

ecovadis®

EcoVadis Ratings Methodology Overview and Principles

Table of contents

- Introduction.....3
- EcoVadis Methodology.....4
- Primary Reasons for Implementing a Sustainability Management System.....5
- Sustainability Issues Covered: The Reference Model.....7
- Industry-Specific Rating.....8
 - Criteria Activation.....8
 - Questionnaire Customization.....9
- Assessment Process.....10
- Quality Management.....17
- Moving Forward.....18
- Support Materials and Useful Resources.....19



Introduction

The Need for Global, Reliable and Actionable Sustainability Ratings

Sustainability performance has become an essential component of a company's business value. Businesses of all sizes are being held accountable for environmental, social and ethical impacts within their own operations and across their value chain. Executives face the daunting task of understanding these risks and integrating criteria into business decisions and relationships to ensure their company remains reliable and competitive. Sustainability is now a strategic priority that procurement, finance, investment and other executives must consider in their business relationships. In this context, the need for simple, reliable and global sustainability ratings has become a must.

Benefits

The wide-ranging benefits of implementing sustainability practices include: reducing the risk of operational or supply chain disruptions, protecting brands and company reputation, lowering costs through collaborative actions (e.g., reduction of energy consumption). Moreover, sustainable business practices facilitate access to capital and increase valuation (e.g., integration of ESG¹ factors into investment decisions) as well as provide greater market access to consumers demanding green and responsible products and services.

Challenges

Implementing sustainability practices on a wide scale is also a challenge for requesting companies. Stakeholders such as buyers, investors, business partners and companies alike have to take the following into consideration:

- The proliferation of sustainability standards and labels;
- The internal change management needed to integrate sustainability into roles, processes and relationships;
- Challenges around engaging partners through common sustainability standards that create mutual value;
- A lack of internal sustainability expertise and/or resources;
- The complexity of supply chains and/or business and investment networks.

The EcoVadis Solution

The EcoVadis solution addresses these issues by providing easy-to-use, dynamic scorecards delivered via a web-based platform. It enables procurement, finance, investment, banking and other teams to monitor the sustainability performance of their portfolios and trading partners and collaborate with them to drive continuous improvement.

1. EcoVadis' use of the term "sustainability" encompasses the reference model in this document. For familiarity, similar terms such as "ESG" (environmental, social and governance) and "CSR" (corporate social responsibility) are used, and should be interpreted in the scope of this definition.



EcoVadis Methodology

The EcoVadis rating methodology measures the quality of a company's sustainability management system through its policies, actions, and results. The EcoVadis sustainability rating methodology is based on the following seven foundational principles.

Evidence Based

It is the role of the company being rated to provide proof of its sustainability practices. It must provide supporting documents, such as policies, certificates, and KPI reportings, that showcase the maturity of its sustainability management system. The company's declarations are only credited if the evidence is provided.

Industry, Location and Size Matter

The sustainability management system is assessed based on material industry issues, the presence in risk countries, as well as the size and geographical span of the company.

Diversification of Sources

The company's rating is based not only on supporting documents provided but also on information published by non-governmental organizations (NGOs), trade unions, international organizations, local authorities, and other third-party organizations (e.g., auditors, external compliance databases).

Technology is a Must

A rating system can only become reliable and robust if it is supported by technology. EcoVadis assessment process utilizes technology to guarantee security and confidentiality of the data and ensure an accelerated scorecard delivery time.

Assessment by International Sustainability Experts

The supporting documents are analyzed by a team of sustainability experts from around the globe who keep track of the latest best practices in sustainability.

Traceability and Transparency

Every document used in the rating process is securely stored and traceable. Rated companies have access to detailed results on each scoring decision.

Excellence Through Continuous Improvement

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

Primary Reasons for Implementing a Sustainability Management System

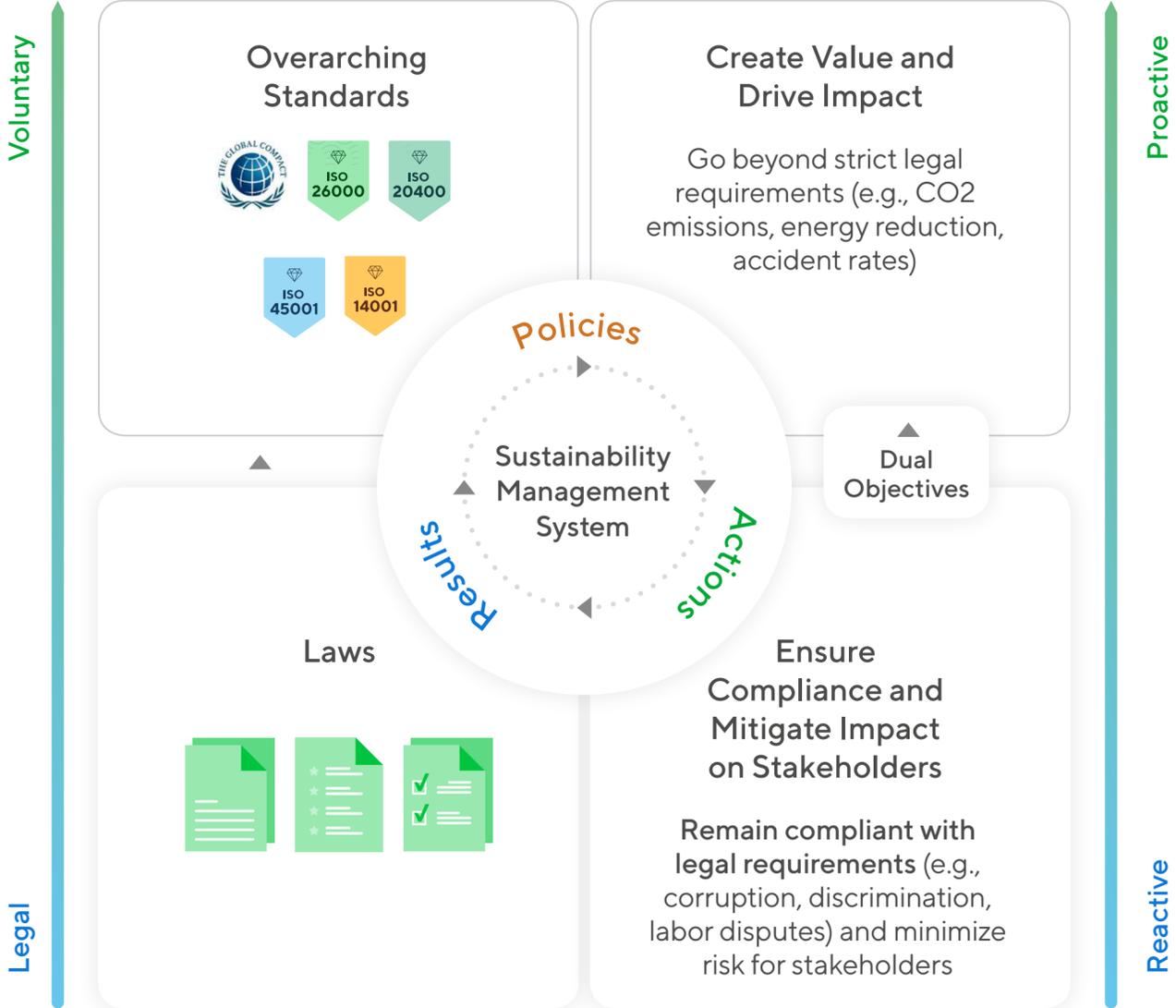
Companies implement sustainability management systems for two primary reasons:

1. To improve business performance and their bottom line. For example, companies may implement initiatives to reduce energy consumption and, therefore, reduce costs. Another example would be the implementation of training programs to develop human capital, increasing both efficiency and productivity. Last but not the least, implementation of business practices with positive social and environmental impact may help companies get greater market access to consumers demanding more responsible products and services.
2. To comply with regulatory requirements and mitigate stakeholders' risks. For example, companies can implement an anti-corruption management system to reduce the risk of employees engaging in illegal activities.



Legal compliance vs sustainability actions

Compliance is indeed the first necessary step to sustainability. However, EcoVadis rating system goes beyond this by measuring the active implementation of sustainability in the company's management system. Our methodology is based on ISO 26000 standard, which is intended to encourage companies to undertake sustainability efforts that surpass pure observance of law. The rated companies are expected to provide proof of active implementation for their sustainability actions.



Sustainability Management System

EcoVadis considers an effective sustainability management system to be one that develops policies, implements actions and reports on results.

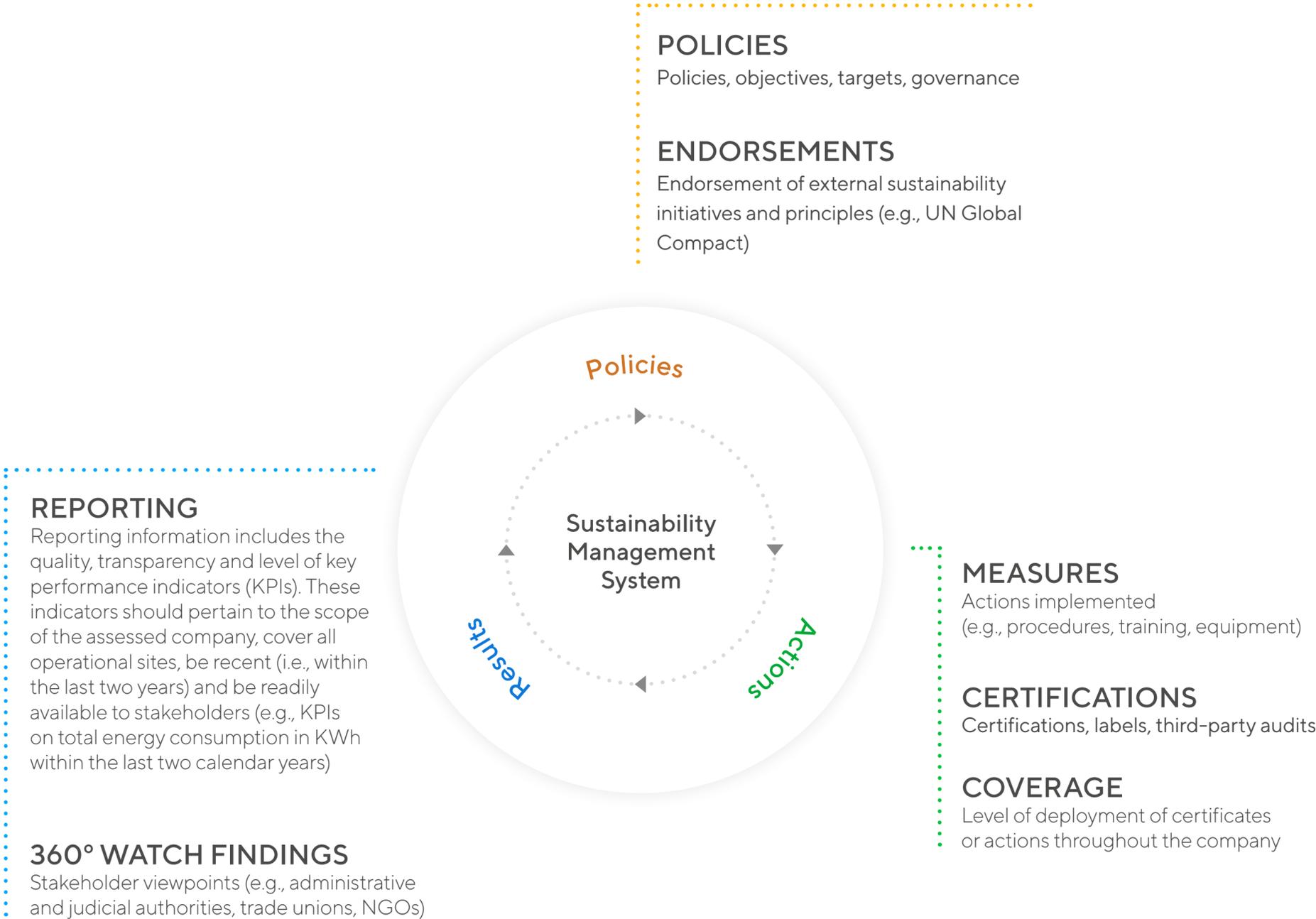
These three management layers are further categorized into seven management indicators: Policies, Endorsements, Measures, Certifications, Coverage – Deployment of Measures and Certifications, Reporting (KPIs) and 360° Watch Findings (360°).

These elements originate from the PDCA (plan-do-check-act) method, a four-step iterative process that forms the basis for a wide range of management standards around the world.

PDCA Cycle

PDCA (plan-do-check-act or plan-do-check-adjust) is an iterative four-step management method used in business for the control and continuous improvement of processes.

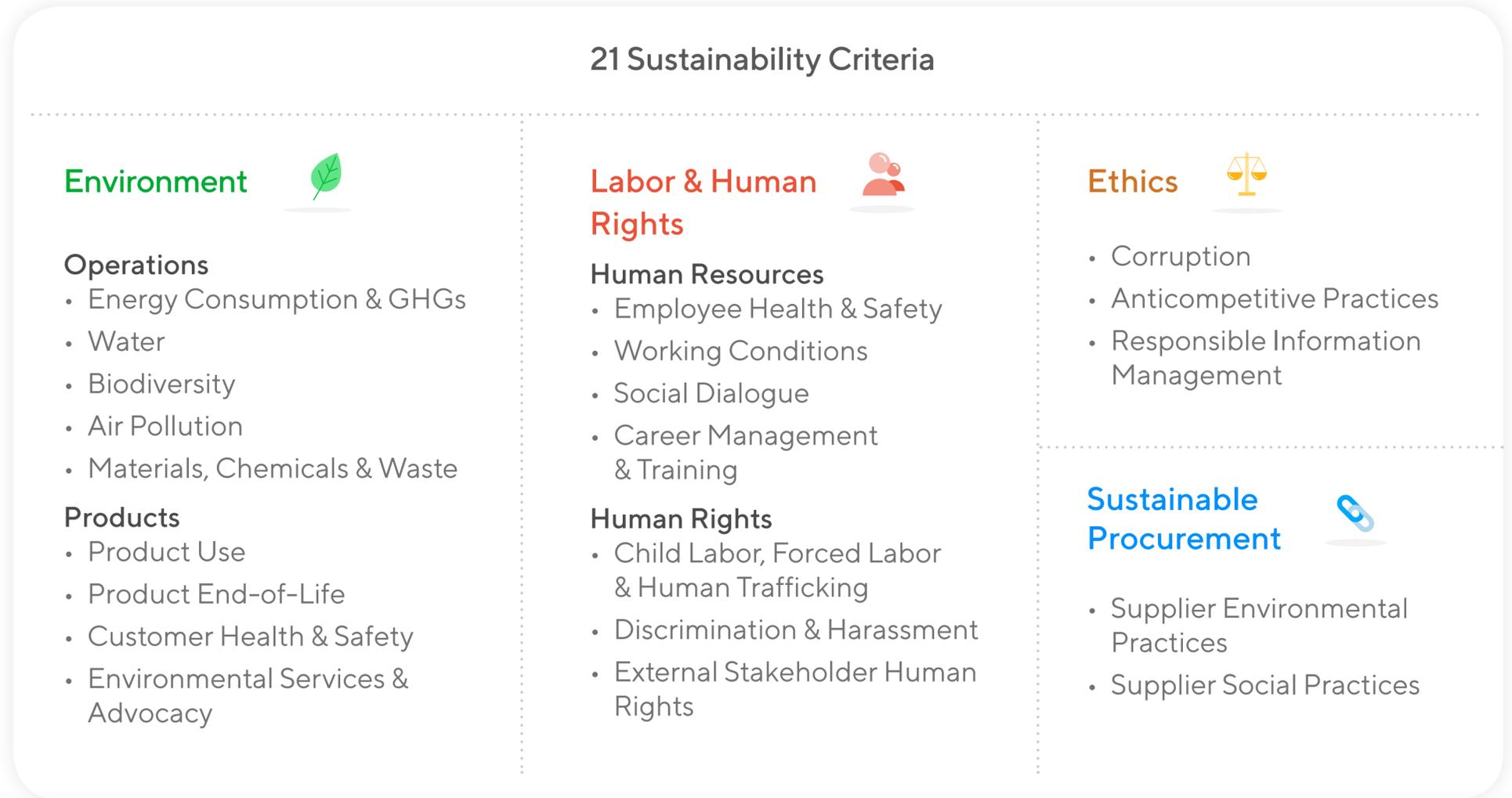
The concept of PDCA is based on the scientific method, as developed from the work of Francis Bacon (Novum Organum, 1620). The scientific method can be written as “hypothesis”- “experiment”- “evaluation” or plan, do, and check.



Sustainability Issues Covered: The Reference Model

When assessing a company’s sustainability management system, it is important to define what is covered. The assessment considers a range of sustainability issues that are grouped into four themes. The sustainability issues are based on international sustainability standards such as the Ten Principles of the UN Global Compact², the International Labour Organization (ILO) conventions³, the Global Reporting Initiative’s (GRI) standards⁴, the ISO 26000 standard⁵, the CERES Roadmap⁶ and the UN Guiding Principles on Business and Human Rights.⁷

Note that the environmental theme covers impacts throughout the entire life cycle of products: impacts from operations, product use, and end-of-life. Sustainability issues in the supply chain are also integrated into the Reference Model to take into account issues caused not only by direct suppliers but also Tier 2 and 3 suppliers.



2. The UN Global Compact is a voluntary initiative based on CEO commitments to implement universal sustainability principles and take steps to support UN goals. The UN Global Compact’s Ten Principles are derived from the Universal Declaration of Human Rights, the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption (source: [UN Global Compact website](#)).

3. Since 1919, the International Labour Organization has maintained and developed a system of international labor standards aimed at promoting opportunities for women and men to obtain decent and productive work in conditions of freedom, equity, security and dignity (source: [ILO website](#)).

4. GRI is a leading organization in the sustainability field. GRI Standards help businesses, governments and other organizations understand and communicate the impact of business on critical sustainability issues (source: [GRI website](#)).

5. ISO 26000 provides guidance on how businesses and organizations can operate in a socially responsible way. This means acting in an ethical and transparent manner that contributes to the health and welfare of society (source: [ISO website](#)).

6. The Ceres Roadmap for Sustainability presents 20 goals in the areas of governance, stakeholder engagement, disclosure and performance that companies should seek to meet by 2030 to transform into truly sustainable enterprises (source: [Ceres website](#)).

7. In 2011, the United Nations Human Rights Council unanimously endorsed the UN Guiding Principles on Business and Human Rights, a set of guidelines for states and companies to prevent and address human rights abuses committed in business operations (source: [OHCHR website](#)).

Industry-Specific Rating

Criteria Activation

The issues (criteria) covered in each assessment are based on the materiality analysis of the 21 sustainability topics, carried out internally by EcoVadis based on a company’s context, such as industry, size, and operational locations. These parameters are identified when a company registers on the EcoVadis ratings platform and they shape the questionnaire it subsequently receives. Several criteria can be deactivated to properly reflect the parameters of the sustainability management system. As a result, smaller companies and office-based companies receive shorter questionnaires in comparison to other companies.

The following table gives an example of how the relevance of sustainability issues differs based on industry:

Criteria	Plastic Products Manufacturer	Software Company
Environment		
Energy Consumption & GHGs	✓	✓
Water	✓	
Biodiversity		
Air Pollution	✓	
Materials, Chemicals & Waste	✓	✓ ⁸
Product Use		
Product End-Of-Life	✓	
Customer Health & Safety	✓	
Environmental Services & Advocacy		
Labor & Human Rights		
Employee Health & Safety	✓	✓
Working Conditions	✓	✓
Social Dialogue	✓	✓
Career Management & Training	✓	✓
Child Labor, Forced Labor & Human Trafficking	✓	
Discrimination & Harassment	✓	✓
External Stakeholder Human Rights		

8. For office based activities this criterion covers only waste, no questions on materials and chemicals are included in the questionnaire.

Questionnaire Customization

Customization of the questionnaire is also performed at the criterion level. For example, as the approach that a consulting company uses to ensure health and safety of its employees will vary from that taken by a construction company, some parts of the questionnaires that these companies receive will fundamentally differ. EcoVadis analysts perform a bottom-up analysis of each industry to inform this process.



Important

The questionnaire is used as a tool to engage the company and collect supporting documentation. It is not directly used to score the company's sustainability management system. EcoVadis analysts review all supporting documents uploaded by the company to determine if they meet the document standards and then look for sufficient evidence to approve the declarations. The bigger the number of declarations for which sufficient evidence has been provided, the higher the chances of the company achieving a greater score.

Employee health and safety

Construction of buildings

What actions are in place regarding employee health and safety?

- Regular employee health check-up
- Provision of protective equipment to impacted employees
- Actions to prevent accidents related to falls
- Actions to protect employees in confined spaces
- Employee health and safety risk assessment
- Health and safety emergency action plan
- Training of employees on health and safety risks and good working practices
- Other actions on employee health & safety not included elsewhere in this question

Consulting services

What actions are in place regarding employee health and safety?

- Actions to address stress and psychological wellbeing in the workplace
- Employee health and safety action plan
- Training of all employees on health and safety risks and good working practices
- Other actions on employee health & safety not included elsewhere in this question

Assessment Process

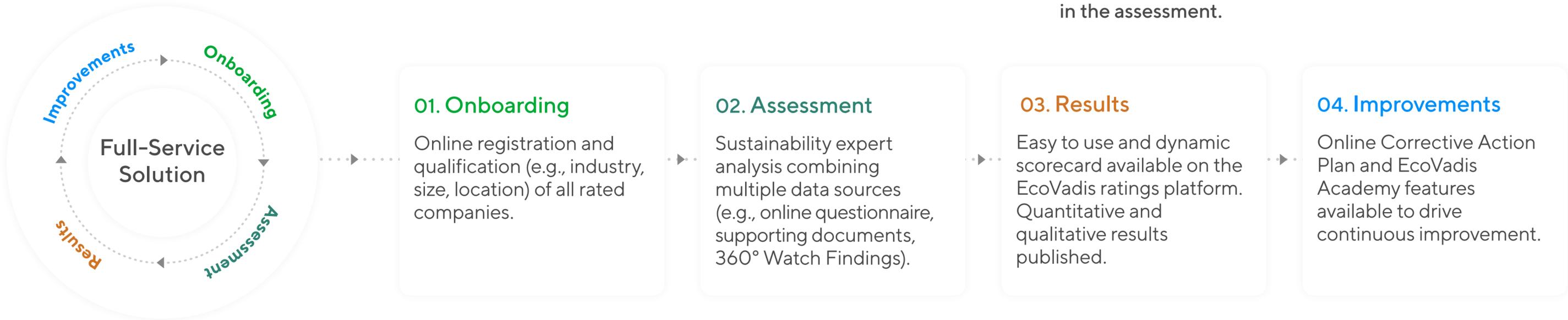
A. Data Collection

During the questionnaire process, EcoVadis requires companies to submit formal, recent, and credible documentation that existed in their sustainability management system before EcoVadis assessment; including sustainability reports, codes of conduct, employee handbooks, certificates, external sustainability audits, supplier sustainability charters, policies, procedures, and training materials.

We partner with specialized data providers, such as external compliance databases, to identify potential regulatory, commercial, and reputational risks. The data collected through these partnerships serves as additional input for the analysis of every assessment.

B. Document Analysis

Our sustainability analysts conduct a comprehensive document analysis, looking for evidence for answer options selected in the questionnaire. Analysts verify the questionnaire responses and reject or accept declarations based on the supporting documentation and methodology requirements. **Evidence available in supporting documents is not considered unless it is associated with a specific answer option. Consistently, each answer option must have a document attached to it with the relevant evidence to be considered in the assessment.**



C. Stakeholder Opinion – 360° Watch Findings

EcoVadis continually strives to increase the use of external sources (stakeholders), providing information on the rated company.

C1. 360° Watch Findings

Our methodology integrates thousands of external sources (e.g., NGOs, trade unions, international organizations, local authorities, auditors, and other third-party organizations), via our media sentiment analysis process (360° Watch) that combines Artificial Intelligence with analyst verification performed during the assessment process. Integration of data from external compliance databases enables us to screen and monitor companies against global sanctions lists and identify companies with close ties to politically exposed people; such as those with higher exposure to risks related to corruption, money laundering, etc.

Here is an illustrative list of some of the sources qualified to provide key information on various aspects from innovative practices used by companies to ethical non-compliances :

Government Bodies

- European Economic and Social Committee (EU)
- European Environment Agency (EU)
- Conseil de la Concurrence (France)
- Competition Commission (UK)
- Environmental Protection Agency (US)
- Food and Drug Administration (US)

NGOs

- China Labor Watch (China)
- Human Rights In China (China)
- Greenpeace (International)
- WWF (International)
- Movimento Difesa del Cittadino (Italy)
- Friends of the Earth Middle East (Middle East)
- Milieudefensie (Netherlands)
- Silicon Valley Toxics Coalition (US)

International Organizations

- European Court of Human Rights
- EU Ecolabel
- Global Compact
- International Labor Organization
- United Nations Environment Program
- World Bank
- Extractive Industries Transparency Initiative

Specialized Press

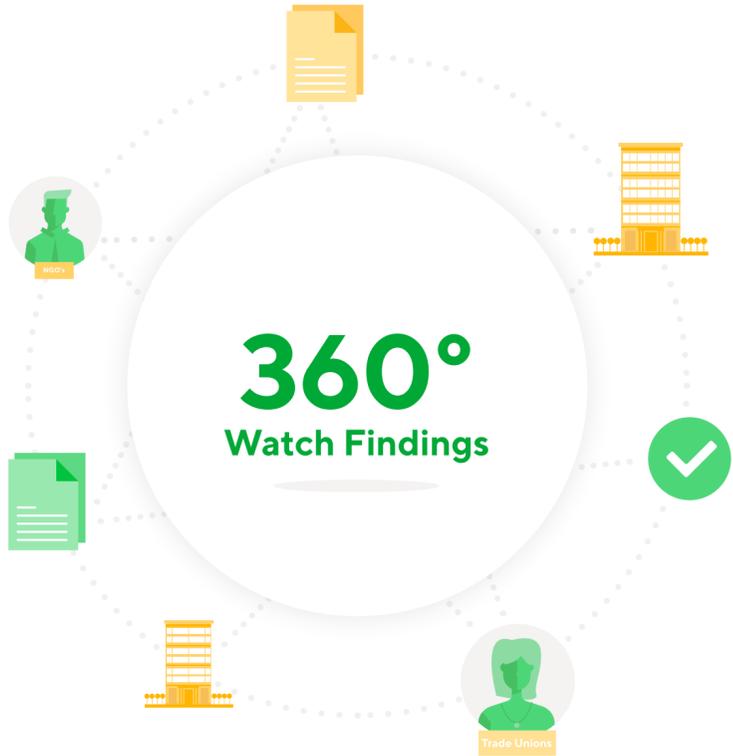
- China CSR Map (China)
- Novethic (France)
- Corpwatch (International)
- OneWorld Network (International)
- Illegal Logging (UK)
- Lawyers & Settlements (US)

Trade Unions

Major trade unions in the following countries/regions: Algeria, Argentina, Australia, Belgium, Canada, Ecuador, France, Germany, India, Ireland, Italy, Japan, Latin America, Mexico, North America, Peru, Portugal, Scotland, Spain, Switzerland, UK and US.

Sustainability Networks

- AccountAbility (International)
- Instituto Ethos de Empresas e Responsabilidade Social (Brazil)
- Business for Social Responsibility (International)
- CSR Europe (International)
- World Business Council for Sustainable Development (International)
- Business Social Compliance Initiative (International)
- Business In The Community (UK)



Increasingly, EcoVadis uses crowdsourced information from NGOs and compliance data sourced from regulatory bodies. Examples of sources used for monitoring labor and human rights violations and collecting environmental compliance data are shown in the left-hand column.

C2. Live News Monitoring

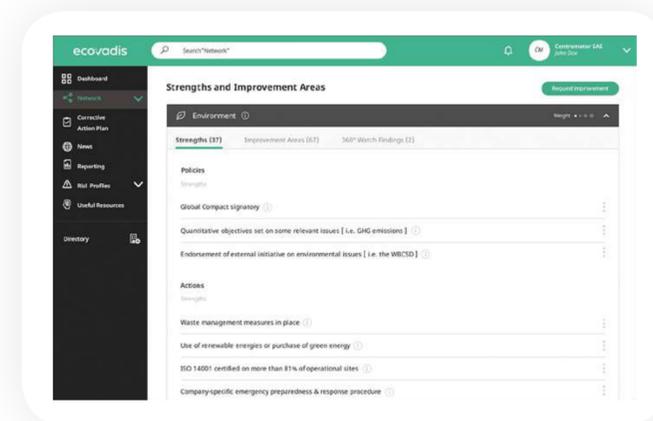
The 360° data collection process has been designed to enable a permanent flow of information from the web to EcoVadis and from EcoVadis to requesting companies. With this architecture in place, companies can access a daily stream of stakeholder opinions and, in turn, react more rapidly to any concerns raised.

After a company has been assessed by EcoVadis, news findings captured via Live News Monitoring will be available on the Ratings platform in between assessments. The Live News Monitoring feature is visible only to the requesting company. These findings will be analyzed and considered in the scorecard as 360° Watch Findings news when the rated company undergoes the next assessment, and only then will they be visible to the rated company as well.

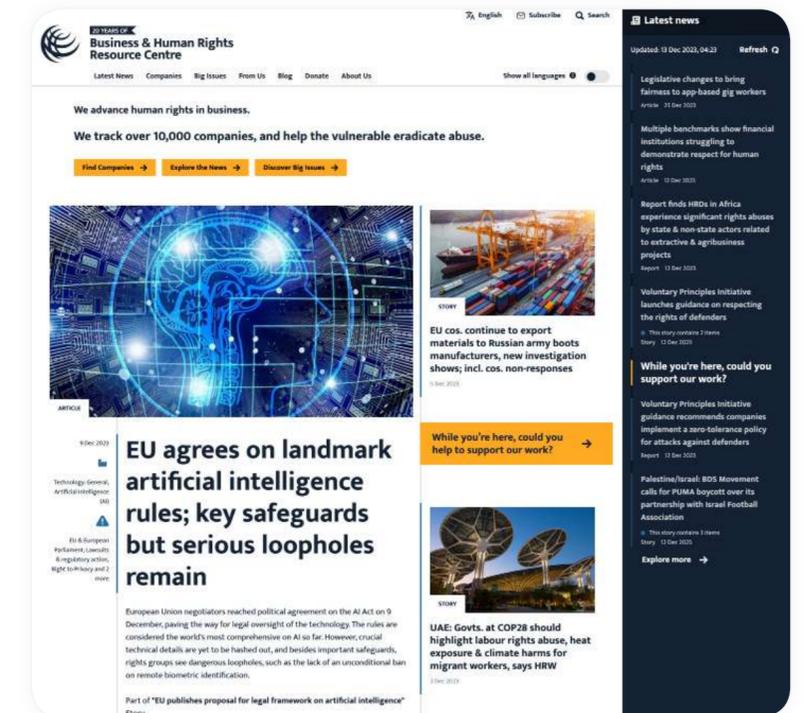
C3. External Sustainability Audits

Positive and negative findings from external sustainability audits are considered as a supplementary source of stakeholder opinion. EcoVadis assessment integrates documentation from both 3rd party and 2nd party external sustainability audit standards.

In some assessments, EcoVadis may also contract an independent auditor to conduct an on-site verification on the assessed company as a complementary part of the document-based assessment. The audits are conducted for internal quality assurance and methodology verification purposes. The site verification protocol is based on the SA8000 audit standard.



EcoVadis Backened



Source: <https://www.business-humanrights.org/en/>



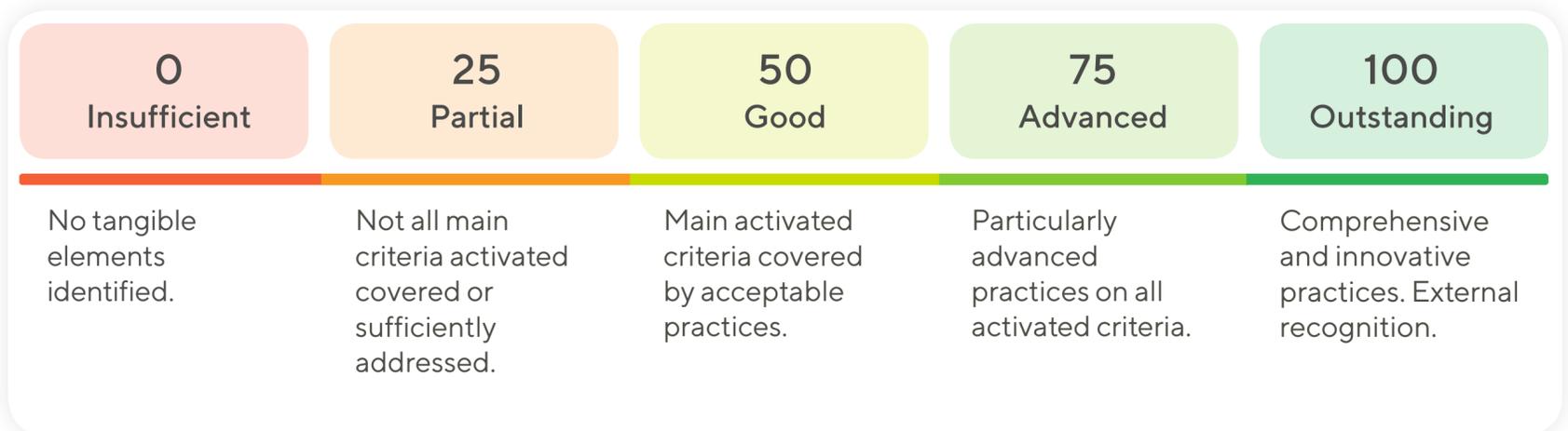
Source: <https://echo.epa.gov/facilities/enforcement-case-search>



D. Scoring Process

The information captured through document analysis provides an overview of the sustainability management system of the company under assessment. Depending on the quality and quantity of information collected via supporting documentation, a score from 0 to 100 is allocated to each management indicator in each theme. The score is expressed in increments of 25, ie. 0, 25, 50, 75, 100 (see the diagram below).

The scoring of the seven management indicators is based upon strict scoring guidelines that all analysts apply. Regular training and internal quality controls are performed to ensure consistent scoring among analysts. Each scoring level is associated with a clear list of requirements. These guidelines are customized for each of the themes under review. More details about the scoring process can be found in the [Scoring Principles](#) guidelines.



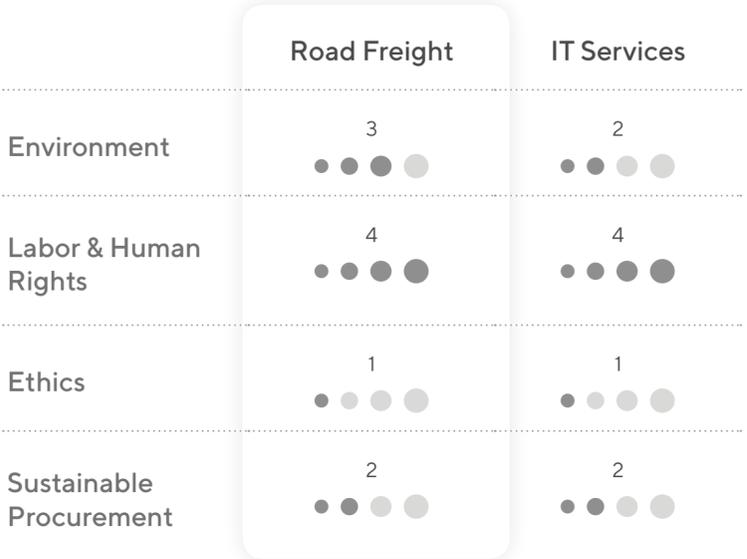
The seven management indicator scores generate a theme score based on the weight allocated to each management indicator and management layer. The weights of all indicators and management layers are described in the table on the right-hand side.

 The theme score for Environment is a direct result of the scores obtained for the Environmental policies, endorsements, measures, coverage, reporting, and 360°. The same calculation is used for Labor & Human Rights, Ethics, and Sustainable Procurement.

	Environment	Labor & Human Rights	Ethics	Sustainable Procurement	Weight Of Management Indicators and Layers		
Policies	50	50	50	25	20%	25%	Policies
Endorsements	0	0	0	0	5%		
Measures	50	50	25	25	24%	40%	Actions
Certifications	100	100	50	50	16%		
Coverage	50	50	50	25	x ⁹		
Reporting	50	50	0	25	14%	35%	Results
360° Watch Findings	75	75	75	75	21%		
Theme Weight							
Depends on industry, country and size	60/100	50/100	50/100	40/100	51/100		

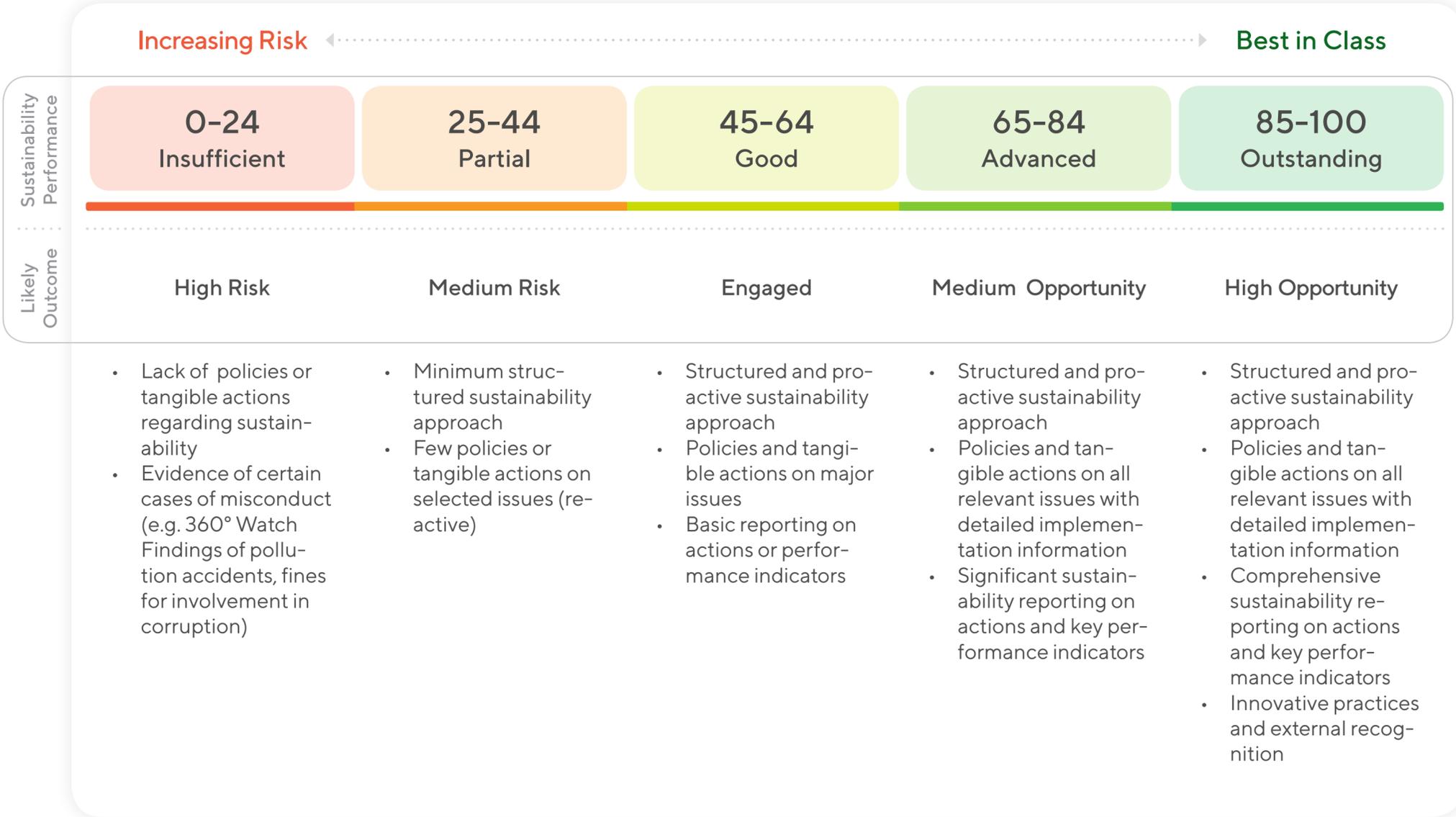
9. Multiplying factor

The overall score is a weighted average of the theme scores. The activation and weight of each theme depend on the company's industry, size and operational locations, enabling the unique characteristics of each company to be taken into account. Here are some examples of how theme weights differ across industries:



E. Scoring Scale

The assessment score enables companies to understand where their sustainability performance stands in absolute terms and to benchmark their performance against industry peers. The scoring scale is applicable for each theme and for the overall score.



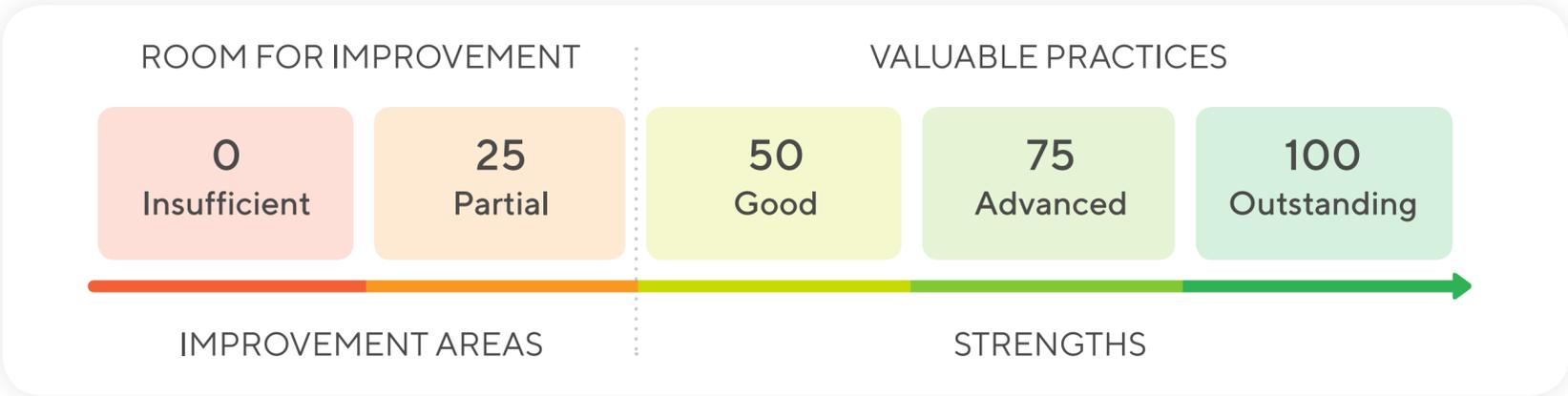
F. Strengths and Improvement Areas

On top of the scoring, a set of strengths and improvement areas is highlighted for each theme in the EcoVadis Scorecard. These are presented in the scorecard according to the seven management indicators. The role of the strengths and improvement areas is to provide sustainability guidance to the rated company. As such, their number does not influence the score received by the company.

Strengths reflect valuable sustainability practices demonstrated by rated companies, while improvement areas indicate suggestions for further improvement. Each improvement area has a suggested priority level for potential corrective action plans. Analysts utilize a database of more than 2,000 strengths and improvement areas and can add assessment-specific information to customize the strengths or improvement areas activated.

G. Publication

When scoring is completed and the strengths and improvement areas are identified, the assessment is ready to be published. The scorecard is published online for both the requesting organization and the rated company. An additional step of validation is added, when necessary, before publication. It consists of verifying the comprehensiveness of the analysis and ensuring that methodology rules that require specific attention were duly followed.



ecovadis Search in Network Ecovadis Demo Client John Doe

CENTROMOTOR SAS
Latvia | Freight transport by road
SILVER 2017 ecovadis CSR Rating **58/100**

Transportation and third-party purchasing | Transports/Logistics

Show company details

Scorecard Audits Corrective Action Plan KPIs Live News Documents Activity History

Publication date: 17 Mar 2017 Download Scorecard

CSR Performance: None Partial Confirmed Advanced Outstanding

Category	Score	Weight
OVERALL SCORE	58 / 100	Average score
ENVIRONMENT	70 / 100	Weight: ●●●●
LABOR & HUMAN RIGHTS	50 / 100	Weight: ●●●●
ETHICS	60 / 100	Weight: ●●●●
SUSTAINABLE PROCUREMENT	50 / 100	Weight: ●●●●

Compare with Country: All Industry: All

Quality Management

The EcoVadis Quality Management System is made up of the following elements:

Process Approach

The formalization and continual review of organizational processes, procedures, work instructions and methods are crucial for supporting the Quality Policy, collecting feedback and monitoring overall quality assurance.

Quality Monitoring

Quality monitoring is embedded into each stage of the assessment process and is used to identify quality issues, define training needs and decide on internal corrective actions. The findings are also integrated into the assessment process itself to further improve the quality of our scorecards.

Continuous Improvement Process

The Methodology Committee meets on a quarterly basis to review and update the assessment methodology to reflect best practices and the latest sustainability standards.

Training Curriculum

Training is an essential part of our Quality Policy. A formal training curriculum has been developed for new analysts. In addition, regular training is provided to analysts to ensure they remain up to date on methodology requirements and evolving sustainability standards.

Scientific Committee

The assessment process and scoring methodology are regularly reviewed by an external committee composed of international sustainability and sustainable procurement experts. The members of the Scientific Committee are publicly disclosed on our [website](#).

Traceability & Confidentiality

Our ISO 27001 certified IT system not only enables rigorous traceability of the process but also keeps data and information provided by rated companies strictly confidential. No information is shared without agreement from the rated company.





Moving Forward

Executives around the world are increasingly integrating sustainability into the selection and management of their portfolios and trading partners. This practice will be accelerated by regional and global regulations aimed at verifying whether organizations have robust due diligence in place to tackle sustainability issues throughout their operations, value chains and portfolios.

The need for a simple, reliable and global sustainability rating service is becoming critical, and EcoVadis works continuously to set the market standard for effective business sustainability ratings. By providing reliable and verified sustainability assessments, we aim to facilitate the emergence of a global continuous improvement cycle on sustainability issues.

EcoVadis 7 Principles

- ✓ Evidence Based
- ✓ Industry, Location and Size Matter
- ✓ Diversification of Sources
- ✓ Technology Is a Must
- ✓ Assessment by International Sustainability Experts
- ✓ Traceability and Transparency
- ✓ Excellence Through Continuous Improvement

Support Materials and Useful Resources

Contact the Help Center to log an inquiry or browse commonly asked questions: getsupport.ecovadis.com



The EcoVadis Academy

Supporting our network of customers with guided eLearning courses to develop their sustainable management practices and improve environmental and social outcomes.

[How do I access the EcoVadis Academy?](#)



EcoVadis Document Guide

This document provides guidance to ensure that the documents and information provided for the assessment are relevant.

[Go to document](#)



EcoVadis Ratings Scoring Principles

This document provides an overview of the scoring methodology used by EcoVadis, which allows companies to understand where their sustainability performance stands in absolute terms and to benchmark their performance against industry peers.

[Go to document](#)



EcoVadis 360° Watch: A Key Component of the Assessment Methodology

This document looks into the 360° Watch feature that serves to collect, classify, and selectively apply stakeholder inputs from over 100,000 sources into the EcoVadis rating process.

[Go to document](#)



How To Meet the Document Limit and Avoid Submitting Combined Documents

In this supplement to the EcoVadis Document Guide, you will find more tips on selecting supporting documents for your first assessment or reassessment, and learn how to prioritize supporting documentation on our platform to meet the limit of 55 new documents per assessment without combining multiple documents into one file.

[Go to document](#)

About EcoVadis: From Risk Mitigation to Performance and Impact

EcoVadis provides sustainability ratings and intelligence used in more than 1,000 global finance and commerce value chains, offering detailed insights into environmental, social and ethical risks across more than 220+ industry categories and 180+ countries. The EcoVadis Intelligence Suite covers:

Risk Mapping

EcoVadisIQ Plus maps your entire supplier landscape for inherent risk and identifies additional due diligence needs.

Sustainability Ratings and Monitoring

EcoVadis Ratings engage companies in benchmarking and monitoring to mitigate risk and improve their sustainability performance. A robust methodology covering 21 criteria and a 360° Watch that scans external inputs (e.g., trade unions, NGOs, watchlists, news, etc.) yield reliable ratings on a 0-to-100 scale that are easy to integrate into your procurement or business decisions.

Engagement and Improvement Tools

Detailed scorecards provide feedback and guidance for improvements. The Carbon Action Manager engages deeper on measuring, reporting and reducing GHG emissions. The Corrective Action Plan enables collaboration with customers/requesters to prioritize improvements. The EcoVadis Academy provides self-guided e-learning courses to help you and your suppliers build knowledge.

Service, Support and Community

Enterprise offerings include program management support – change management, journey mapping, global deployment, supplier/rated company onboarding, dashboarding and reporting etc. – and training options for requesting (buyers, portfolio managers, etc.) and rated companies.

Copyright: No part of this document may be reproduced, modified or distributed in any form or manner without prior written permission of EcoVadis.

No warranty: This document is intended for informational purposes only, and EcoVadis does not warrant the accuracy, reliability, completeness of the information, content, text, and graphics herein, and is subject to change without notice.

Limitation of liability: In no event shall EcoVadis or its subsidiary companies be liable for any direct, indirect, special, incidental or consequential damages arising out of the use of any opinion or information expressly or implicitly contained in this publication.