

**2011**

# Communication on Progress in implementing the principles of the United Nations Global Compact



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## 1 Message from the CEO

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Paris, January 16<sup>th</sup> 2012

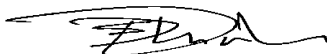
In 2011, sustainable supply chain management gained a new momentum with major regulatory developments in Europe and the U.S. More than ever, diligence solutions are needed to cope with current risk and upcoming challenges. At EcoVadis, we view one of our key missions as contributing to the development of more sustainable supply chains worldwide by providing buyers and suppliers with reliable and easy-to-use CSR risk assessment tools.

One of the 2011 highlights has been the very strong growth of our core "Suppliers CSR rating" activity, which has increased by circa 100% (in terms of number of suppliers engaged, number of employees, revenues) compared to 2010. This reflects both the international recognition of the EcoVadis model, and the increased focus of companies on Sustainable Supply Chain. As we increased our activity, we also facilitate dissemination of the UNGC principles within thousands of SME's across 95 countries.

In September 2008, EcoVadis announced its agreement with and continuous support of the United Nations Global Compact. EcoVadis has incorporated its endorsement of the 10 principles into its new Code of Ethics and endeavors to implement them in its sphere of influence. We are also taking measures internally with respect to our employees, the environment, and our main stakeholders. For example, a milestone in 2011 was the launch of our internal Environment Policy. We also help our global client portfolio to better disseminate the principles into their supply chains, through ongoing supplier engagement.

In 2012, the RIO+20 Summit will set the tone for a greener economy in the next decades. Our aim is to keep expanding our global outreach, increase our sustainable procurement advocacy efforts through participation in the Global Compact initiatives at the local or international level, and implement our policies within our internal operations.

Pierre-François THALER  
President



Frederic TRINEL  
Managing Director



## 2. EcoVadis and its role in sustainable procurement advocacy

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### 1.1 *Company Presentation*

EcoVadis operates the 1<sup>st</sup> collaborative platform since 2007, allowing companies to assess the environmental and social performance of their suppliers on a global basis. EcoVadis combines technology and Corporate Social Responsibility (CSR) expertise to deliver simple and reliable suppliers online scorecards, covering 150 purchasing categories and 21 CSR criteria: our goal is to facilitate the integration of sustainability criteria into the customer/supplier relationship.

### 1.2 *Our Indirect Positive Impacts*

#### a. Core Business Activities

Thanks to its CSR risk assessment and management solutions, EcoVadis has a significant positive impact for each of its stakeholders, including business partners and clients. Our platform allows suppliers to self-assess their own performance, and devise corrective action plans under the supervision of EcoVadis expert team. Through our services, we contribute to raising the bar on CSR supplier performance, thus providing buyers with a sustainable decision making tool that helps them take CSR criteria into account when selecting suppliers. Our positive indirect social and environmental impacts cascade down entire supply chain webs.

Our mission (as formalized in the EcoVadis [mission statement](#)) is not only to provide a reliable tool for suppliers CSR ratings, but also to contribute to an increased focus on CSR within "purchasing" organizations. In 2011 we have deployed new training sessions for purchasing managers from our 50 multinational customers, and have developed tools to facilitate best practice sharing between companies. This has resulted in a better integration of CSR within procurement processes, many of our customers deciding to set up formal rules (e.g. CSR rating weighting 10% of overall decision-making criteria for awarding supplier contracts) and objectives (e.g. top 1000 suppliers should provide a CSR rating by the end of 2012) on Sustainable Procurement.

We have also launched in 2011 a new "Corrective Action Plan" solution, which allows us to facilitate the implementation and monitoring of improvement plans from suppliers. While we recognize that the implementation of CSR improvement plans is not only due to the action of EcoVadis, we believe that our system, by allowing companies to better understand the pressure from their customers related to sustainability, and translate them into concrete action, now plays a significant role to improve environmental, social and ethical practices within companies of all size and throughout 95 countries. This said, it is important for EcoVadis to lead by example in CSR or in other words to "walk the talk" with sound internal management practices.

b. Sustainable Procurement Advocacy and Outreach

*In addition to its core business activities, EcoVadis cooperates and promotes academic and scientific research in the sustainable procurement field by participating in international conferences, studies, publications and outreach activities.*

Thus, we have contributed to studies with École des Hautes Études Commerciales de Paris called the *HEC-EcoVadis Barometer*. The last report, *Sustainable Procurement: Back to Management!*<sup>1</sup>, paved the way to better understand why and how companies are implementing sustainable procurement activities today. This benchmark, published in 2011, is a research report that analyses the vision, tools and metrics used by 80 leading companies in Europe to support their Responsible Purchasing program. Additionally, our partnership with INSEAD and PriceWaterhouseCoopers has led to a ground breaking study, which strives to demonstrate the link between sustainable procurement practices and positive economic impacts.<sup>2</sup>

While CSR interest within companies is increasing, important challenges remain before sustainability is truly embedded into the procurement processes of companies of all sizes. Facilitating the adoption of sustainable procurement practices is a key part of EcoVadis CSR strategy. Besides, EcoVadis has organized its own in-house conference annually since 2008 to bring the private sector together and to share best practices on sustainable procurement innovation.

EcoVadis actively promotes and communicates sustainability within the supply chain using social media. For example it maintains a [blog](#) dedicated to sustainable procurement which encompasses news, regulations, interviews or articles on CSR risks associated with supply management. This blog aims at giving a description of latest trends and innovative solutions on Sustainable Supply Chain issues.<sup>3</sup> In the same way, our analysts maintain an [online Magazine](#), where relevant news and developments about sustainable procurement can be found.<sup>4</sup>

Thanks to its involvement, EcoVadis was awarded the *Prix De La Croissance Verte Numérique* (IT Innovation in Sustainability) for start-ups, which rewards good practices that combine "digital and sustainable development." Moreover, EcoVadis won the *2011 Green Supply Chain Award* for the second year in a row, thus recognized as a leader in sustainability solutions having a direct impact on the supply chain.

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<sup>1</sup> Available at <http://www.ecovadis.com/website/1-fr/etudes.EcoVadis-13.aspx>

<sup>2</sup> 2010.12 [Value of Sustainable Procurement Practices : A quantitative analysis of value drivers associated with Sustainable Procurement Practices](#)

<sup>3</sup> Available at <http://ecovadis.blogspot.com/>

<sup>4</sup> Available at <http://market-news.ecovadis.com/>

### 3. CSR at EcoVadis

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The year 2011 introduced new challenges including:

- ✓ A scale up of our operations linked to fast internal growth of personnel and operations (e.g. new office).
- ✓ Internationalization: Mauritius, Mexico, United Kingdom, and Canada.

As a service provider we have limited impacts within our operations; however, we have identified key areas following stakeholder consultations. In 2011, we established new policies to cope with those new challenges and have taken concrete steps, as described in the following sections.

#### 2.1 Environment

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

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

Policy	Actions
<p>In January 2011, an important milestone achieved was the adoption of the EcoVadis Environmental Policy. The policy is endorsed by EcoVadis' management team. It contains commitments on issues such as reduction of office energy use and environmental impact from transportation, usage of chemicals (eco-friendlier cleaning agents), water consumption, recycling and promotion of sustainable consumption. It applies to all EcoVadis employees and is reviewed on at least an annual basis.</p>	<ul style="list-style-type: none"> <li>• In 2011 EcoVadis provided environmental awareness-raising sessions to all its employees on its policy.</li> <li>• We put in place a waste management system, which allows all employees to properly recycle garbage, collect used batteries and compost food residues.</li> <li>• We have strived to use video conferencing in order to limit business trips. We do not currently offset our CO2 emissions from travels systematically.</li> <li>• EcoVadis also encourages sustainable consumption by promoting internal purchasing of products with eco-labels. In addition, we coordinate an organic box scheme, which allows employees to purchase organic fruits and vegetables weekly.</li> <li>• We put in place an online tracking system to monitor our environmental impacts.</li> </ul>

## Results

### In 2011:

- Electricity consumed was: 21,686 KWh at our Paris office
- Kilometers traveled by air (all staff): we estimate 332,950 km were traveled by air, which approximately represents 80 tons of CO2 eq. Of this amount, only 5.4% was offset, a corrective action is planned in 2012.
- Quantity of water consumed : N/A
- Quantity of detergent / m<sup>2</sup> (cleaning) / year: in 2011, EcoVadis consumed in average 0.18 liter of cleaning agents per m2
- In 2011, we consumed 47 grams of paper per employee. 50% of our paper consumed was made from recycled paper.
- We provided 20 hours of environmental training hours company-wide

### Other results:

- More than 65% of laptops at EcoVadis hold an Energy-Star eco-label
- In 2011:
  - 100% of our coffee ground purchases were *Agriculture Biologique* (AB) eco-labeled.
  - EcoVadis employees purchases of organic boxes totaled 156 (worth 2300 euros)

## 2.2 Labor practices and Human Rights

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

- ✓ **Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights
- ✓ **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 labor
- ✓ **Principle 5:** the effective abolition of child labor
- ✓ **Principle 6:** the elimination of discrimination in respect of employment and occupation.

Policy	Action
<p>Our EcoVadis Code of Ethics outlines a commitment towards anti-discrimination and zero harassment, equal treatment and opportunities. Beyond this, we do not have a formalized Human Resource policy beyond compliance with laws and regulations. This is an area that we are working on, and we plan to develop a diversity policy and internal rules and regulations for the next reporting period. As per the French law, one employee representative and one substitute are appointed for four years. Their role is to transmit employees' claims, suggest further improvement, and help ensuring health and safety standards are respected.</p>	<ul style="list-style-type: none"> <li>• We asked our employees their feelings towards EcoVadis through an internal satisfaction survey early in 2011.</li> <li>• EcoVadis commitment to excellence has led to an involvement in the EFQM system. The certification carried out by the European Foundation for Quality Management for two CSR projects (<i>Code of Conduct</i> and <i>Assessment Methodology Quality</i>) has paved the way for a better commitment of the staff and the executive management.</li> <li>• A complementary health insurance plan was provided as an option for full-time employees.</li> <li>• EcoVadis is a learning organization. All recruits follow extensive induction and skill development training.</li> <li>• Ergonomic workstations including laptop stands, additional keyboards and anti-glare screens were distributed to employees.</li> </ul>
Results	
<ul style="list-style-type: none"> <li>• In 2011, 88 hours of language courses in total were offered to EcoVadis employees, 96 hours of leadership development training with professional mentors were provided, and 192 hours of face-to-face project management courses were given.</li> <li>• Our second employee satisfaction survey took place early in 2011. With a 95% participation rate, the survey provided positive results: 82% would recommend EcoVadis as a great place to work, 92% get along well with their colleagues and communication with the “Executive Management” is easy and based on mutual trust for 84% of the team. Room for improvement was identified on career management and employee benefits. Corrective actions are planned in 2012 to address those issues.</li> <li>• EcoVadis team members currently consist of men and women from more than 7 different countries. The current women/ men ratio in the company is 48% / 52%, which represents a decrease since the previous reporting year.</li> <li>• <b>Other indicators:</b> in 2011, 97% of our coffee purchase had a Max Havelaar Fair Trade label.</li> </ul>	



## 2.3 Business Ethics

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

Policy	Action
<p>The EcoVadis Code of Ethics was finalized in July 2011. The 6-page document, endorsed by the company Management Team, reiterates a commitment to the 10 Global Compact Principles. It applies to all EcoVadis employees. The code addresses issues particularly relevant to our core business activities, such as illegal payments and bribery, gifts and entertainment, conflict of interest, and fair competition, protection of confidential information and respect of intellectual property rights.</p> <p>At EcoVadis, an Ethics Officer can be reached anonymously and is appointed by the EcoVadis Advisory Board.</p>	<ul style="list-style-type: none"> <li>• During each individual bi-annual performance assessment meeting, the letter of the code is reminded to each employee.</li> <li>• We provided ethics training on the code of conduct, and with the support of external experts.</li> <li>• We asked all new employees to carefully read the EcoVadis Code of ethics and formally acknowledge their commitment to abide by its principles.</li> </ul>
Results	
<ul style="list-style-type: none"> <li>• As of the end of January 2012, 98% of EcoVadis employees had signed our acknowledgment form.</li> <li>• During the reporting period, a total of 54 business ethics training hours were provided by an external expert.</li> <li>• In 2011, our whistleblowing procedure was used one time. The case was dealt promptly by our ethics officer.</li> </ul>	

## 4. Conclusion

Part of EcoVadis commitment to the U.N. Global Compact is to disseminate the Principles along the supply chain and in our external sphere of influence. We keep our promise on a daily basis by engaging with global supply chains and through our global advocacy efforts. We also strive to implement the Ten Principles internally, through continuous improvement and ongoing efforts, following a 'Plan, Do, Check, Act' cycle.

EcoVadis will strive to further embed sustainability into procurement practices and into its external sphere of influence in 2012. Our goal is also to roll out our Environmental policy, decrease and offset our own GHG emissions to the best extent possible. We plan to keep developing employee skills while listening to our team members' needs. Another objective is to set up and launch a Diversity Policy.