



ecovadis

EcoVadis CSR Scoring Principles

Methodology Principles

The objective of the EcoVadis Corporate Social Responsibility (CSR) rating methodology is to **measure the quality of a company's CSR management system** through its policies, actions and results. The EcoVadis CSR rating methodology is based on **seven founding principles**.

Seven Principles

- 1 Evidence Based**

The burden of the proof is on the company assessed. CSR management systems leave traces (e.g. policies, certificates, reporting). Supporting documents are a must. Company declarations are credited only if evidence is provided.
- 2 Industry, Location and Size Matter**

The CSR management system is assessed taking into account material industry issues, presence in risk countries, and the size and geographical span of the company.
- 3 Diversification of Sources**

The rating is based not only on supporting documents provided by the company but also on standpoints published by NGOs, trade unions, international organizations, local authorities, or other 3rd party organizations (e.g. auditors, CDP, Dow Jones Risk Compliance Database).
- 4 Technology Is a Must**

A rating system can only become reliable and robust if it is supported by technology. Technology facilitates industrialization, which enables fast learning, growth and scalability.
- 5 Assessment by International CSR Experts**

The supporting documents are analyzed by a team of CSR experts from around the globe who keep track of the latest best practices in CSR.
- 6 Traceability and Transparency**

Every document used in the rating process is stored securely and can be traced back. Companies assessed have access, if needed, to the most detailed results and to each scoring decision.
- 7 Excellence Through Continuous Improvement**

A professional rating methodology is open to quality controls, continuous improvement, and to stakeholders' feedback. EcoVadis has implemented a company-wide quality management system supported by a client advisory board and a scientific committee.

Reference and Assessment Model

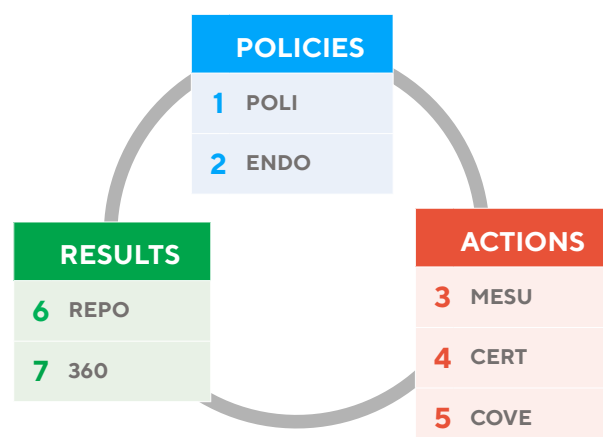
What: CSR Issues Covered

The assessment considers a range of CSR issues, which are grouped into four themes: Environment, Labor & Human Rights, Ethics, and Sustainable Procurement. The issues covered in each assessment are based on the relevance of the 21 CSR issues to the company context, such as industry, size and location. These are defined upfront during company registration on the EcoVadis platform and will shape the questionnaire received.



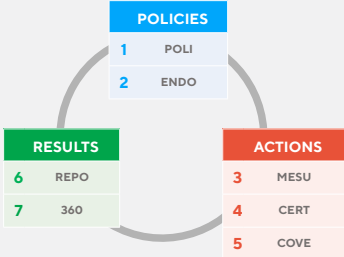

| 21 CSR Criteria | | | |
|--|---|---|---|
| ENVIRONMENT | LABOR & HUMAN RIGHTS | ETHICS | SUSTAINABLE PROCUREMENT |
| Operations <ul style="list-style-type: none"> Energy Consumption & GHGs Water Biodiversity Local & Accidental Pollution Materials, Chemicals & Waste Products <ul style="list-style-type: none"> Product Use Product End-of-Life Customer Health & Safety Environmental Services & Advocacy | Human Resources <ul style="list-style-type: none"> Employee Health & Safety Working Conditions Social Dialogue Career Management & Training Human Rights <ul style="list-style-type: none"> Child Labor, Forced Labor & Human Trafficking Diversity, Discrimination & Harassment External Stakeholder Human Rights | <ul style="list-style-type: none"> Corruption Anticompetitive Practices Responsible Information Management | <ul style="list-style-type: none"> Supplier Environmental Practices Supplier Social Practices |

How: CSR Management Indicators

For EcoVadis, an effective CSR Management System is composed of the following elements: **POLICIES, ACTIONS** and **REPORTING ON RESULTS**. Each of these elements carries a particular weight when calculating a company's theme score. These three management layers are separated into seven management indicators: **Policies** (POLI), **Endorsements** (ENDO), **Measures** (MESU), **Certifications** (CERT), **Coverage - Deployment of Actions** (COVE), **Reporting** (REPO) and **360° Watch Findings** (360)



Scoring Principles

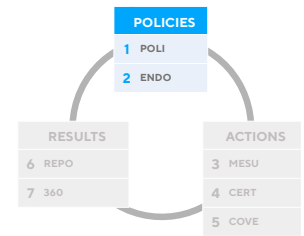
| | | |
|-----------|--|--|
| <p>1.</p> | <p>Scoring is based upon evidence from supporting documentation provided by suppliers, stakeholders' representatives (360 data), and third-party organizations (e.g. audit reports).</p> |  |
| <p>2.</p> | <p>Each of the seven management indicators (e.g. POLI, MESU, etc.) is assigned a score between 0 and 100, based upon strict scoring guidelines, considering multiple factors such as the percentage of relevant CSR issues addressed, the relative importance of each issue, among others.</p> |  |
| <p>3.</p> | <p>A theme score* is based on the scores of each of the seven management indicators and their relative weight: POLI, ENDO, MESU, CERT, COVE, REPO, 360.</p> |  |
| <p>4.</p> | <p>The overall score* is a weighted average of the four theme scores: Environment, Labor & Human Rights, Ethics, and Sustainable Procurement.</p> |  |

* The overall score is rounded to the nearest integer, while the theme scores are rounded to the nearest tenth.

Management Indicators Scoring and Weights

| | | | |
|---------------------------------|----------------------------|--|--|
| POLICIES (25%) | POLI 80% + | Policies, objectives, targets, governance | 0 No evidence 25 Partial 50 Confirmed 75 Advanced 100 Outstanding |
| | ENDO 20% | Endorsement of external CSR initiatives and principles, e.g. UN Global Compact | |
| ACTIONS (40%) | MESU 65% + | Actions put in place to support objectives and targets | 0 No evidence 25 Partial 50 Confirmed 75 Advanced 100 Outstanding |
| | CERT 35% X | Certifications, labels, third-party audits | |
| | COVE multiplying factor | Level of deployment of certificates or actions throughout the company | 0 Not Applicable 25 Low Coverage 50 Medium Coverage 75 High Coverage 100 Very High Coverage |
| | | | |
| RESULTS (35%) | REPO 40% + | Quality of reporting readily available to stakeholders | 0 No Evidence 25 Partial 50 Confirmed 75 Advanced 100 Outstanding |
| | 360° 60% | Standpoints of stakeholders' representatives, e.g. administrative & judicial authorities, trade unions, NGOs | 0 Severe 25 Major 50 Minor 75 None 100 Positive |

POLI Management Indicator



Definition

Policies are a set of objectives that address relevant CSR issues for the company. These objectives can be principles, engagements, or qualitative and/or quantitative objectives.

Scoring Principles

- Specificity of objectives, ranging from general engagements to quantitative targets
- Coverage of relevant CSR issues, i.e. criteria activated (Information on criteria activation can be found in category profiles)
- Governance and allocation of responsibilities
- Review mechanism and updates
- Scope of application
- Group policies are taken into account

| | | | | |
|-------------------------|-----------------------------|-------------------------------|------------------------------|----------------------------------|
| 0 NONE | 25 PARTIAL | 50 CONFIRMED | 75 ADVANCED | 100 OUTSTANDING |
|-------------------------|-----------------------------|-------------------------------|------------------------------|----------------------------------|

Minimum Requirements

| | | | | |
|--|---|---|---|--|
| <ul style="list-style-type: none"> • No evidence of a formalized policy , • Only general statements at theme level | <ul style="list-style-type: none"> • Statements or qualitative objectives on less than 2/3 of criteria activated | <ul style="list-style-type: none"> • Qualitative objectives on more than 2/3 of criteria activated | Standard requirements + Quantitative targets + One of the following: <ul style="list-style-type: none"> • Governance • Review mechanism • Scope of application | Qualitative objectives on ALL criteria activated + Quantitative targets on high importance criteria + Two of the following: <ul style="list-style-type: none"> • Governance • Review mechanism • Scope of application |
|--|---|---|---|--|

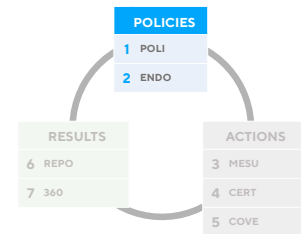
Evidence

- Supporting documentation with evidence of company objectives integrated in formal company documents available to internal or external stakeholders.
- Example: company commitment to reduce energy consumption, communicated in the environmental policy section of the CSR report
- Examples of statement vs qualitative objective vs target
 - *"We strive to improve our environmental performance"* – **Statement**
 - *"Our company is committed to reducing its environmental impact by using recycled materials to minimize its virgin materials consumption"* – **Qualitative objective**
 - *"We are committed to use 75percent of recycled materials in our production process by 2025"* – **Target**

ISO 26000 Reference

7.4.2 Setting the direction of an organization for social responsibility

ENDO Management Indicator



Definition

Formal public adherence to, or active participation in, external CSR initiatives, industry codes of conduct, set of principles, or charters:

- Public commitment to meet objectives/principles defined by a recognized third-party organization
- Engaging with external stakeholders and peers in a formal initiative to advance CSR or specific CSR topics

Scoring Principles

- If a company's declaration of an endorsement is verified, it is reflected on the company's ENDO score based on the relevance of the initiative:
 - Coverage of CSR issues
 - Sectoral or cross-sectoral scope
 - Membership requirements for signatories/participants/members
- Endorsement of multiple initiatives has a cumulative effect on the score
- Group endorsements are taken into account

Evidence

Declarations of endorsement are verified directly on the 3rd-party organization's website.

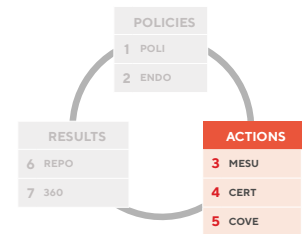
Examples from EcoVadis live CSR standards database, updated on a continuous basis by a central review team:

| Initiative | Verification | Sector | ENV ENDO | LAB ENDO | FBP ENDO | SUP ENDO |
|---|---|----------------------------------|----------|----------|----------|----------|
| UN Global Compact | https://www.unglobalcompact.org/what-is-gc/participants/ | Cross-Sector | 75 | 75 | 50 | - |
| International Council on Mining and Metals (ICMM) | http://www.icmm.com/members/member-companies | Mining and Metals | 100 | 100 | 75 | - |
| Responsible Care Global Charter | https://www.icca-chem.org/responsible-care/ | Chemicals | 75 | 50 | - | - |
| UN Principles for Responsible Investment (PRI) | https://www.unpri.org/directory/ | Financial | 75 | - | - | 25 |
| Charte de la Diversité (French Diversity Charter) | http://www.charte-diversite.com/charte-diversite-recherche-signataire.php | Cross-Sector | - | 50 | - | - |
| Sustainable Apparel Coalition | http://apparelcoalition.org/members/ | Apparel, Footwear, Home Textiles | - | - | - | 100 |

ISO 26000 Reference

- 7.6.1 Methods of enhancing credibility
- 7.8 Voluntary initiatives for social responsibility and Annex A

MESU Management Indicator



Definition

Concrete actions implemented by the company to support its policies and targets and address relevant CSR issues.

Scoring Principles

Actions are scored based on the following principles:

- Coverage of relevant CSR issues, i.e. criteria activated (information on criteria activation can be found in category profiles)
- Concrete evidence of implementation from supporting documentation
- Only actions implemented at the assessed entity are taken into account

COVERAGE OF ACTIONS

| | | < 33% criteria activated | Between 33% and 65% of criteria activated | ≥ 66% of criteria activated |
|---------------------------|----------------------------------|--------------------------|---|-----------------------------|
| VALID ACTIONS IMPLEMENTED | No action implemented | 0 | 0 | 0 |
| | 1 valid action implemented | 25 | 25 | 50 |
| | 2 or 3 valid actions implemented | 25 | 50 | 75 |
| | 4+ valid actions implemented | 50 | 75 | 100 |

Note: Simplified grid presented above, specific differences for themes exist

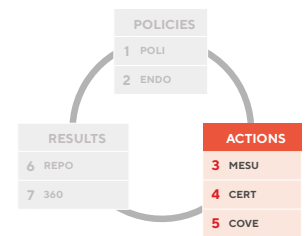
Evidence

- Supporting documentation with detailed description of actions the company implemented to address certain CSR issues.
- Example: description of whistle blowing procedure in the company code of conduct, or emergency response procedure document outlining actions to be taken in case of an accident.

ISO 26000 Reference

7.4.3 Building social responsibility into an organization's governance, systems and procedures

CERT Management Indicator



Definition

Considers CSR management system certifications, CSR management system labels, and ecolabels on products or services.

Scoring Principles

- Legitimacy: certificate issued by independent and accredited third party organization
- Validity: certificate issue and expiry dates checked
- Operational scope: activity and sites covered in line with the assessed entity
- Coverage of CSR issues

Evidence

Certificates are to be provided by the assessed company. Evidence may also be found on company websites, if valid certificates have been made available.

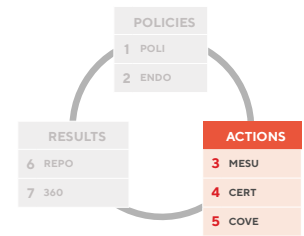
Examples from EcoVadis live CSR standards database, updated on a continuous basis by a central review team:

| Certification | Type | Verification | ENVIRONMENT CERT | LABOR & HUMAN RIGHTS CERT | ETHICS CERT | SUSTAINABLE PROCUREMENT CERT |
|---|-------------------|---|------------------|---------------------------|-------------|------------------------------|
| ISO 14001 | Management system | Valid certificate | 100 | - | - | - |
| OHSAS 18001 | Management system | Valid certificate | - | 50 | - | - |
| ISO 27000 | Management system | Valid certificate | - | - | 50 | - |
| Social Accountability 8000 (SA8000) | Management system | Valid certificate + http://www.saasaccreditation.org/certifacilitieslist.htm | - | 75 | - | 25 |
| Forest Stewardship Council (FSC) Chain of Custody | Ecolabel | Valid certificate + http://info.fsc.org/ | - | - | - | 50 |
| EU Ecolabel | Ecolabel | Valid certificate | 50 | - | - | 25 |
| Marine Stewardship Council (MSC) Chain of Custody | Ecolabel | Valid certificate + http://cert.msc.org/supplierdirectory | - | - | - | 25 |
| VCA or SCC (SHE Checklist for Contractors) | Management System | Valid certificate | - | 50 | - | - |
| RC14001 | Management System | Valid certificate | 100 | 50 | - | - |

ISO 26000 Reference

- 7.6.1 Methods of enhancing credibility
- 7.8 Voluntary initiatives for social responsibility and Annex A

COVE Management Indicator



Definition

COVE indicator refers to the implementation level of actions throughout the company’s locations. This indicator is applied only to large companies that may have inconsistent deployment of their CSR management systems throughout their operations.

Scoring Principles

- Coverage is scored based on the availability of evidence that illustrate the degree of deployment of CSR actions throughout the organization.
- The COVE score serves as a multiplying factor in the Actions score calculation, which is the geometric mean between
- the COVE score and the weighted average of MESU and CERT scores.
- A score of 0 in COVE is not applicable because it serves as a multiplying factor, so as soon as there is evidence of an action, the COVE score is at least 25.

Evidence

Supporting documentation with information on deployment of CSR actions across the organization’s sites and workforce.

Examples of coverage information:

- percentage of ISO 14001 or EMAS certified operational sites
- percentage of employees covered by social benefits
- percentage of employees who received training on business ethics within the year

Examples from EcoVadis live CSR standards database, updated on a continuous basis by a central review team:

| | | | | |
|----------|--------------------|-----------------------|---------------------|---------------------------|
| 0 N/A | 25 LOW COVERAGE | 50 MEDIUM COVERAGE | 75 HIGH COVERAGE | 100 VERY HIGH COVERAGE |
|----------|--------------------|-----------------------|---------------------|---------------------------|

Minimum Requirements

| | | | | |
|--|--|---|--|--|
| | Information available on low coverage of theme- specific CSR actions or No information on coverage available | Information available on average coverage of operations by theme-specific CSR actions | Information available on high coverage of operations by theme-specific CSR actions | Information available on very high coverage of operations by theme-specific CSR actions (i.e. the vast majority of sites/ employees/suppliers covered) |
|--|--|---|--|--|

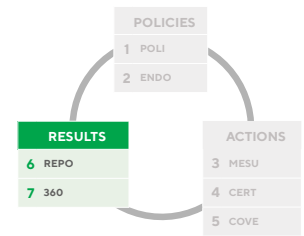
E.g. Coverage of Environmental Actions

| | | | | |
|--|---|--|--|---|
| | 1-20% of production sites ISO 14001 cert. | 21-40% of production sites ISO 14001 cert. | 41-60% of production sites ISO 14001 cert. | 61-100% of production sites ISO 14001 cert. |
|--|---|--|--|---|

ISO 26000 Reference

7.4.3 Building social responsibility into an organization's governance, systems and procedures

REPO Management Indicator



Definition

A company’s method of communication to stakeholders on the implementation of its CSR practices and KPI-based performance. Quality of qualitative or quantitative reporting readily available to stakeholders.

Scoring Principles

- Transparency: publicly available to stakeholders
- Reliability: third-party party verification
- Timeliness: within last two calendar years
- Comparability of reporting: over time and to peers
- Coverage of relevant CSR issues, i.e. criteria activated (information on criteria activation can be found in category profiles)
- Only reporting related to the assessed entity is taken into account

Evidence

Reporting is often found in annual reports and CSR reports, but may also be disclosed in stand-alone reporting documents.

| | | | | |
|--------------------------------|-----------------------------|-------------------------------|------------------------------|----------------------------------|
| 0 NO EVIDENCE | 25 PARTIAL | 50 CONFIRMED | 75 ADVANCED | 100 OUTSTANDING |
|--------------------------------|-----------------------------|-------------------------------|------------------------------|----------------------------------|

Minimum Requirements

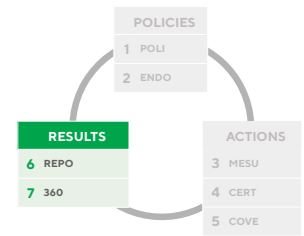
| | | | | |
|--|--|--|--|---|
| No reporting or Only outdated reporting (more than 2 years) or Only questionnaire declarations | Reporting on recent KPIs (within last 2 years) Covers less than 2/3 of criteria activated | Reporting on recent KPIs (within last 2 years) Covers more than 2/3 of criteria activated | Standard requirements + Publically available report + One of the following: • Alignment with CSR reporting standard • 3rd party independent verification | Reporting on recent KPIs covering more than 80% of criteria activated + • Multiple-year reporting or progress compared to targets and, • Alignment with CSR reporting standard • 3rd party independent verification |
|--|--|--|--|---|

Note: Simplified grid presented above, specific differences for themes exist

ISO 26000 Reference

- 7.5.3 Box 15 Reporting on social responsibility
- 7.6.2 Enhancing the credibility of reports and claims about social responsibility
- 7.7 Reviewing and improving an organization’s actions and practices related to social responsibility

360° Management Indicator



Definition

360° considers standpoints, both positive and negative, collected from the public domain and issued by the company's stakeholder representatives. 360° information can reflect the degree of effectiveness of a company's CSR management system. The EcoVadis 360° Watch Findings selects stakeholder information from sources that strive to be legitimate, comprehensive and transparent.

Scoring Principles

The 360° score is set at three by default and may be scored up or down based on the following principles:

- Timing of facts of the case
- Nature of case: positive or negative
- Severity of cases with negative impact: severity may be due to a variety of factors such as repeated occurrence, percentage of workforce involved, amount of financial sanction, etc.

Note: Only if no cases with negative impact are identified, then the score is eligible to be raised above the default score 3.

Evidence

All 360° information is gathered through EcoVadis' in-house 360° Watch Findings. The following will be considered factual proof or equivalent thereof:

- Official statements or publications of administrative government bodies
- The content of court rulings or legal settlements
- Factual statements by the press or organizations, which are recognized as working by scientific standards and financially neutral to the content of said statements, e.g. independent NGOs

| 0 CASE(S) WITH SEVERE NEGATIVE IMPACT | 25 CASE(S) WITH MAJOR NEGATIVE IMPACT | 50 CASE(S) WITH MINOR NEGATIVE IMPACT | 75 NONE OR NEUTRAL CASE(S) | 100 CASES WITH POSITIVE IMPACT |
|---|--|---|---|---|
| Repeated major violations of internationally recognized standards with sanctions or fines | Major violations of internationally recognized standards with sanctions or fines | Minor incidents with legal or financial sanctions | No significant controversies or incidents | Multiple recognized CSR management practices or awards |
| Examples | | | | |
| Repeated major pollution cases with massive fines | Major H&S violations with monetary sanctions | Minor fine for discrimination case | None | Top 5 ranking in sector index and external recognition of performance |

Note: Simplified grid presented above, specific differences for themes exist

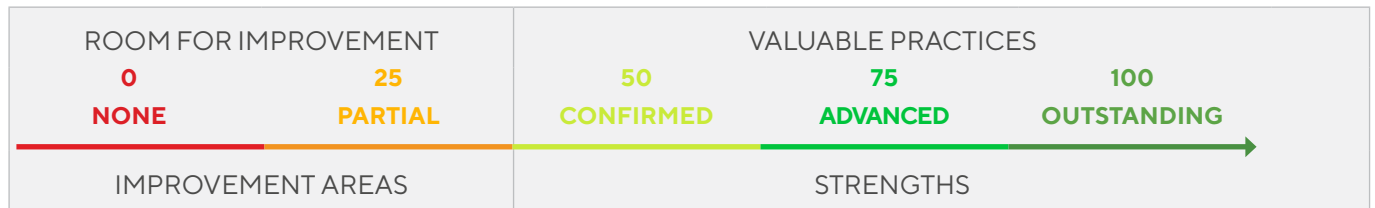
ISO 26000 Reference

- 4.5 Respect for stakeholder interests
- 5 Recognizing social responsibility and engaging stakeholders

Strengths and Improvement Areas

In addition to scoring, a set of strengths and improvement areas are highlighted for each theme are indicated on the EcoVadis Scorecard. These are presented in the scorecard according to the 3 management layers: Policies, Actions, and Results.

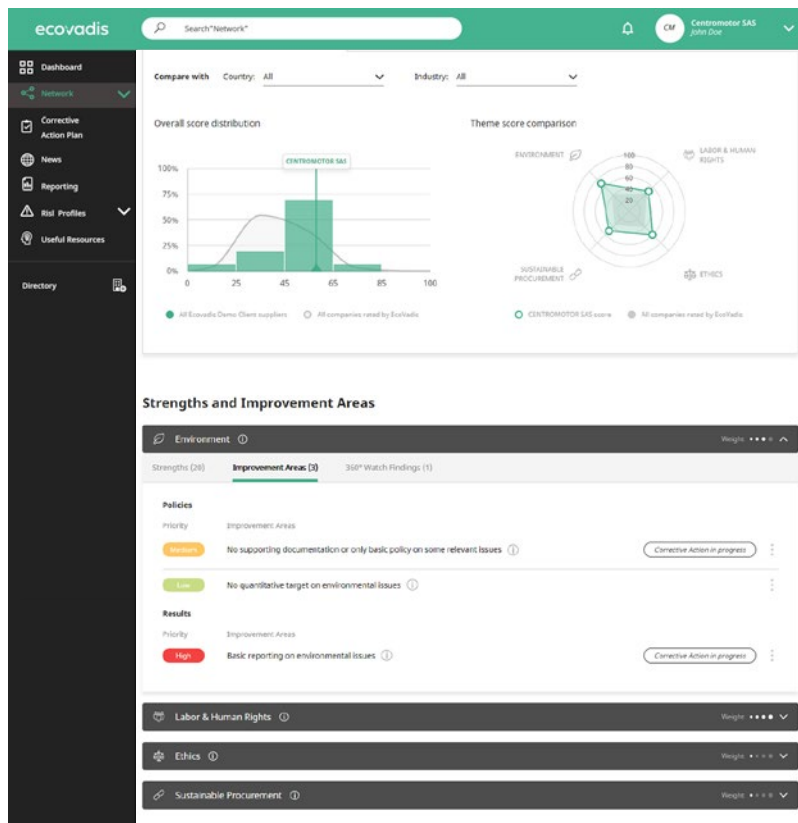
Strengths reflect some of the company’s valuable CSR practices, while improvement areas indicate areas for corrective action implementation.



Note that the particular strengths and improvement areas in a given scorecard do not influence the calculation of scores.

In fact, strengths and improvement areas provide complementary qualitative information.

Further information regarding specific strengths and improvement areas are available by clicking on the “i” information icon on the scorecard. ⁱ

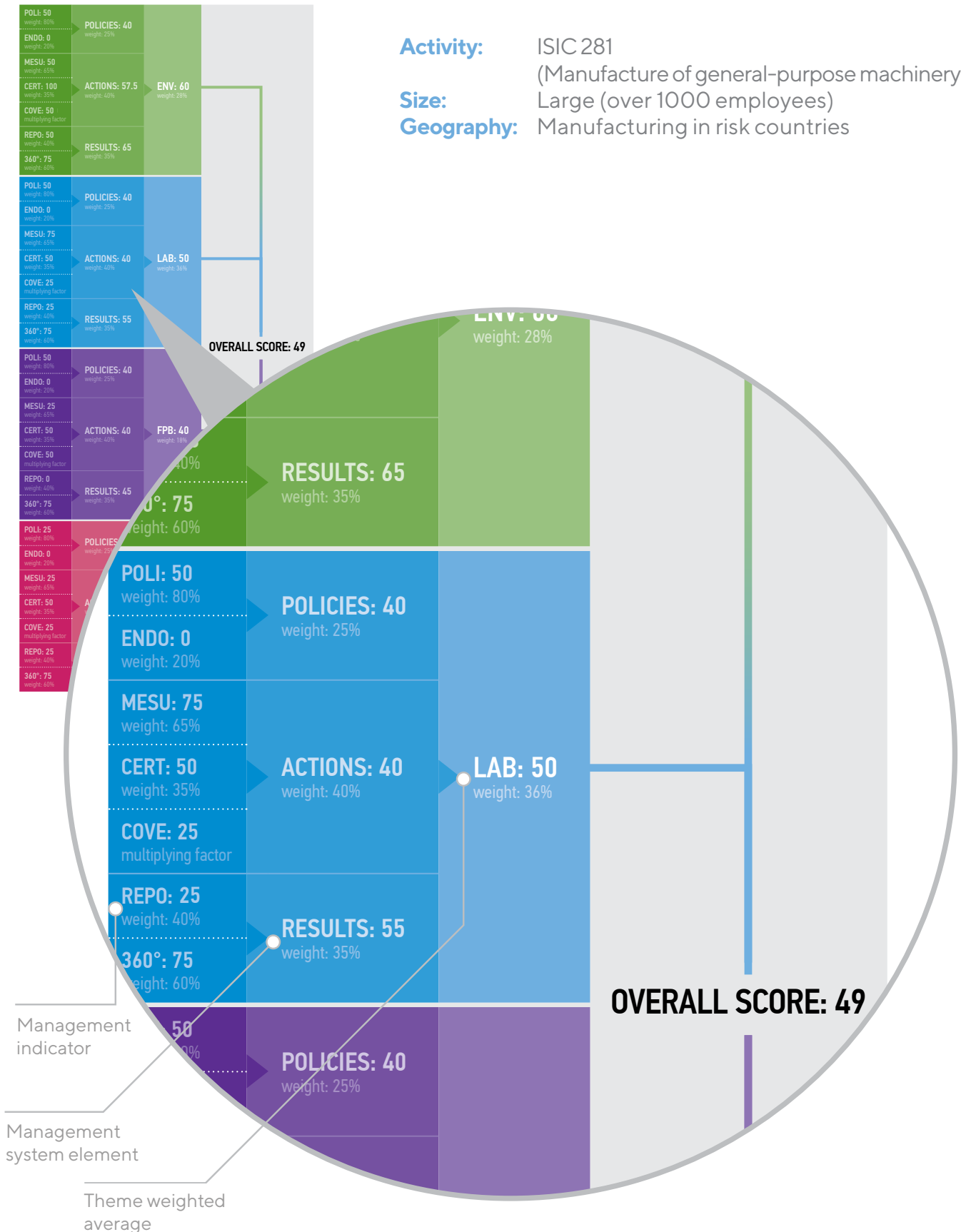


Company Scoring Example

Activity: ISIC 281
(Manufacture of general-purpose machinery)

Size: Large (over 1000 employees)

Geography: Manufacturing in risk countries



Assessment Process Examples

POLI example

QUESTIONNAIRE:
ENV100: Does your company have a formalized environmental policy?

Answer: Energy Consumption and Greenhouse Gases

EVIDENCE PROVIDED

Energy Policy

DOCUMENT ANALYSIS

Energy policy is outlined in a formal company document.

Energy policy includes company wide commitment to energy conservation and GHG emissions reduction of 10% by 2018.

No other evidence on environmental policies were provided.

SCORING

Theme: Environment (ENV)

POLI score: 25

Reason: Based on company activity, 3 environmental criteria are activated for this supplier. Evidence is provided for 1/3 of criteria.

STRENGTHS & IMPROVEMENT AREAS

Strengths: Environmental policy on some relevant issues (i.e. energy consumption & GHGs); Quantitative objectives on some relevant issues (i.e. GHG emissions)

Improvement Area: No supporting documentation or only basic policy on some relevant issues (e.g. water, waste)

POLI example

QUESTIONNAIRE:
FBP310: What actions are in place against corruption and bribery?

Answer: Web-based or in-person training program on anti-corruption

EVIDENCE PROVIDED

Code of Ethics and training procedure

DOCUMENT ANALYSIS

Evidence of training program on anti-corruption found.

Additional evidence of measures found are whistleblowing procedure and signature acknowledgement of anti-competitive practices policy.

SCORING

Theme: Fair Business Practices (FBP)

MESU score: 50

Reason: Based on company activity, 2 fair business practices criteria are activated (anti-corruption and anti-competitive practices). There is evidence of 3 measures.

STRENGTHS & IMPROVEMENT AREAS

Strengths: Web-based or in-person training program on anti-corruption;
Signature acknowledgement of anti-competitive practices policy;

Whistleblowing procedure on business ethics issues

POLI example

QUESTIONNAIRE:
GEN400: On which topics does your company publish a report (e.g. CSR report)?

Answer: Labor Practices

EVIDENCE PROVIDED

CSR Report

DOCUMENT ANALYSIS

CSR Report does not follow any reporting standard.

Reporting on KPIs: lost time injury rate of past year, % of employees covered by collective bargaining agreements in past year, average hours of training per employee in past year.

SCORING

Theme: Labor Practices & Human Rights (LAB)

REPO score: 50

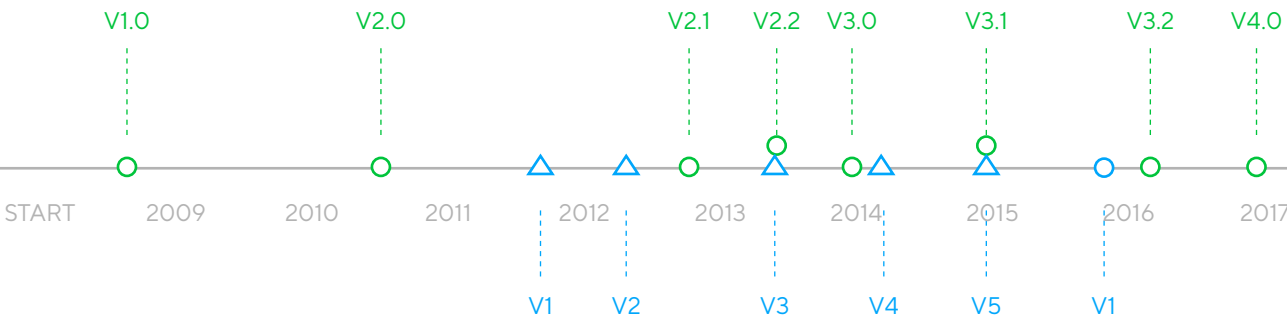
Reason: Has formal report, is recent enough (past year performance), KPIs for most activated criteria. But does not follow a reporting standard and has no external assurance.

STRENGTHS & IMPROVEMENT AREAS

Strengths: Standard reporting on labor practices & human rights issues

Evolution of Methodology Guidelines

Scoring methodology principles serve as the basis for the development of guidelines and rules for analysts, which are updated on a regular basis by the methodology management team.



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| | |
|--------------------------------|--|
| ● Scoring Guidelines | → Strengths & Improvement Areas Guidelines |
| ▲ Document Analysis Guidelines | ● Document Analyst Procedural Manual |

About EcoVadis




Help Center

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EcoVadis is the world’s most trusted provider of business sustainability ratings, intelligence and collaborative performance improvement tools for global supply chains. Backed by a powerful technology platform and a global team of domain experts, EcoVadis’ easy-to-use and actionable sustainability scorecards provide detailed insight into environmental, social and ethical risks across 190 purchasing categories and 150 countries.

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