

2016

# PROGRAM REPORT

SUPPLY CHAIN SUSTAINABILITY  
STRATEGIC PARTNERSHIPS & SOURCING

# 2016 PROGRAM REPORT

April 2017

Nielsen's global sourcing organization, through our supply chain sustainability program, is responsible for managing the company's suppliers in an environmentally, socially, and ethically sound manner consistent with our obligations to providing quality sourcing and supplier management services for the benefit of Nielsen's external customers. Our sourcing managers ensure this alignment by evaluating, monitoring and constructively engaging with suppliers on their environmental, social and governance (ESG) approach prior to supplier selection and throughout their term servicing Nielsen.

The first year of the program completed in 2016, and Nielsen now actively monitors the ESG performance of its largest suppliers, embeds sustainability in sourcing business processes, and is aligned to global best practices. Here's a look at what we accomplished in our first year and a look ahead to Year 2.

# 2016 HIGHLIGHTS

Nielsen's Supply Chain Sustainability Program took several large strides in our first year, including completing the following:

- 1. Supplier Measurement Initiative and Supply Chain Sustainability Risk Analysis** – Nielsen established a baseline of our top suppliers' environmental, social and governance (ESG) performance through Supplier self-assessments. The suppliers engaged comprised approximately one-third of our spend in 2015. In Year 1 of our program, the participation rate of our first group of strategic suppliers was high, 91%, and exceeded the benchmark of 71% for good participation in the first year of a program. Our average supplier score was 49 on a scale of 1-100, exceeding our target average score of 45. A score of 45+ indicates active engagement with ESG issues.

Based on this initiative, an analysis of our supply chain sustainability risk was conducted and completed, and results of that analysis can be found [here](#).

- 2. Supplier Corrective Action Plans and Capacity-Building Toolkit** – Twenty-three percent of assessed suppliers above were given corrective action plans, due to their scores and ESG risk exposure, and Nielsen also developed a toolkit of resources to assist suppliers in developing ESG practices, policies and reporting to address the suggested corrective actions.
- 3. Social Compliance and Supplier Code of Conduct** – A comprehensive approach and social compliance program to address the human rights risk in our supply chain was developed. An update to the Nielsen Supplier Code of Conduct was finalized on December 1, 2016 with cross-functional input from Nielsen's Legal, Privacy, Security, CSR/ Sustainability and Corporate Audit organizations. The updated Nielsen Supplier Code was based on the Electronic Industry Citizenship Coalition supplier code, and represents an industry best practice used by more than 100 of the world's largest technology firms. Nielsen joined the Electronic Industry Citizenship Coalition in November 2016; as a corporate member, Nielsen can provide online training modules on the Supplier Code for suppliers and Nielsen associates, utilize risk mapping software for supplier ESG risks, and access social audit results for suppliers in the EICC system.

- 4. Business Processes** – Sustainability management is enabled with business processes and a management system. New sustainability language was added to the Sourcing RFP template; a sustainability section was added to business performance reviews and an internal playbook documenting processes for supplier ESG management was developed. Additionally a 3-year strategic plan to develop a best-practice supply chain sustainability program was completed.
- 5. Supplier Diversity** – Nielsen’s Corporate Supplier Diversity program is committed to increasing our company’s use of services and products provided by certified diverse-owned businesses. In 2016, we completed a baseline supplier diversity assessment of the property management suppliers that service our largest offices, suppliers such as janitorial, security, landscaping, pest control, etc. This baseline assessment will serve as a starting point to increase our diverse supplier spend in these areas.
- 6. Aligning to global best practices** – We understand that the challenges faced in responsible sourcing are far-reaching and best addressed in collaboration with other corporations, non-profit organizations and academia, the investor community, and suppliers. In 2016, we joined the following leadership organizations in sustainable purchasing: the [Sustainable Purchasing Leadership Council](#); the [Electronic Industry Citizenship Coalition](#); the [Global Impact Sourcing Coalition](#); and the Technical Advisory Group/Mirror Committee to the [ISO Sustainable Procurement Standard](#). Through these commitments, Nielsen not only aligns with global best practices, but also helps shape them.
- 7. Compliance Disclosures** – Our organization provided supply chain compliance implementation and disclosures for the Conflict Minerals Reporting Act, an SEC requirement, and the UK Modern Slavery Act, an Act of the UK Parliament.
- 8. Education/Awareness-Raising** – We developed institutional linkages with the Illinois Institute of Technology and DePaul University to provide graduate school project-based sustainability internships for academic credit and to help develop future corporate sustainability professionals: 5 interns in 2016. Our program also sponsored a lecture for procurement professionals to raise awareness about sustainable purchasing at DePaul University in Chicago with the Executive Director of the Sustainable Purchasing Leadership Council, Jason Pearson. Institutions representing hundreds of millions of dollars in spend who attended included: the City of Chicago; DePaul University; the University of Illinois Chicago; Garrett Theological Seminary; and the Art Institute of Chicago.

# 2017 PRIORITIES

2017 will focus on showing progress in key performance indicators in sustainable purchasing, implementing our business processes, and communicating our work.

1. **Supplier Measurement Initiative** – Nielsen will continue to monitor our suppliers' ESG performance through a standardized platform.

*Goals:*

1. Expand the number of suppliers engaged by our program to approximately 100, up from 60. The spend covered in 2017 will be 40%, up from a third in 2016.
2. Observe an increase in our lowest-scoring suppliers' scores from 2016 scores by at least 10%.

2. **Supplier Code of Conduct Roll-out** – The updated Supplier Code of Conduct will be posted to our website and introduced to our suppliers via letter, emails and conversations with our sourcing managers by March 2017.

*Goals:*

1. Incorporate updated Supplier Code of Conduct into 100% of all contracts and purchase orders generated in our purchasing system as a term of doing business with Nielsen beginning April 2017.
2. Train 100% of our Global Sourcing team on updated Supplier Code of Conduct.

3. **Environmentally Preferable Purchasing Policy** – Develop and adopt Nielsen's Environmentally Preferable Purchasing Policy to guide environmental considerations in procurement at the product/service level.

4. **Key Performance Indicators and Improvement on KPIs** – We understand that the real work of the program is to identify hard metrics per product/service category and meet performance targets to measure ESG progress. A comprehensive list of potential key performance indicators was completed in February 2017, and will be finalized with sourcing managers and internal stakeholders in Q2.

*Goal:*

1. Based on our Environmentally Preferable Purchasing Policy (EPP), establish a baseline measurement and identify targets for improvement and implement actions for improvement in the purchase of the following spend categories: Energy Star devices and equipment; office paper and printing; travel and events.

- 5. Supplier Diversity's Buy Local Grow Global Campaign** – Based on the property management supplier analysis completed in 2016, support major 2017 supplier diversity initiative, focusing on facilities' management suppliers and utilizing the baseline assessment we completed last year.

*Goals:*

1. Incorporate supplier diversity as a criteria for consideration in 100% of facilities management contracts.
2. Increase diverse spend in facilities management contracts by at least 20%.

- 6. Incorporate Impact Sourcing** – Identify opportunities for Nielsen to incorporate impact sourcing as a procurement practice within our supply chain.

*Goal:*

1. Establish a baseline measure of current impact sourcing jobs in the business process outsourcing segment of our supply chain and identify a target to increase that number for 2018.

- 7. Supply Chain Sustainability Section on nielsen.com** – A section on public facing website will be posted and include our commitment, a tie-in to Nielsen's overall CSR/Sustainability efforts, disclosures and resources, and a description of our supply chain sustainability activities.

- 8. Education/Awareness Raising** – Implement a communications campaign plan focusing specifically on our 7 largest offices in the US. Implementation of the plan will occur with the assistance of Diversity & Inclusion/Supplier Diversity, CSR/Sustainability and Internal Communications in Q2 2017. Raise awareness measurably throughout the organization with pre- and post-assessments of content.

*Goals:*

1. Raise awareness of supply chain sustainability throughout Nielsen by engaging 100+ buyers and senior leaders in our 7 largest offices in the United States in at least 5 face-to-face sessions.
2. Create an online, internal Nielsen site with buyer resources on supplier diversity and sustainable purchasing.
3. Sponsor and organize 1 live event for Nielsen associates featuring one of Nielsen's brand clients on the strategic and commercial importance of sustainable purchasing.

## ABOUT NIELSEN

Nielsen Holdings plc (NYSE: NLSN) is a global performance management company that provides a comprehensive understanding of what consumers watch and buy. Nielsen's Watch segment provides media and advertising clients with Nielsen Total Audience measurement services for all devices on which content — video, audio and text — is consumed. The Buy segment offers consumer packaged goods manufacturers and retailers the industry's only global view of retail performance measurement. By integrating information from its Watch and Buy segments and other data sources, Nielsen also provides its clients with analytics that help improve performance. Nielsen, an S&P 500 company, has operations in over 100 countries, covering more than 90% of the world's population. For more information, visit [www.nielsen.com](http://www.nielsen.com).

