directly to Corporate Chain Responsibility. The choice was made to maintain the focus on supply chain governance.

- Governance and vision (Leadership is doing the right things)
- Policy
- Management (doing things right)
  - o General
  - o Upstream
  - o Midstream
  - o Downstream

This benchmark has resulted in a company ranking, showing frontrunners and companies that lag behind. The list is one of the project's important results. Moreover, the benchmark is a tool of engagement. This means that VBDO uses the results to systematically engage companies and emphasize their duty in terms of Corporate Responsibility within the supply chain. Moreover, institutional investors can use the ranking to determine in which companies they are likely to make sustainable investments.

## 6.2. Basic principles and demarcation

### 6.2.1. Basic principles

The basic principles of the benchmark are:

- It has to be simple and practical. This provides companies with quick and easy insight into their own performance;
- It has a top-down approach. This is in accordance with the GRI guidelines and in the interest of VBDO. Investors are primarily interested in the overall vision and performance of a company;
- The underlying methodology is fully available to the public;
- It enjoys public support. VBDO gained this support by involving a variety of stakeholders in the design of the benchmarking method;
- It is based on internationally accepted norms and standards;
- The indicators are based on the assumption that absolute shortage is a problem that will only become more important in the future.

### 6.2.2. Demarcation

The benchmark has the following demarcation:

- The investigation concentrates on Dutch listed corporations with a physical production supply chain. The group of investigated companies is included as appendix 1;
- A simplified supply chain model is used;
- The benchmark is a generic model, therefore highly adaptable to all companies of the investigated group;
- In carrying out the benchmark, VBDO only uses publicly available information provided by companies themselves. This includes sustainability reports, financial reports and company websites.

## 6.3. Benchmark indicators

This paragraph provides a comprehensive overview of the benchmark method used. How the methodology is itemized is shown in appendix 2. The benchmark methodology uses the distinction between leadership and management as stated in a quote by Peter Drucker:

‘Management is doing things right, leadership is doing the right things’

-- ‘Leadership is doing the right things’ --

### A Governance and Vision

- 1 Board of Directors’ responsibilities
- 2 Trends and challenges
- 3 Involvement of stakeholders
- 4 Strategy
- 5 Core standards of a company

**B Policy**

- 6 Policy and management systems for suppliers
- 7 Defining supplier policy (indirect suppliers)
- 8 Content of the Supplier Code
- 9 Supervision method
- 10 Non compliance policy
- 11 Identifying high-risk suppliers

-- 'Leadership is doing the right things' --

**C Management****Management 'General'**

- 12 Product life cycle R&D

**Management 'Upstream'**

- 13 Verification of supplier supervision
- 14 Competence of the supervising persons/institutions
- 15 Supervision results
- 16 Educating suppliers
- 17 Education coverage
- 18 Communication between company and suppliers

**Management 'Midstream/company level'**

- 19 Educating purchasers
- 20 Cooperation agreements

**Management 'Downstream'**

- 21 Sales attuned to emerging markets
- 22 Recycling
- 23 Responsible marketing

**6.4. Qualitative and quantitative assessment**

Using the 23 indicators of this research, VBDO analysed the Sustainability Reports and other relevant publicly available company sources. Points were given for fully (2 points), partly (1 point) and not (0 points) meeting an indicator, the classification of which is shown in the appendix. The maximum number of points per company is 52, which is also expressed in a percentage. Listing company performance as a percentage makes it possible to compare a company's performance over a period of time, even when the method is adjusted.

A qualitative analysis was also made. These short passages provide insight into the most important plus and minus points concerning the responsible supply chain management of any given company.

**6.5. The role of the jury and the Award**

The 'winner' will receive the VBDO Responsible Supply Chain Award. By handing out this award, VBDO wants to raise awareness within publicly listed companies, reward good policy and urge lagging companies to improve performance. The VBDO will nominate the top performing companies. An independent jury will choose the winner of the Award. The jury considers not only to the benchmark results, but also to a company's progress and any outstanding initiatives.

## 7./ Company Performance

Before going into detail on the quantitative and qualitative score per company, paragraph 6.1 discusses some general conclusions. Paragraph 7.2 contains a table with an overview of scores for the investigated companies since 2006. Paragraph 7.3 contains the qualitative analysis per company. These analyses contain some highlights of the company's policies and activities and some recommendations for improvements. These company profiles are not all-inclusive but provide a general overview to explain the progress made over the past year.

The composition of the group of investigated companies has changed. A number of companies are no longer included in the investigation. These are Antonov and Hunter Douglas. The following companies have been added to the investigation due to the fact that a selected number of Small cap companies have been included; AMG, Ballast Nedam, Draka, Imtech, Mediq and Wavin. This adds up to a total of 40 companies.

### 7.1. General conclusions

The average score improved from 15 (29 %) to 17 (32 %). Also, the highest score improved and the number of companies with scores above 55 % increased. Moreover, there are only two companies that did not receive any score at all and two companies that were included for the first time scored above average. Apparently corporate social responsibility is gaining attention throughout the business community. Another positive point is the fact that even in the top ten we see many companies that made great improvements in their responsible supply chain management activities. This shows that the subject is continuing to gain attention.

On a less positive note, this is the first time that some companies did worse compared to last year. This is mainly due to limited reporting on the quantitative results of supply chain management. Since policies are still in place VBDO assumes this is just a choice in reporting rather than a change in activities. Transparency remains an important driver for VBDO; the benchmark is only based on verifiable publicly available information, leading to a lower score in some cases.

The criterion that scores highest overall is 'company core values'. Most companies have certain principles in place that guide employees in their daily activities. Often these are also clearly communicated towards suppliers. The lowest scoring criterion is 'defining supplier policy'. This criterion focuses on the inclusion of indirect suppliers in the supplier policy. This is often not made explicit. Most points are scored on criteria focusing on 'governance and vision' and the least points are scored in 'management upstream'.

Still, 75 % of the companies score below 55 % and half of the companies have a score below 21 %. This clearly shows there is still a lot of room for improvement. It is therefore a good sign that the Dutch Sustainable Trading Initiative was launched in October 2008 and that the SER (Social Economic Council) is taking the matter seriously. VBDO hopes to cooperate with these institutions to further the activities on responsible supply chain management. In addition, VBDO will continue to put this topic on the agenda during its engagement activities.

## 7.2. Score per company

Tabel 1

Position 2009 (2008)	Sector <sup>1</sup>	Company	2006 in %	2007 % <sup>2</sup>	2008 in %	2009 in %	Compared to 2008
1 (1)	Electronics	Philips	62	77	85	90	↑
2 (7)	Chemistry	Akzo Nobel	36	36	58	87	↑↑
3 (2)	Foods/drinks	Unilever	64	72	83	79	↓
4 (4)	Media	Reed Elsevier	59	59	71	75	↑
5 (5)	Chemistry	DSM	38	62	69	73	↑
6 (8)	Retail/Wholesale	Ahold	18	21	52	60	↑↑
6 (12)	Electronics	ASML	41	33	40	60	↑↑
8 (9)	Logistics	Air France -KLM	28	38	50	58	↓↓
8 (6)	Oil/Mining	Shell	59	64	67	58	↑↑
10 (17)	Foods/drinks	Wessanen	8	18	25	56	↑↑
11 (3)	Foods/drinks	Heineken	38	56	73	54	↓↓
12 (11)	Media	Wolters Kluwer	21	33	44	48	↑
13 (13)	Electronics	Océ	44	44	37	44	↑
14 (16)	Construction	Bam Groep	0	13	27	42	↑↑
15 (17)	Transport	TNT	18	23	25	40	↑↑
16 (21)	Telecommunications	KPN	23	23	15	38	↑↑
17 (17)	Construction	Heijmans	15	15	25	37	↑↑
17 (15)	Foods/drinks	Nutreco	31	31	29	37	↑
17 (10)	Engineering	SBM Offshore	33	36	46	37	↓↓
20 (14)	Electronics	TomTom	-	44	33	35	↑
21 (25)	Retail/Wholesale	Super de Boer	-	-	6	21	↑↑
22 (-)	Construction	Ballast Nedam	-	-	-	19	↑↑
22 (-)	Construction	Imtech	-	-	-	19	↑↑
24 (23)	Textiles	Macintosh Retail Group	-	-	13	15	↑
24 (21)	Textiles	TenCate	-	-	15	15	—
26 (20)	Foods/drinks	CSM	5	5	19	13	↓
27 (25)	Retail/Wholesale	Sligro Food Group	-	-	6	12	↑
27 (24)	Transport	Vopak	-	-	10	12	↑
29 (-)	Steel	Draka	-	-	-	10	↑
30 (-)	Steel	AMG	-	-	-	8	↑
30 (30)	Pharmaceutics	Crucell	0	0	0	8	↑
30 (-)	Pharmaceutics	Mediq	-	-	-	8	↑
33 (-)	Building	Wavin	-	-	-	6	↑
34 (28)	Transport/logistics	Boskalis Westminster	-	-	2	4	↑
34 (25)	Engineering	Eriks-group	-	-	6	4	↓
34 (28)	Engineering	Fugro	0	3	2	4	↑
34 (30)	Transport	Smit International	-	-	0	4	↑
38 (30)	Electronics	ASMI	3	0	0	2	↑
39 (30)	Steel	Aalberts	0	0	0	0	—
39 (30)	Pharmaceutics	Pharming Group	-	-	0	0	—
<b>Maximum achievable score</b>			<b>100</b>			<b>100</b>	

<sup>1</sup> Sector classification Financieele Dagblad

<sup>2</sup> The distribution of points in the benchmark changed between 2007 and 2008

### 7.3. Qualitative analysis

#### Aalberts

In its annual report, Aalberts states it 'strives to be viewed by its customers, shareholders and employees as an entrepreneurial, innovative and reliable organisation; one which is making a sustainable contribution to society'.

'Aspects such as environmental protection and improving safety have constant management attention, not simply due to its legal obligation but also because experience has demonstrated that proper focus on these topics will structurally improve the results.'

In the information the annual report provides on sustainable entrepreneurship, environmental care and safety, and human resources there is no mention of activities towards suppliers or customers. The report lacks transparency on sustainability in general and responsible supply chain management in particular. However, this is nothing new. Therefore Aalberts remains at the same position in the benchmark it has been for the past years.

#### Ahold

The sustainability policy of Ahold revolves around four themes; healthy living, sustainable trade, climate action and community engagement. The choice for these themes is based on an analysis of the themes that are most prominent in society and where Ahold can make a difference. These themes form the basis of the sustainability strategy of Ahold, however, it remains unclear how these themes form business opportunities.

Responsible supply chain management was one of the topics VBDO addressed during the Annual General Meeting of Shareholders of Ahold. The company provided the following answers:

The standards of engagement do include a general environmental component. Ahold will look into improving this in the future.

On audits and supplier controls, Ahold said that in general the company directs its attention to direct (first tier) suppliers of the different components. Indirect (second tier) suppliers are not included in the controls.

In its CSR report Ahold states that all its corporate brand suppliers are required to sign the standards of engagement, which outline CR-related requirements. These standards follow ILO conventions and set clear minimum standards on issues such as working conditions.

In 2005 Ahold became a BSCI (Business Social Compliance Initiative) member. Ahold is in the process of implementing this program with corporate brand suppliers in high-risk countries. The BSCI program focuses on improvement. Through the program Ahold controls suppliers and when results are not satisfying they continue the trading relationship as long as there is a continuous improvement.

All activities related to responsible supply chain management focus on corporate brand suppliers and suppliers in developing countries. It is unclear whether there is a company wide policy concerning supplier codes and audits.

It is clear that Ahold is continuing to put policies in place. The VBDO would like to see more results of these policies, preferably summarized in quantitative data. We look forward to the developments in the coming years.

## Air France - KLM

Air France - KLM publishes a CSR report covering the years 2008 and 2009. The report states that the identification process of key issues draws its inspiration from the materiality test described in the GRI guidelines. It is based on an analysis of the main regulatory trends and an identification of stakeholder expectations reflected in non-financial rating agency questionnaires.

This materiality test led to the identification of five focal points. These are 1) combating climate change, 2) reducing environmental impact, 3) building sustainable customer relationships, 4) promoting a responsible human resources policy and 5) contributing to development.

Air France-KLM has a CSR charter for suppliers. This charter is online available. The supplier charter is signed by over 70 % of the suppliers. The current report provides information on how potential suppliers are assessed, also on CSR related issues. However, there is little information on how the company deals with non-compliance. Also the report does not give quantitative insight in the supplier audits.

In the report, Air France - KLM clearly displays its supply chain and the role of the company within it. As one of the focal points it has chosen to look at the down stream activities through building sustainable customer relationships. This is rewarded in the benchmark.

## AkzoNobel

This year AkzoNobel decided to not publish a separate sustainability report but to include the information in the annual report. Another first is that a ranking in the Dow Jones Sustainability Index makes up part of the performance share plan of the Board of Management. Both are clear signs of full integration of sustainability in the entire company.

AkzoNobel recognises trends and translated these trends into its strategy focusing mainly on business opportunities and not as much on containing risks.

AkzoNobel ensures that suppliers endorse the environmental and social standards as formulated in the Code of Conduct by asking them to sign a Vendor Compliance Letter. This is available on the website of AkzoNobel. It is not clear whether this also applies to second-tier suppliers.

The website further explains that a vendor checklist is used to find strengths and weaknesses in all sustainability areas. Through a feed-back report and follow-up visits AkzoNobel works together with its suppliers to improve their sustainability. On its website AkzoNobel makes clear how many critical suppliers received a supportive supplier visit and what the results of these visits were. The information is much more extensive than last year. The website also supplies quantitative information on the audit results and on the training of suppliers.

AkzoNobel tries to restructure the production processes in a sustainable manner. A number of products are partly made from recycled products and AkzoNobel has a waste management system in place. Finally, AkzoNobel indicates a special focus on emerging markets.

Especially the improved and extended information on the code of conduct and the way suppliers are checked makes that AkzoNobel scores much better on the benchmark than last year. VBDO is especially happy with the inclusion of sustainability in the remuneration policy.



## AMG

AMG develops innovative metallurgical solutions for the following four markets focused on the reduction of CO<sub>2</sub> emissions: Solar, Recycling, Fuel Efficiency and Nuclear.

AMG is a new company in the Responsible Supply Chain Benchmark. In its annual report AMG includes some sustainability information reported along GRI indicators. The information focuses on labour and environment. The report does not give information on responsible supply chain management.

It is clear that AMG sees the market potential sustainability offers the company. The company has recognised global trends and has included these in the strategy. Recycling is one of the markets AMG focuses on, made mention of in the benchmark as responsible down stream activities.

VBDO would like to get more information on the relationship of AMG with suppliers. VBDO wonders whether the company communicates the sustainability possibilities not only with customers but also with suppliers.

## ASM International

ASM International does not include any information on sustainability in their annual report or on their website.

During the Annual General Meeting of Shareholders in 2009 VBDO asked a question about the Code of Ethics, which is mentioned in the annual report. According to the answers given this Code is available online and includes environmental aspects. ASM International requires suppliers to respect environmental rules and regulations.

When executing this benchmark research we were unable to find the code online. We were unable to verify whether this code indeed includes sustainability information. We hope that this will be improved the coming year.

## ASML

ASML focuses on energy reduction in its production process. Its sustainability report examines the impact of the business on the planet.

The sustainability report states that ASML machines comply with standards set by SEMI, the global industry organization serving the advanced manufacturing supply chain, but potential beyond current industry standards will be investigated in 2009.

ASML works closely with suppliers on many aspects, including sustainability.

In 2008 ASML continued executing the Supplier Performance Management System and improved the Risk Assessment process and content. These systems provide ASML with insight into the supply chain on the following issues: Corporate Social Responsibility (including Labour Issues and Human Rights), Long-term Material Availability, Technology Capability and alignment with ASML's Roadmap, Technology Availability, Business Continuity (including financial stability) and the Performance of the Second Tier Suppliers.

The sustainability report lists information on audits, results, policies regarding non-compliance and the number of suppliers that have signed the code of conduct. This is an improvement compared to last year.

ASML contributes to more energy-efficient electronics through its products and communicates this towards its customers.

The information on responsible supply chain management greatly improved with ASML and as such the position of the company in the benchmark has improved as well. VBDO hopes ASML continues in this manner.

## Ballast Nedam

This is the first time that Ballast Nedam is included in the responsible supply chain management benchmark. Ballast Nedam does not publish a separate sustainability report. In the annual report the company pays attention to sustainability by giving qualitative information on initiatives it undertakes with respect to People and Planet. Throughout the report the company focuses not only on its own operations but also addresses its role in the supply chain.

In terms of sustainability in the supply chain, Ballast Nedam reports that it drafted principles together with six large construction companies that provide a basis for relations with specialized contractors, suppliers and other construction partners. The goal of these principles is to strengthen professional cooperation and supply chain responsibility in the construction sector. The principles aim to create clarity for partners and provide guidance for procurement and contractors. The aim is to combine the economic principle with core values such as social responsibility, integrity, transparency and sustainability.

Ballast Nedam expects both public and private clients to maintain a socially responsible relationship and to provide space for sustainability and innovation. They deal with contractors in a similar way. Ballast Nedam expects both clients and partners to behave professionally, with integrity, transparently and in a socially responsible manner.

Ballast Nedam has a Code of Conduct for its own employees. Although it is clear that the company has a supplier policy in place which includes sustainability issues, there is no code of conduct for suppliers and there is no evidence of a monitoring mechanism.

One of the goals of Ballast Nedam for 2009 is to set up reporting on sustainability issues. During the Annual General Meeting of Shareholders the CEO clarified that this does not mean that the company will publish a separate sustainability report but will improve the reporting on sustainability in the annual report. Hopefully this will also increase the amount of information on responsible supply chain management.

## BAM

BAM has determined the material sustainability issues for the business partly in dialogue with its stakeholders. Climate change continues to be an important issue for all stakeholders. Reducing BAM's environmental impact has high priority for all stakeholders. In addition, safety on and around the construction sites is a third important area of focus. Therefore the themes of safety, CO<sub>2</sub>-reduction and waste management have been identified as key themes or material issues. BAM plans to hold a stakeholder dialogue in 2009 specifically with suppliers. VBDO looks forward to see the results from this dialogue.

BAM maintains permanent relationships with an increasing number of subcontractors and suppliers. Such partnerships present the perfect opportunity to share the group's philosophy on such issues as product and service quality as well as behaviour and social values. In addition, the BAM Business Principles are an integral part of the General Purchase and Subcontract Conditions with suppliers in the Netherlands. These conditions also apply to second tier suppliers.

BAM introduced 7 business principles that are also communicated towards suppliers and subcontractors. These principles address 1) clients, 2) the community, 3) employees, 4) the environment, 5) energy and resources, 6) business integrity and 7) innovation. Sustainable procurement is part of the fifth principle.

BAM also promotes good practices with respect to recycling and waste minimization. Where possible they will use alternative materials and methods to optimize the use of resources in collaboration with clients and suppliers.

Although BAM states that the business principles are part of the General Purchase and Subcontract Conditions it is unclear how the business principles are translated to suppliers. Also, the report does not include information on monitoring and policies addressing non-compliance. According to the benchmark these are essential parts of a sustainable supply chain policy.

## Boskalis Westminster

Boskalis Westminster addresses sustainability to a certain extent in the annual report and on the website. They recognise the role the company can play in its business practices especially when it comes to protecting the environment.

Boskalis Westminster has a statement of general business principles. These address society, the environment, employees, quality, clients, capital providers, and suppliers. These business principles guide the relationship of Boskalis Westminster with others but do not form part of a contract with suppliers.

VBDO would like to get more information on the policies Boskalis Westminster has in place to guarantee suppliers act conform the general business principles of the company. There are plenty of opportunities for Boskalis Westminster to improve the performance on sustainability in general and responsible supply chain management in particular.

## Crucell

Crucell improved the reporting on sustainability in comparison to last year. It is clear that Crucell is taking the subject seriously.

In the annual report Crucell dedicates a section to corporate social responsibility. In this section they outline that in 2008 the company gained important ground by defining a core set of values for the organization: integrity, respect, complementarity, reliability, innovation, passion and drive. These values represent the foundation on which all activities and relationships are based, internally and externally.

The report does not pay further attention to the relationship between Crucell and its suppliers or its customers. As such, VBDO sees plenty of opportunities for improvement for Crucell.

## CSM

In the sustainability report CSM explains that health and nutrition have become the most important consumer trends today. Individuals and governments are becoming increasingly concerned about the effect of our daily diet on public health. Obesity and a lack of essential nutrients are serious health threats and are at the same time a daily reality for a large part of the world population. The best quality food is a top priority for CSM and the company aims to improve the nutritional and health value of the product portfolio with product improvement programs. CSM clearly identified trends, which have been translated into the business strategy.

CSM states the core values of the company are partnership, performance and passion. These are clearly communicated towards employees. It is unclear whether suppliers are also expected to respect these core values.

In the sustainability report CSM introduces the Sustainability Wheel, created by the Sustainability Working Group. Through this tool CSM has started to push sustainability in procurement and quality assurance control. This tool is used to identify sustainability issues related to raw materials and suppliers. In 2008, CSM selected three key raw materials for sustainability focus and efforts both upstream and downstream in the supply

chain. The results of this tool are not included in the CSR report. VBDO hopes to find more information in next years' report.

In the supply chain, projects have been implemented to move towards environmentally friendly packaging (from plastic to cardboard and the elimination of non-recyclable waxed paper). CSM improved the separation of materials to allow for more recycling. Across the entire supply chain the company aims at substantial improvements over the coming years.

From the sustainability report it appears that CSM is moving forward through the initiation and implementation of different activities and policies that are geared towards the supply chain. The results of these activities are not yet clear and are not included in the reporting. Because of this, CSM has a low score on this benchmark. VBDO is looking forward to the next report to see the progress in the various initiatives.

## Draka

This is the first time Draka is included in the responsible supply chain benchmark. Draka is a cable manufacturing company. Draka addresses corporate social responsibility in its annual report and on its company website. The corporate social responsibility policy consists of the group Safety, Health and Environment Statement.

Draka recognizes its responsibilities and also points out the areas where the company can make a contribution. Thus far it remains unclear how far the policy is implemented. Draka aims to report quantitative data next year.

Draka's core values are respect, integrity, accountability and discipline. These core values are communicated towards employees through the Code of Conduct. In the annual report Draka portrays a clear stakeholder approach.

On the website Draka addresses its stand on recycling. Draka states it is optimising the use of materials and is monitoring any progress made in this area closely. Draka also works closely on CSR issues within the cable industry.

VBDO would like to get more information on Draka's relationship with suppliers and whether sustainability plays a role in this.

## DSM

DSM identified four trends 1) Climate and energy, 2) Health and wellness, 3) Functionality and performance and 4) Emerging Economies. In its triple P report, DSM explains how the company approaches each of these trends.

On the topic of responsible supply chain management the DSM objective is not only to apply high ethical standards to own activities but also to agree with suppliers to do the same. DSM achieves this by means of the Global Supplier Sustainability Programme.

DSM has a 3-step approach supplier sustainability program, which is available online. In this programme, suppliers are requested to sign the DSM supplier code of conduct. A number of high-risk suppliers are asked to fill out a self-assessment. DSM also performs audits. The triple P report offers information on the percentage of suppliers that has signed the code of conduct, the number of positive assessments and the number of audits. The report states that no contract had to be terminated on grounds of non-compliance. It is not clear whether

that means that there were no instances of non-compliance or whether these were only minor. Also, the report is unclear whether the programme also offers suppliers training on sustainability issues.

DSM offers innovative products to help customers to operate in a sustainable manner. The benefits are ultimately passed on to the end-consumer.

DSM has a strategy for emerging economies, how it innovates and explores opportunities presented by the BoP. On this issue is DSM a frontrunner. These activities show clearly the company's social responsibility combined with a focus on business opportunities sustainability offers.

## Eriks groep

Eriks Groep pays attention to corporate social responsibility in the annual report. In the two pages devoted to CSR, the company Code of Conduct is discussed as well as the company's position towards its employees and the environment. Eriks Groep makes clear what the central values of the company are and that employees acknowledge this.

It remains unclear whether the Code of Conduct and the company values are also guiding Eriks Groep's relations with suppliers or customers. The information is only qualitative and does not include any vision for the future.

As such there is plenty of room for improvement for Eriks Groep, both on general corporate social responsibility issues and responsible supply chain management.

## Fugro

Fugro addresses corporate social responsibility in the annual report. Sustainability, transparency and reliability are the key themes in Fugro's central policy. Also, the company's CSR policy is continuously in development and employees are expected to uphold the CSR and business values in their everyday business. The information is much more extensive than previous years.

The section lists a number of activities related to corporate social responsibility. However, a central policy is missing and it remains unclear how the different activities are related. It would be interesting to see how the CSR activities contribute to the company mission and strategy.

Some developments are made explicit in the report. One is the use of energy and sustainable materials to minimise the environmental impact.

Fugro has business principles, which act as a code of conduct for employees. These principles are available online. The annual report does not mention whether the code of conduct also influences the relation with suppliers. In the business principles the relation with suppliers is only mentioned in relation to quality, health, safety and environment.

## Heijmans

This year Heijmans published a sustainability report for the first time. The report only covers the Dutch activities, because Heijmans announced that it would be selling its foreign activities in the near future.

Heijmans recognizes two social issues that they will be able to contribute to: the aging population and accessibility to the housing market for starters.

In the corporate social responsibility policy, Heijmans focuses on three dimensions. First is the effect Heijmans' products and services have on society. Second is the effect of the way of doing business on society and lastly the effect Heijmans has through the supply chain connections.

Heijmans recognizes the responsibility the company has in the supply chain. Currently they are creating a strategic supplier management system. This system includes training and a code of conduct. The report, however, contains little information on non-compliance and related activities.

VBDO looks forward to see how the supplier management system works and hopes to find more information on the monitoring of suppliers in the next report.

## Heineken

Heineken has a supplier code, which is implemented in Western Europe and available online. There is no quantitative information available on the implications of this implementation and therefore it remains unclear what percentage of suppliers are subject to the code.

The company performs risk analyses per market, provides training to local purchasers and translates the supplier code into local languages.

Heineken continued to look critically at the production process to ensure that it happens in the most sustainable way. The focus lies on energy and water.

Heineken has built the supplier code into the online audit tool, which means they require all preferred suppliers to provide Heineken with evidence (policies and practices) on their compliance with the supplier code. In 2008, Heineken conducted audits at 25 per cent of the supplier base. There is, however, still no information on non-compliance of suppliers available. VBDO would like to get insight into how Heineken responds to non-compliance with the code. This policy should contain a stratified plan of action.

On the downstream side of the supply chain Heineken creates awareness with customers, is actively involved in emerging markets and has started with recycling activities.

VBDO misses information in the report and online on the number of suppliers that comply with the code, Heineken's participation in sector cooperation agreements, the results of audits and the education of suppliers. This explains why Heineken scores lower than it did last year. It is hoped that as soon as the supplier code is fully implemented we can expect information on policies concerning non-compliance and can then have better insight into audit results.

## Imtech

This is the first time Imtech is included in the responsible supply chain management benchmark. Imtech addresses corporate social responsibility in the annual report. The company states that it takes the subject seriously, not only in the different projects it participates in but also within the business.

When it comes to projects, Imtech is mainly focused on energy and the environment. These projects contribute to sustainability. Activities within the energy and environment areas made up 25 % of the revenues in 2008. The report lists a number of projects Imtech participated in related to energy, the environment, fine particles and clean water. In relation to the core business of the company, the focus on energy and environment is clear. VBDO would like the next step to be a formulation of different targets related to these topics.

Imtech addresses the role the company plays within the supply chain. It states that in order to reach CSR targets it is essential to cooperate with other actors in the supply chain. In 2008 Imtech developed a Code of Supply based on the carbon footprint of the suppliers. Thus far more than 40 suppliers have signed the code. There is no information on the checking of compliance or possible assistance provided to suppliers. VBDO would like Imtech to further develop this code to also include other issues such as social policies. It could be connected

to the business principles which are available on the Imtech website.

Imtech clearly recognises the business potential of the sustainability focus. Therefore VBDO thinks the company will develop and looks forward to see what is next.

## KPN

KPN has a separate corporate responsibility report. The report focuses on KPN's three pillars: connecting people, the new workplace and responsible energy. In the report KPN discusses its activities within each of these pillars.

KPN organized a stakeholder dialogue focusing on suppliers and the supplier code in 2009.

KPN encourages suppliers to take human rights and environmental factors into account. KPN has drafted a code of conduct for suppliers, and thus far 45 of the suppliers has signed up to the code. This accounts for 50% of the total procurement. KPN tries not to do business with suppliers that do not conform to the code of conduct. Also, KPN helps suppliers to meet the standards.

Audits are planned for 2009.

KPN is moving forward on sustainability and on responsible supply chain management specifically. VBDO looks forward to the results of the audits, which would positively influence KPN's future performance on this benchmark.

## Macintosh Retail

Macintosh Retail addresses corporate social responsibility in the annual report. Macintosh Retail has a code of conduct which employees are supposed to respect. The company also makes clear that it does not conduct business with suppliers that do not comply with international standards such as the universal declaration of human rights or the ILO standards. The company states that in 2009 it will publish a supplier code and a control mechanism.

Currently the company also screens suppliers on human rights issues. Structural non-compliance on major Macintosh issues leads to termination of the contract.

Macintosh Retail is active in various sectors. In the living segment it cooperates with Care&Fair to ensure good working conditions in developing countries. For the shoe retail, Macintosh cooperates with BSCI.

Macintosh Retail has a recycling policy, but does not provide quantitative information on the amount of recycled parts.

Because of the plans on responsible supply chain management Macintosh Retail announced in the annual report, VBDO is looking forward to next year's report. It is hoped that information about the code of conduct for suppliers and a control mechanism will be available.

## Mediq

Mediq is the new name for OPG since the AGM ratified the name change on 9 April 2009. The company addresses corporate social responsibility in the annual report. This is the first time Mediq is included in the responsible supply chain benchmark.

The annual report starts with a number of trends Mediq recognises that will affect the business, both positively and negatively. The trend that addresses corporate social responsibility and will influence the business is the aging population.

The information on CSR revolves around quality, environment and social responsibility. Mediq actively tries to reduce packing materials. Also, the pharmacies collect old pharmaceuticals.

In the annual report Mediq takes a supply chain approach. It is not clear whether the company uses a code of conduct for suppliers or whether sustainability plays a role in the relationships with supply chain actors.

In the future VBDO would like to see more information on sustainability in general and supply chain relations in particular.

## Nutreco

Nutreco indicated last year that it would define CSR KPIs. This year they state that 'as we began this exercise, we realised that we needed to raise awareness and the profile of CSR further within Nutreco. We want to be sure the KPIs we adopt are the right ones, that everybody fully understands them and will willingly commit to helping Nutreco realise these ambitions. (...) Instead, the Executive Board will define and implement a new CSR policy for Nutreco'. VBDO expressed its disappointment about this development during the last AGM. In response, Nutreco stated that the company is currently redefining its CSR policy which will lead to quantitative targets. VBDO looks forward to the results of this exercise.

The Nutreco report is centred around four themes. In the beginning it is made clear what the actions and ambitions have been on these themes. The rest of the report is filled with a lot of interviews, case studies and examples, this makes it difficult to estimate whether policies described are applicable to the entire company or just the one business group. It would be better for Nutreco to make this distinction clearer.

Nutreco controls its suppliers through the Nutrace system. The report, however, is unclear whether this system contains sustainability issues. Further on, the report does mention that sustainability is an issue discussed with suppliers. Nutreco will not accept forced labour and child labour, poor health and safety standards in processing plants and inadequate feed-to-food safety controls.

The report gives qualitative information on the standards for suppliers but it is unclear how well this approach is integrated throughout the entire company. For example, the report mentions audits in the Skretting business, but it remains unclear whether this applies to the entire company.

There is no information on policies regarding non-compliance with the sustainability standards.

Nutreco invests in R&D to contribute to finding alternatives for scarce resources and more effective and efficient ways to use these resources.

VBDO would like to see more information on responsible supply chain management. Through Nutrace the supply chain is well monitored but there is no clear link to sustainability. VBDO hopes to see improvements in the near future.

## Océ

Océ publishes a separate corporate sustainability report. The sustainability policy of the company focuses on five focal points. These focal points are 1) minimize incorrect and unnecessary prints, 2) minimize energy consumption, 3) maximize reuse of materials and minimize landfill, 4) minimize emissions and 5) establish Océ as the employer of choice.

Responsible supply chain management is not identified as a specific focal point. The report does, however, provide information on the relationship of Océ with different actors in the supply chain. Océ requires its new suppliers to sign a declaration stating that they adhere to the United Nations Global Compact principles in



order to be added to the Approved Supplier List. Very few suppliers refuse to sign the Declaration. In those cases Océ decides on the basis of the supplier's sustainability stature and track record whether the supplier should be added to the approved supplier list. It is unclear whether Océ performs audits with suppliers that are part of the Approved Supplier list, but the report states that the process of choosing a new supplier includes an inspection of the supplier's factories by Océ employees.

Océ has developed a number of products that address sustainability issues and provide customers the opportunity to make better use of scarce resources. This is also addressed in Océ's focal points.

Océ has an active policy on recycling. In 2008, the percentage of reused parts amounted to 16%.

Océ actively involves its customers in its sustainability focus. As part of its strategy, Océ helps its customers to develop further toward eco-efficient and eco-effective document management.

Océ shows continuous improvement regarding sustainability. With respect to the responsible supply chain benchmark, VBDO hopes to find more information on monitoring and non-compliance policies and practices next year.

## Pharming

Pharming addresses corporate social responsibility in the annual report, discussing issues concerning employees and animal welfare. Issues concerning the supply chain and relation with suppliers are not addressed.

It is clear that corporate social responsibility is not high on the agenda at Pharming. VBDO regrets this and hopes to see improvements in the future. The activities of the company can have a positive social effect and it should not be difficult to expand the social responsibility throughout the company's activities.

## Philips

Philips received the highest score on the responsible supply chain benchmark two years in a row. This year Philips publishes an integrated report including both financial and sustainability information. This makes clear that sustainability is completely integrated in the business. The report makes clear that Philips will also continue to embed sustainability throughout its operations.

Philips has recognized different trends that the company links to its core business. These identified trends are taken as starting point for the development of (new) products.

Philips has defined General Business Principles that guide the activities with all stakeholders. The company also has a supplier sustainability program centred around five pillars. In its report the company states that it determines to set requirements, build understanding and agreement, and monitor identified risk suppliers through audits, nearly 60% of which were conducted by specialized external auditing bodies. Philips works with suppliers to resolve issues quickly and engage stakeholders in the chain. In 2008, the integration of new acquisitions included training their Supply Management staff and then analyzing their supply bases with regard to sustainability risk.

The Global Supplier Rating System (GSRS) was further deployed in 2008, providing structured measurement of supplier performance and rigorous tracking of improvement actions. GSRS covered 85% of Philips' total expenditures in 2008.

The report provides extensive information on audits and results. It remains unclear whether the policies also apply to second tier suppliers and as such provides room for Philips to improve.

Philips does not only focus its responsible supply chain management activities on the upstream side. They are also active in designing products for emerging market. Philips also has an active recycling policy and 'support(s) the education of consumers on the subject of collection and recycling'. The progress on this point has also been recognised by Greenpeace who has been calling on the company since 2007 to improve on this point. With such extensive policy and reporting it is not surprising that Philips continues to perform very well on the responsible supply chain benchmark.

## Reed Elsevier

The corporate responsibility report states that constant engagement with stakeholders helps Reed Elsevier to determine material corporate responsibility issues. In addition to this, Reed Elsevier has identified material issues and contributes to global trends through the information it publishes. It is unclear whether it has made a trend analysis of what major trends exist and how Reed Elsevier can affect some of them.

Reed Elsevier has a supplier code, which helps suppliers spread best practice through their own supply chain by requiring subcontractors to enter into a written commitment that they will uphold the Reed Elsevier Supplier Code. 74% of key suppliers have signed the Supplier Code of Conduct. The supplier code contains standards on child labour, involuntary labour, wages, coercion and harassment, non-discrimination, freedom of association, environment, and health and safety.

The corporate responsibility report contains information on the response rate to the socially responsible supplier survey, the number of audits, non-compliant suppliers and the corrective action report. The report states that failure to comply may result in the cancellation of existing orders. No information is given whether this has occurred in 2008.

On the down stream side of the supply chain Reed Elsevier has set a target to increase access for underserved users, targeted at emerging markets. The company also has recycling policies and reports quantitative data on this topic.

Reed Elsevier continues to perform very well on the responsible supply chain management benchmark.

## SBM Offshore

SBM Offshore published a CSR report in 2008 and has had a Code of Conduct since 2007. The SBM Code of Conduct applies to all SBM Offshore-controlled subsidiaries, joint ventures and first-tier suppliers.

With respect to Corporate Social Responsibility, SBM Offshore states to adhere to international standards such as the United Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises, ILO conventions and the UN Global Compact.

Assurance of compliance is given and monitored every year and subject to review by the board of management supported by the audit committee.

In instances where the results of assessments are found to be unsatisfactory, SBM Offshore will engage with the business partner in developing improvements to facilitate compliance with these standards. However, if a supplier repeatedly demonstrates a lack of interest to improve its standards, SBM Offshore will take appropriate action, which could eventually mean withdrawal from the relationship.

SBM Offshore has a recycling program for office waste but this is not monitored.

The CSR report does not provide data on supplier checks. Neither is there is quantitative data on the results

of audits in the report. This means that the score of the company on the responsible supply chain management benchmark is lower than last year. VBDO hopes this will change next year.

## Shell

Management responsibility for sustainable development rests with Shell's Chief Executive. Shell identifies the challenges the company faces. The report lists three hard truths that make this challenge tougher. The first is that demand for energy will rise over time as the population grows and the world gains 3 billion more energy users by 2050. The second is that energy supplies will struggle to keep up with this demand. The third is that stress on the environment from this growing energy use is set to rise.

Shell is still working on two scenarios, scramble and blueprints. The company sees the latter as a better response to the energy challenge. This scenario is described in the responsibility as follows; it starts with a disorderly patchwork of local and national initiatives, but quickly settles down into a more orderly, cooperative transition. In this scenario, a global policy framework emerges for managing greenhouse gases within a decade. This encourages faster development of technologies like CO<sub>2</sub> capture and storage (CCS), biofuels, wind and solar power and, after 2020, a mix of plug-in hybrid, fully electric and hydrogen-powered vehicles. Demand for energy grows more slowly than in the other scenario, though it still nearly doubles by 2050.

Contracts with contractors and suppliers include the Code of Conduct, Business Principles and HSSE standards. It is not whether these include indirect suppliers.

Shell has an internal audit system in place. The report mentions that a number of contracts were cancelled due to failures to adhere to the Business Principles or HSSE standards. There is no indication of a layered approach.

Shell states that conventional sources of oil alone will struggle to meet growing demand. Shell chooses to increase production coming from more difficult to reach sources rather than invest in alternatives. In 2008 it withdrew from renewable energy projects in solar and wind energy. For VBDO this is a sign that the company is not actively investing in ways to redesign the production process or products to avoid or even eliminate the use of scarce commodities and minimize its effect on the environment. Further, the report provides no information on responsible marketing activities. These are the main reasons Shell scores lower on the benchmark than last year.

## Sligro Food Group

Sligro has published a social responsibility report 2008/2009 which was largely based on information from 2008. The report discusses issues of people, society and some profit. The report focuses on the different ways Sligro deals with its employees, such as the different training opportunities the company offers.

Sligro is taking the topic seriously but does not look beyond its own operating company. This makes the information on supply chain management limited. The report states that Sligro Food Group does not use a sustainability standard for most food groups. The company is looking into possibilities to start using the BSCI standard.

Sligro has an active recycling and energy efficiency policy.

VBDO hopes that Sligro Food Group continues to improve and will start focusing its policies and report on the supply chain.

## Smit

Smit addresses corporate social responsibility in the annual report. Moreover, Smit has a Safety, Health, Environment and Quality policy which is described in the annual report and communicated to all employees.

On the topic of corporate social responsibility the company states: The targets of stability and phased growth of the activities in which SMIT has been operating for years and will continue to operate in the future are supported by a combination of values and standards that apply within SMIT. Those values/standards pertain to the care for a healthy (and lasting) relationship with SMIT's market and customers, and more specifically permanent supplier reliability. SMIT works to ensure those values and standards in a safe and practical manner, respecting the environment in which we work and live.

There is no other information on dealings with suppliers, let alone information on responsible supply chain management. VBDO hopes this will change in the future.

## Super de Boer

Super de Boer published a sustainability report that is largely a collection of all the good initiatives and activities Super de Boer is undertaking.

Super de Boer has chosen to make their main products more sustainable and does so in cooperation with the suppliers. The report however reads more like a story than that it gives insight in management systems and policies.

The focus on mainstream products shows a conversion from trends into market opportunities.

Super de Boer is not active in other countries than the Netherlands, the only way they might contribute to developing countries is through the Fair Trade products they sell.

Super de Boer is very active on sustainability yet the reporting could be improved. VBDO would like to get receive more insight into management systems related to responsible supply chain management. The report also needs a better balance of qualitative and quantitative information. VBDO sees progress with Super de Boer and hopes this will continue by including responsible supply chain management in future reports.

## TenCate

On the cover of its annual report, TenCate states: 'Sustainability. The most natural thing in the world.'

In the production process, TenCate focuses attention on responsible handling of raw materials, reject reduction, waste reduction and recycling. Almost all production sites have been established or certified in accordance with ISO 9001 and/or ISO 14001 standards. Environmental legislation and environmental protection form the foundations. These are the basis for dealings with suppliers, as well as customers. TenCate is a great advocate of industry-wide and preferably international regulations. That creates clarity, keeps relationships pure and guarantees fair competition. It underlines TenCate's wish to control the production process as part of the chain and make improvements where necessary and possible.

TenCate focuses in its sustainability policy on the supply chain and communicates with its suppliers and customers. However, it is unclear how this approach is integrated into the management systems.

TenCate provides limited information on environmental indicators, as they are sensitive to competition.

The first thing VBDO would like to see with TenCate is an improvement in the level of transparency on responsible supply chain management. VBDO would like to know what standard TenCate wants their suppliers to adhere to and how it checks whether this happens.

## TNT

TNT outlined some trends that will be increasingly relevant to its business over the next five to ten years. These are:

- the economy and economic crisis
- the environment and focus on CO<sub>2</sub>
- demographic trends, the composition of the population across the globe
- restructuring global supply chains
- digitisation

It is clear what TNTs central values are, these are part of the business principles. TNT also engages with suppliers to share these values.

TNT states in its corporate responsibility report that it implemented an approach to provide procurement departments with procedures and tools to develop management systems in 2008. These establish responsibilities, targets, monitoring methods and include a review process of suppliers. This supplier selection process includes sustainability issues. The procurement classification also includes identifying the risk a supplier might have regarding sustainability. Based on the risk assessment suppliers might be checked or CR issues might be included in the contract.

There are no results of this approach yet and the description of the policies in development seem vague on the level of sustainability that will be required from suppliers.

TNT will minimise its footprint on the environment by adopting low-carbon technologies and more efficient use of energy where appropriate. It will also seek out new and progressive ways to meet the challenges of environmental sustainability in its transportation.

TNT believes that developing collaborative efforts within its industry is an effective way of leveraging the work of each individual company. There are no indications, however, that TNT is initiating such collaborative efforts.

TNT provides customers with CO<sub>2</sub> information and offers CO<sub>2</sub>-neutral postage.

It is, however, clear that TNT is improving on the issue of responsible supply chain management and therefore scores better than last year.

## TomTom

TomTom addresses corporate social responsibility in its annual report. Responsibility within the supply chain is one of the focal points of the company.

TomTom has an ethical trading code of practice, which is at the core of the procurement process and remains embedded in the vendor selection process. The ethical trading code is available online.

The report does not provide information on the monitoring of suppliers or providing assistance to suppliers to allow them to comply with the ethical trading code. Neither is there information on how to deal with non-compliance. This would seem to be very essential for TomTom since they rely on a limited number of suppliers for the larger part of their procurement. VBDO hopes to receive more information on these issues in the near future.

TomTom has an active recycling policy. The company is developing products with a high rate of recyclable components.

## Unilever

Unilever has a Business Partner Code that specifies the responsible sourcing requirements on the key areas of health and safety at work, business ethics, labour standards, consumer safety and the environment.

Since the publication of the Business Partner Code in 2004, Unilever has completed the process of communicating this to all of the current 'first-tier' suppliers of raw materials and packaging. Unilever has also conducted preliminary risk assessments in order to highlight potential risk areas. A programme of more in-depth assessments followed this work in order to confirm gaps in the operational standards of suppliers within these areas.

In 2008, Unilever conducted a programme of supplier audits to identify areas for improvement. Within this sample, they found no critical non-compliance with the Business Partner Code, such as under-age working. They did, however, find a significant number of areas of non-compliance, principally related to excessive working hours and suboptimal health and safety standards. Unilever is now monitoring the corrective action plans of these suppliers.

The assurance process for the Business Partner Code is now embedded within the procurement function and is being implemented incrementally with the suppliers. As a priority Unilever is focusing primarily on developing countries. Unilever is using the methodology and systems provided by the Supplier Ethical Data Exchange (SEDEX), together with other peer companies participating in an industry initiative called AIM-PROGRESS to promote responsible sourcing.

Unilever performs LCAs on its products.

It is no surprise that Unilever is again in the highest ranks of the responsible supply chain management benchmark. The reporting method has changed, however, which makes the information less complete than last time on the verification of supplier supervision and the education of suppliers.

## Vopak

Vopak addresses corporate social responsibility in its annual report and on its website. In the sustainability policy document Vopak states that in relation to supply chain responsibility they are implementing sustainable sourcing such as by requiring the suppliers and contactors to support the ILO and UN Universal Declaration of Human Rights Principles. Vopak also wants to be a preferred supplier to their clients, because of the sustainability policies and performances.

Vopak indicates it will start publishing information on CO<sub>2</sub> emissions, energy use, waste and recycling in the future.

Vopak has a code of conduct, which will be revised in 2009 to also include more sustainability issues.

Vopak does not have an extensive supply chain. However, since the company aims at being a preferred supplier based on sustainability issues it is good to have the upstream activities covered by sustainability policies and practices as well.

## Wavin

Wavin addresses corporate social responsibility in the annual report. The focus is on environmental management systems. The company reports on CO<sub>2</sub> emissions, water use and waste output.

Unfortunately no information is given on the relationship with suppliers in general or specifically related to

sustainability. Therefore Wavin does not score well in the responsible supply chain management benchmark.

It is good to see that Wavin is taking on the issue of corporate social responsibility seriously by reporting both qualitative and quantitative data. VBDO thinks, however, that policies should not just focus on its own business but also on the supply chain. VBDO hopes that corporate social responsibility at Wavin will develop in this direction.

## Wessanen

Wessanen is committed to three central principles - authenticity, transparency and sustainability - which guide its decisions and policies. They help to make it stand out from competitors in the marketplace, and they help to unite the employees behind a common objective.

Wessanen published a sustainability report that was for the first time externally verified. In the report Wessanen focuses on four areas: product and process, planet, people and profit.

Wessanen has identified the supply chain as a possible area of vulnerability in terms of sustainability. To combat this potential weakness, the company is developing a system that will deliver independently audited certification of its sources and suppliers.

Wessanen has a recycling policy and also reports quantitative data on recycled waste.

In its sustainability report Wessanen addresses the supply chain audit protocol. This is a framework of standards that brings the entire supply chain into alignment with the overall business principles. A third party certification body can verify suppliers' performance based on this protocol. As such it goes beyond a self-assessment. The protocol is now in place. VBDO hopes that next years' report will provide information on performance.

All in all, with all the policies in place and transparent reporting Wessanen greatly improves its position in the responsible supply chain management benchmark. VBDO is looking forward to next year.

## Wolters Kluwer

The Value and Business Principles are the company's ethical framework and reflect the high standards that Wolters Kluwer upholds.

Wolters Kluwer developed its Human Rights and Supplier policy in 2007. This policy was created to ensure that human rights are upheld in all business dealings and is based on the articles of the United Nations Universal Declaration of Human Rights and the eight core labour standards of the International Labour Organization. In 2008, the company began implementing the Human Rights and Supplier policy in its organization.

Wolters Kluwer spends 65% of its procurement on locally-based suppliers, compared to 65% in 2007. Not all Wolters Kluwer businesses monitor their suppliers for human rights, child labour, health and safety and labour rights. In 2008, Wolters Kluwer started to implement the human rights and supplier policy. While responsibilities have been shared with management, the business units are still running behind in the monitoring of suppliers. The company-wide goal for next year is to accelerate the implementation of the policy and have a higher proportion of business units monitoring its suppliers.

In terms of the Wolters Kluwer business units, 49% actively monitor suppliers, 32% apply internal audits and 16% apply external audits. Furthermore, 89% of the businesses make corrective plans and track performance and 96% discontinue collaboration in the event of continued breaches.

## Appendix 1 Research Group

1. Aalberts	AMX
2. Ahold	AEX
3. Air France -KLM	AEX
4. Akzo Nobel	AEX
5. AMG	AMX
6. ASMI	AMX
7. ASML	AEX
8. Ballast Nedam	Small cap
9. Bam Groep	AEX
10. Boskalis Westminster	AEX
11. Crucell	AMX
12. CSM	AMX
13. Draka	AMX
14. DSM	AEX
15. Eriks-group	Small cap
16. Fugro	AEX
17. Heijmans	AMX
18. Heineken	AEX
19. Imtech	AMX
20. KPN	AEX
21. Macintosh Retail Group	Small cap
22. Mediq	Small cap
23. Nutreco	AMX
24. Océ	AMX
25. Pharming Group	Small cap
26. Philips	AEX
27. Reed Elsevier	AEX
28. SBM Offshore	AEX
29. Shell	AEX
30. Sligro Food Group	Small cap
31. Smit International	AMX
32. Super de Boer	Small cap
33. TenCate	Small cap
34. TNT	AEX
35. TomTom	AEX
36. Unilever	AEX
37. Vopak	AMX
38. Wavin	AMX
39. Wessanen	AMX
40. Wolters Kluwer	AEX



## Appendix 2 Benchmark Criteria

### A Governance and vision

<b>1</b>	<b>Board of Directors' responsibilities</b>	
	There is a formal member of the Executive Board or a commission within the Board with responsibility for supply-chain related sustainability issues. Or the Board has acquired proven expertise in sustainability and supply chain issues.	<b>2</b>
	There is a formal member of the Executive Board or a commission bearing responsibility for sustainability or supply-chain related issues.	<b>1</b>
	There is no evidence of a formal member of the Executive Board or a commission bearing responsibility for sustainability or supply-chain related issues, either specifically or as part of the responsibilities pertaining to sustainability issues in general. The company does not publish anything on the subject.	<b>0</b>

<b>2</b>	<b>Trends and opportunities</b>	
	The company has made a trend analysis. The analysis charts the main trends for the key markets on which the company operates and which therefore are paramount in determining the company's capacity to create value or prevent value from being lost. The trend analysis was made at supply chain level, meaning trends were analyzed that profoundly affect or may affect any or all of the links in the supply chain. The trend analysis is consequently not aimed only at the key markets.	<b>2</b>
	A trend analysis was made charting the trends for the key markets on which the company operates and which therefore are paramount in determining the company's capacity to create value. The trend analysis is consequently aimed only at the key markets.	<b>1</b>
	No trend analysis was made charting the trends for the key markets on which the company operates and which therefore are paramount in determining the company's capacity to create value.	<b>0</b>

<b>3</b>	<b>Stakeholder engagement</b>	
	The company actively engages with supply chain stakeholders. Key stakeholders have been identified and there exists an overview of the key issues per stakeholder. 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.	<b>2</b>
	The company actively involves its stakeholders. Key stakeholders have been identified and there exists an overview of the key issues per stakeholder. There is no doubt that the key issues are actively considered in the company strategy. The company aims mainly at stakeholders on its sales market(s)	<b>1</b>
	The company does not actively involve its stakeholders. It is not clear who the main stakeholders are. It is not known how the stakeholders' interests are promoted in the company strategy.	<b>0</b>

<b>4</b>	<b>Strategy</b>	
	The company incorporates the identified trends into its strategy. The company demonstrates how the challenges arising from the trends are transformed into opportunities for its stakeholders by means of an innovative company strategy. As does the trend analysis, the company strategy aims at the entire supply chain. The company acknowledges that each link in the supply chain represents challenges, which can result in opportunities.	<b>2</b>
	The company incorporates the identified trends into its strategy. The strategy only considers sales market trends.	<b>1</b>
	The identified trends are unknown. Consequently it is not known how any innovative company strategy might turn challenges into opportunities. Or the company recognizes trends, which are of influence, but fails to show how these trends may be turned into opportunities.	<b>0</b>

<b>5</b>	<b>Company core values (corporate culture)</b>	
	The company’s core values are clear. These are the standards with which employees identify themselves and which they uphold. It is equally clear that the company considers corresponding values in its choice of potential partners, amongst whom suppliers.	<b>2</b>
	The company’s core values are clear. These are the standards with which employees identify themselves and which they uphold.	<b>1</b>
	The company’s core values are not clear.	<b>0</b>

## B Policy

<b>6</b>	<b>Policy and management systems for suppliers</b>	
	The company has a Supplier Policy and a corresponding management system. They clearly include sustainability issues (transparency and sustainable performance).	<b>2</b>
	The existence of a Supplier Policy has been proven (only transparency).	<b>1</b>
	The existence of a Supplier Policy has not been proven. The company does not publish anything on the subject.	<b>0</b>

<b>7</b>	<b>Defining supplier policy (indirect suppliers)</b>	
	There is proof of indirect suppliers being included in the supplier policy. Explanation has been given 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 (e.g. in case of an indirect supplier producing essential parts for final products or them being greatly dependant on the company).	<b>2</b>
	It is mentioned that the policy applies to certain indirect suppliers, but little or no explanation is forthcoming.	<b>1</b>
	There is no proof of indirect suppliers being included in the supplier policy.	<b>0</b>

8	<b>Content of the Supplier Code</b>	
	There is a Supplier Code that includes the following subjects (based on, amongst other references, ILO, OESO, HRCA 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.	
	<b>8a Human Rights Policy</b> <ul style="list-style-type: none"> <li>● Prevention of forced labour and slave labour;</li> <li>● Banning of child labour;</li> <li>● Non-discrimination;</li> <li>● Freedom of Association (Trade unions);</li> <li>● Rights for indigenous people and ethnic minorities;</li> <li>● Banning of revenge/retaliation;</li> <li>● Training and education with regard to human rights;</li> <li>● This listing is not complete.</li> </ul>	<p style="text-align: right;">1</p> <p style="text-align: right;">0</p>
	<b>8b Employment rights and decent work (including home-work)</b> <ul style="list-style-type: none"> <li>● Maximum number of working hours;</li> <li>● Healthcare and safety precautions;</li> <li>● Risk prevention (e.g. fire and flooding);</li> <li>● Prevention of HIV, AIDS and other related diseases (if applicable);</li> <li>● Equal opportunities (including cases related to sexual harassment etc.);</li> <li>● Hygienic working and housing facilities, fresh air circulation and filtration, lighting and temperature;</li> <li>● Training and education in relation to human rights;</li> <li>● This listing is not complete.</li> </ul>	<p style="text-align: right;">1</p> <p style="text-align: right;">0</p>
	<b>8c Social Policy</b> <ul style="list-style-type: none"> <li>● Managing community impact resulting from company operations and implementing procedures for impact control;</li> <li>● Bribery and corruption;</li> <li>● Political lobby and contribution policy</li> <li>● This listing is not complete.</li> </ul>	<p style="text-align: right;">1</p> <p style="text-align: right;">0</p>
	<b>8d Environment Policy</b> <ul style="list-style-type: none"> <li>● A clear intention to continuously improve operations effecting the environment;</li> <li>● Self imposed obligation to apply internationally accepted environment standards relating to certain resources (wood, palm oil, fish etc.);</li> <li>● This listing is not complete.</li> </ul>	<p style="text-align: right;">1</p> <p style="text-align: right;">0</p>
	<b>8e Environment Management Monitoring System, covering</b> <ul style="list-style-type: none"> <li>● The consumption of scarce natural resources;</li> <li>● The consumption of energy and water;</li> <li>● Emissions concerning air and water;</li> <li>● Noise, smell and dust pollution;</li> <li>● Ground pollution;</li> <li>● The use of dangerous materials;</li> <li>● Waste production and recycling;</li> <li>● Product related issues (packaging, transport, recycling etc.);</li> <li>● Compliance with legislation, standards and codes.</li> <li>● This listing is not complete.</li> </ul>	<p style="text-align: right;">1</p> <p style="text-align: right;">0</p>
	There is no Supplier Code. Or: The company does not publish anything on this subject.	

<b>9</b>	<b>Monitoring method</b>	
	The company has a method of monitoring which supervises suppliers on code compliance. The method is publicly available (e.g. published on websites and/or Sustainability Reports).	<b>2</b>
	The company has a method of monitoring which supervises suppliers on code compliance. The code is not publicly available.	<b>1</b>
	The company has no method of monitoring which supervises suppliers on code compliance. Or: The company does not supervise suppliers and/or it does not publish anything on this subject.	<b>0</b>

<b>10</b>	<b>Non compliance policy</b>	
	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 that are taken for the various degrees of non-compliance and the cases in which the company decides to terminate a contract with its supplier(s).	<b>2</b>
	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.	<b>1</b>
	There is no publicly available policy that describes how to respond to non-compliance with the code. Or: The company does not supervise suppliers and/or it does not publish anything on this subject.	<b>0</b>

<b>11</b>	<b>Identifying high risk suppliers</b>	
	The company has a comprehensive policy that identifies high-risk suppliers. An example is a policy including economic criteria (suppliers operating above a certain sum or suppliers of an essential part of a product). The policy contains at least a country analysis, charting countries with which no business should be conducted or for which certain additional conditions must be set. The company in making its risk analysis uses an impartial external organization for its execution. (e.g. HCRA Country Risk Assessment).	<b>2</b>
	The company carries out country analyses. Stakeholders are consulted in order to determine the conditions under which operations in high-risk countries may take place. The results of the risk analysis or the consultations with the stakeholders are not reported. The company in making its risk analysis does not use an impartial external organization for its execution.	<b>1</b>
	There is no proof that the company carries out country analyses. The company does not publish anything on the subject.	<b>0</b>

**C Management (doing things right)**

Management 'General'

<b>12</b>	<b>Product life cycle R&amp;D</b>	
	Investments are being made 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 (re)designed in a way that optimizes the use of materials for new products and minimizes its effect on the environment. The company gives practical examples of its alterations to the life cycle of its products. (Energy consumption is included in this indicator, because the use of an (almost) infinite source energy source, such as the sun or wind can be compared to the limitlessness of a cyclic production model. The present limited availability of solar and wind energy can equally be compared to the limited applicability of a cyclical production model, considering the present global infrastructure).	<b>2</b>
	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 optimizes the use of materials for new products and minimizes their effect on the environment.	<b>1</b>
	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 optimizes the use of materials for new products and minimizes their effect on the environment.	<b>0</b>

Management 'Upstream'

<b>13</b>	<b>Verification of supplier supervision</b>	
	The company supervises all companies that it has identified as high risk suppliers. 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 high risk suppliers. 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 high risk suppliers. 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

<b>14</b>	<b>Competence of the supervising persons/institutions</b>	
	Supervision is carried out by one or more external, impartial supervising institutions. These institutions could be registry or certificate providing accounting firms or consulting agencies.	2
	The supervision of internal management assessment and other objectives is carried out by the company itself.	1
	Or: the company does not supervise suppliers and/or it does not publish anything on this subject. No supervision is carried out.	0

<b>15</b>	<b>Supervising results</b>	
	The company clearly states the number or percentage of suppliers that did not pass supervision. It also clearly states the measures that have been taken.	2
	The company gives examples of non-compliance by suppliers and the measures that have been taken.	1
	The company does not supervise suppliers and/or it does not publish anything on this subject.	0

<b>16</b>	<b>Educating suppliers</b>	
	Structured education concerning sustainability issues is continuously provided for all supplier's management and/or personnel.	2
	Education concerning sustainability issues is provided for all supplier's management and/or personnel, but on a random basis.	1
	No education concerning sustainability issues is provided for all supplier's management and/or personnel. Or: the company does not publish anything on this subject.	0

<b>17</b>	<b>Education coverage</b>	
	Education is provided for at least 75% (no less than 75% of the company's total purchase value) of the identified high risk suppliers.	3
	Education is provided for less than 75%, but more than 25% (less than 75%, but more than 25% of the company's total purchase value) of the identified high risk suppliers.	2
	Education is provided for less than 25% (less than 25% of the company's total purchase value) of the identified high risk suppliers. Or: It is obvious that the company and its suppliers have a joint education program, but no percentages are given.	1
	The company does not publish anything on the subject.	0

<b>18</b>	<b>Communication between company and suppliers</b>	
	More than 50% of the suppliers (more than 50% of the company's total purchase value) have stated their compliance with the Supplier Code.	<b>3</b>
	More than 25% of the suppliers (more than 25% and less than 50% of the company's total purchase value) have stated their compliance with the Supplier Code.	<b>2</b>
	Less than 25% of the suppliers (less than 25% 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.	<b>1</b>
	The company does not publish anything on the subject.	<b>0</b>

Management 'Midstream/Company Level'

<b>19</b>	<b>Educating purchasers</b>	
	The company supervises its suppliers on sustainability independently from its purchasing department. Purchasers can select a company from a list of approved suppliers (tested for sustainability issues) for the purchase of products and services. Purchasers are aware of the supplier supervision policy regarding sustainability and are educated accordingly.	<b>2</b>
	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.	<b>1</b>
	Purchasers are not educated in sustainability within the supply chain. Or: The company does not publish anything on this subject.	<b>0</b>

<b>20</b>	<b>Cooperation agreements</b>	
	Within its sector, the company is an initiator in the development of strategic cooperation agreements for sustainable solutions within the entire supply chain.	<b>2</b>
	Within its sector, the company is a follower in the development of strategic cooperation agreements for sustainable solutions within the entire supply chain.	<b>1</b>
	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.	<b>0</b>

Management 'Downstream'

<b>21</b>	<b>Product life cycle; sales attuned to emerging markets (BOP)</b>	
	The company recognizes the potential of emerging markets and takes initiatives to develop this potential. At the same time, the company recognizes the necessity to attune its products to the demands arising from those markets. The company is very specific in its publically available sources as to examples of products which it has attuned to the demands arising from emerging markets.	<b>2</b>
	The company recognizes the potential of emerging markets. The company does not attune its products to the demands arising from those markets.	<b>1</b>
	The company does not recognize emerging markets as potential opportunities.	<b>0</b>

<b>22</b>	<b>Product life cycle; recycling</b>	
	The company has a recycling policy that is being implemented. The company actively stimulates taking back products which have entered the end-of-life stage. The company is actively involved in sector-wide initiatives to draw up a recycling policy. Quantitative data is provided by the company as to the percentage of sold products which is actually been taken back.	<b>2</b>
	The company has a recycling policy that is being implemented. The company actively stimulates taking back products which have entered the end-of-life stage. The company is actively involved in sector-wide initiatives to draw up a recycling policy. No quantitative data is provided by the company as to 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.	<b>1</b>
	The company is not actively involved in any recycling policy.	<b>0</b>

<b>23</b>	<b>Responsible marketing</b>	
	The company actively steers its marketing towards sustainability. Buyers 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.	<b>2</b>
	The company actively steers its marketing towards sustainability. Buyers 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.	<b>1</b>
	The company does not include any sustainability issues or elements in its communication policy.	<b>0</b>



[www.vbdo.nl](http://www.vbdo.nl) / [www.goed-geld.nl](http://www.goed-geld.nl)

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, within the international context.