



2019

# SUPPLY CHAIN RESPONSIBILITY REPORT

GLOBAL PROCUREMENT



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# SUPPLY CHAIN RESPONSIBILITY 2019 PROGRAM REPORT

## INTRODUCTION

Nielsen research shows that individual consumers increasingly value products and brands that promote sustainability and corporate responsibility. This consumer demand is driving companies to implement visible, responsible and sustainable business practices – business practices that include suppliers, end-consumers, employees and communities.

Just like those individual consumers, corporate customers – our clients – are demanding more environmentally and socially responsible practices and products from their suppliers.

Our commitment to become a better supplier to our clients is a major driver for our sustainable purchasing efforts.

In addition to our commitment to become a better supplier to our clients, there's another reason why supply chain sustainability is important to us – it's consistent with how we at Nielsen view the world and our place in it.

Following is Year 3 progress of Nielsen's supply chain sustainability program within the context of our initial 3-Year Plan. An unanticipated focus of our efforts in Year 3 was the addition of supplier diversity to the purview of the Global Procurement organization beginning in June 2018.

## HIGHLIGHTS

### YEAR 1 - 2016

#### Supplier Assessments

- **Sustainability scorecarding** of our top **50** suppliers on environmental policies, programs, and results pertaining to environmental, social and governance issues, including labor practices and human rights, measurement and disclosure of their GHG emissions, diversity and inclusion, sustainable procurement, and ethical business practices.

#### Business Processes

- **Supplier Code of Conduct** harmonized with the *Electronic Industry Citizenship Coalition (EICC)* and updated to include new sections on Labor Practices and Human Rights, Environmental Management, Privacy, and Management Systems. The Code communicates our expectations for suppliers at the company level.
- **RFP template** updated to include specific questions on sustainability and supplier diversity to be considered along with other requirements for quality, delivery, service and cost.

#### Supplier Engagement

- **Supplier Toolkit on ESG issues** developed and consultation provided as a resource to suppliers to improve their own sustainability management. The Toolkit includes guidance on developing environmental, social and governance (ESG) policies and company samples of such policies, along with suggested indicators that can be used by suppliers to track ESG performance. Of the 150 ESG indicators we listed, 89 were related to the environment; 27 were related to social issues; 22 were related to sustainable procurement; and the balance were related to governance, ethical and economic issues.



# HIGHLIGHTS

## YEAR 2 - 2017

For progress aligning with our 2016 report, please see the Appendix on pages 5-6.

### Supplier Assessments

- **Impact Analysis published** - Based on 2016 sustainability scorecards specifically identified the major impacts in our supply chain:
  - **Environmental:** GHG emissions from the operation of our offices and data centers as well as from auto and air travel
  - **Social:** Human rights risk in contract manufacturer electronics factories; Supplier diversity and impact sourcing
  - **Governance:** Privacy and confidentiality
- As a professional services company, Nielsen's greatest impacts are in the social and governance areas. Privacy and confidentiality are significantly and comprehensively addressed through our Legal team, and we work in conjunction with their efforts. This impact analysis guided program activity on social impacts in the the following ways:
  - **Social Compliance:** Consistent with best practices, Nielsen developed a social compliance program to map and engage the contract manufacturers in our supply chain.
  - **Supplier Diversity:** Added real estate as a supply chain segment of interest and developing a baseline of diverse spend with our facilities management suppliers.
  - **Impact Sourcing:** Developed a baseline of impact sourcing jobs in our supply chain, along with a target of 500 impact sourcing jobs in our supply chain by 2020. Developed communication materials to introduce and socialize impact sourcing to buyers and stakeholders within Nielsen.
- **Sustainability scorecarding** expanded to our top **80** suppliers on ESG policies, programs, and results, including the measurement and disclosure of ESG performance such as GHG emissions.

### Business Processes

- **Environmentally Preferable Purchasing Policy (EPP)** developed and published online to guide purchasing decisions at the product/service level. The first principle of that policy deliberately and expressly relates to emissions and states our company's commitment to *"make continual progress toward eliminating the release of any substance that may cause environmental damage and will seek to limit any effect on climate."*
- **Sustainable purchasing priorities established based on specific product categories:** Based on the Environmentally Preferable Purchasing Policy, established a baseline measurement and bid specifications for the following categories: Energy Star certified devices and equipment; paper/printing; auto travel and events. All bid specifications based on best value, meeting cost, performance, quality, and sustainability criteria.
- **Sustainable Purchasing KPI spreadsheet** developed based on the LEED-OM purchasing guidance and shared with sourcing managers, suppliers and GR&S team. Over 50 KPIs identified based on best practices in sustainable purchasing. Tracking of these KPIs by Global Procurement began in 2017.
- **Sustainable Purchasing Baseline and KPI Playbook completed**, which established baseline for energy efficiency of electronic devices and auto fleet. Highlights of high-impact categories related to energy-efficiency and climate-friendly categories are included in the following table.



Product/Service Category	2017 Baseline - Spend with Preferred Suppliers	2020 Target
Copier Fleet	<ul style="list-style-type: none"> <li>76% EPEAT certified</li> <li>77% Energy Star certified</li> </ul>	<ul style="list-style-type: none"> <li>90% EPEAT certified</li> <li>90% Energy Star certified</li> </ul>
Electronic Devices - Desktops	<ul style="list-style-type: none"> <li>100% ENERGY STAR certified</li> <li>98% are EPEAT certified</li> <li>100% EcoLogo certified</li> </ul>	<ul style="list-style-type: none"> <li>Maintain 100% Energy Star</li> <li>Maintain 98% EPEAT</li> </ul>
Electronic Devices - Laptops	<ul style="list-style-type: none"> <li>100% ENERGY STAR certified</li> <li>100% are EPEAT certified</li> </ul>	<ul style="list-style-type: none"> <li>Maintain 100% Energy Star</li> <li>Maintain 100% EPEAT certified</li> </ul>
Electronic Devices - Monitors/Displays	<ul style="list-style-type: none"> <li>100% ENERGY STAR certified</li> <li>100% are EPEAT certified</li> </ul>	<ul style="list-style-type: none"> <li>Maintain 100% Energy Star</li> <li>Maintain 100% EPEAT certified</li> </ul>
Outsourced Auto Fleet	<p>-Count, not Spend Metric -</p> <ul style="list-style-type: none"> <li>2% Electric hybrid</li> <li>.6% Electric Cars</li> </ul>	<ul style="list-style-type: none"> <li>Increase alternative fuel vehicle cars to 5% of fleet</li> <li>Gain visibility into fleet composition and determine targets for high fuel-efficiency vehicles</li> </ul>
Office Paper	<ul style="list-style-type: none"> <li>3% Recycled paper (30%-100% recycled content)</li> </ul>	<ul style="list-style-type: none"> <li>2020 Target 80% Recycled paper</li> </ul>

# HIGHLIGHTS

## Year 3 - 2018

For progress aligning with our 2017 report, please see the Appendix on page 7.

We started Nielsen’s Supply Chain Sustainability Program in January of 2016, and our objective during the first year was to assess our current supply chain sustainability performance with ESG scorecards for our key suppliers and lay the foundation for a best practice program with policies and processes.

In 2017, Year 2, our objective was to improve our performance - to define metrics and targets around supplier performance at the firm level, and products and services at the category level, and then implement the actions necessary to improve on this performance.

In 2018, our objective was to integrate - to mature our business processes, develop a track record of improved metrics over time, and foster a culture of innovation in sustainable purchasing. Global Procurement also added a significant scope of work - supplier diversity - to its management of supply chain ESG impacts. As a result, we changed the name of our program to Supply Chain Responsibility to reflect this added scope.



### Supplier Assurance and Compliance

- **Supplier Measurement:** Assessed **100+** of our top suppliers, up from 82 in 2017, and covering over \$1B of our global spend. In 3 years, the program grew from 52 suppliers in Year 1 to 101 suppliers in Year 3, and from 3 global regions in 2016 to 5 global regions in 2018.

### Positive Impact Through Procurement

- **Impact Sourcing:** Increased the number of impact sourcing jobs in our supply chain by **74** jobs, towards our goal of 500 by 2020.
- **Supplier Diversity and Inclusion:** Established and shared with internal stakeholders and Nielsen's External Advisory Council a new baseline of \$1.1 B USD and 10% target for spend with diverse suppliers- minority-owned, woman-owned, LGBT and veteran-owned companies by 2021. A heightened focus will be increasing Hispanic spend from 2019 to 2021. A 3-year plan to reach these goals was also presented and approved by Nielsen's External Advisory Council.

### Nielsen Supply Chain Sustainability Climate Impacts - Baseline Analysis 2018

In 2018, along with a team of 3 graduate school interns from Rutgers University and DePaul University, Nielsen completed an analysis focusing on climate impacts in our supply chain, at a supplier level and at a product/service category level.

While Nielsen was not able to collect actual supply chain emissions data due to staffing and budgetary constraints, this analysis represented an initial step to understand the approaches our suppliers are taking to address climate risks and opportunities. The scope of the analysis covered **45 Nielsen suppliers** in **15 industries** with a public CDP disclosure in 2017. The following sectors were represented: Accommodations; Financial Services; Legal and Accounting Activities; Postal and Freight; Fleet Services; Real Estate Activities; Staffing and Workforce IT; Computer Programming Consultancy and Related Services; Manufacture of Peripheral and Communication Equipment; Software Publishing Industry; Wholesale of Computers, Computer Peripheral Equipment and Software; Telecommunications; Insurance Industry; and Retail Pharmacy.

At the product level, regarding our own purchasing, we analyzed electronic devices, paper and our auto fleet and developed purchasing specifications for each of those areas and are tracking progress towards 2020 goals as well.



# APPENDIX

## APPENDIX 1. RESULTS AGAINST 2017 GOALS

Below are our results against 2017 publicly stated goals published in our 2016 Program Report online at nielsen.com.

Category	2017 Goals as published in 2016 Supply Chain Sustainability Program Report	Result
Supplier Measurement	1. Expand the number of suppliers engaged by our program to approximately <b>100</b> , up from 60. The spend covered in 2017 will be <b>40%</b> , up from a third in 2016.	<b>Met and exceeded goal</b> - <b>152</b> suppliers engaged in 2017, up from 60 in 2016; over <b>1000</b> engagement touchpoints via emails and calls from EcoVadis, sourcing managers and Chief Procurement Officer Jim Corbett (letter). Spend covered <b>40%</b> of total sourceable spend.
Supplier Measurement	2. Observe an increase in our lowest-scoring suppliers' scores from 2016 scores by at least <b>10%</b> .	<b>Met and exceeded goal</b> - Of our lowest scoring suppliers, there was an average <b>increase of 19%</b> from 2016 to 2017 assessment results.
Supplier Code of Conduct Rollout	1. Incorporate updated Supplier Code of Conduct into <b>100%</b> of all contracts and purchase orders generated in our purchasing system as a term of doing business with Nielsen beginning April 2017.	<b>Met goal</b> - Supplier Code of Conduct link in contracts and purchase orders in Q2 2017.
Supplier Code of Conduct Rollout	2. Train <b>100%</b> of our Global Sourcing team on updated Supplier Code of Conduct.	<b>Met and exceeded goal</b> - <b>100%</b> of Global Procurement Team (50 people) trained and passed certificate exam on the Code and <b>2 additional members</b> of Global Procurement Team trained to conduct internal audits to code.
Environmentally Preferable Purchasing Policy (EPP)	1. Develop and adopt Nielsen's Environmentally Preferable Purchasing Policy to guide environmental considerations in procurement at the product/service Level.	<b>Met goal</b> - Nielsen's <a href="#">EPP</a> . Posted on website Q2 2017. Added to corporate policy inventory library in Q4 2017.
Sustainability Key Performance Indicators	2. 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/equipment; paper/printing; travel and events.	<b>Met 80% of goal</b> - Established baseline and target for electronic devices, paper/printing and fleet. <b>50 out of 60 metrics defined and collected.</b>
Supplier Diversity Buy Local Grow Global Campaign	1. Incorporate supplier diversity as a criteria for consideration in 100% of facilities management contracts.	<b>Met goal</b> - Working with our preferred real estate supplier partner, supplier diversity will be a criteria for consideration in 100% of facilities management contracts.



Category	2017 Goals as published in 2016 Supply Chain Sustainability Program Report	Result
Supplier Diversity Buy Local Grow Global Campaign	2. Increase diverse spend in facilities management contracts by at least 20%.	<b>Met 0% of goal</b> - Transition year from previous supplier to current supplier impacted timing of this goal. In 2017, only 1 major contract went out to bid in this category.
Impact Sourcing	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.	<b>Met 80% of goal</b> - <b>2/2</b> possible suppliers engaged- Established 2017 baseline for impact sourcing jobs and 2018-2020 targets with primary supplier engaged in impact sourcing. Goal is to achieve 500 impact sourcing jobs in the Nielsen supply chain by 2020.
Supply Chain Sustainability Section on nielsen.com	1. 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.	<b>Met goal</b> - Comprehensive <a href="#">section</a> with <b>6</b> stand-alone resources: <a href="#">Supplier Code of Conduct</a> ; <a href="#">Environmentally Preferable Purchasing Policy</a> ; Supply Chain Sustainability Program Report 2016-2017; <a href="#">Supply Chain Sustainability Analysis Baseline Report 2016</a> ; UK Modern Slavery Act; Conflict Minerals Disclosure 2016.
Education/Awareness-Raising	1. Raise awareness of supply chain sustainability throughout Nielsen by engaging <b>100+</b> buyers and senior leaders in our 7 largest offices in the United States in at least 5 face-to-face sessions.	<b>Met 70% of goal</b> (5 out of 7 offices) - Engaged with <b>115</b> buyers in live events with Supplier Diversity in 6 offices (Los Angeles; San Francisco; NYC; Tampa; Schaumburg) and 2 presentations with broad enterprise representation(Diverse Leadership Network and Green Team).
Education/Awareness-Raising	2. Create an online, internal Nielsen site with buyer resources on supplier diversity and sustainable purchasing.	<b>Met goal</b> - Internal Google site section completed and live June 2017.
Education/Awareness-Raising	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.	<b>Met goal</b> - Sponsored and organized a live event with client MillerCoors on their sustainable purchasing program in our Chicago office at 200 W. Jackson Blvd.

**Additional outcomes beyond these results were:**

- **SUPPLY CHAIN SUSTAINABILITY INTERNSHIP PROGRAM:** We worked with **6** Graduate School interns from universities in communities Nielsen has a major presence: DePaul University (Chicago) and Rutgers University (New York Metro) and **1** undergraduate intern from the University of South Florida (Tampa), bringing the total number of internships in the first 2 years of the program to **13**.
- **THOUGHT LEADERSHIP:** Nielsen was invited to present at the United Nations and SAP Ariba Live in the US and Europe. During these presentations, we shared best practices on **supply chain sustainability and the UN Sustainable Development Goals** with combined audiences of approximately 3500 people. We also presented our experience with supplier assessments in a webinar for Sustainable Purchasing Leadership Council. Formally aligned Nielsen's supply chain program with the UN Sustainable Development Goals.



## APPENDIX 2. RESULTS AGAINST 2018 GOALS

Below are our results against 2018 publicly stated goals published in our 2017 Program Report online at nielsen.com. With the addition of supplier diversity to the program scope, we chose to focus the bulk of our efforts to establishing supplier diversity infrastructure and processes within Global Procurement.

Category	2018 Goals as published in 2017 Supply Chain Sustainability Program Report	Result
Supplier Measurement	Assess up to 100 of our top suppliers, up from 82 in 2017 and covering \$1B of our global spend	<b>Met goal</b> - Assessed 101 of our top suppliers, covering \$1B of spend
Impact Sourcing	Increase the number of impact sourcing jobs in our supply chain by up to 100 jobs towards our 2020 goal.	<b>Met goal</b> - By 12/31/2018, increased the # of impact sourcing jobs in our supply chain by 74 jobs for a total of 416 jobs towards our 2020 goal of 500 impact sourcing jobs in our supply chain.
Supplier Diversity	Set and publish a new baseline and target for spend with diverse suppliers in the United States: minority-owned, woman-owned, LGBT and veteran-owned companies.	<b>Met goal</b> - Established a new baseline of \$1.1B USD United States sourceable spend with a goal of 10% diverse spend (\$110M USD) by 2021.

### Additional outcomes beyond these results were:

- SUPPLIER DIVERSITY PROGRAM:** Created Supplier Diversity Program infrastructure with 5 Supplier Diversity Champions in 3 Centers of Excellence. Supplier diversity integrated into sourcing and contracting processes. A metric of the program is money spent with diverse firms. In 2018, Nielsen spent \$98M with diverse firms - Minority-Owned (MBE), Women-Owned (WBE), Veteran-Owned, LGBT-Owned and Hubzone Enterprises. This represented 9% of our US Sourceable Spend and the largest year-over-year percentage and dollar value increase in diverse spend ever reported by Nielsen.
- SUPPLY CHAIN SUSTAINABILITY INTERNSHIP PROGRAM:** We worked with a team of 7 Graduate School interns from universities in communities where Nielsen has a major presence: DePaul University (Chicago) and Rutgers University (New York Metro). bringing the total number of internships in the first 3 years of the program to **20 students trained** in hands-on projects for supply chain sustainability.
- THOUGHT LEADERSHIP:** Nielsen continued to advance and present its experiences on impact sourcing in 2 global webinars and the Business for Social Responsibility (BSR) 2018 Conference. Additionally, Nielsen participated in the Global Impact Sourcing Coalition's Working Group to develop the standard on impact sourcing. The connection to several UN Sustainable Development Goals is demonstrated through impact sourcing: SDG 1, Eliminate Poverty; SDG 8 Decent Work and Economic Growth; and SDG 12 Responsible Consumption and Production. A case study on Nielsen's positive impact was published on the Global Impact Sourcing Coalition's [website](#), **Unlocking the Power of Procurement: A Case Study of Nielsen's Journey to Deliver Social Impact**, to further advance the awareness and practice of impact sourcing.



## ABOUT NIELSEN

Nielsen Holdings plc (NYSE: NLSN) is a global measurement and data analytics company that provides the most complete and trusted view available of consumers and markets worldwide. Our approach marries proprietary Nielsen data with other data sources to help clients around the world understand what's happening now, what's happening next, and how to best act on this knowledge. For more than 90 years Nielsen has provided data and analytics based on scientific rigor and innovation, continually developing new ways to answer the most important questions facing the media, advertising, retail and fast-moving consumer goods industries. An S&P 500 company, Nielsen 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).

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