

EcoVadis

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2010

Communication On Progress

in implementing the principles of the
United Nations Global Compact



Foreword

Paris, September, 13th 2010

EcoVadis has joined the Global Compact initiative in September 2008, shortly after its foundation in 2007, and we are proud to present our first Global Compact Communication on Progress, in which we demonstrate our commitment to these principles.

EcoVadis signed up to the UN Global Compact because we are convinced of the critical role corporate organizations can play in improving the world environmental and social practices.

EcoVadis vision is that Sustainable Supply Management can play a critical role in fostering development of Sustainable Development practices in companies of all size, across the world. Large corporations can, and must engage with their suppliers to request them to improve their CSR practices. The ultimate goal of EcoVadis is to support deployment of Sustainable Supply Management practices by providing buyers and suppliers with reliable and easy-to-use rating tools, allowing them to assess and improve their CSR practices.

We believe these practices must also apply to the way EcoVadis conduct its own business. Despite the limited size and direct environmental and social impact of our organization, we commit to apply high environmental and social standards, and are looking for ways to improve them as our organization grows.

Today we are proud to re-confirm our commitment to the 10 principles of the UN Global Compact. We will continue to apply them internally, but more importantly will strive to encourage thousands of companies to apply the through the continuous growth of our CSR rating platform.

Pierre-François THALER
President



Frederic TRINEL
Managing Director

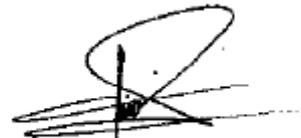


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1 About EcoVadis

1.1 Presentation

History: EcoVadis is a relatively young company, founded in June 2007, with the objective to bring together the principles of supply management and Corporate Social Responsibility (CSR). As of August 2010, the team includes around 20 professionals.

Vision: “To become a trusted partner of procurement organizations aiming at implementing sustainable supply management practices.”

With this aim, EcoVadis operates the first collaborative platform, allowing companies to assess the environmental and social performance of their suppliers on a global basis. EcoVadis combines technology and Corporate Social Responsibility expertise to deliver simple and reliable suppliers scorecards. The solution allows companies to assess the performance of their suppliers, and reduce the risks associated.

Since its launch in 2007, more than 40 leading companies have selected Ecovadis SP™ solutions to manage sustainability risks in their supply chain and improve the performance of their suppliers, in more than 80 countries. EcoVadis helps multinationals to bring their CSR program to a higher commitment by integrating CSR issues in their supply chain, and provides a basis for improvement for suppliers.

1.2 CSR approach

1.2.1 Methodology

Our CSR approach (Cf. figure 1) is the very same one that we use to assess the performance of suppliers. We have built our approach around 4 themes, which are:

- ✓ Environment
- ✓ Labor practices and Human rights
- ✓ Business ethics
- ✓ Sustainable procurement

For each theme, we are following the 3 steps of management system implementation that are:

- ✓ Policies: refer to the vision, policies and engagement of the company as well as the endorsement of CSR initiatives and codes of conduct;
- ✓ Actions : refer to the concrete measures rolled-out to implement the policies;
- ✓ Results: refer to the results of the measures implemented (e.g. KPIs), the communication of these results (e.g. public reporting) and feedback from stakeholders (e.g. NGOs, trade unions)

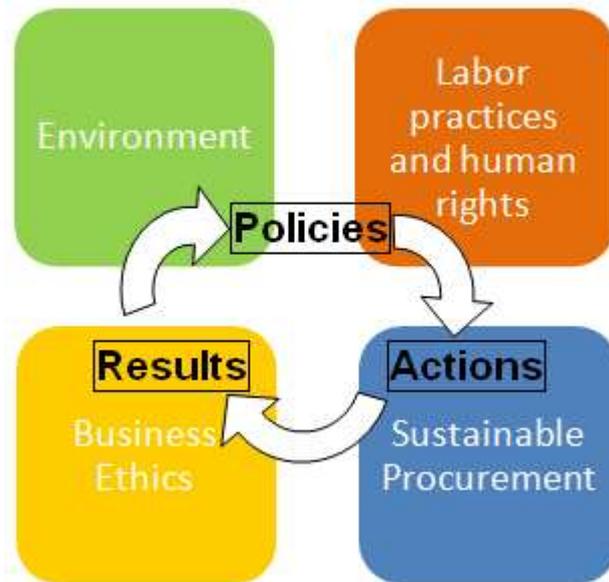


Figure 1. EcoVadis CSR rating model

As a first step, we are formalizing our CSR vision (Policies), and we are in the process of planning and implementing a number of concrete measures (Actions) in 2010, to support those engagements. Mid-2010, we have reviewed our progresses (Results) and we are working on an action plan accordingly.

Thus, we are planning to update our policies in 2011, in particular to include implementation objectives for full-year 2011. The next three months will be dedicated to implementing the actions planned for 2010, to reviewing them and to revamping our policies. Our next communication on progress is planned to be issued at the end of 2011.

1.2.2 EcoVadis CSR challenges

Direct impacts

Given EcoVadis activity and size, its environmental and social direct impacts are somewhat limited. However, the company pledges to minimize its negative impacts on the society and the environment and to endorse its responsibilities towards its employee's health and safety and their fulfillment. The company plans to grow rapidly and, in this context, a review of the impacts should be conducted on a regular basis.

Indirect impact

Due to its activity and its expertise in Sustainable development, EcoVadis has a significant indirect positive impact. Indeed, suppliers' CSR ratings support businesses reduce risks, drive performance and uphold innovation in their supply chain. Beyond procurement organizations, we believe that sustainable supply management is a key driver in ensuring that SME's adopt the responsible practices which are now becoming a must for large organizations.

EcoVadis, through its clients and the suppliers assessed, has huge positive indirect social or environmental impacts. Hence, it is important for EcoVadis to demonstrate leadership in CSR by mitigating its direct social and environmental impacts, or in other words to "walk the talk".

2 EcoVadis CSR Strategy

2.1 Environment

The Global Compact (GC) principles associated with this theme are:

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: Undertake initiatives to promote greater environmental responsibility; and
- Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

EcoVadis' commitment to these principles is to:

- ✓ ***“Mitigate the company environmental impacts all along its business and development cycle.”***

Energy consumption and greenhouse gases emissions are EcoVadis main environmental impacts. As EcoVadis does not have manufacturing activities, this is mainly due to electric consumption of offices (e.g. lighting, computers) and fossil fuel consumption and GHG emissions from business travel.

EcoVadis has implemented several measures to limit its electricity consumption of which the main one is the virtualization of its servers.

Regarding measures to limit the GHG emissions associated with employees' transportation (e.g. meeting with clients, conferences), first of all EcoVadis tries to limit the displacement of its employees to the bare minimum, and favor collaborative technologies such as web-conferencing or call conferencing. If employees have to travel, the company has a rail-over-air policy, that is to say the company favors trains or metros compared to air whenever possible. For the trips done by plane, EcoVadis use the emissions compensation services provided by the airlines companies and is committed to compensate all its future trips done by plane. Currently 95% of EcoVadis employees use low emissions transport mode for daily commuting to the office

As a consultancy, EcoVadis would be expected to consume important quantity of paper but it is not the case. In fact, important efforts have been made to suppress the need for printing, especially regarding IT development. The meeting rooms are equipped with video-projectors or large TV screens, enabling all participants to share the same screen without requiring printed copies of the shared documents. The majority of our tasks can be performed on our computers and our clients and the suppliers also access our services through internet portals. For the remaining documents printed, we use recycled paper.

Finally, regarding the management of office waste, the company has implemented recycling for paper, cardboard, metal cans and glass.

2.2 Labor practices and Human Rights

The GC principles related to this theme are:

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: Make sure that they are not complicit in human rights abuses.
- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: The elimination of all forms of forced and compulsory labour;
- Principle 5: The effective abolition of child labour; and
- Principle 6: The elimination of discrimination in respect of employment and occupation.

EcoVadis' commitment to these principles has been integrated into its policies through the objective to:

- ✓ ***“Provide a safe & motivating work environment for all EcoVadis teammates”***

The recruitment of new employees is a real challenge for EcoVadis, as the company is looking for very skilled employees with strong expertise in CSR topics, as well as skilled IT developers, while sustaining a 100% growth rate for the past 3 years.

To support its development and to select potential future employees, the company welcomes students as trainees amongst its team in pre-hire internship. The training is a trial period which can lead to the recruitment of the intern. The majority of the trainees that have graduated have been recruited at the end of their internship.

The integration and training of new recruit is a long process that requires important internal resources. Thus, for EcoVadis, the retention of its collaborators is of the utmost importance.

This is why EcoVadis is active regarding career development and training of its employees. The employees undergo a least one annual review during which they can express their wishes regarding their tasks and the evolution of their position. In 2009, the company focused on English classes for several employees and it is now working on a company-wide training plan to offer courses to all employees on selected topics.

EcoVadis also promotes life-work measures to retain its precious resources, such as part-time employment or international contract for employees that move for personal reasons.

EcoVadis is also committed to diversity, tolerance and equal opportunity. We prohibit all discrimination among our employees and we firmly believe diversity is a tremendous source of strength and innovation for our company. Our recruitment policy reflects this belief as EcoVadis team members currently consist of men and women from more than 7 different nations. The current women/men ratio in the company is 54%/ 46% and we accommodate part time contracts for employees willing to pursue education programs or willing to spend more time with their children.

2.3 Business Ethics

GC addresses this theme through its:

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

EcoVadis engagement to this principle has been translated into our policy by our statement to:

- ✓ ***“Develop a rigorous & transparent CSR assessment process”***

Business ethics is a critical stake for EcoVadis and if this topic is not properly managed, it could damage its reputation.

EcoVadis is conscious that its reputation is one of its main assets. The company's reputation rests on the quality of its services and the confidence of its customers. As EcoVadis is involved in the transaction between a client and its supplier, our customers and the companies that we assess have high expectations regarding our integrity, transparency and objectivity. EcoVadis commitment to remain a trustworthy and independent third party is one of the cornerstones of our management systems.

To handle the risks associated with business ethics issues, EcoVadis will publish its first code of conduct in 2010. Based on a voluntary participation, employees have been invited in a workshop session to identify all risks or potential risky situations. The main risks deal with potential bias in the assessment, conflict of interests or corruption. The code will address these risks but it need to be rolled-out and the company is currently reviewing its methodology and working procedures. For example, one of the changes that have already been implemented is terminating contact between the companies assessed and the analyst prior to the assessment. Before the process changes, the analysts were in charge of the information collection from the suppliers assessed and then, responsible for the analysis of this information. In 2009, a dedicated team has been set to collect the data and support the suppliers, and the analysts are focused on data analysis. Contacts between analysts and the suppliers are limited to specific questions that require explanation from the supplier assessed.

2.4 Sustainable procurement

Because Sustainable Supply Management is our core business it is very important for EcoVadis to lead the way on this topic. GC does not have a dedicated principle to this topic, but all ten principles should be applied to Supply Chain as detailed in the recent GC "Footprint" document.

EcoVadis sustainable procurement strategy is summarized in the objective to:

- ✓ **Participate actively in the development & emancipation of Sustainable Supply Management (SSM)**

While interest of companies for CSR is increasing, important challenges remain before sustainability is really embedded into procurement processes, in companies of all sizes. Facilitating adoption of sustainable procurement practices is a key part of EcoVadis CSR strategy.

In addition to our core business activities, EcoVadis dedicates a part of its resources to studies and publications around SSM in order to raise the collective understanding on this subject.

In December 2007, EcoVadis, with the support of HEC Business School and Ariba, released the "European Sustainable Procurement Benchmark", which analyses the environmental, social, and ethical purchasing policies of 80 of the largest European companies. Then, in partnership with HEC Business School, EcoVadis published the "HEC Sustainable Procurement benchmark" in 2009. This benchmark is a research report that analyses the vision, tools and metrics used by 95 leading companies in Europe to support their Responsible Purchasing program.

In September 2010, in partnership with ORSE (Observatoire sur la Responsabilité Sociétale des Entreprises), EcoVadis will publish a report, analyzing for the first time, the external communication of 125 of the largest companies in the world on sustainable procurement, this study aims to identify the major trends in terms of sustainable procurement policies.

EcoVadis also contributed to multiple 3rd party studies projects, contributing for example to documents published by the Global Compact working group on Sustainable Supply Chain.

EcoVadis maintains a blog dedicated to Sustainable procurement which encompasses news, interviews or articles on CSR risks associated with supply management, etc.