



Ministerie van Economische Zaken

Participant Protocol Transparency benchmark 2017

May 2017

The Transparency Benchmark is an annual survey by the Ministry of Economic Affairs which examines the content and quality of external reporting on corporate responsibility issues. The benchmark is performed on a yearly determined group of organizations including the largest companies in the Netherlands. This participant protocol explains the composition of the research group of the Transparency Benchmark 2017 and the standards that are used to determine which external accounting information is captured in the benchmark.

The participant protocol is structured as follows:

- Standards used in the determination of the research group of companies
- Criteria for eligible reporting
- Criteria for other information that is taken into account in the benchmark

1. Standards used in defining the benchmark group

The Transparency Benchmark is primarily aimed at large companies in the Netherlands. In compiling the research group of companies turnover and number of permanent workers have been taken into account. Latest information from the database 'Reach' has been used. This database contains data on more than 3,6 million organizations in the Netherlands.

A new standard has been added in 2014. 'Organisaties van Openbaar Belang'(OOB) with 500 employees or more have been included in the benchmark group.

The total number of companies in the initial research group is 509

The research is built on basis of six distinct categories:

- OOB's (Organisaties van Openbaar Belang) with 500 employees or more
- Companies with a listing in Amsterdam
- Companies with operations within the Netherlands with an accountable turnover and / or number of employees
- Participation of governmental organisations
- Universities, University Medical Centres (Universitair Medische Centra, UMC) and Universities of Applied Sciences.
- Large companies (more than 250 employees) that voluntarily joined the research group this year or in the past.

1.1 OOB's (Organisaties van Openbaar belang) with 500 employees or more

These specific types of organizations have been included in the research group in 2014. By doing so, the ministry anticipates and is in line with the expected EU directive on non-financial information and information concerning diversity that will be applicable for this group of companies.

It should be noted that some of the OOB companies are listed; there is thus an additional reason for participating. These companies have been included as being listed and do not have the label OOB.

A few OOB companies can be referred to as a Trust office ('Stichting Administratiekantoor') . In this specific case the underlying companies have been included in the research group.

This concerns 44 companies.

1.2 Companies with a listing in Amsterdam

For listed companies, expectations are higher in terms of transparency and corporate governance. For this reason, companies with a stock market listing in Amsterdam (as of 31st of December, 2016) are added to the research group. This concerns only primary listings and companies which are economically active:

All companies listed on NYSE Euronext, which are included in the AEX, AMX or AScX are included in the benchmark group [Source: NYSE Euronext website]

This concerns 75 companies.

1.3 Participation of governmental organizations

The Minister of Finance has decided in the past that state owned companies should be included in the benchmark group of the Transparency Benchmark, because the public may expect these organizations to be accountable for their policies and performance and for the results of the organizations with respect to corporate responsibility issues.

All companies in which the government participates in the risk capital of the company are included in the benchmark group, only if the government holds a share of at least 10% [source:www.rijksoverheid.nl].

This concerns 22 companies.

1.4 Universities

At the request of the sector, universities and university medical centers are included in the benchmark group of the Transparency Benchmark. This concerns a special category of organizations which joined voluntarily.

All universities that are members of the Association of Universities (VSNU), as well as university medical centers affiliated to the Dutch Federation of University Medical Centers (NFU), are included in the benchmark group [source: VSNU and NFU].

This concerns 15 universities, 8 university medical centers and 1 university of applied sciences.

There are 2 educational institutions (that are not members of VSNU or NFU) that joined voluntarily. These organizations are included within this category in the benchmark group.

1.5 Companies with activities within the Netherlands with a substantial turnover and / or number of employees

All companies registered in the Trade Register of the Chamber of Commerce are eligible for the benchmark group of the Transparency Benchmark. To compile a practical list of the largest companies in the Netherlands the companies from 'Reach' are ranked based on their sales data. Then the top 1,000 firms with the highest turnover were further analyzed.

Organizations with a non for profit character and government agencies are not eligible for inclusion in the study (with the exception of participation of governmental organizations).

To provide guidance on the inclusion in the benchmark group, it is worth noticing that a company should not only have a formal branch in the Netherlands, but should also have at least 100 employees in the Netherlands and economic activities undertaken within the Netherlands. Because this information is not in all cases traceable within the database of 'Reach', in some cases annual reports and websites have been consulted.

Finally we selected the organizations within this category by comparing the 'Reach' database with the research group of 2016, taking into account the consistency of the research group during the past years. The companies which would be included based on consistency previous years, are now first evaluated on their revenues. Of those companies, only the companies with a revenue of more than 100 million are included in the benchmark group of the Transparency Benchmark 2016.

This concerns 336 companies.

1.6 A Dutch company is part of a foreign parent.

A company can be excluded from participating in the Transparency benchmark when it can be categorized as a sister-company and the parent company accounts for non-financial information that meets the expected EU directive on non-financial corporate reporting. This implies that the annual report should disclose themes such as: environment, social and labor related aspects, human rights, anti-corruption and bribery and board diversity. For these specific companies a separate overview will be provided, excluding a benchmark. These companies will not acquire a score.

A company that meets the exception, but also discloses an own Dutch report, can choose to voluntarily participate in the benchmark with the Dutch report.

1.7 Companies that have voluntarily joined the benchmark this year or in the past

Dutch organizations employing a minimum of 20 permanent workers can voluntarily request to join the research group of the Transparency Benchmark

An outcome of the evaluation of the transparency benchmark (2013) revealed that medium-sized companies were not included in the final benchmark and that the approach and questioning of the benchmark did not fit this particular group of companies. It is therefore that, since 2014, this group will not be included in the benchmark anymore.

Dutch companies with more than 250 employees that voluntarily joined the benchmark in the past have been asked to be included in the research group in 2014. The companies that wanted to be a part of the benchmark have a regular place since 2014. This concerns 4 companies.

There are three companies that voluntarily joined in the past, but which are meanwhile included in the benchmark based on the revenue criteria. Those companies are included under criteria 1.5.

Last year the Ministry of Economic Affairs has decided to actively approach all companies which received a score in the benchmark of 2015, and did not comply with any of the above criteria of last year. These companies have been asked if they would join the benchmark voluntarily for the next two years. This concerns 3 organizations.

2. Criteria for eligible accounting information

The Transparency Benchmark is performed based on public, periodic accounting information provided by the company concerning the companies included in the benchmark. The benchmark focuses on external reporting with regard to the corporate responsibility (CR) aspects of the business and that means not only (financial) reports, but also CR reports, sustainability reports and social reports.

Periodic accounting information is understood as all externally published information where a company states its policies, results and activities in a given period. This implies that general brochures, magazines, press releases, etc. are generally not eligible for the award of points within the benchmark. If it is not clear about which period is reported, the information is not classified as accounting information. If it is not clear that the company publishes such information periodically (annually or at any other frequency), or if it intends to do so, the information does not qualify for the benchmark. Only the most recent periodic reporting information is taken into account, this to the extent that information is not already taken into account in the preparation of an earlier Transparency Benchmark. For the Transparency Benchmark 2017 are taken into account all periodic accounting information published before 1st of July 2017.

Only periodic reporting information that is publicly available is taken into account for the Transparency Benchmark. The benchmark has as goal, among other objectives, to stimulate the dialogue between the company and its stakeholders, and for that reason it takes into account only the information that is freely

accessible to the general public. This means that all reporting information is publicly available on the internet or can be easily required via the website of the organization. Information like (statutory) annual reports which can be viewed only for a fee within the Chamber of Commerce, does not meet this criterion.

In principle, it is taken into account only accounting information which relates to the company as it is included in the benchmark group. This means that reports of a "higher" company within the international structure, where the Dutch company belongs to, is not automatically taken into account within the benchmark. Companies that do not disclose non-financial information will be exempted when the parent company publishes a non-financial statement in the (consolidated) annual report that meets the requirements of the expected EU directive. This means that the information disclosed in the annual report should include themes such as: environment, social and employee related aspects, human-rights, anti-corruption and bribery and board diversity. For these specific companies a separate overview will be provided, excluding a benchmark. These companies will not acquire a score (see 1.6).

In some cases, it is chosen to publish the external accounting information under the registration name of the company, for example, when the company has a complex legal structure. In other cases, subsidiaries publish separate reports. Eligible information for the Transparency Benchmark, should state clearly in the accounting information that it covers at least 50% of the activities of the company included in the benchmark group (measured on basis of turnover and / or number permanent employees).

3. Criteria for other types of information that is taken into account within the benchmark

Besides the periodic accounting information, if it meets certain conditions, also other types of information could be taken into account within the Transparency Benchmark. Companies can choose not to publish certain relevant information in the accounting information, but elsewhere, for example on a website. This is typically the case for information which does not change from year to year (e.g. on corporate governance) or information with a high degree of detail that interest only specific groups of stakeholders. Such information is considered in the scoring, only if this information is publicly available. There should also be a specific reference in the accounting information which directly refers to this other type of information. This means that a general reference to a website or a report is insufficient. In order for this other type of information to be taken into account, a page number or specific web link should be included and make possible for the reader to navigate directly to the relevant information. This also implies that if a company publishes information only via the website, than the accounting information should be clearly delimited from the other type information.

In some cases, companies refer to the accounting information from other companies, such as those of their parent-, sister companies or subsidiaries. This information is only taken into account if there is a specific and direct reference included within the accounting information. Within scoring on specific criteria it is taken into account only accounting information which covers at least 50% of the activities of the company included in the benchmark group (measured on basis of turnover and / or the number of permanent employees).

When the company included in the benchmark group is part of a multinational company, one can refer to international accounting information (e.g. on the report of a foreign parent). Such accounting information is relevant in the benchmark, only if based on the information within the international annual report it is possible to distinguish, in terms of turnover and number of employees, the activities relating to the Netherlands. It is also a condition that the international report indicates to what extent the policy, management approach and the published data and information (also) relate to the activities within the Netherlands. This is only possible if the group relations are clearly explained and if it is clear what are is the content of business within the Netherlands. For practical reasons, in order to be included in the Transparency Benchmark, the international report which is not published in Dutch, should be written in, or translated into French, German or English.

A company can be excepted from placement in the transparency benchmark when it is a sister-company and the parent company accounts for non-financial information that meets the expected EU directive on

non-financial corporate reporting. This implies that the annual report should disclose themes such as: environment, social and labor related aspects, human rights, anti-corruption and bribery and board diversity. For these specific companies a separate overview will be provided, excluding a benchmark. These companies will not acquire a score.

A company that meets the above mentioned requirements and provides a own Dutch report, can choose to voluntarily participate in the benchmark with the Dutch report (see 1.6)