

The Achilles Score



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 **Achilles**
Supply Chain Sustainability

Contents

Section One

Introduction

Section Two

Interpreting the Achilles Score /
Scoring Metrics

Section Three

Score Methodology

Section Four

Scoring Functionality

Section Five

Continuous Improvement /
Custom Scoring Methodologies

Section Six

Trust and Transparency



Introduction

Achilles' supplier assessment is unrivalled in its thoroughness and has helped buyers procure with confidence for over 30 years. The Achilles Score distils this assessment to allow easy supplier comparison and risk tracking. The score comprises environmental, social and governance (ESG) pillars, in addition to financial. It is accompanied by a dedicated Health & Safety risk dial.

Consistent approach, rigorous assessment

The Achilles Score drives **continuous improvement** by displaying a Scorecard for each of the four pillars we assess against. This allows buyers to pinpoint strengths and weaknesses, while suppliers can understand where they need to improve. As a risk-based procurement tool, the Achilles Score enables Buyers to better understand their **supply chain risk**, improve ESG performance within their own business and bolster due diligence activities.

The Achilles Score algorithms have been developed by Achilles' data scientists and have been tested on over 50,000 suppliers. Our industry experts and network partners continuously assess our scoring methodology and its outputs against internationally-recognised frameworks.



Interpreting the Achilles Score

Companies with Excellent scores of 81+ are in the top 85% of all suppliers in Achilles' networks. Companies with a score of 61-80 are classed as Good and are generally above average. A score of 45 or below would indicate that we would

strongly encourage Buyers to investigate. The supplier may require improvement and active engagement from Buyers. In all cases, Achilles seeks to empower companies by providing clear examples of ways scores can be improved.

Range	Outcome
0-20	Requires Improvement
21-45	Below Average
46-60	Satisfactory
61-80	Good
81-100	Excellent

Scoring Metrics

The Achilles Score has four pillars. There is also a dedicated Health & Safety risk dial.

- Environmental
- Social
- Governance
- Financial

Each pillar is scored between 0 (high risk) and 100 (low risk). The overall Achilles Score is calculated by taking the average of

all scored pillars for that company.

Companies only receive an Achilles Score where sufficient data has been provided. This varies according to their level of subscription. Companies subscribed to the Achilles Silver, Silver+ or Gold tier of at least one network will receive an Achilles Score. Suppliers with lower level packages who have added detailed carbon and/or transparency and due diligence products can also be scored.

Pillar	Scoring Indicators*
Environmental	Carbon reduction policies, as well as environmental management systems, processes, convictions and notices. Adherence to standards including ISO 14064 and ISO 14065.
Social	Convictions and policies relating to topics such as modern slavery, equal rights, EDI, labour standards, community engagement and collective bargaining. Initiatives and standards taken into account include the Ethical Trading Initiative and SA8000 (Social Accountability International), as well as local legislation.
Governance	Policies and convictions relating to bribery and corruption, documentation, insurance validity, whistleblowing, quality control and corporate management. Adherence to standards including the Global Reporting Initiative, ISO 37001 and ISO 9001.
Financial	Various financial factors, including turnover, turnover growth, return on assets, liquidity ratio, profit margins, debt to capital, turnover per employee, total assets, and shareholder equity.

* subject to required data being available

Health and Safety performance influences the Social and Governance pillars. However, we also provide a dedicated view of Health and Safety via the separate risk dial This takes into account factors such as accidents,

fatalities, near misses, health and safety convictions and improvement notices, policies, documentation, management systems, and other processes. It also includes adherence to standards such as ISO 45001.



Score Methodology

A high volume of data points collected via the supplier questionnaire is used to calculate the score for each pillar. Defined rules determine how much each supplier response subtracts from a 'perfect score'.

Evidence of a high level of compliance, such as a certified management system or valid insurance policies will drive a strong score. Where data provided by a company has expired, there will be a deduction due to the greater potential risk. The same is true if no evidence is provided.

NB: Scores are unaffected by questions and evidence expiry dates where a company has not been asked, or where a question is optional.

Sub-Data Scoring Example

Factor	Negative	No Answer/ Neutral	Positive
Environmental Convictions	This supplier has convictions that are specific to environmental issues	This supplier has not been asked about environmental convictions	This supplier has no convictions that are specific to environmental issues
Modern Slavery Policy	This supplier does not have a Modern Slavery Policy	This supplier has not been asked about having a Modern Slavery Policy	This supplier has a Modern Slavery Policy
Quality Management System	This supplier has reported that they have no Quality Management System	This supplier has not been asked about a Quality Management System, or has documentation only	This supplier has a certified Quality Management System
Return on Assets (ROA)	This supplier is making a loss on their assets	This supplier's ROA couldn't be calculated	This supplier is making a substantial profit from their assets
Lost Time Injury Frequency Rate (LTIFR)	This supplier has a moderate or higher quantity of LTIFR. This penalty increases for very high values	This supplier has not been asked about their accidents, or has a low LTIFR	This supplier has had negligible accidents in the last year

The Financial Score

The financial score is primarily driven by third-party credit scores and ratings gathered through API integrations. Where these ratings are on a restricted scale (e.g. four points), Achilles incorporates analysis

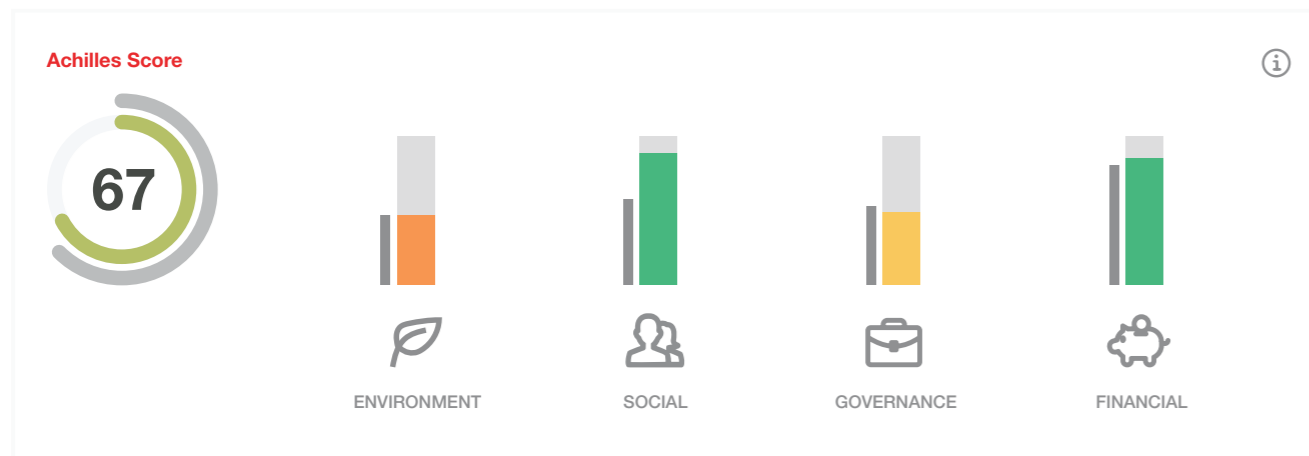
of key financial ratios to provide a more refined picture. In the absence of third-party credit information, the financial score is calculated directly from financial ratios.



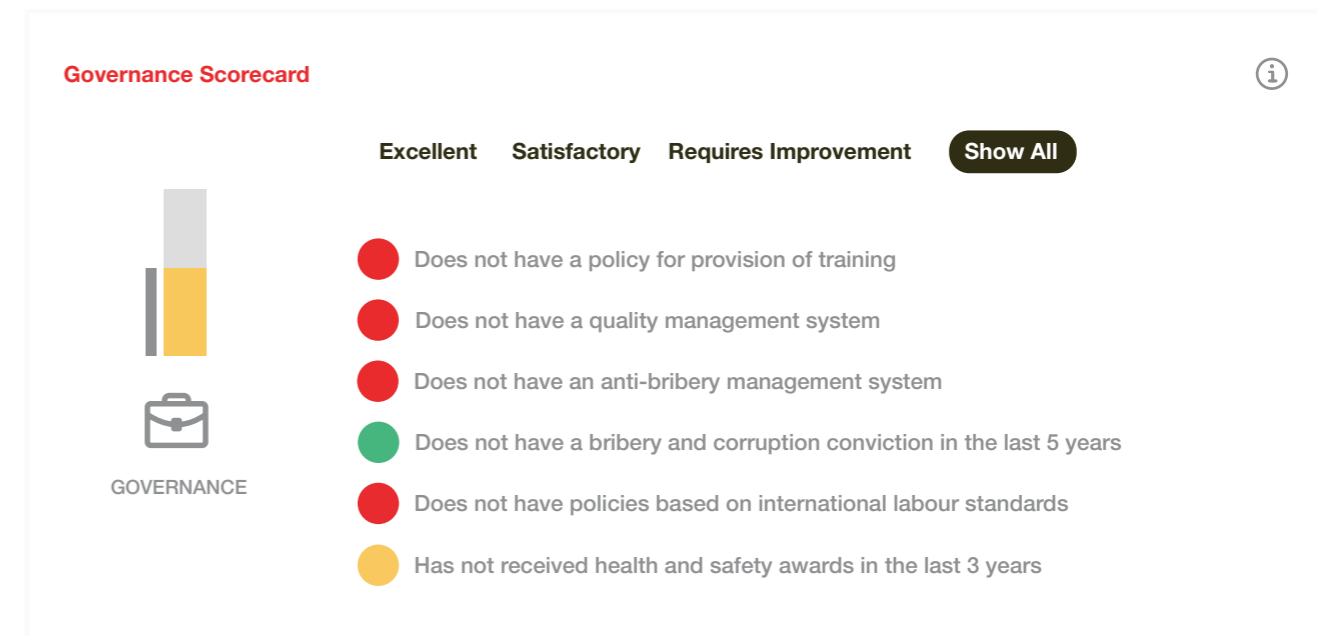
Scoring Functionality

The Achilles Score is available to all users on the Supplier Profile. For Buyers, this is accessed by clicking on companies you find in Search. For Suppliers, their own Profile is available from the main menu. The overall score is shown in the circular dial

on the left, and the four pillars in the bars on the right. For each there is a parallel grey line that shows the average scores for Achilles Suppliers. The colour of each score's bar reflects the associated rating range (see chart on previous page).



Click on a pillar bar to see the scorecard of strengths and weaknesses identified for each. Tabs allow you to filter by type.



Buyers can also access the Achilles Score in Search and in Analytics. In Search, switch to Table View and select the Achilles Score column under the settings cog. This allows you to download the Achilles Score for multiple suppliers into an Excel.

In Analytics, the Achilles Score is shown in the main buyer dashboards. Click on Score Alerts to see which supplier scores have changed recently. There is also a detailed Scoring dashboard allowing you to see more detail about the individual components and trends over time.



Continuous Improvement

The Achilles Score facilitates continual improvement by identifying specific risk areas and opportunities for development that both buyer and suppliers may wish to act upon. Where improvements have been implemented, these will directly impact the Achilles Score of a company.

- **Upgrade assurance levels**
By opting for a higher level of assurance, suppliers will undergo closer scrutiny from Achilles and can become eligible for higher scores. Upgraded assurance ranges from additional data points in their questionnaire to in-person audits. Buyers can contact suppliers directly through the Achilles system to encourage them to upgrade.
- **Act on identified weaknesses**
Suppliers will see the areas for

improvement behind their Achilles Score and will be incentivised to address these. Buyers can assist by highlighting the areas they would like to see improved. Documentation gaps are highlighted in the Supplier Profile.

- **Non-Conformance functionality**
For suppliers undergoing audits, Achilles offers a non-conformance workflow, where issues raised in the audit are highlighted and suppliers are invited to propose Corrective Action Plans to resolve them. The functionality allows buyers to track suppliers' progress in real time. To understand more about this and to find out which audits offer this workflow, please contact your Account Manager.

Custom Scoring Methodologies

In addition to the Achilles Score, we offer buying organisations and entire Networks the ability to configure their own bespoke scoring. Scoring algorithms are developed in conjunction with Achilles, drawing on the full range of data we hold for Suppliers across our Networks, including Buyer-Specific Questions. The Achilles Score and its framework can be used as part of a

custom scoring methodology.

Presentation of custom scoring follows the same model as the Achilles Score, with an overall rating and bespoke scoring components. If you are in a Buyer organisation and interested in adding Custom Scoring, please speak to your Account Manager.



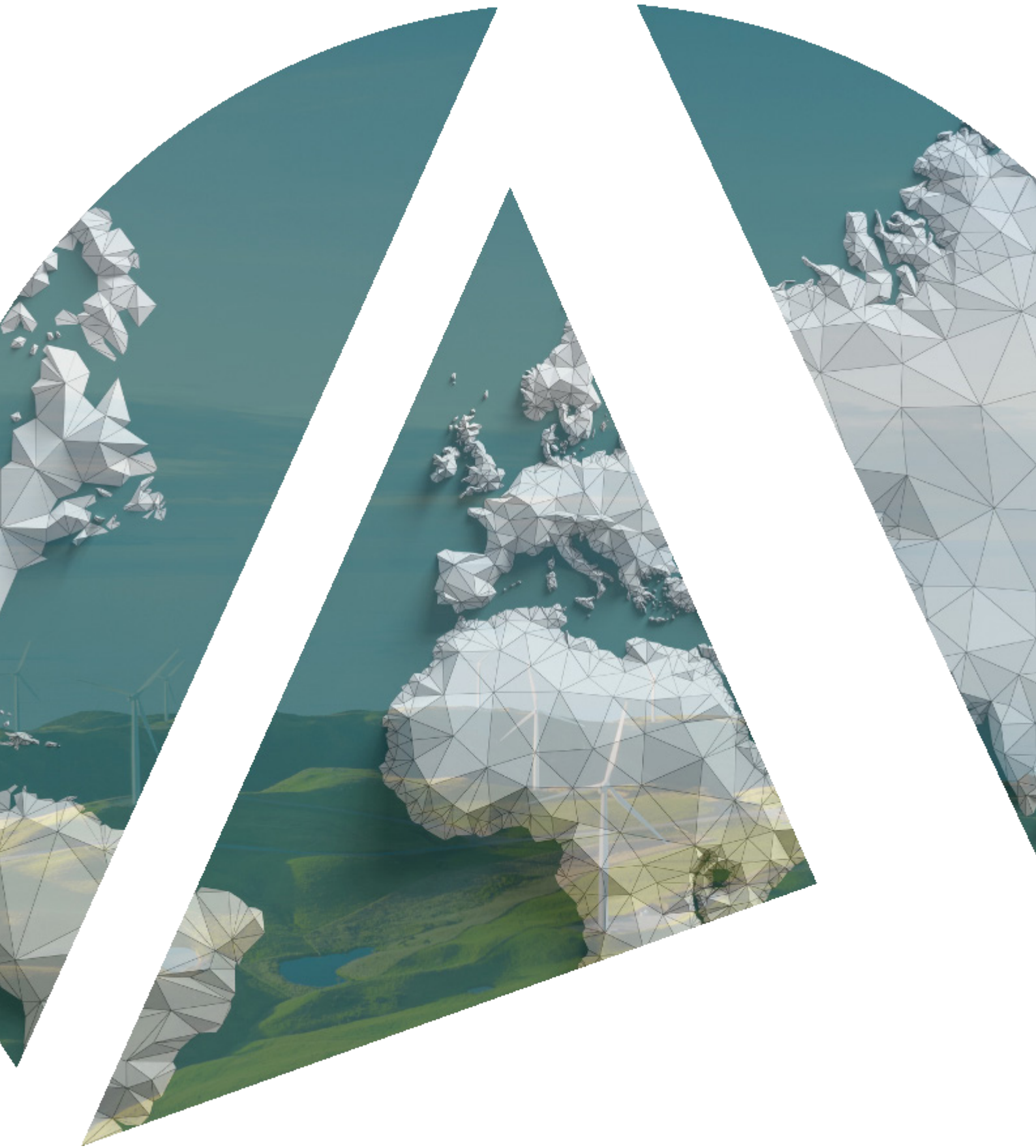
Trust and Transparency

The Achilles Score is underpinned by vast quantities of individual company data points, collected from thousands of companies within our networks. All data is painstakingly collected and thoroughly validated prior to its publication. Achilles employs dedicated Data Validation Teams that scrutinise data submitted by companies. Our systems and Data Validation Teams actively alert companies where specific documents or evidence is due to expire. Our Data Science Department runs continuous analysis of our datasets to identify trend outliers or reporting anomalies.

For over three decades The Achilles

questionnaire has been carefully refined in conjunction with industry experts to ensure that the data collected is precise and relevant to the needs of our customers. Questionnaire content is automatically tailored based on a range of sector and supply chain characteristics; one size cannot fit all.

Our expertise in different sectors is bolstered by the long-standing Community Network Model. This close partnership with key industry bodies, buying organisations and international experts enhances our ability to develop questionnaire and assessment approaches, and to manage relationships within the supply chain.



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