



Vendor Relationship Management Framework

AkzoNobel
Tomorrow's Answers Today

In our Vendor Policy we have stated that we want to do business with partners who endorse our ethical values and environmental standards as formulated in our Code of Conduct. This document describes how we manage this.

1. Adherence to AN Code of Conduct

Starting in 2005, we have asked our existing supplier base to endorse the core articles of our Code of Conduct by signing our Vendor Compliance Letter. We have made signing our Vendor Compliance Letter a prerequisite for starting business with new suppliers.

2. Supportive Supplier Visits

We have established a program of “Supplier Support Visits” to our Critical Suppliers in order to identify and nurture them as sustainable business partners.

In 2007, all AkzoNobel Businesses have identified their existing critical suppliers. Potential new suppliers are also evaluated according to the above definition.

The following approach is followed in all Supplier Support Visits:

- At the start of the first visit AkzoNobel's Sustainability Program is presented and the minimum requirements are explained to local factory management
- The Vendor's Operations are reviewed by an AkzoNobel specialist team consisting of an internal HSE Auditor and a BU Purchase Manager at the hand of a Vendor Checklist. The HSE auditors are AN HSE specialists who also carry out the internal HSE audits of AkzoNobel operations. The BU Purchase managers are being trained centrally by AkzoNobel specialists at regular intervals.
- At the hand of the observed non-conformities an improvement program is agreed.
- AN offers its specific know-how to support the vendor in making the agreed improvements.
- The observations and the agreed improvements are confirmed in a written report.
- Suppliers with agreed improvement programs are re-visited after 6 months to check progress.
- If suppliers after a period of 2 years maximum have not implemented the agreed improvements, we will discontinue doing business with them.

During the visits AkzoNobel offers its specific know how and training to support the customer in meeting the AkzoNobel requirements.

3. Organization and responsibility

AkzoNobel's Corporate Purchasing Officer has explicit oversight on adherence to the Vendor Policy and Vendor Management.

Execution of Policy and Management is the responsibility of the AkzoNobel Corporate Sourcing Department (Non Product Related Products and Services) and the responsibility of BU Management for Raw Materials.

4. Verification

Adherence to Policy and Management is verified annually by AkzoNobel's Internal Auditing Services as a part of their Corporate Staff and BU Sustainability Audits