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Business Sustainability Risk and Performance Index 2020

Insights from Global Supply Chain Ratings

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Foreword

Dear Reader,

Welcome to the fourth edition of the Business Sustainability Risk and Performance Index: Insights from Global Supply Chain Ratings, an essential tool in helping to understand how companies' sustainability performance is evolving.

This latest edition, which provides a valuable five year trajectory (2015-2019) and is now based on close to 65,000 ratings, is being published at a critical moment in the world economy. The year 2020 is not yet complete, but we can already affirm that it will be a very special period of time. Companies' sustainability actions will not only be impacted by the COVID-19 crisis and the related economic recession but also by some of the major geopolitical evolutions that are unfolding as we speak.

The United States has been confronted with a political storm in the face of recent protests for racial justice following the death of George Floyd and with the upcoming presidential election in November. Asia and the rest of the world are keenly observing how the Chinese government will address the Hong Kong and Uighur questions. Businesses are also wondering whether they will be affected by the intensifying Cold War between China and U.S. And, in Europe, after the COVID-19 crisis, the European Commission is at a crossroads. The European Green Deal Investment plan adopted by the Commission in January 2020 is paramount to creating a better future. The objective of this plan is to mobilize at least 1 trillion Euro in sustainable investments within the next 10 years.

The taxonomy on sustainable finance, which is being developed, will be a major component in this plan. As part of the strategy to strengthen the foundations for sustainable investment, the Commission also committed to review the non-financial reporting directive in 2020. Finally, Didier Reynders, the European Commissioner for Justice, committed on April 29 to introduce rules for mandatory corporate environmental and human rights due diligence in 2021, saying that it should not be postponed because of COVID-19, but, on the contrary, it should be part of the recovery plan.

Yet, 2020 is also a symbolic year. Many say that we will only have 10 years left to curb the alarming indicators of global warming. That's the reason why we've also included a special deep-dive on the carbon commitments and related actions taken by companies.

Many Regards,

Sylvain Guyoton
Senior Vice President of Research

Executive Summary

This fourth edition of the Business Sustainability Risk and Performance Index: Insights from Global Supply Chain Ratings covers the 2015-2019 timeframe and is based on data drawn from 65,000 ratings of more than 40,000 companies. It provides comprehensive snapshots of nine industry divisions as well as performance comparisons by company size and region. The report also includes an analysis of sustainability performance in the four EcoVadis assessment themes: Environment, Labor and Human Rights, Ethics and Sustainable Procurement.

This year's Index features a special deep dive topic on carbon emissions reporting as well as two sub-reports — one evaluating the health crisis and risk preparedness of supply chains during COVID-19 (based on data from January 2018 to April 2020), and another that looks at a specific grouping of supplier ratings from the categories of chemical manufacturing (based on data from 2015 to 2019), published in partnership with the industry initiative Together for Sustainability.

Global Sustainability Performance Is Generally Improving

Sustainability performance is improving with overall average scores reaching 46.4 in 2019, which represents a 1.7-point increase on the previous year and a 3.8-point increase compared with 2015. In 2019, more than half of the rated companies (57%) achieved scores of 45 or higher, which, according to the EcoVadis rating scale, shows they are displaying "good," "advanced" or "outstanding" performance. This compares to 51% in 2018 and 49% in 2017, 50.1% in 2016 and 45.2% in 2015.

Labor and Human Rights Is in Focus, While Sustainable Procurement Needs to Catch Up

Except for Sustainable Procurement, all theme scores have increased by at least 9% since 2015, with Labor and Human Rights increasing by 11%. Scores for the Sustainable Procurement theme remain at the lowest end, and in fact went down last year compared with 2018. It appears that companies continue to focus on societal impacts linked to their own operations, while risks that may be lurking in their supply chains are not prioritized to the same degree.

SMEs Continue to Outscore Large Companies

An analysis of performance by company size has revealed that SMEs have shown consistent score increases (+6% over five years), while large companies have shown more fluctuations. SMEs have also widened the performance gap to larger companies, with a difference of 2.5 score points in 2019, and have consistently outperformed large companies in the Sustainable Procurement theme. Large companies are in the lead in the

Environment theme, but the improvement rate for SMEs is higher (+4% vs. +2%). This shows that it may be more challenging to manage the growing environmental and social footprint of large companies. Meanwhile, SMEs may be more flexible and reactive when it comes to improving sustainability practices within a limited time horizon, thus improvement rates are comparatively high.

Highly Regulated Industries Perform Better

Sustainability performance varies greatly between industries with highly regulated sectors (e.g., chemicals, electronics and food manufacture), displaying better sustainability performance in both size groups. All Manufacturing divisions (light, heavy and advanced) as well as Food and Beverage remain in the lead with average scores of around 44. Supporting services along supply chains, such as information services, transport and construction, show no clear improvement trend in any of the size groups. The accompanying report on Manufacturers of Chemicals and Chemical Products has also shown that companies in this sector have greatly improved their sustainability practices, particularly in the SME size group.

Environment and Carbon Focus: North America Leads on Reporting, But Europe Leads on Action

A special deep-dive on carbon practices revealed that North American companies lead in reporting on CO_2 emissions. Eighteen percent of businesses in this region participate in direct carbon reporting compared to 15% of organizations in Europe and AMEA. But Europe leads in implementing action on CO_2 emissions and sustainability overall. Year-over-year, Europe continues to outperform other regions on sustainability, scoring particularly well in the Environment theme. The Greater China Area, as well as Latin America and the Caribbean, remain at the lower end of performance.

Supply Chains Were Extremely Vulnerable to COVID-19.

In addition, a special accompanying report of 35,000 supplier ratings revealed that, for each industry, more than a quarter of suppliers have no health crisis measures – across supplier due diligence, employee health and safety and proper working conditions – in place.

Implications for Supply Chain Resilience

These variations in sustainability performance impact supply chain management and resiliency, especially in a post-COVID-19 world. With a view of how risks are shifting by region and industry, the Index provides information that procurement functions can leverage when formulating sound purchasing strategies. In addition to avoiding damage to brand reputation and business disruption, insights into supply chain sustainability management can be effectively leveraged to understand health crisis preparedness and business continuity readiness across the entire value chain.

Introduction

Published for the fourth year running, the Business Sustainability Risk and Performance Index: Insights from Global Supply Chain Ratings, previously entitled Global CSR Risk and Performance Index, offers a comprehensive overview of sustainability performance of businesses from around the world.

The study is based on over 65,000 ratings conducted between 2015 and 2019, with the total number of companies evaluated amounting to more than 40,000. This includes organizations across nine industry divisions, which are groupings of similar business categories based on ISIC codes: Light, Heavy and Advanced Manufacturing, Food and Beverage, Construction, Wholesale, Transport, Information and Communication Technology (ICT), and Finance, Legal and Consulting. The companies are grouped into two sizes: Small and medium-sized businesses (companies with 26-999 employees) and large organizations (1,000 or more employees).

This rich variety of industries, company sizes and locations provides the widest coverage of evidence-backed business sustainability ratings in the world and brings deep perspective on trends in business sustainability commitments and performance.

The Index is built using EcoVadis sustainability rating scores, which are based on 21 sustainability criteria across four themes: Environment, Labor and Human Rights, Ethics and Sustainable Procurement. Scores are based on a scale of zero to 100.

About five percent of organizations score above 64 which represents "advanced" to "outstanding" performance, while companies with scores above 45 are considered "good." Scores of 25 to 44 represent medium-risk, and scores below 25 are considered high-risk.

In addition to industry divisions and the two company size groups, the scores in the Index were analyzed across five geographic regions.

As was the case in 2018 and 2019, we used normalized data for key global figures to remove bias in this year's Index: Unless stated otherwise, all global figures in the report, such as performance comparisons by size and region or industry comparisons, are based on normalized data. Data normalization is discussed in more detail in the Study Methodology.

Also, for the second year running, this version of the Index is supplemented by an interactive Index Online. This web-based tool includes additional data views and graphs which allow you to zoom into sectors and geographical areas. It is available at index.ecovadis.com.

Global Overview

> What we see around the world is a step-change in demand and legislation from customers and governments to ensure there is real transparency and visibility in our supply chain.”

Robert Copland,
Chief Procurement Officer,
G4S

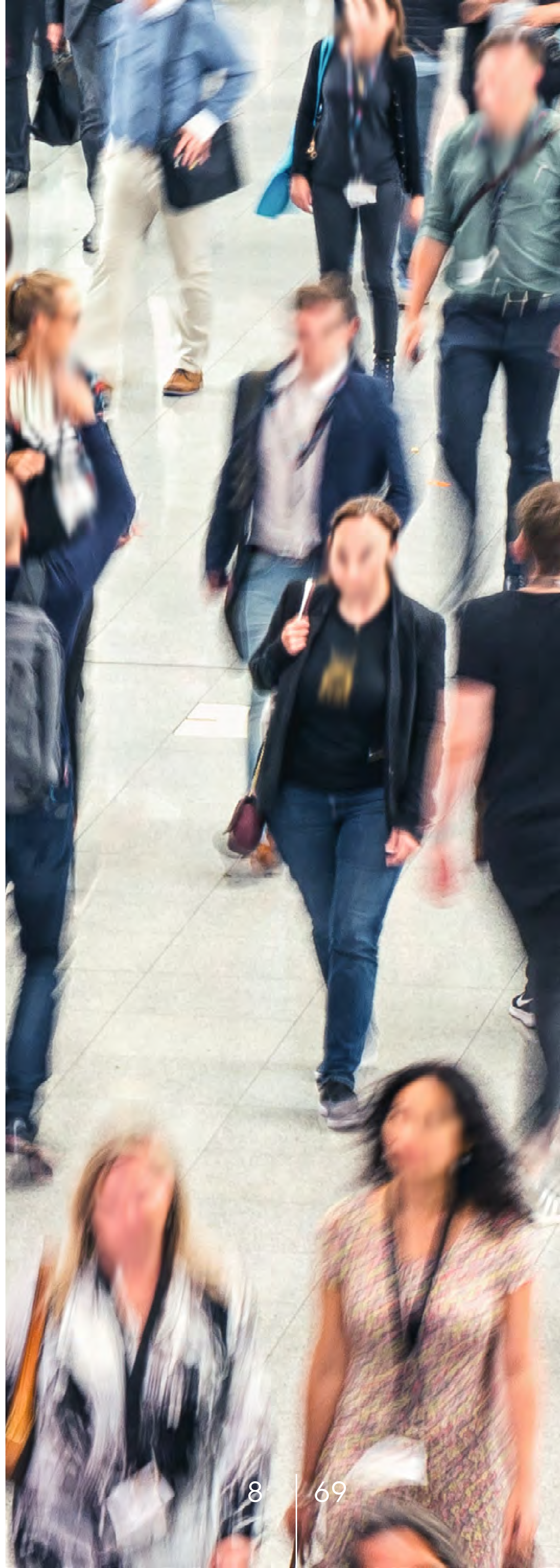
Global Overview

Key Findings

- Sustainability performance is improving with overall average scores reaching 46.4 in 2019, which represents a 1.7-point increase on the previous year and a 3.8-point increase compared with 2015;
- Companies continue to perform best in the Labor & Human Rights theme. Reaching an average score of 49.1 in 2019, this theme has also seen the strongest improvement over the years (4.9-increase since 2015);
- Sustainable Procurement is the sustainability theme where companies' performance is at the lowest end with an average score of 37.9 in 2019.
- SMEs continue to outperform large companies with average scores in 2019 reaching 43.1 and 40.6, respectively. It should be noted, however, that EcoVadis Ratings are adjusted to company size, with SMEs' assessment questionnaire being shorter and simpler than those for large companies.
- Europe continues to lead the ranking while the Greater China Area remains in the lower end. This contrast is most pronounced for large companies.
- In terms of GHG emissions and carbon reporting, a special deep dive topic in this year's report delves into the Environment theme, and North America leads globally with some 20% of rated companies reporting on CO_2 emissions.

Key Global Scores at a Glance

	2017	2018	2019
World Large Companies	39.7	41.3	**40.6**
World SMEs	42.3	42.1	**43.1**
Best Scoring Theme: Labor and Human Rights	45.4	46.7	**49.1**
Lowest-Scoring Theme: Sustainable Procurement	38.3	38.2	**37.9**



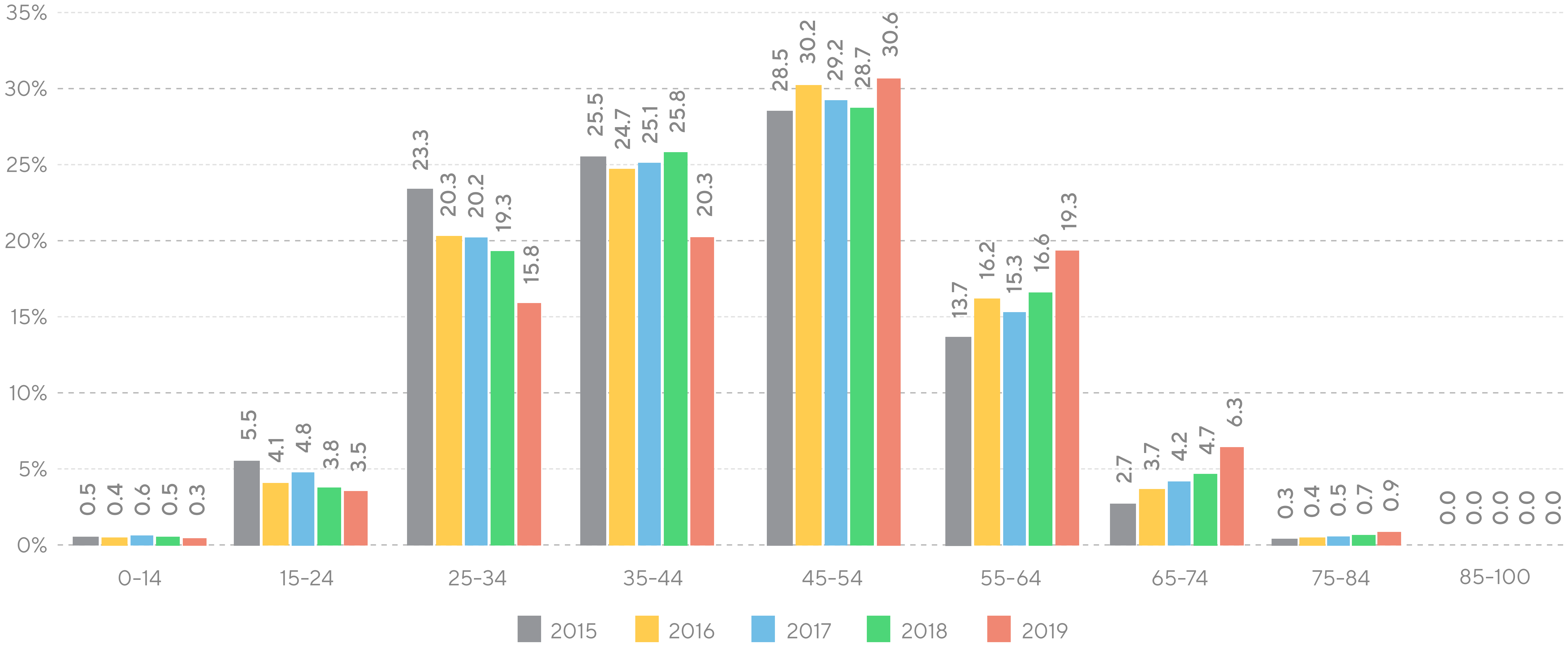
Sustainability Performance Ranges and Benchmarks

An analysis of score distribution over the years shows that, overall, companies' sustainability performance is improving, i.e., there is a clear shift in the distribution of previously low-scoring companies toward higher-performance thresholds. In 2019, more than half of the rated companies (57%) achieved scores of 45 or higher, which, according to the EcoVadis rating scale, shows they are displaying moderate or good performance. This compares to 50.7% in 2018 and 49.2% in 2017, 50.5% in 2016 and 45.2% in 2015.

At the same time, the proportion of rated companies scoring below 44 decreased by 7.5 percentage points in 2019.

However, when it comes to the highest end of the scale, the proportion of companies scoring 75 or higher, in other words displaying advanced sustainability performance, still fell below the 1% threshold in 2019. But this may be expected to change in 2020.

Sustainability Performance Ranges and Benchmarks



* All company sizes, unweighted data.

To learn more, read the section about interpreting sustainability scores. ⟶

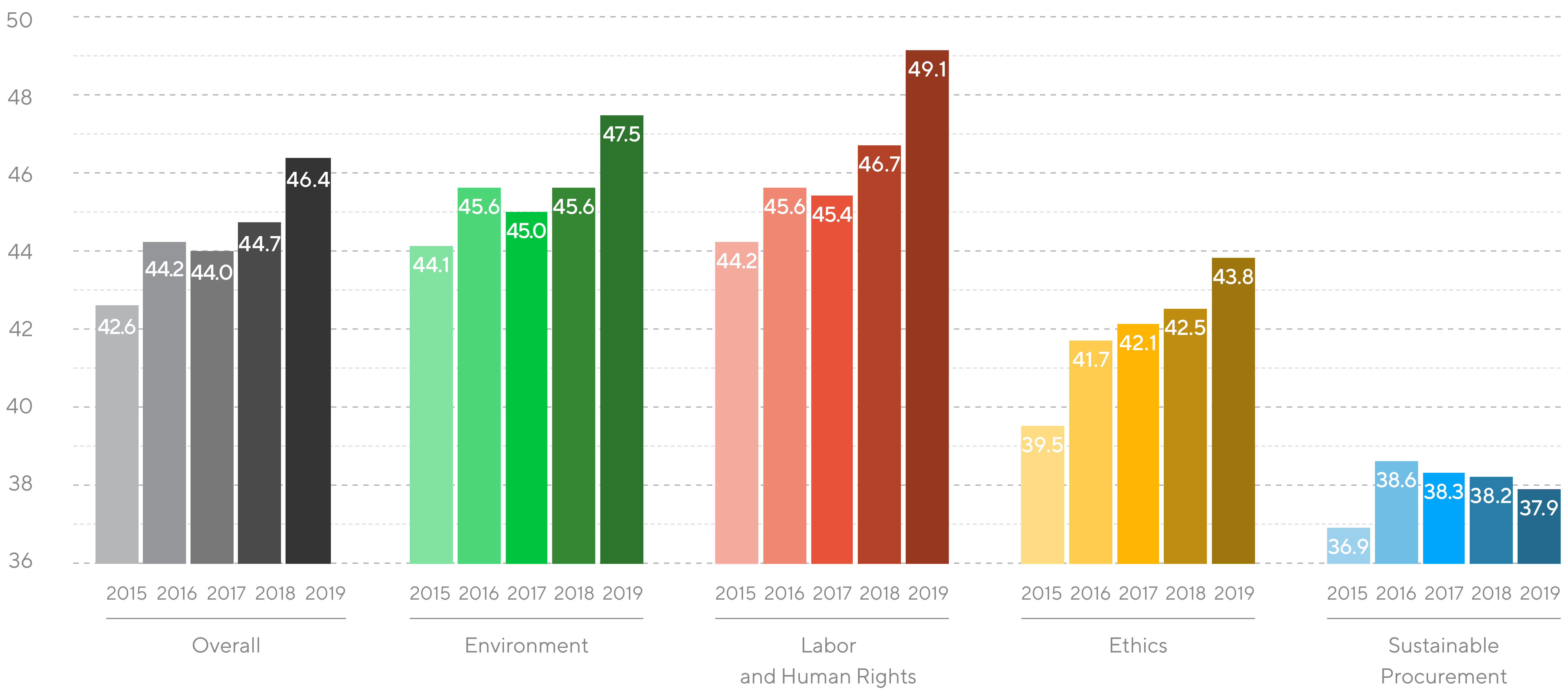
Performance in Key Sustainability Themes

An analysis of rating scores for each of the four sustainability themes in 2019 revealed a trend familiar from previous studies. While scores for the Environment, Labor & Human Rights and Ethics themes have been steadily increasing, the scores for the Sustainable Procurement theme remain at the lowest end, and in fact went down last year compared with 2018. It appears that companies continue to focus on societal impacts linked to their own operations, while risks that may be lurking in their supply chains are not prioritized to the same degree.

All theme scores, except for Sustainable Procurement, have increased by at least 9% since 2015, with the highest improvement observed for Labor & Human Rights at 11%. This clearly confirms that topics ranging from employee health and safety, to diversity and discrimination, to child labor and human trafficking are high on companies' sustainability management agenda.

It should be noted that, although in other parts of this document we use "normalized" global averages (to remove potential bias linked to the number of companies rated per industry, region or size group), the figures on this page are not "normalized." For further details, see the part Methodology Overview - Normalized Scores which explains in detail our general approach to the score analysis in this report.

Performance in Key Sustainability Themes



Contrasts and Similarities Across Regions

> “Unfortunately, the risk spans not only historically high-risk countries (developing countries) but medium- and low-risk countries as well. Supply chains have been exposed in Europe and the United States in recent years for recruitment practices that ultimately subject workers to exploitation. The key is to take a risk-based approach, targeting where the highest level of risks are focused, which would still be the high-risk countries.”

Simon Lodge,
Head of Category Management, AXA UK

Contrasts and Similarities Across Regions

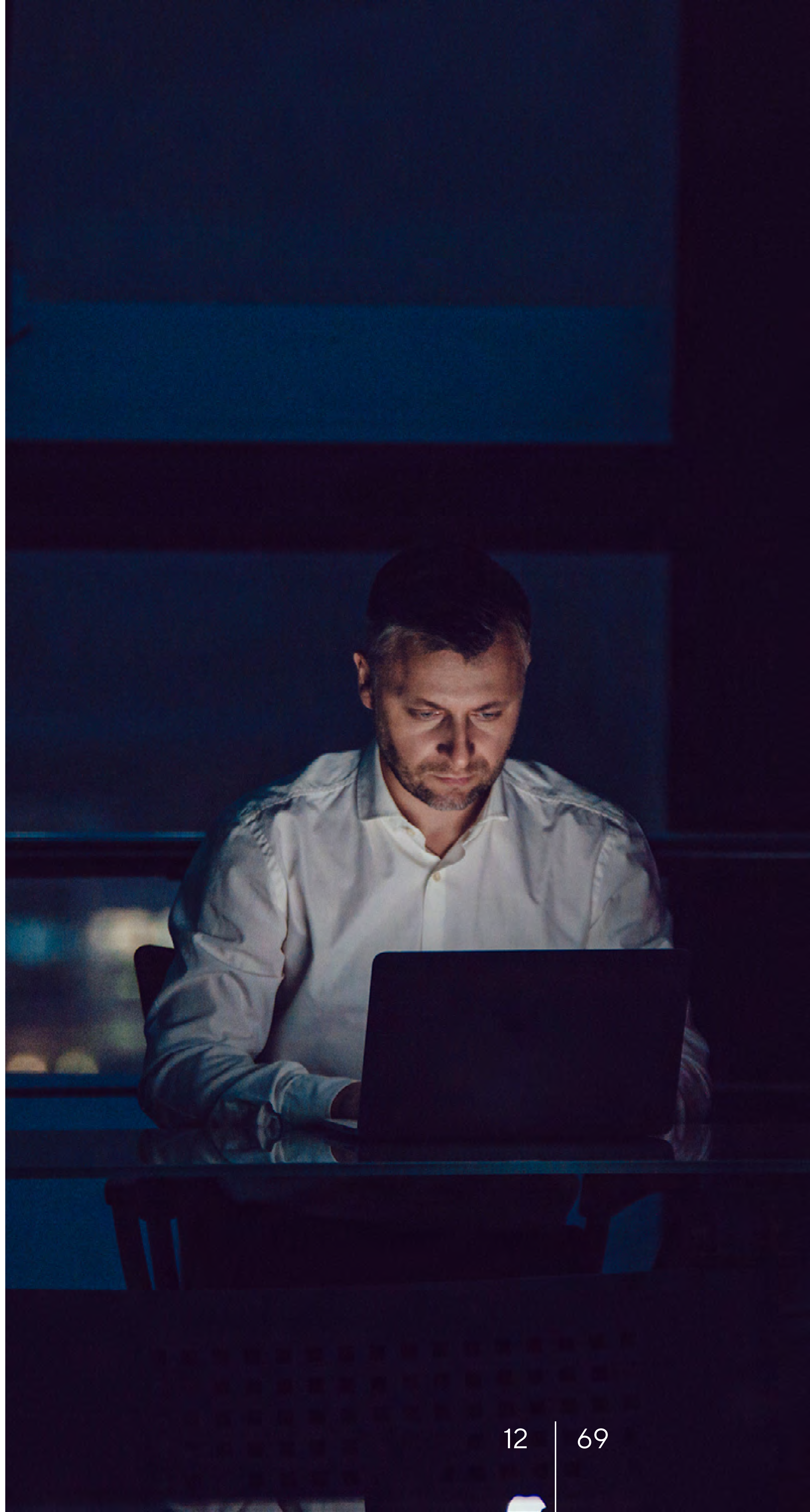
Key Findings

- Europe remains the undisputed leader in sustainability performance with over a 10-point advantage compared to North America, which comes second;
- Greater China remains the lowest-scoring region;
- Mixed performance over the years in AMEA as well as Latin America and the Caribbean.

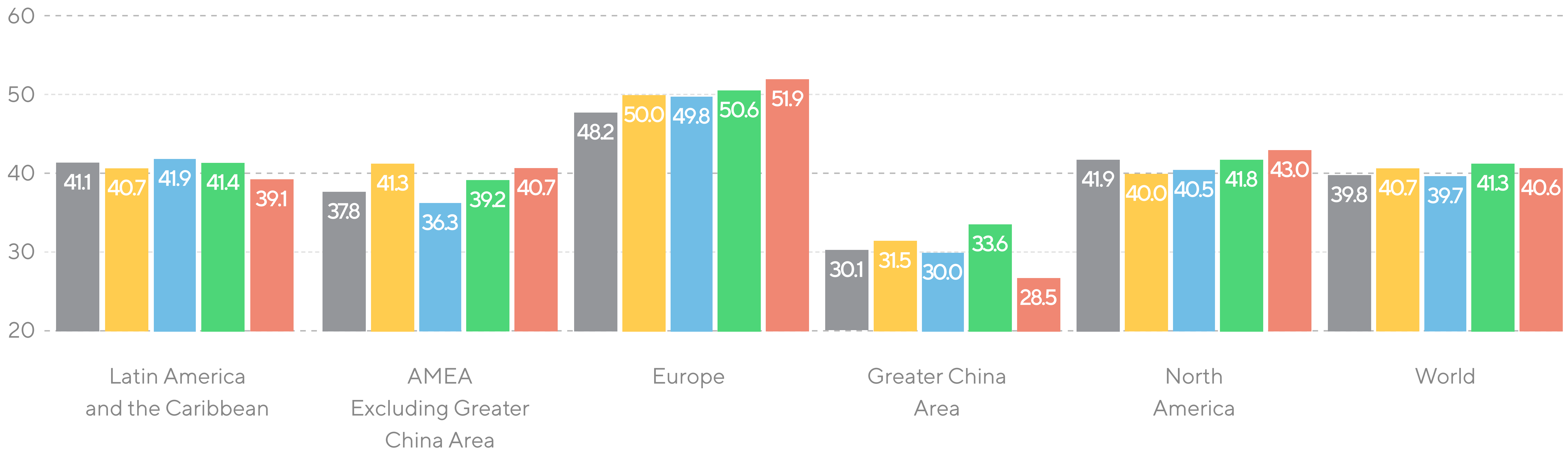
When looking at how sustainability performance compares between the world's five regions, i.e., Latin America and the Caribbean, AMEA, Europe, Greater China Area and North America, positive trends are observed most distinctly in Europe and North America. In fact, Europe, driven by its pioneering sustainability legislation and consumer pressure, remains the undisputed leader. It has retained more than a 10 point advantage over North America. Still, with the scores steadily increasing, particularly over the past three years, it is a sign that sustainability momentum is continuing to build in some of the world's largest economies.

The other three regions display mixed performance with the Greater China Area remaining in the lower end of the scale.

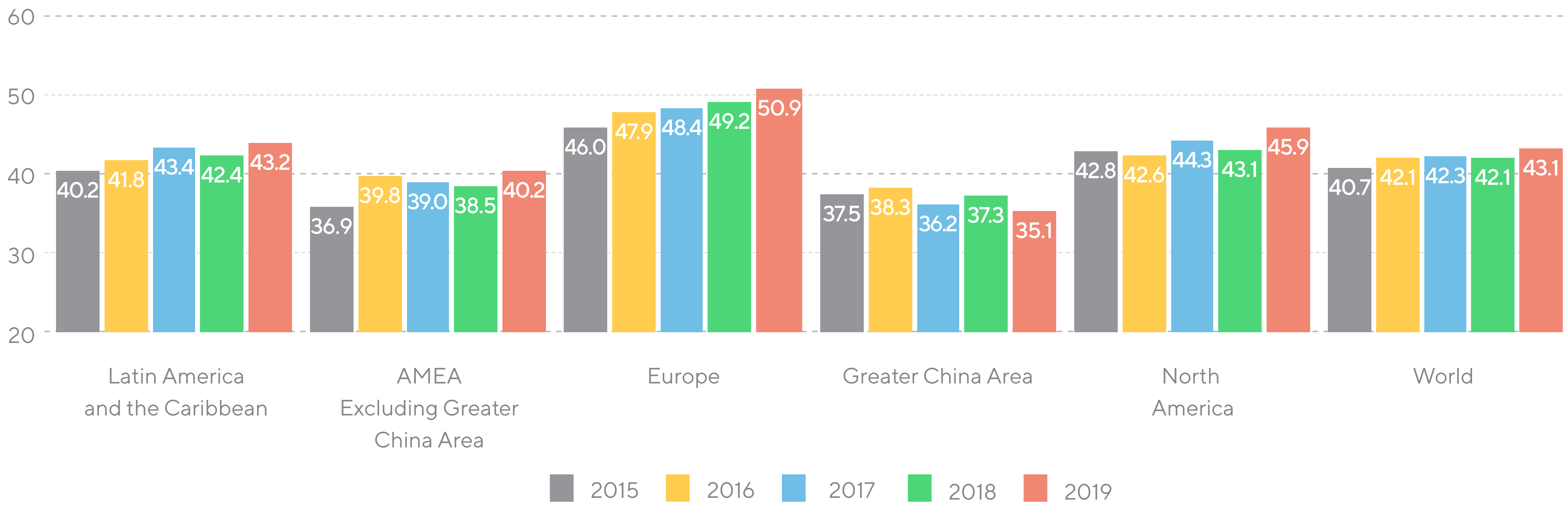
In terms of company size, SMEs across all the regions, except Greater China, show an upward trend with fluctuations between 2015 and 2019. European SMEs have been leading the benchmark since 2015 and continue to raise the bar for sustainability performance. For the first time in 2019, they passed, the symbolic threshold of 50 points. Greater China Area has seen scores decrease since 2015, and this trend is likely to continue unless stricter standards come into place.



Sustainability Performance per Region (Large Companies)



Sustainability Performance per Region (SMEs)



Performance Comparison by Company Size and Theme

"We procurement have to help our sales organization with bids to our customers or clients or potential clients. Certainly, we've seen recently that more clients are asking for sustainability criteria or even an EcoVadis score within the bid package that we're putting back. In the UK, we won a public sector bid. The difference was the fact that we had a CSR score and a sustainability program that we could reference and that they recognized."

Peter Hobday,
Deputy CPO, Atos

Performance Comparison by Company Size and Theme

Key Findings

- SMEs have shown consistent score increases (+6% over five years), while large companies have shown more fluctuations;
- SMEs have also widened the performance gap to larger companies, with a difference of 2.5 score points in 2019;
- SMEs have consistently outperformed large companies in the Sustainable Procurement theme since 2015;
- Large companies are in the lead in the Environment theme, but the improvement rate for SMEs is higher (+4% vs. +2%).

An analysis of sustainability performance by company size has shown that SMEs record consistent average score increases (+6 over five years), while large companies display more fluctuations. As a result, SMEs have widened the gap to larger companies with a difference of 2.5 score points in 2019.

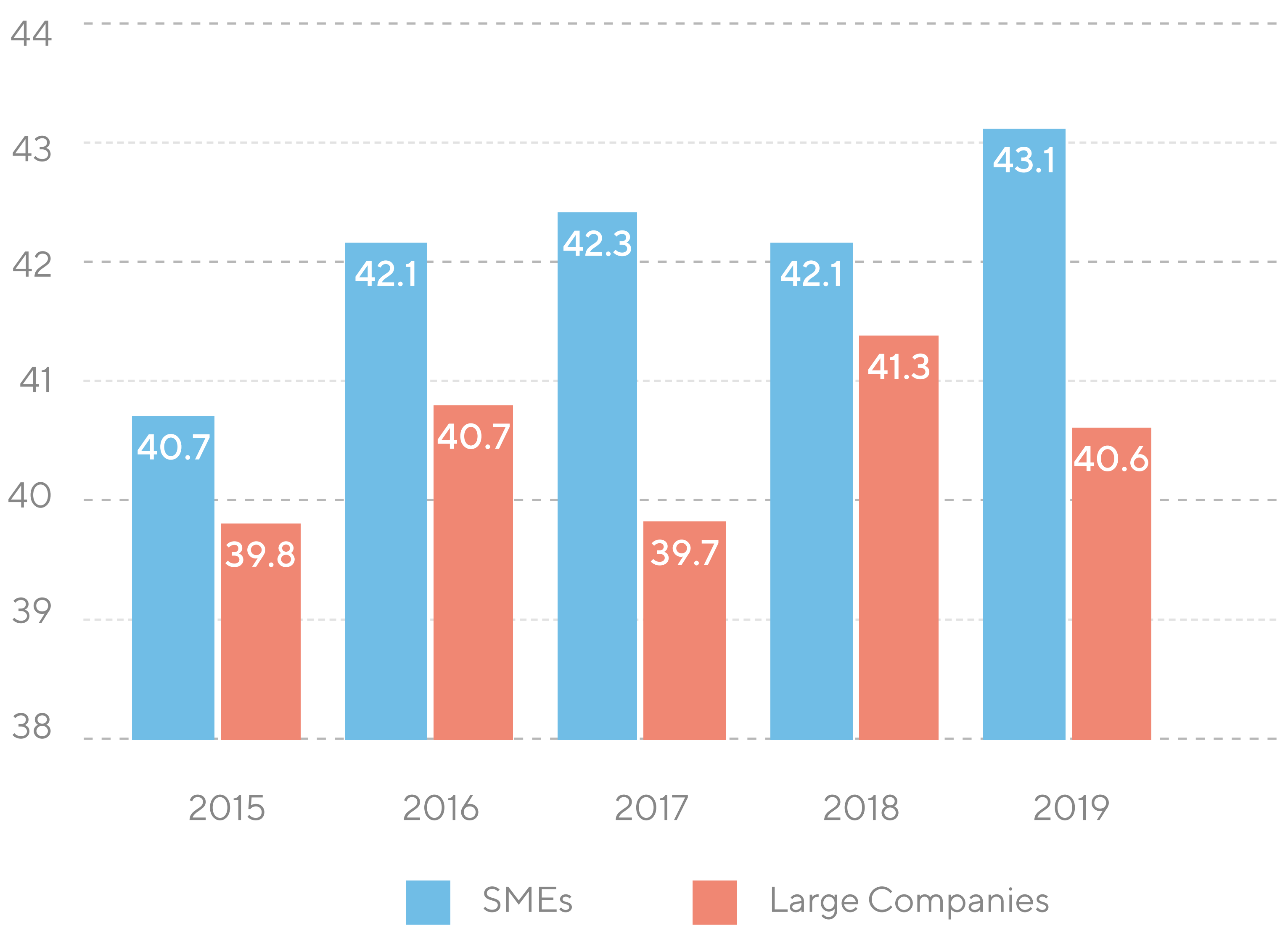
This difference in performance may be linked to operationional challenges. Although large companies typically have significant budgets to spend on sustainability projects, the difficulties around deploying actions across multiple locations continue to create challenges for sustainability management systems. SMEs, meanwhile, tend to have consolidated management structures and a lower overall sustainability footprint. But we also have to note that EcoVadis ratings are adjusted to the company size, i.e, the questionnaire for SMEs are shorter and simpler than the ones for large companies.

A closer look at the breakdown by theme reveals, however, that large companies are in the lead in the Environment theme. This is despite the fact that their size makes them more likely to be subject to negative news reports on sanctions or lawsuits collected during the EcoVadis 360 Watch, which is an integral part of the rating process.

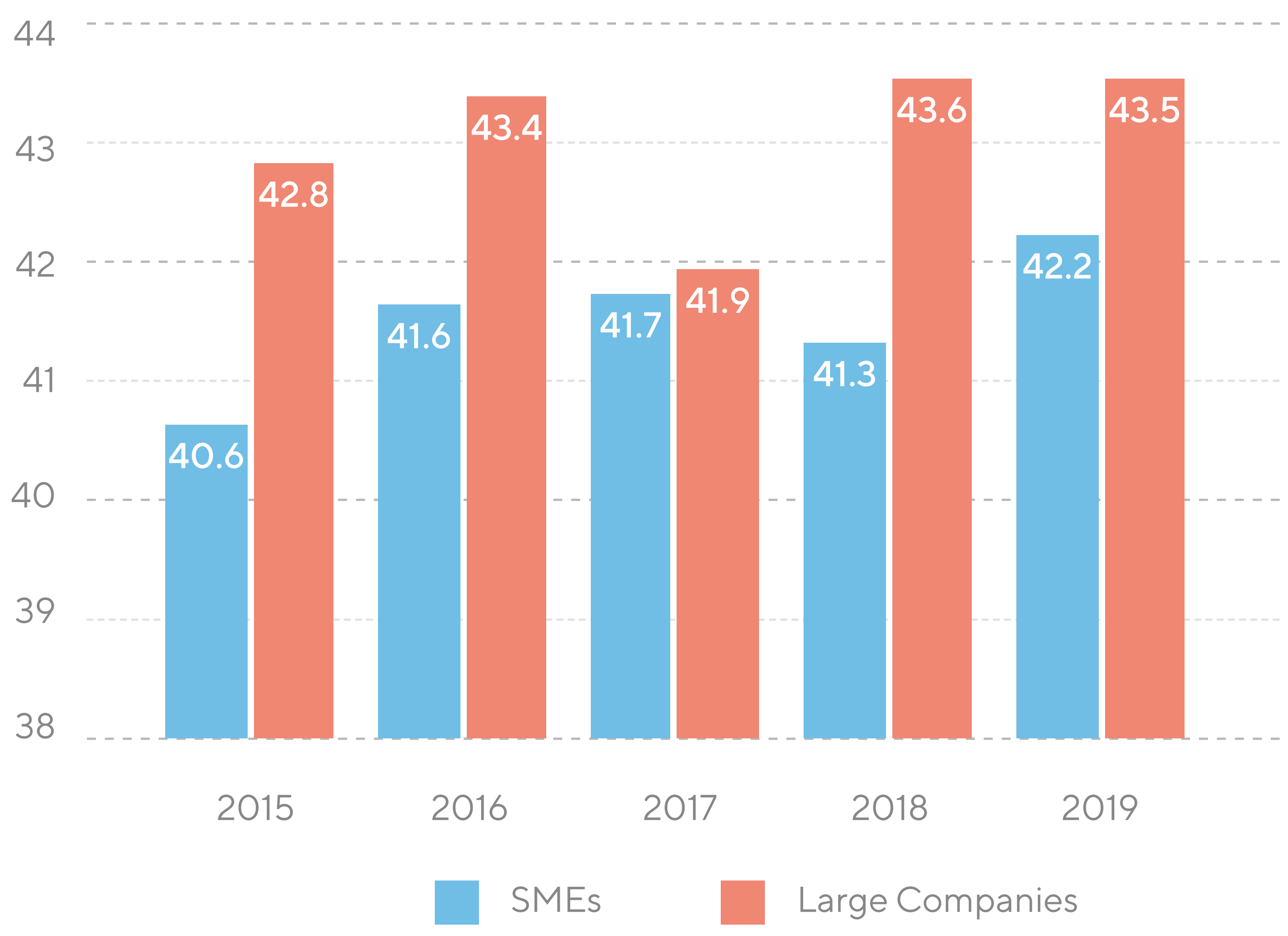
Still, even in the Environment theme, the improvement rate for SMEs has been higher (+4%) than for large companies (+2%) in the past five years. With further engagement in key environmental topics, this promises a balance between the two size groups in the future, making SMEs the overall leader in terms of sustainability.

Interestingly, SMEs have consistently outperformed large companies in the Sustainable Procurement theme since 2015, which may be due to closer relationships with suppliers, less outsourcing of risky activities and more visibility into potential issues in a possibly smaller supplier base compared to large companies.

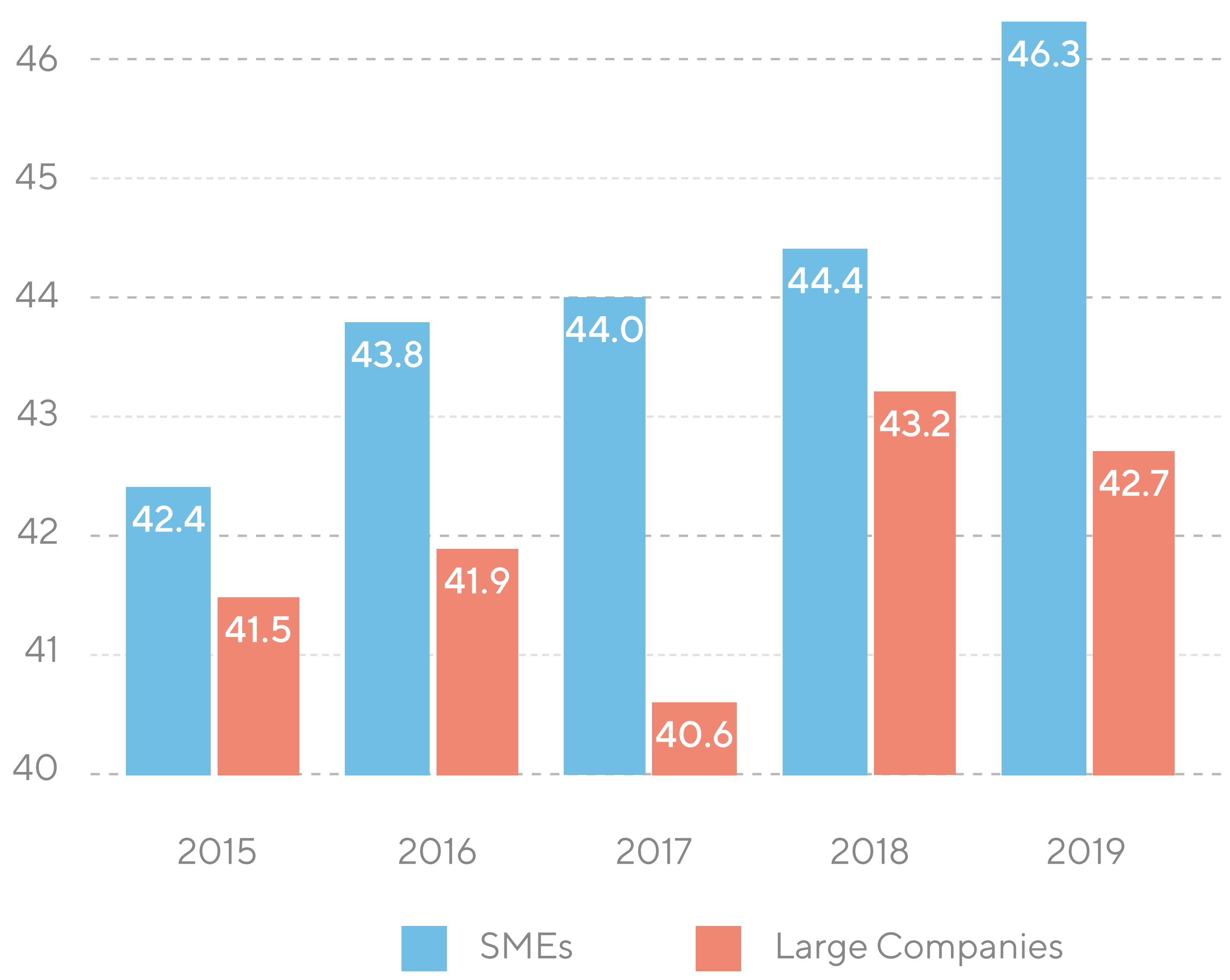
Overall Sustainability Performance: SMEs vs. Large Companies



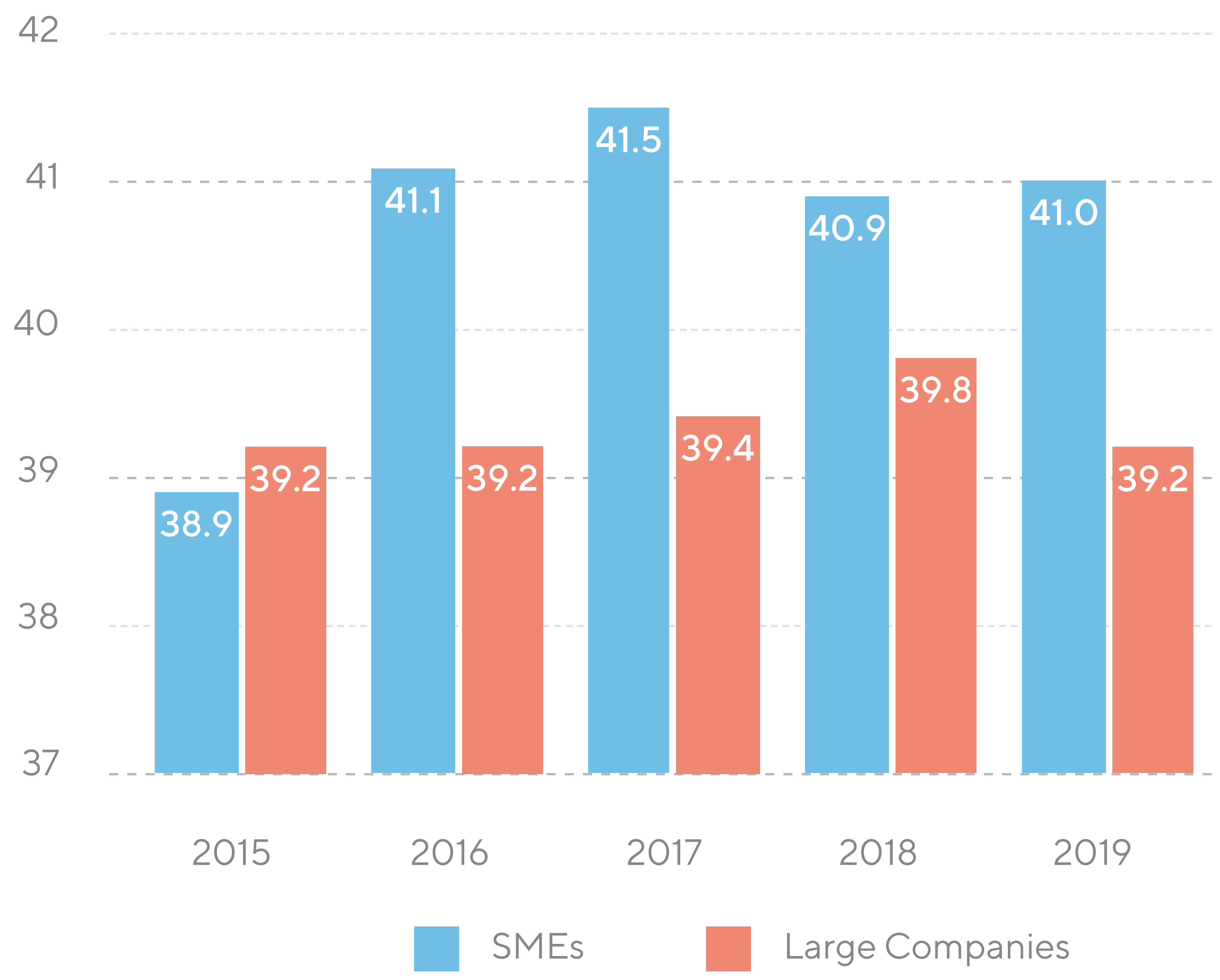
Performance in Specific Themes: Environment



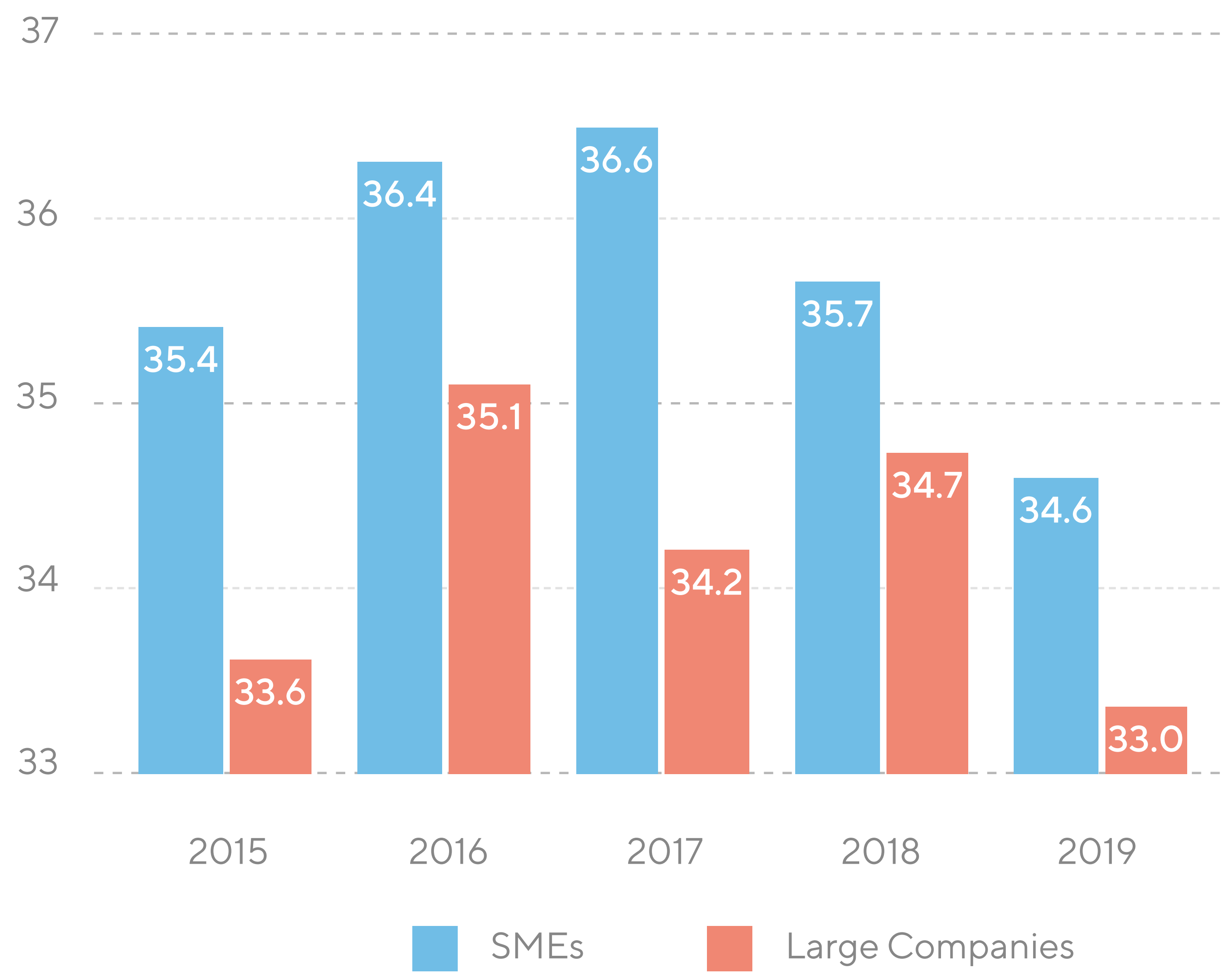
Performance in Specific Themes: Labor and Human Rights



Performance in Specific Themes: Ethics



Performance in Specific Themes: Sustainable Procurement



Reassessment and Score Improvement: Comparison by Company Size

> "When a supplier demonstrates their commitment to CSR, they are demonstrating their ability to look forward."
>
> **Top 5 Beverages Company**

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Reassessment and Score Improvement: Comparison by Company Size

Key Findings

- 77% of SMEs maintained or improved their score in the latest rating;
- 75% of large companies maintained or improved their score in the latest rating;
- Europe leads score improvement with 80 SMEs and 81% of large companies increasing scores.

Companies that have been rated at least twice generally improve or maintain their score in their latest rating (53% of SMEs and 57% of large companies improved their score, while 24% and 18% achieved the same results). Given that standards and expectations continually increase and certifications to support sustainability commitment typically need updating, maintaining the score requires considerable effort. The same applies to regular updates to reporting indicators which are considered valid for two years in the EcoVadis rating methodology.

The results arguably demonstrate that once an organization commits to sustainability improvements, positive results are typically seen.

Looking at specific regions, Europe continued 2018 trends and saw the largest improvement rate, with as much as 80% of SMEs and 81% of large companies maintaining or improving their scores.

For SMEs, this is followed by North America and AMEA with 78% and 73% of companies who scored the same or better in their latest rating. These best performers are mirrored among large companies, while the proportion of businesses which saw a decrease in score in their latest assessment is slightly higher in this group. Greater China is the poorest performing region, where as much as 51% of large companies saw a decrease in score, followed by Latin America and the Caribbean at 36%.

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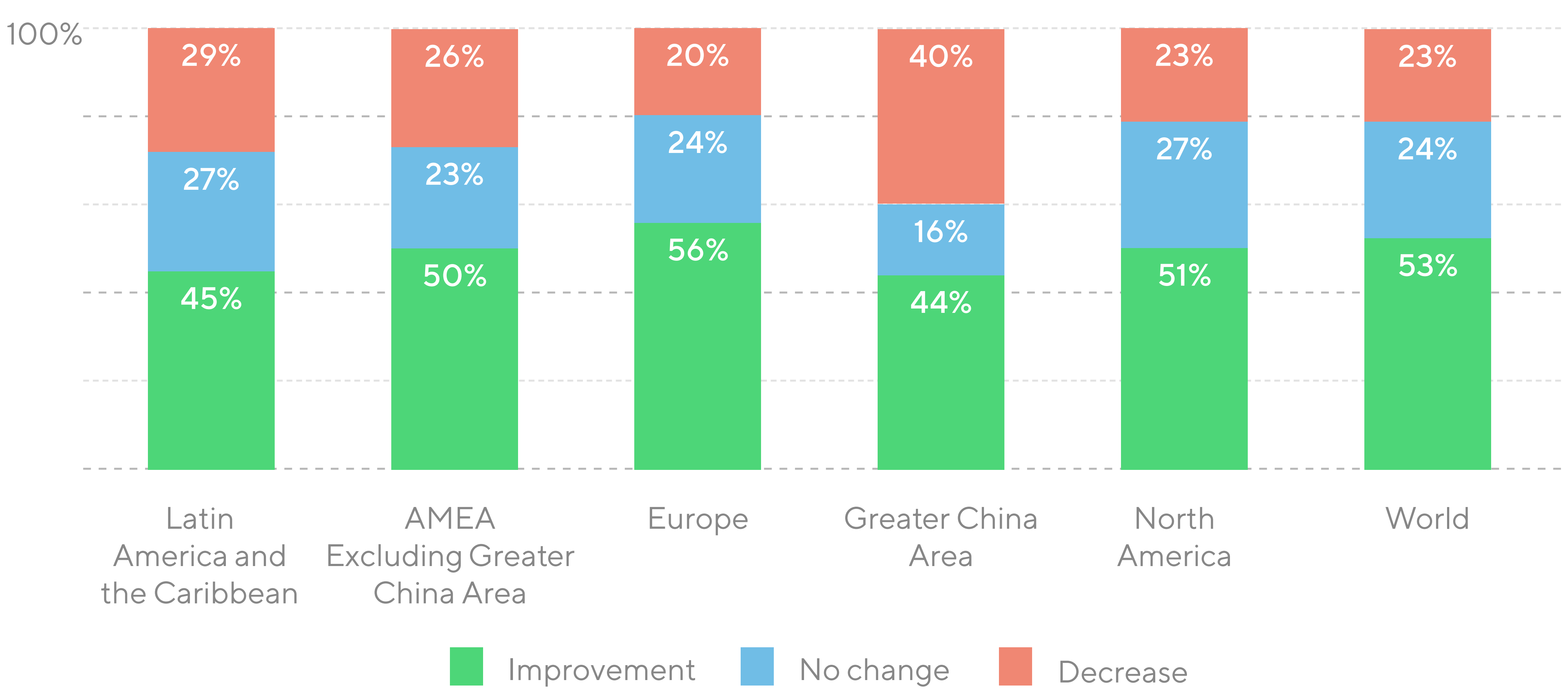
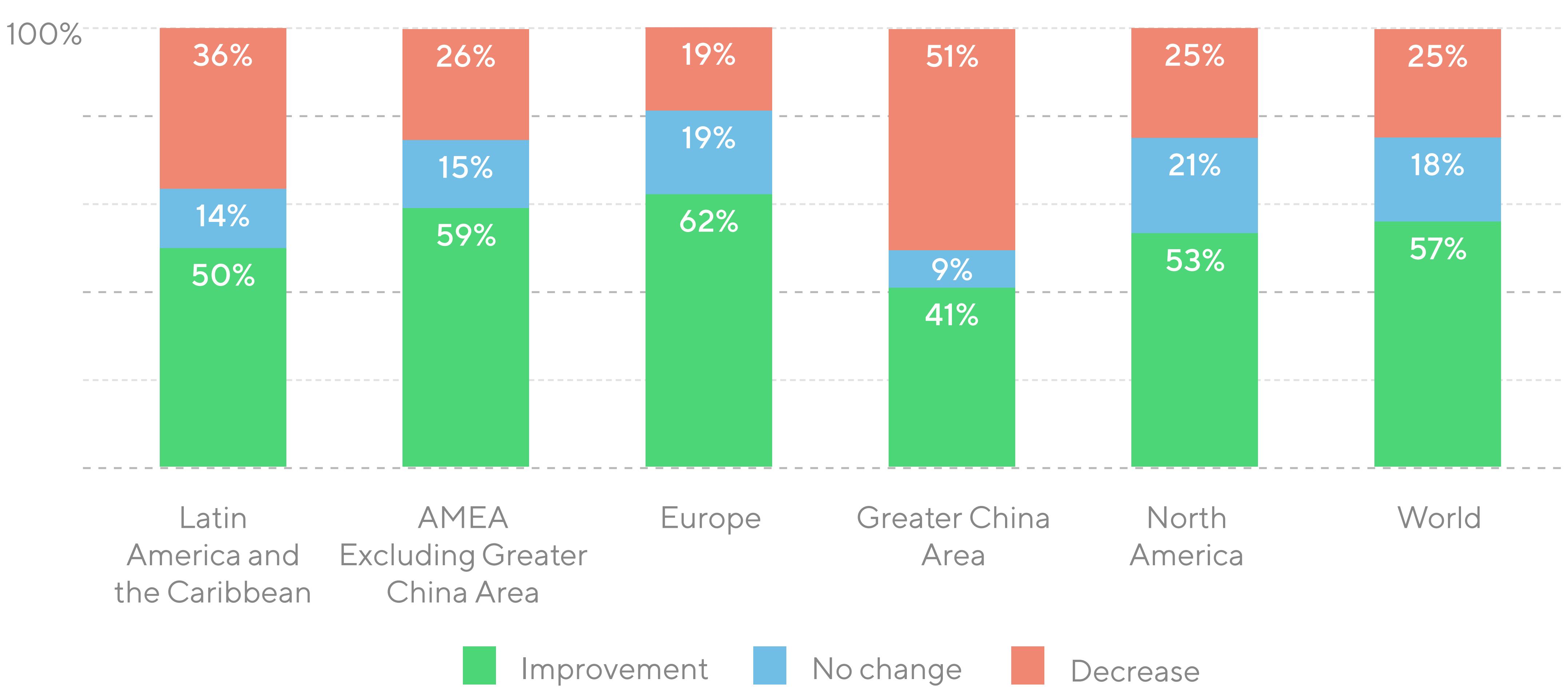
Score Change in 2019 (SMEs)



Score Change in 2019 (Large Companies)



Performance by Industry Division

> "I am convinced that sustainable development will deeply transform the roles of purchasing professionals. In 2006 AXA initiated a structured policy and today we measure how sustainable procurement impacts the buyer-supplier dialogue. Since 2008, EcoVadis has been helping us to deploy this initiative, providing us a reliable and independent assessment of our suppliers CSR performance."

Alain Page-Lécuyer,
Chief Procurement Officer, AXA

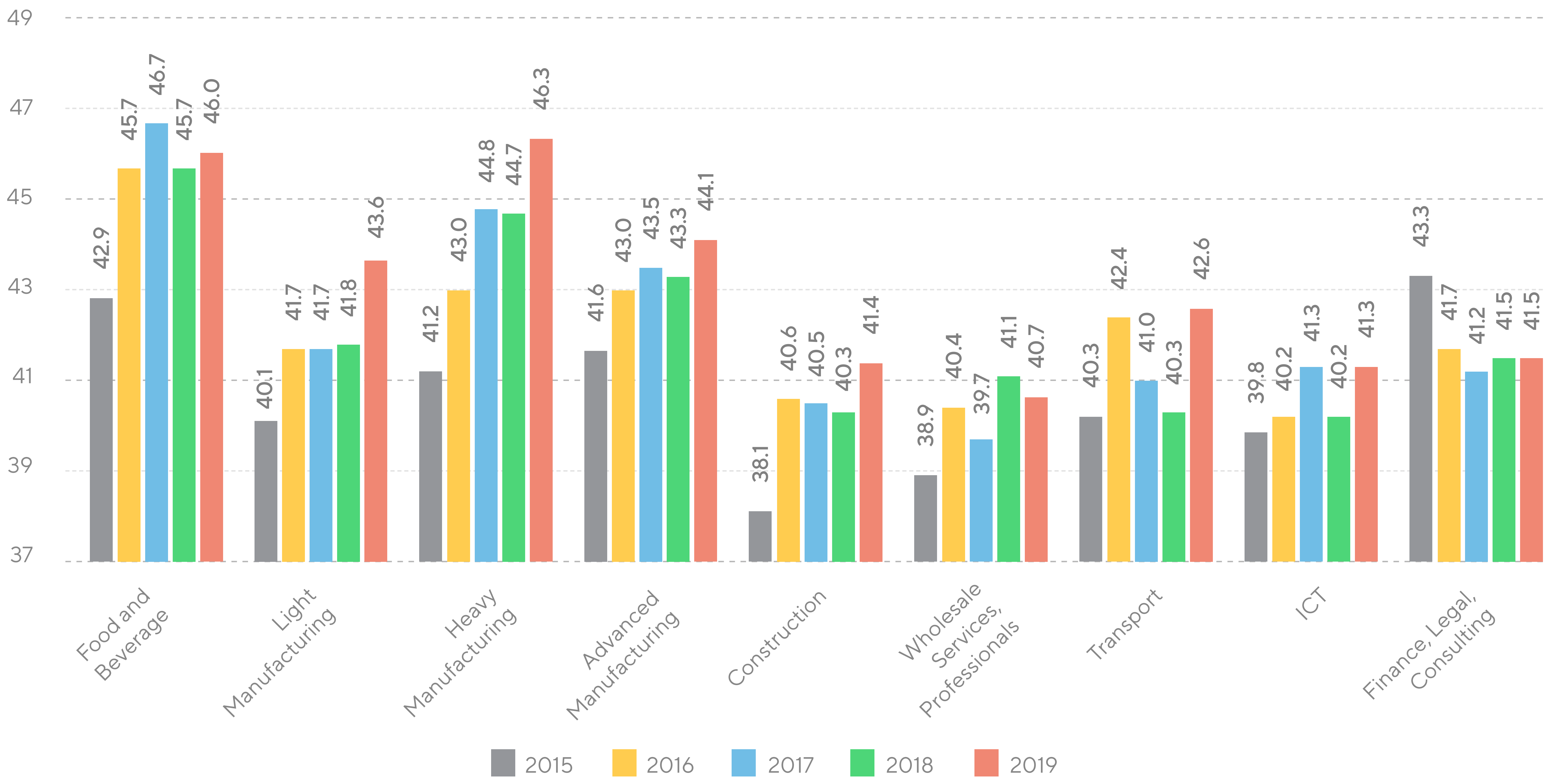
Performance by Industry Division

Key Findings

- Sustainability performance varies greatly between industries;
- Highly regulated sectors (e.g., chemicals, electronics and food manufacture) display better sustainability performance in both size groups;
- Supporting services along supply chains, such as information services, transport and construction, show no clear improvement trend in any of the size groups;
- All Manufacturing divisions (light, heavy and advanced) as well as Food and Beverage remain in the lead with average scores of around 44.

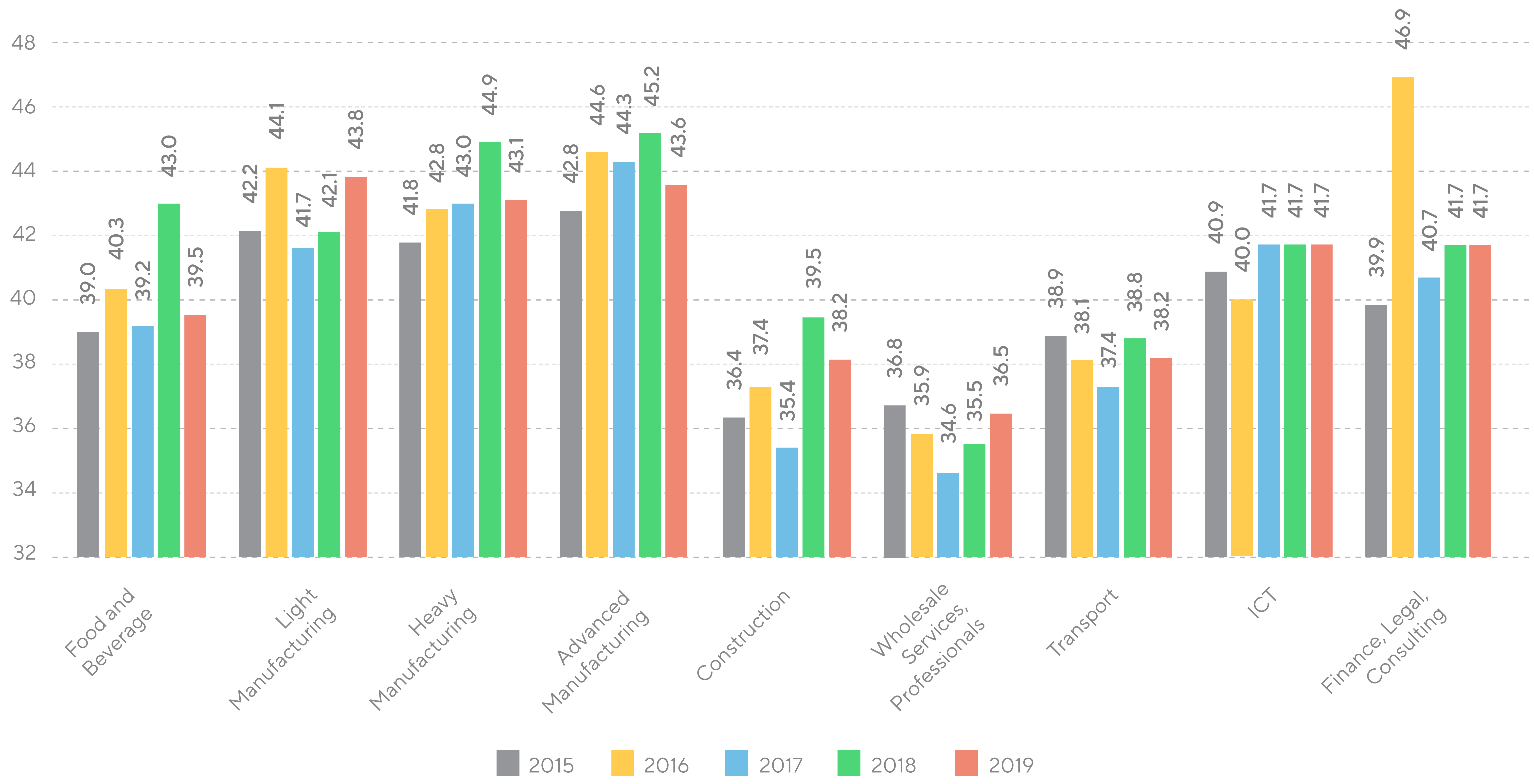
Each of the nine industry divisions[1] is discussed in detail below.

Weighted Score by Industry: (SMEs)



[1] Results for the Primary Materials division are not included due to a limited number of companies assessed, making it impossible to draw meaningful insights.

Weighted Score by Industry: Large



To view the full list of the ISIC categories included in each industry division visit Index Online. ⟶

Industry Snapshots

"Sustainability assessments are now part of our management system and are planned at the end of the yearly cycle of activities, programs, training, audits, awareness and reviews. This has also proved very useful for our IPO because the Hong Kong Exchange market is very demanding when it comes to sustainability. We had a number of initiatives in place before but EcoVadis helped us structure them and create value for our customers."

Carmen Hualda,
CSR Manager

Food and Beverage

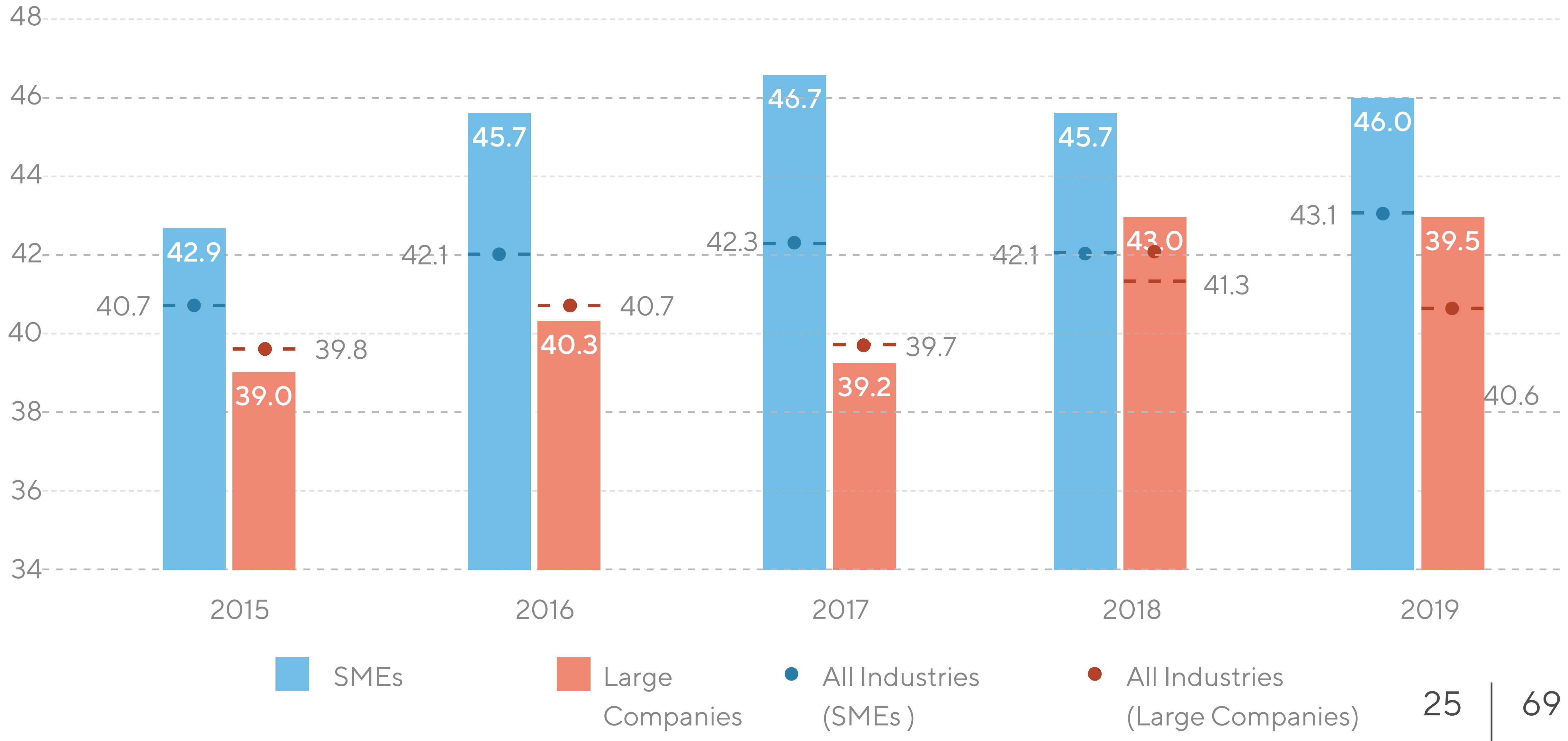
Due to its direct impact on health and safety, the Food and Beverage industry is highly regulated and characterized by multiple national and international regulations and certifications. This, as well as the industry's commitment to innovations for water usage, packaging and other environmental solutions, has catalyzed its sustainability performance.

Food and Beverage SMEs continued to increase their average score in 2019 and, since 2015, have seen significant positive score growth from an average score of 42.9 to a steady score of around 46 for the period of 2016-2019.

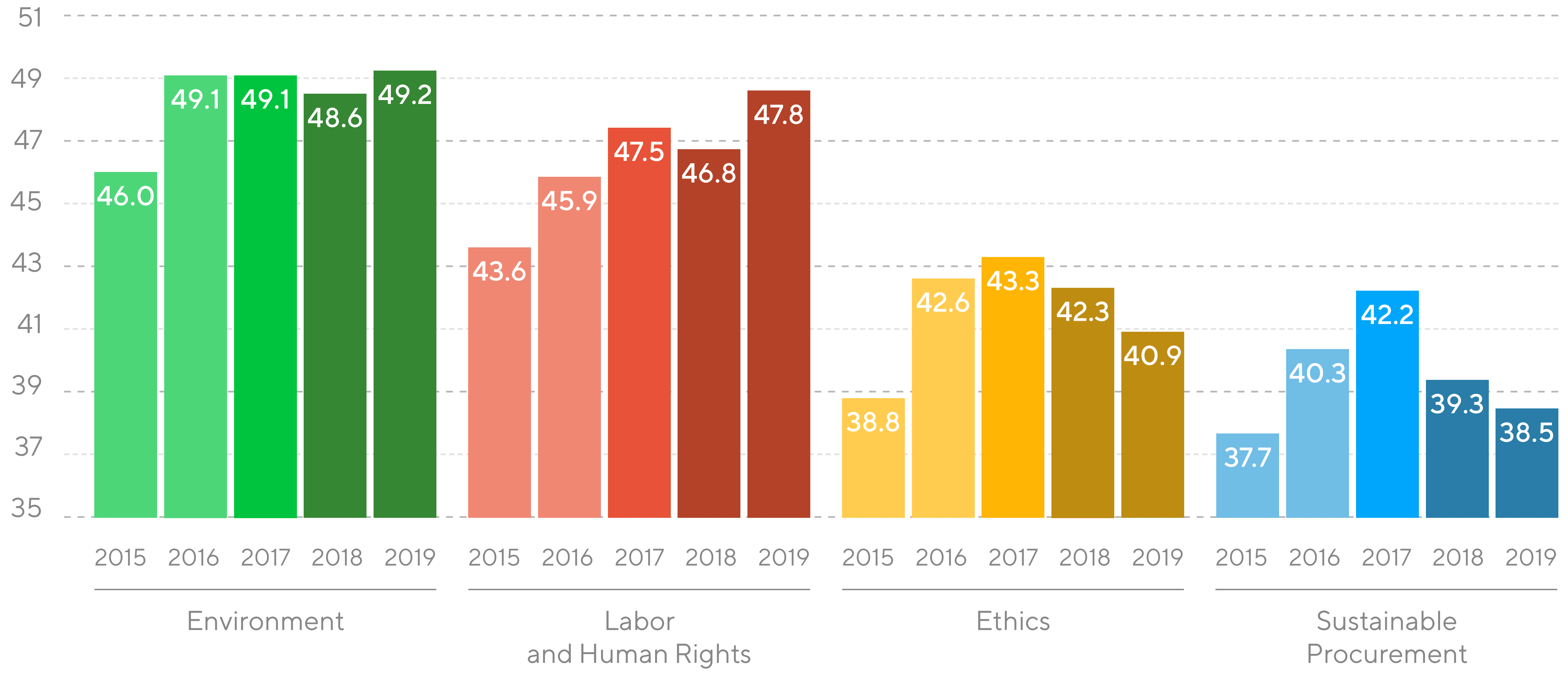
Surprisingly, there was a significant increase in average scores for large companies in this sector for the Environment and Labor & Human Rights themes in 2018, but in 2019 we saw a reverse in trend and experienced a four-year low in average scores for these two themes. SMEs in the Food and Beverage sector continue to outperform their global counterparts with a significant 3-point average score gap in 2019.

Several pertinent risks associated with the Food and Beverage industry remain, however, including supply chain disruptions, water use, deforestation, local pollution, forced labor and other issues. Developing strong sustainability management systems can help companies in this sector adapt and mitigate these unique challenges.

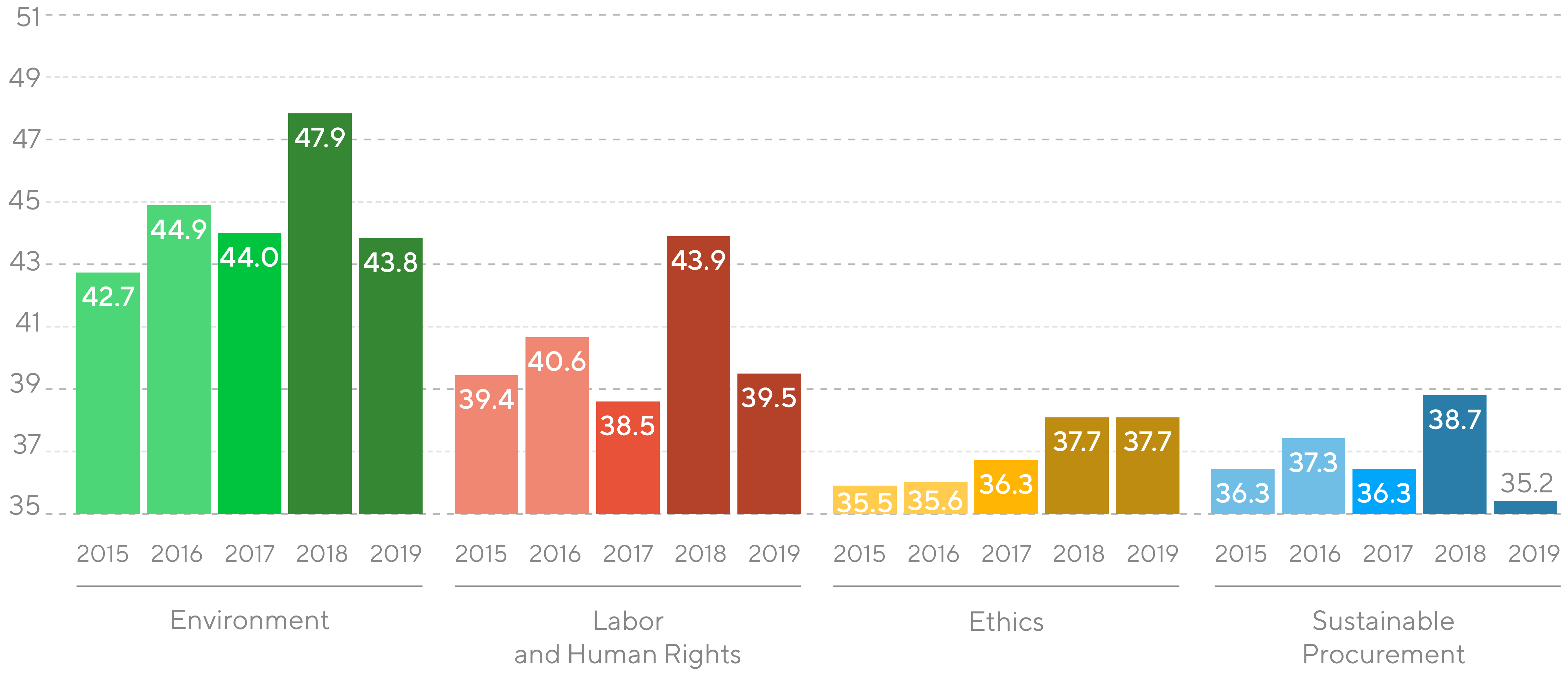
Weighted Score by Industry: SMEs

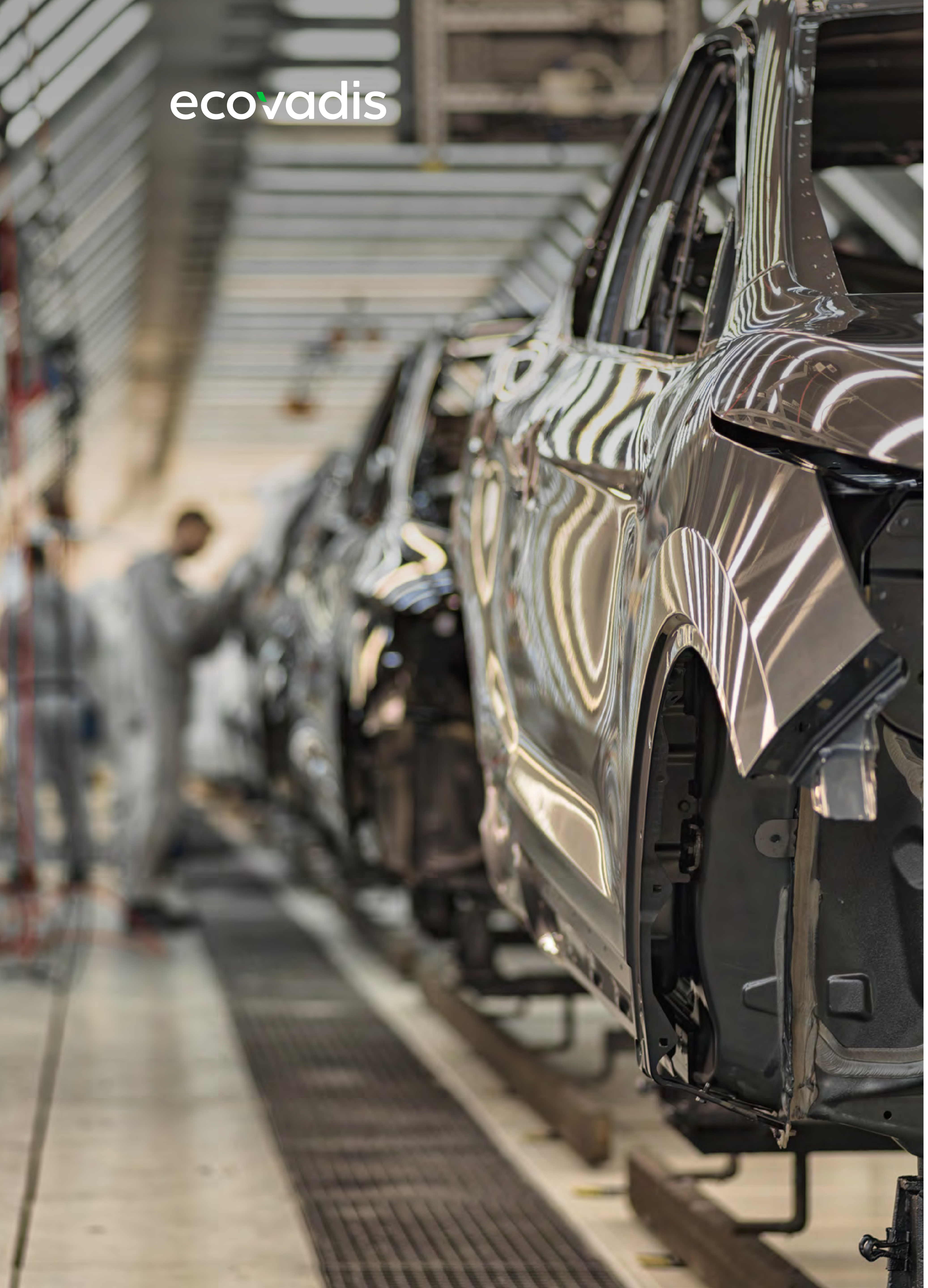


Industry Performance: Food and Beverage (SMEs)



Industry Performance: Food and Beverage (Large Companies)





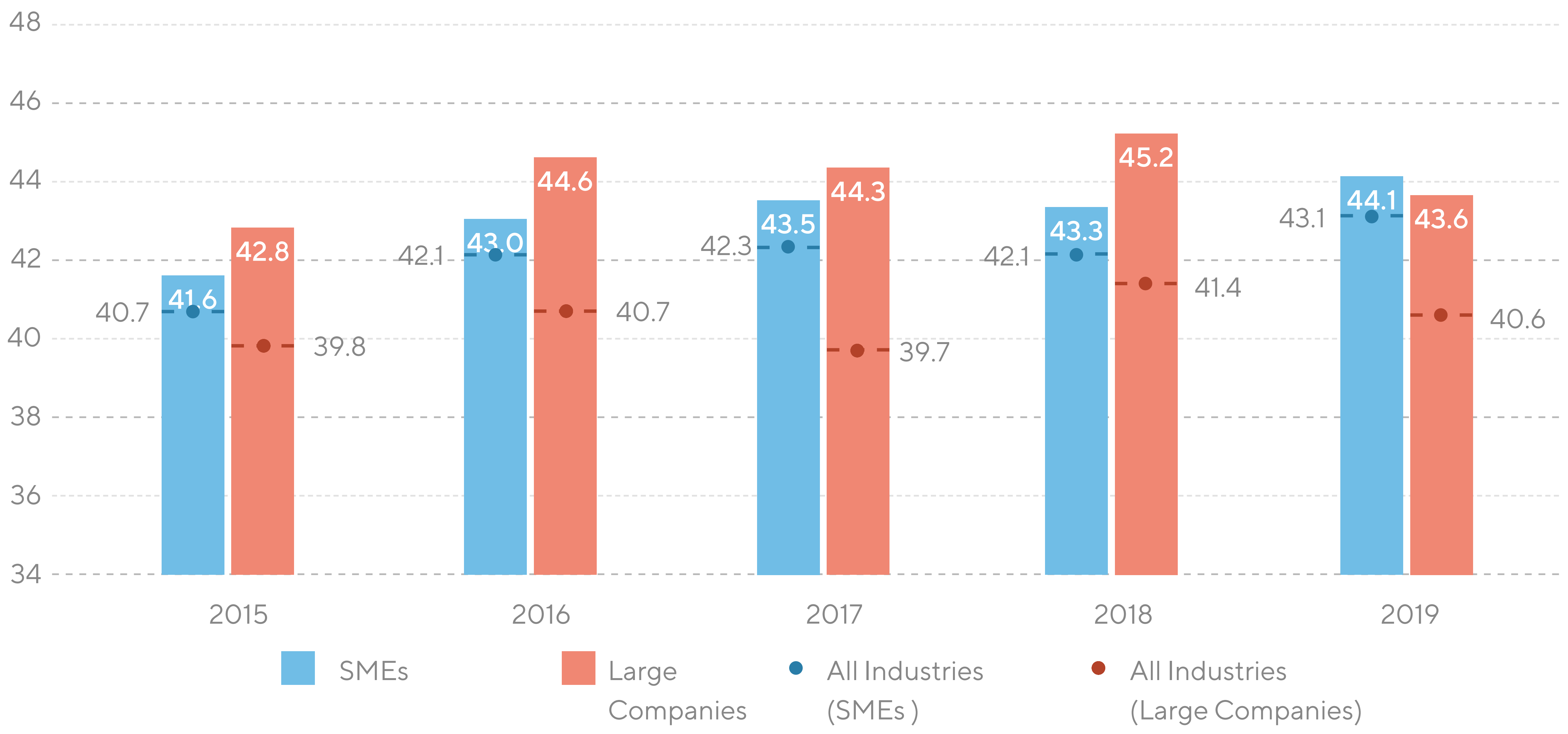
Advanced Manufacturing

Advanced Manufacturing is a particularly strong performer and is ahead of other industries in the large company group. Energy consumption, greenhouse gas emissions and product efficiency continue to be the driving topics within the sector. Companies in the Advanced Manufacturing industry typically have larger investment capabilities as well as research and development opportunities which can be operationalized when building their sustainability management practices. Many of the companies in this sector have a high consumer profile, such as the automotive industry, in which consumer demand has continued to pressure advanced manufacturers toward sustainability goals.

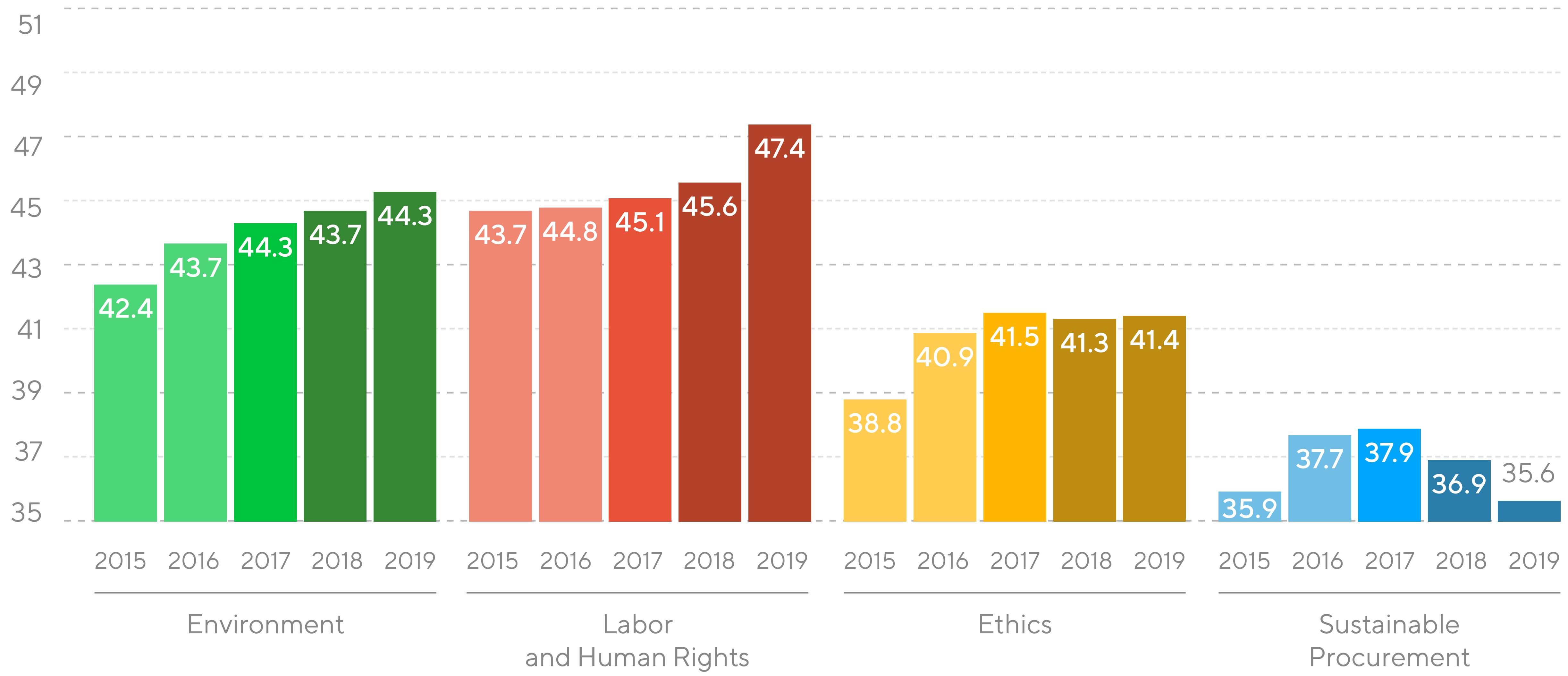
For the first time since 2015, SMEs have earned a higher average score as compared to their larger counterparts in 2019. Until 2019, larger companies in the Advanced Manufacturing space have had more capital and public pressure to invest in deploying sustainability initiatives, standing out among cross-industry trends on SMEs' sustainability performance. In 2019, it was clear that SMEs were catching up to their larger counterparts.

Large size companies have remained relatively stagnant in regards to their overall average score from the 2015-2019 period.

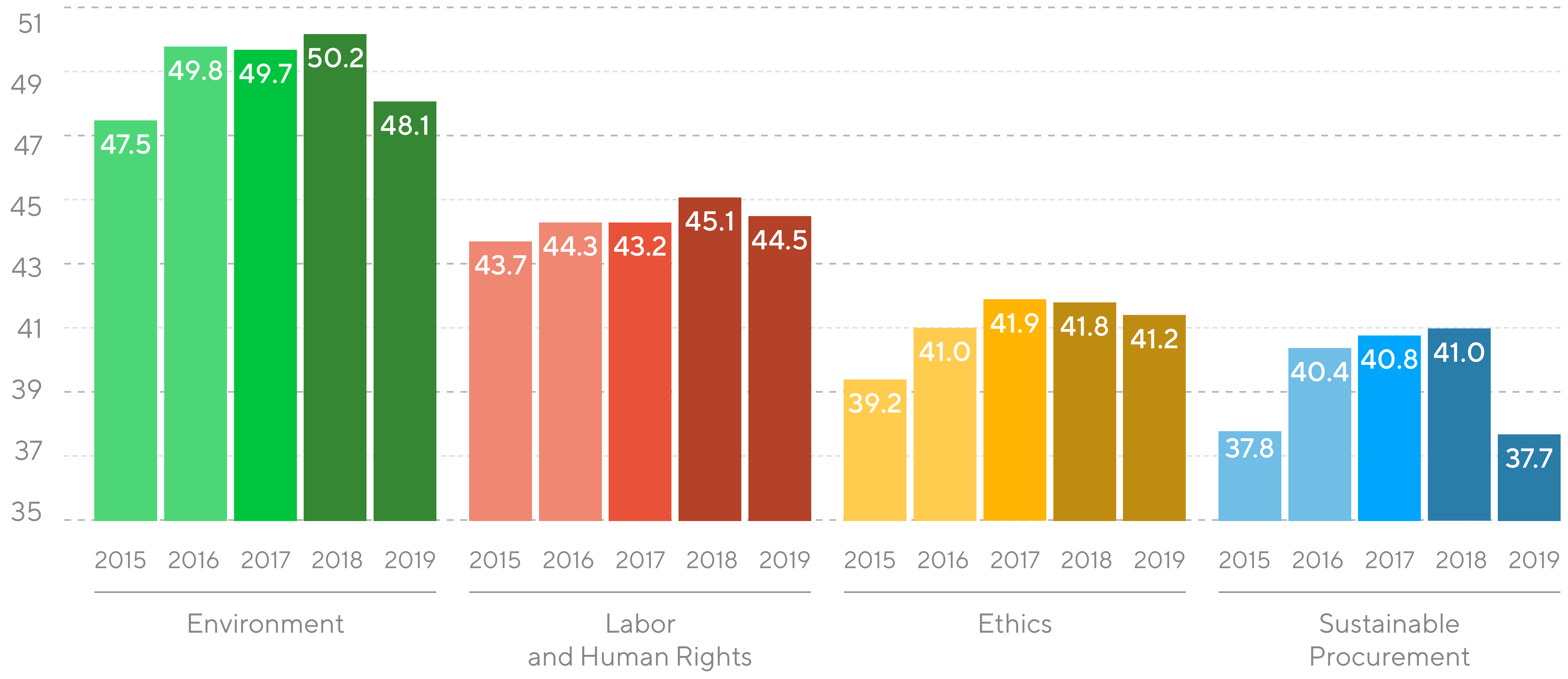
Industry Performance: Advanced Manufacturing (All Company Sizes)



Industry Performance by Theme: Advanced Manufacturing (SMEs)



Industry Performance by Theme: Advanced Manufacturing (Large Companies)



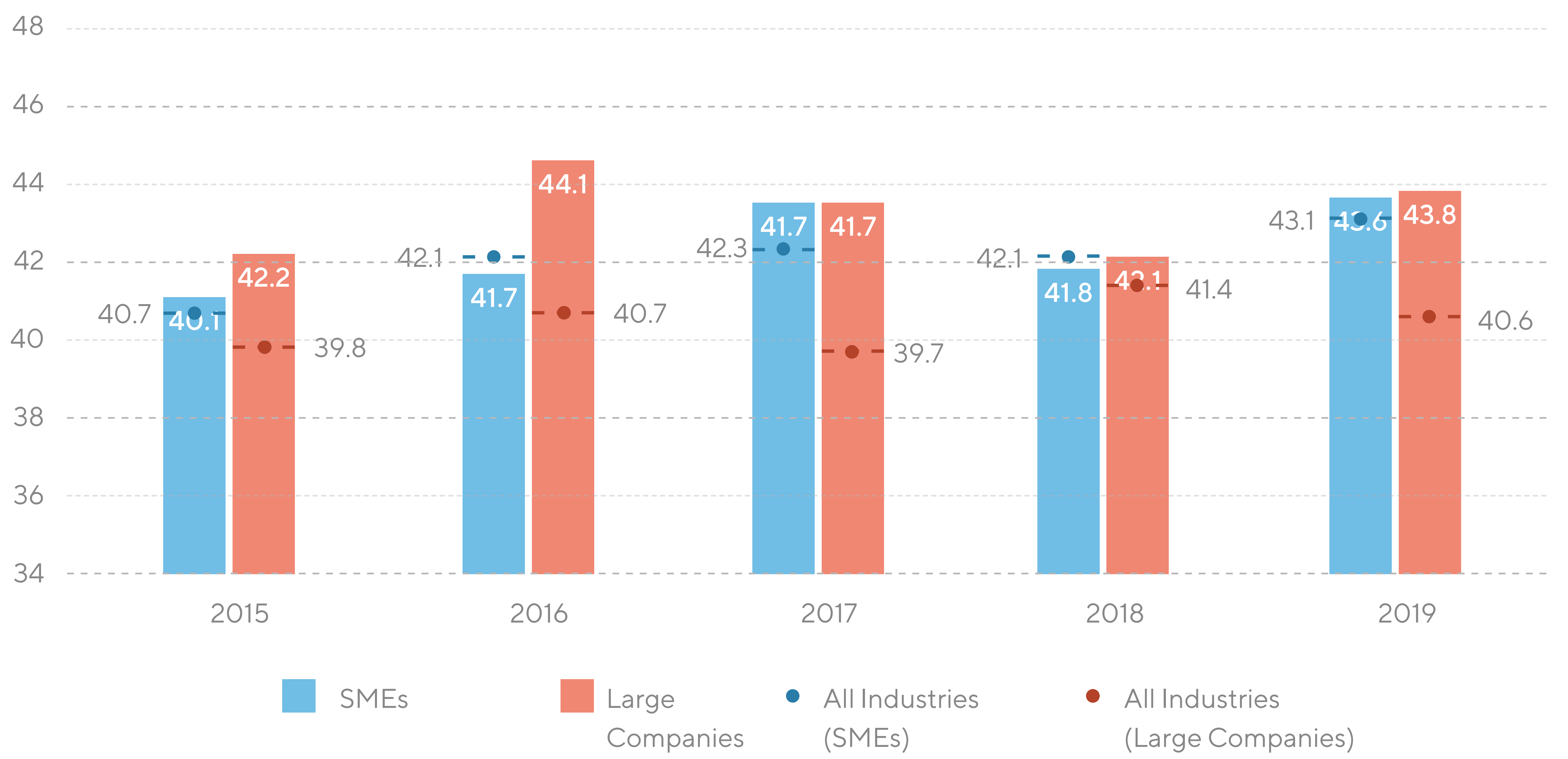
Light Manufacturing

Light Manufacturing groups together all categories involved in the production of textiles and footwear as well as wood and paper products. Average scores for this sector go beyond world benchmarks and exceed a score of 43 for both size groups in 2019. This may indicate that ongoing scrutiny regarding environmental and social issues has paid off and led to significant improvements in management systems.

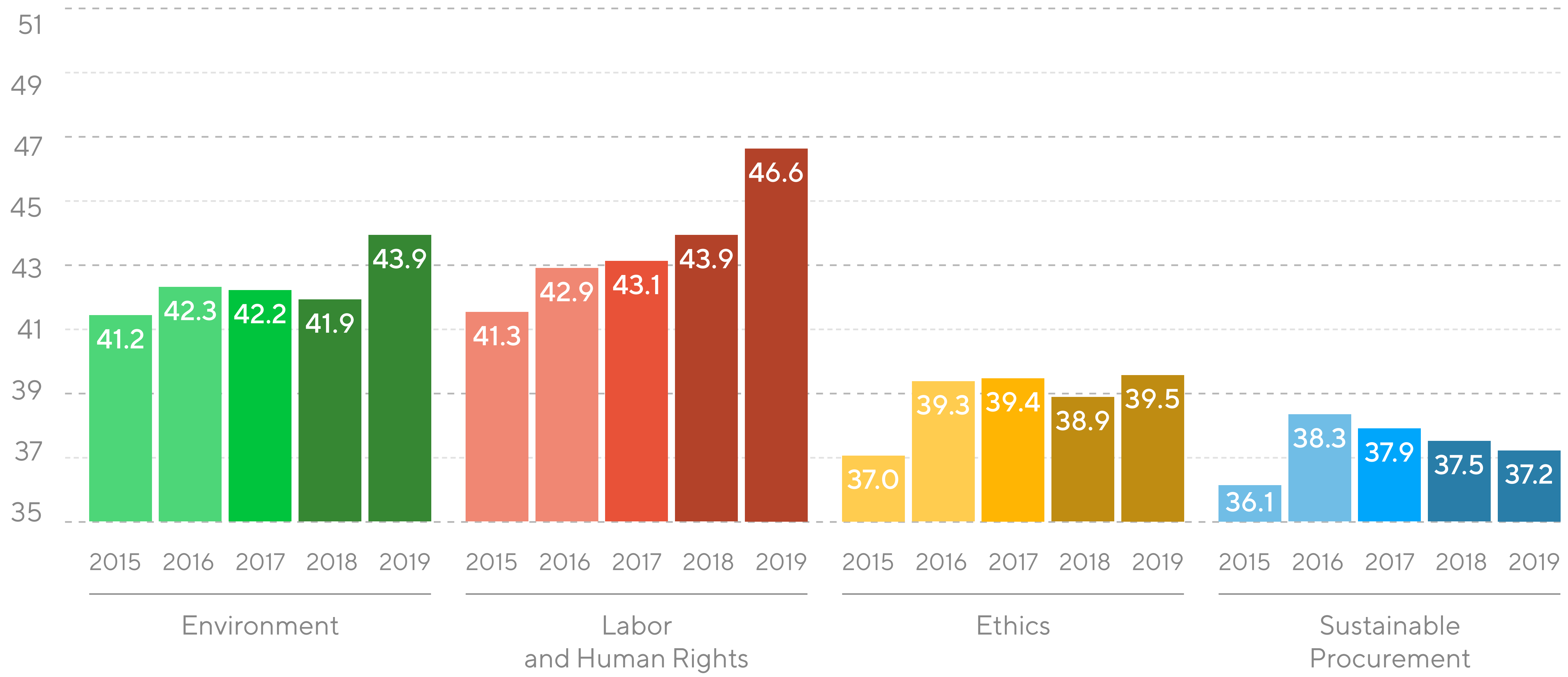
In line with a strong SME performance under the Labor and Human Rights theme across industries, Light Manufacturing SMEs have clearly improved their performance when dealing with labor and human rights questions, reflected by a steady increase in average scores and an outperformance of large companies.

Meanwhile, large companies seem to better manage environmental concerns, such as the disposal, recycling and reuse of textiles, paper pulp or other material. This might be the result of stronger supplier involvement, as evidenced by stable scores for the Sustainable Procurement theme.

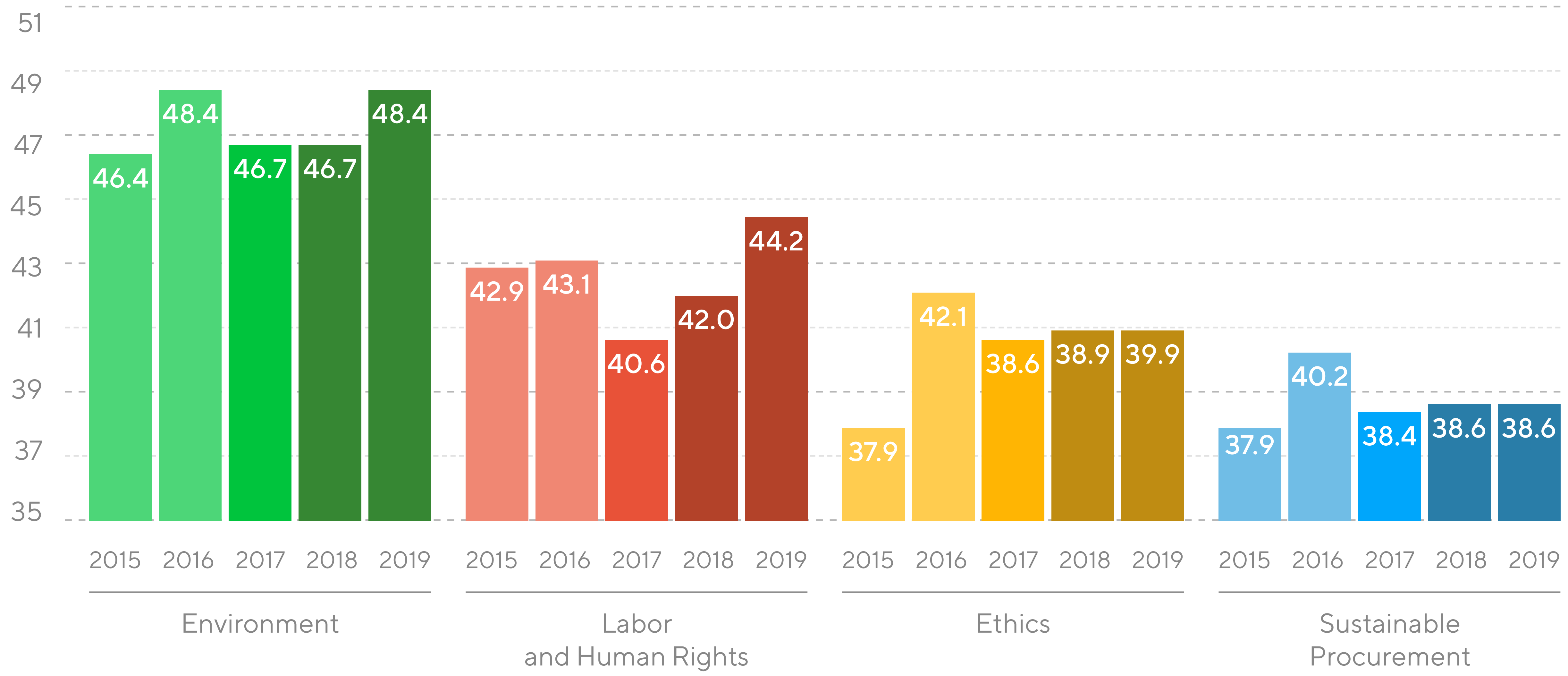
Industry Performance: Light Manufacturing



Industry Performance by Theme: Light Manufacturing (SMEs)



Industry Performance by Theme: Light Manufacturing (Large Companies)



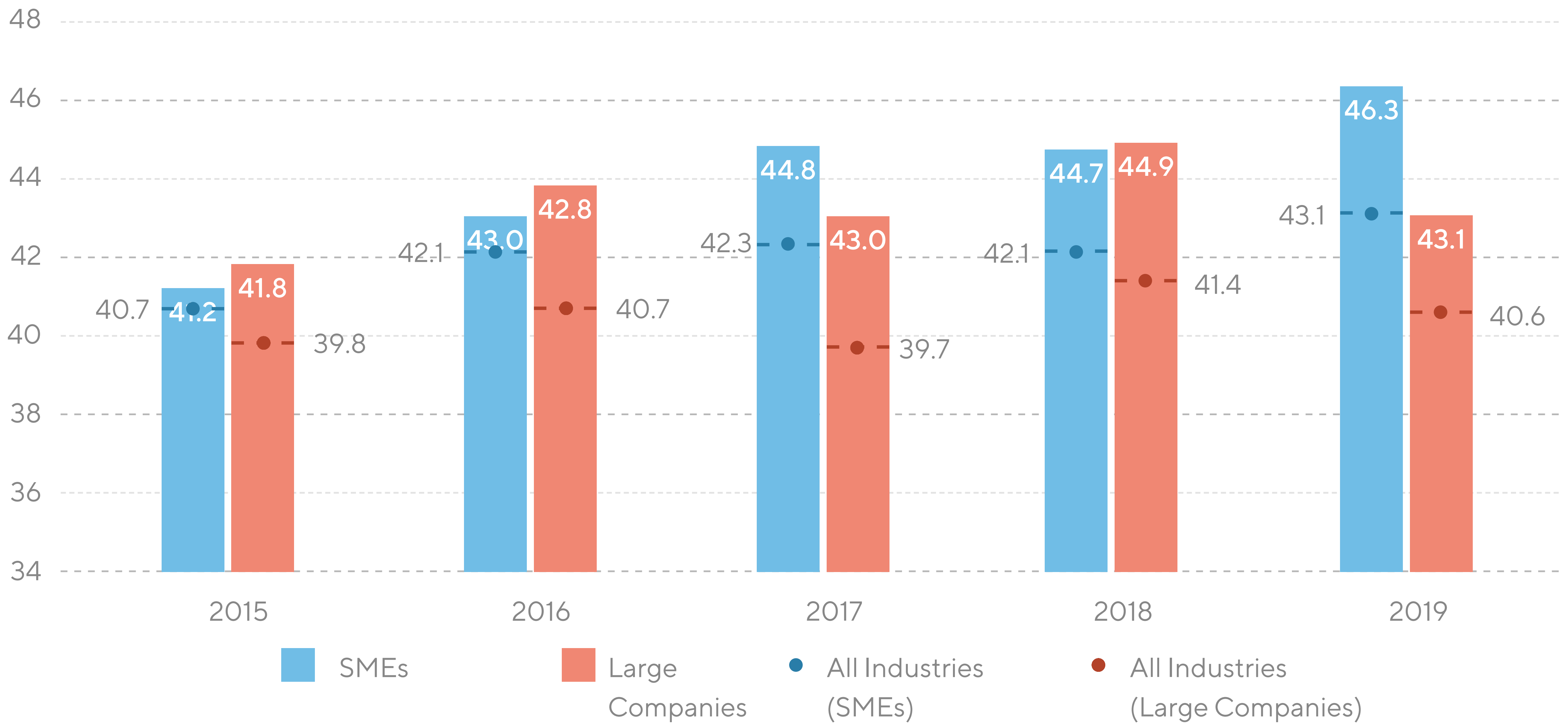
Heavy Manufacturing

This sector brings together chemical and raw manufacturing companies, which typically pose significant environmental and occupational health and safety risk. Heavy Manufacturing companies are thus subject to strict regulations and are well-acquainted with topics such as hazardous waste management, local pollution, resource consumption as well as occupational health and safety.

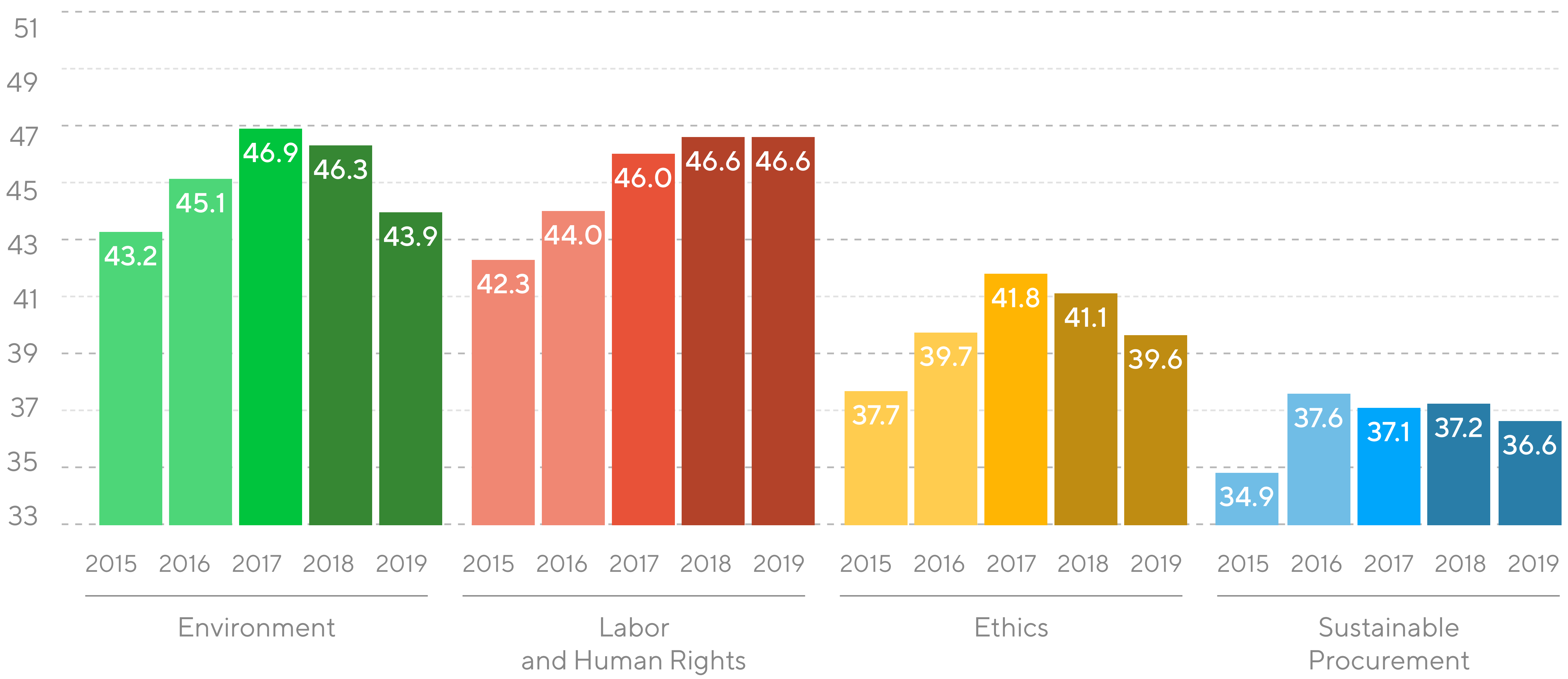
Heavy Manufacturing companies of both size groups perform well above the all-industry average, a trend that has continued for the past five years and is in line with the trends across all Manufacturing sectors. SMEs experienced a significant growth of 2 points on average from 2018-2019, while large companies actually reverted, losing 1 point on their average score.

The above-average performance in this sector is likely related to the need to comply with tough legislation and, what goes with it, large investments in sustainability innovations and sustainability management systems.

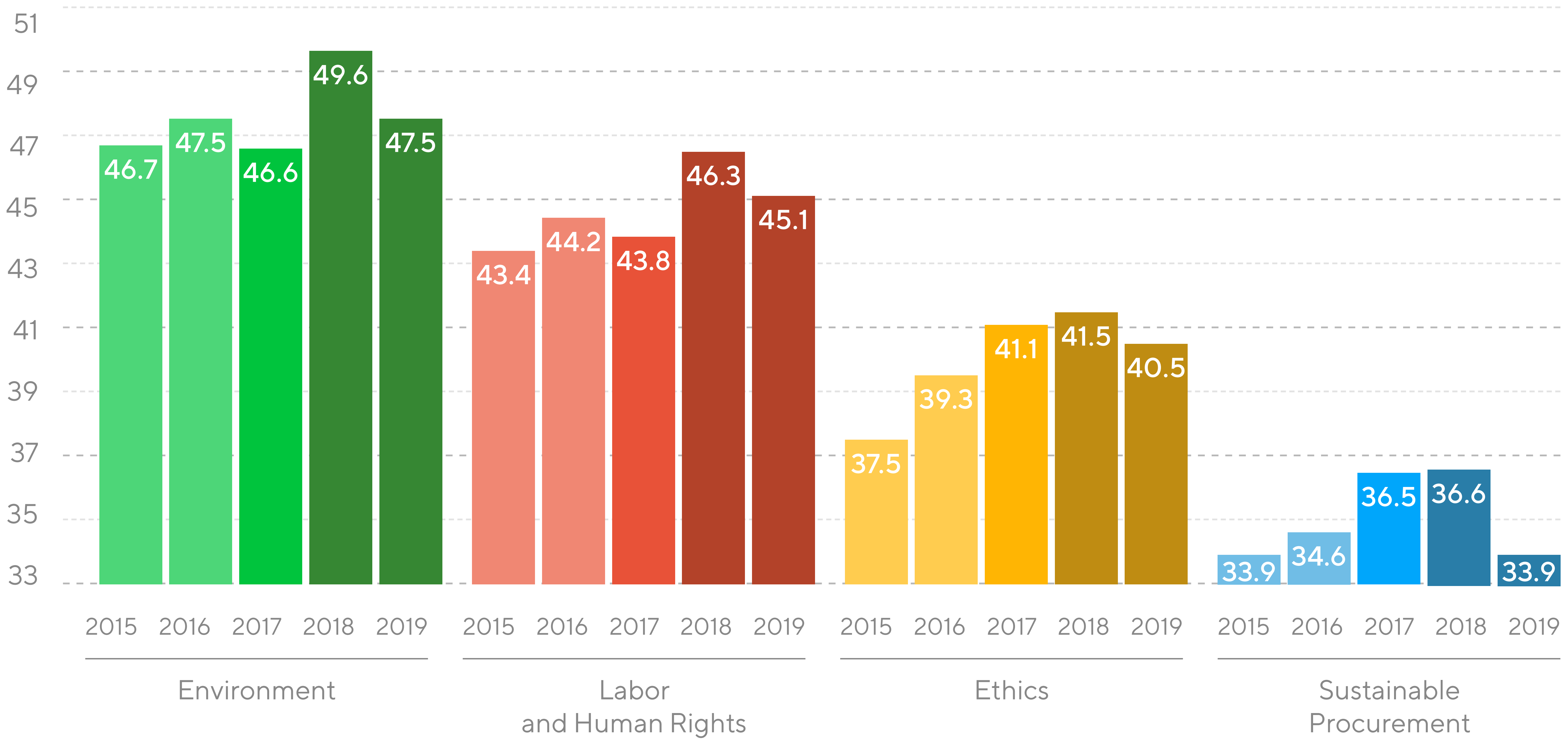
Industry Performance: Heavy Manufacturing (All Company Sizes)



Industry Performance by Theme: Heavy Manufacturing (SMEs)



Industry Performance by Theme: Heavy Manufacturing (Large Companies)



Construction

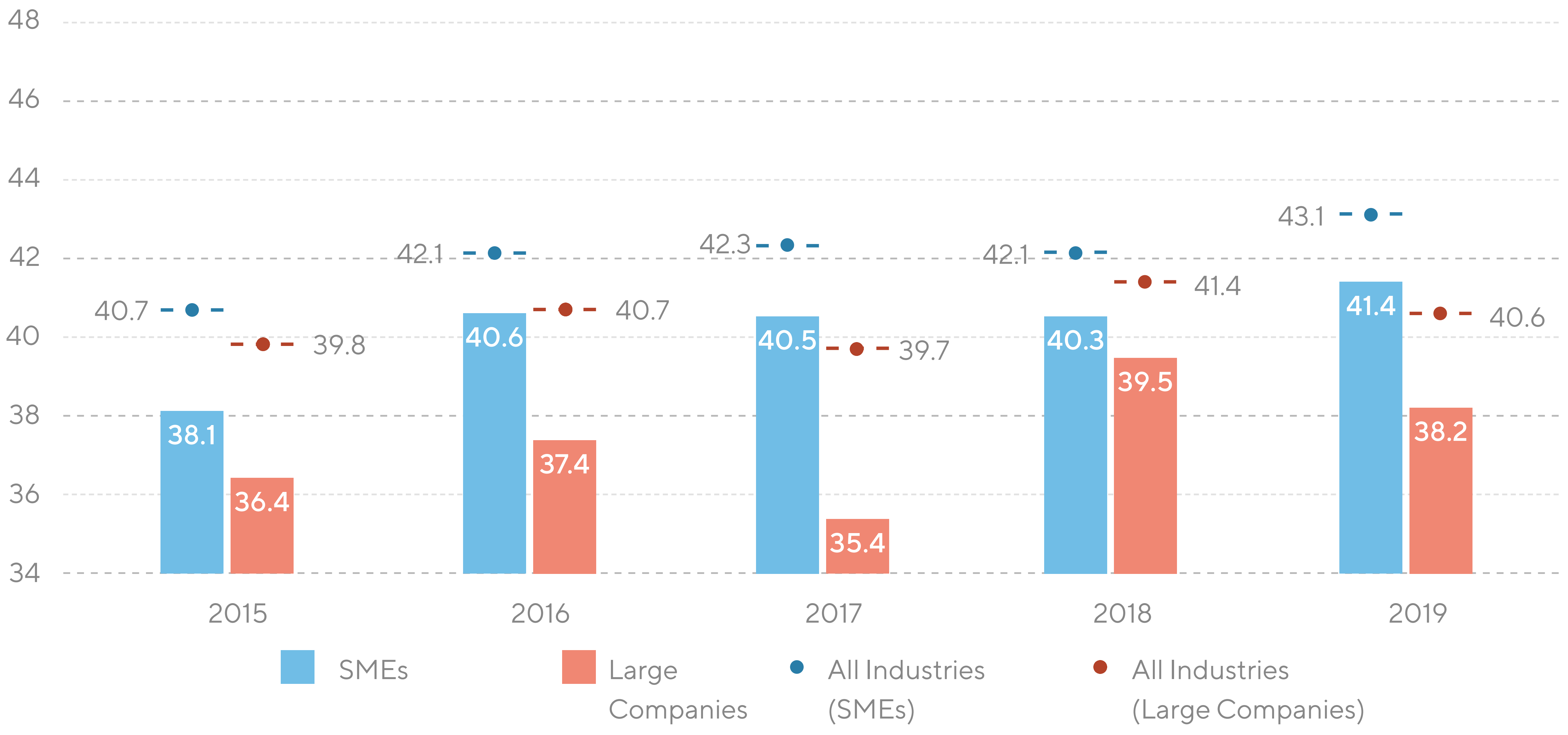
The Construction industry faces numerous inherent risks, most of which are related to occupational health and safety. The sector also has one of the highest prevalences of human trafficking and forced labor.

In addition, construction companies have historically faced many environmental challenges, as several of the processes involved can leave a significant environmental footprint. In 2017 alone, the construction industry contributed to over 40% of energy-related carbon emissions when including the entire value chain (i.e., manufacturing of steel and cement). Local pollution, water, and energy consumption continue to be the most significant environmental challenges that this industry faces as governmental fines and regulations continue to evolve.

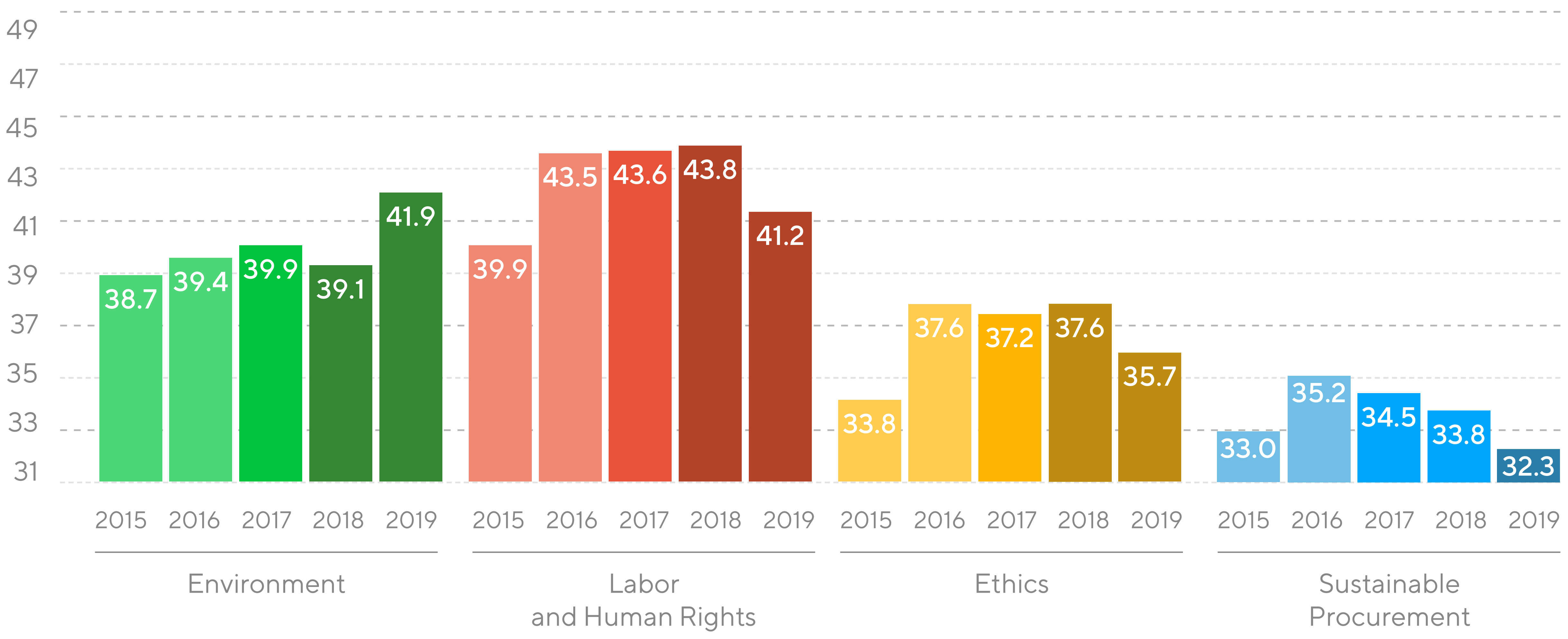
Average scores for the sector remain well below the global all-industry average for both size groups — a continuation of a four-year trend. In fact, 2019 saw significant score decreases in each theme in the large company group, most notably in Sustainable Procurement.

SMEs saw moderate score growth in the Environment theme, but the remaining three themes saw the scores decrease.

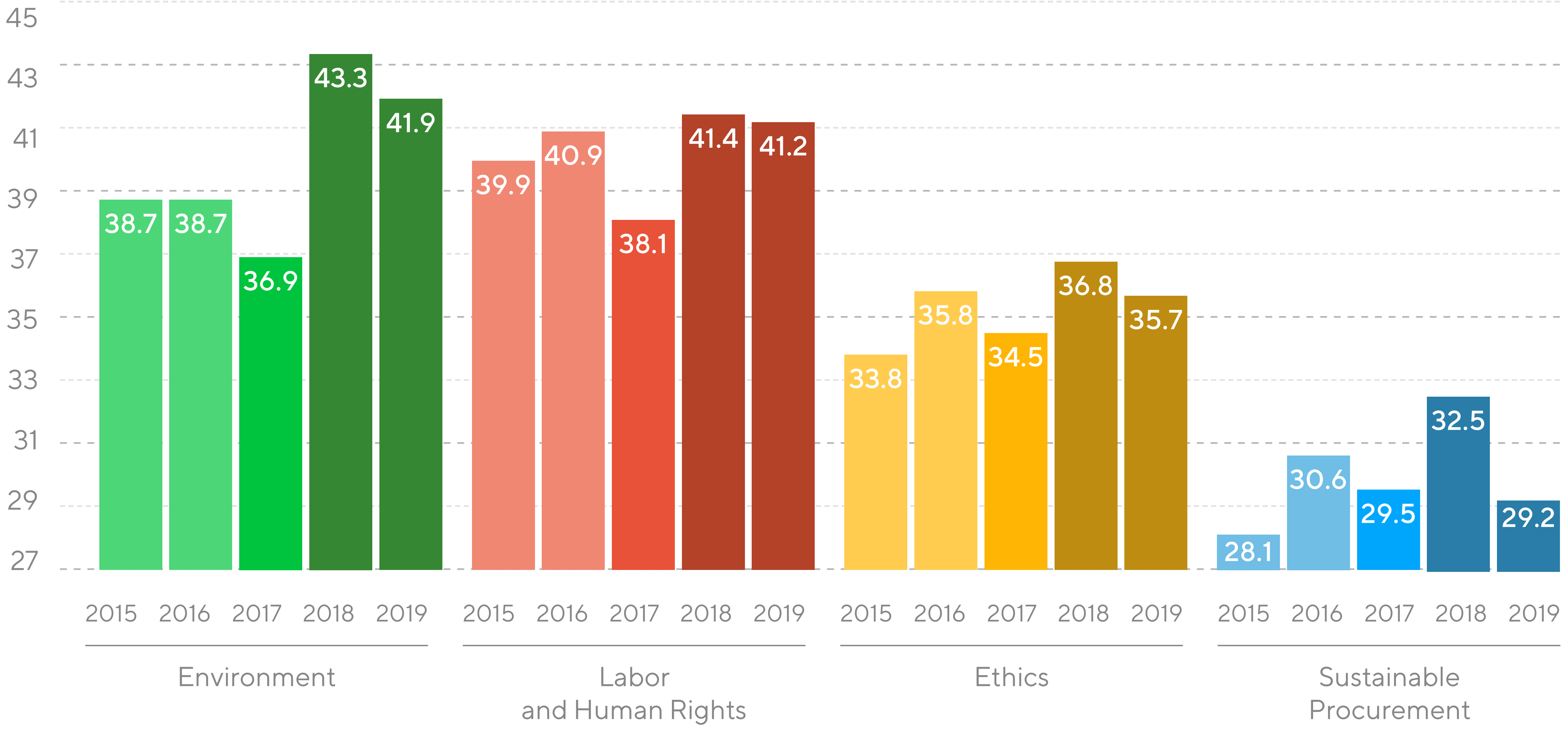
Industry Performance: Construction (All Company Sizes)



Industry Performance: Construction (SMEs)



Industry Performance by Theme: Construction (Large Companies)



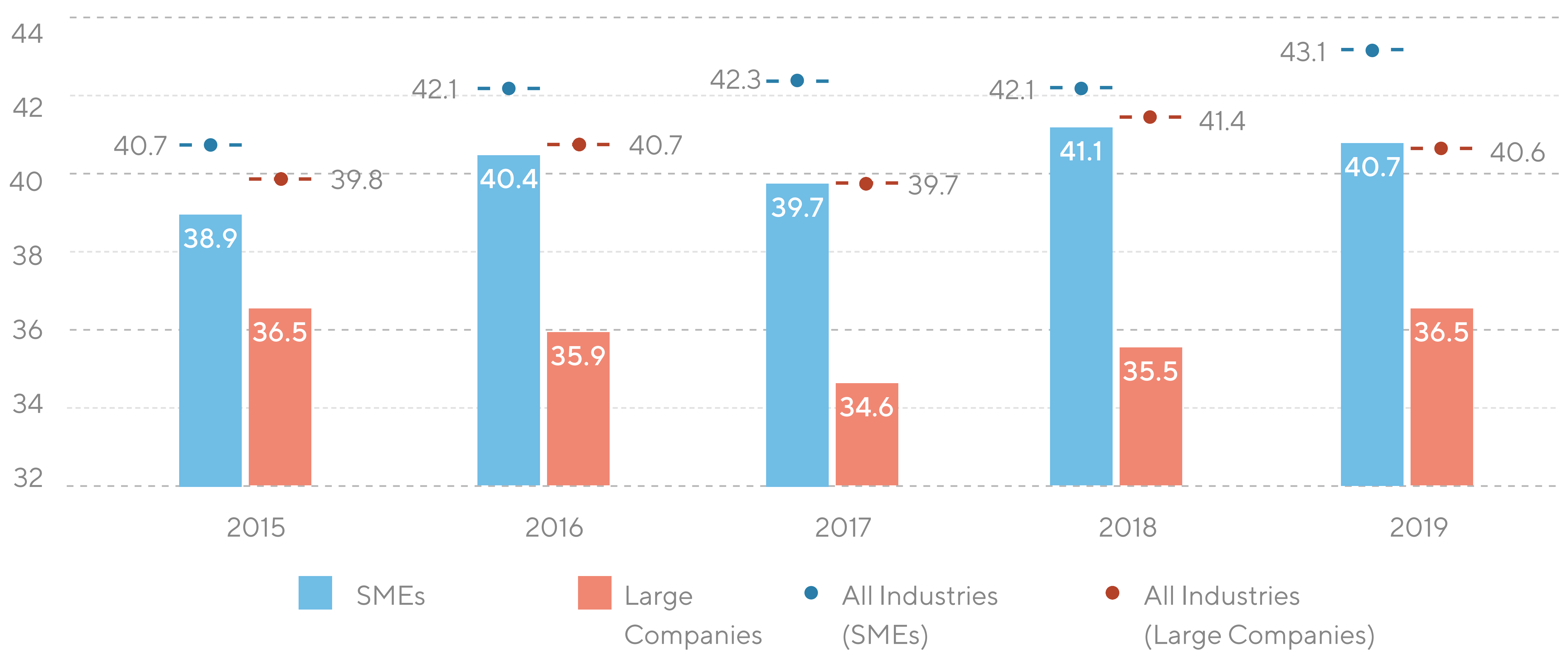
Wholesale, Services and Professionals

The Wholesale, Services and Professional sector fell below the global all-score average in 2019, a steady trend over the past five years. Typically, the Wholesale, Services and Professional sector sees most of its sustainability impact within occupational health and safety, business ethics and, in particular, their supply chain. While most of these themes' scores improved in 2019, it is clear that this industry still lags behind other industries in these key sustainability management indicators, and a major shift is needed to improve sustainability maturity.

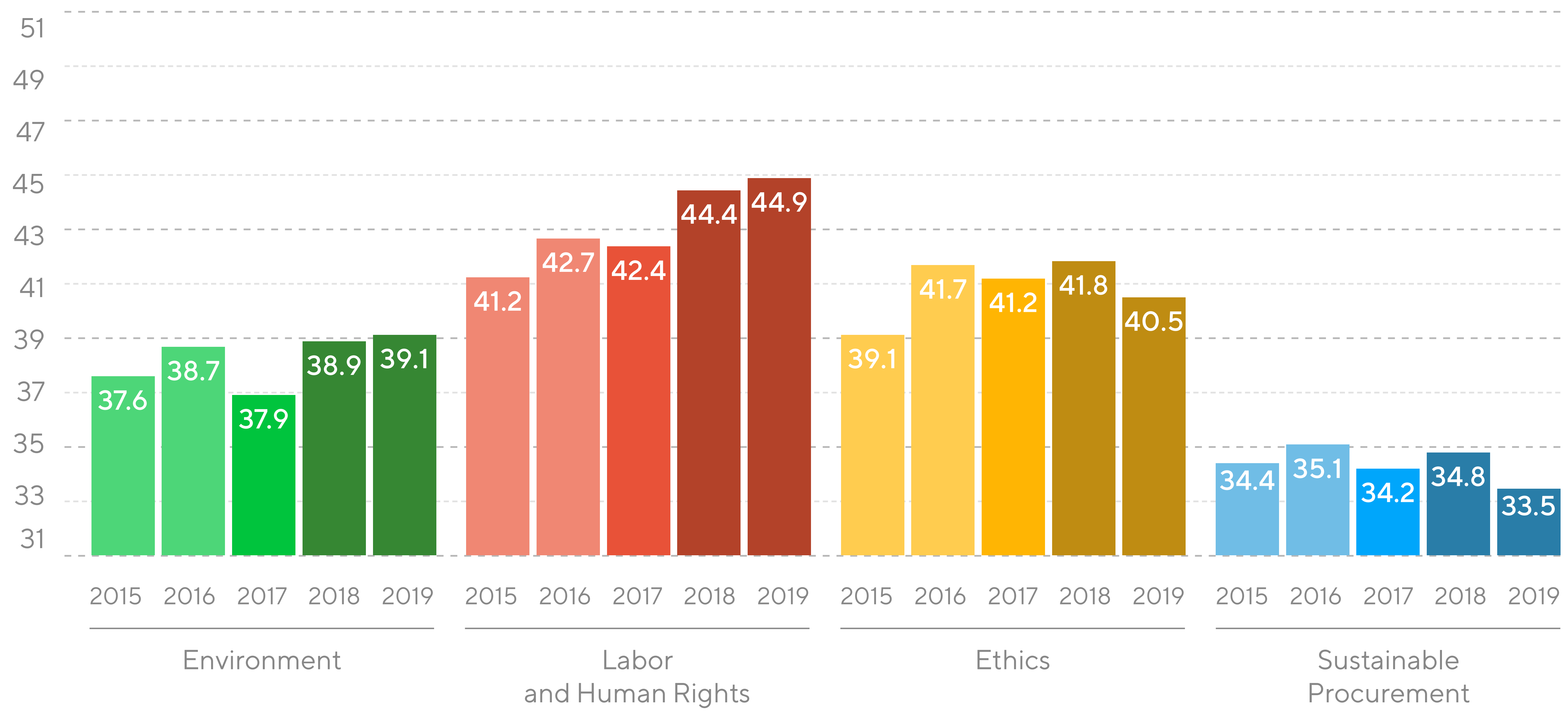
An interesting trend for large companies in this sector has emerged, as average scores across all themes have returned to their five-year baseline scores from 2015. From 2016-2018, average scores dipped well below the 2015 baseline average score. 2019 is the first year where this score has matched or risen above its 2015 average.

Since this sector mainly covers office activities, it is often considered to pose a lower environmental risk. However, both large companies and SMEs continue to perform well below other sectors in the Environment theme. This could perhaps be explained by lack of visibility into environmental issues within the industry, as well as lower consumer expectations related to sustainability. Once again, there is a clear need for more proactive environmental management systems within this sector in order to catch up to other industries.

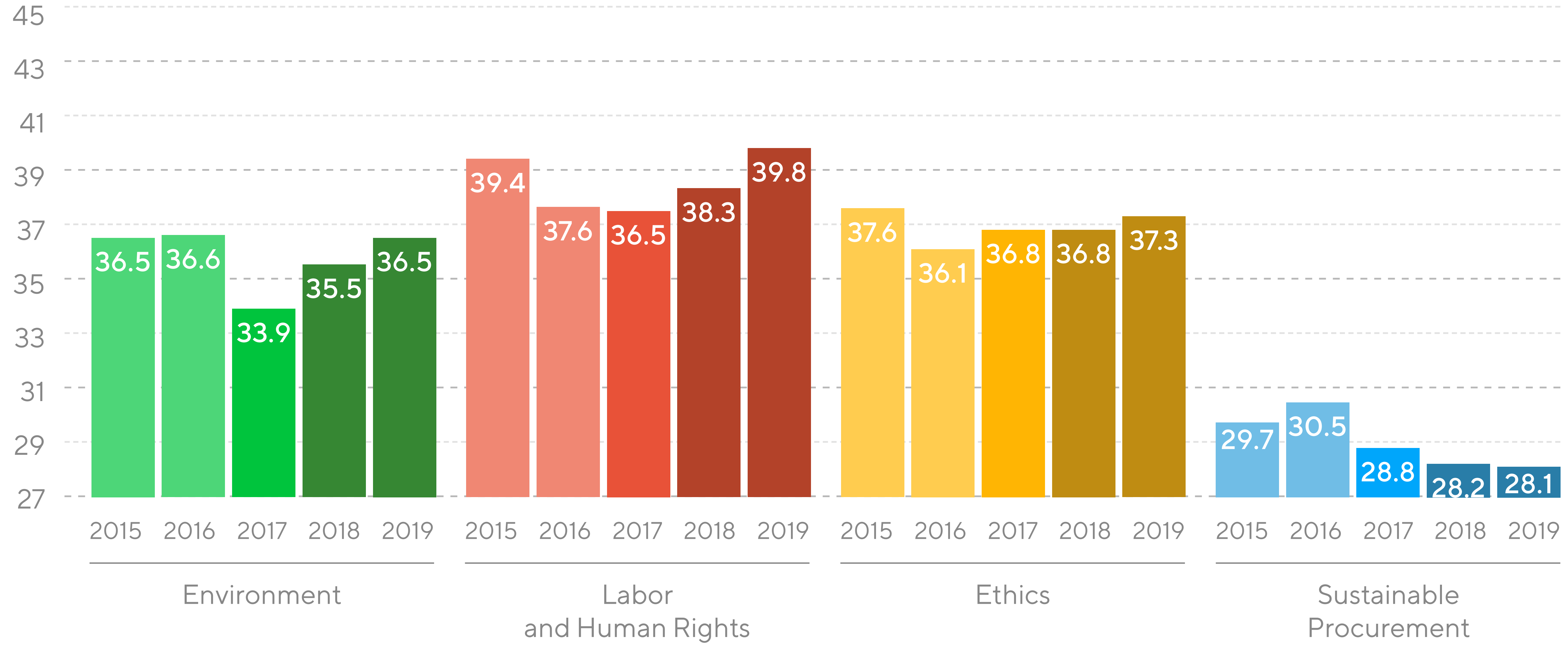
Industry Performance: Wholesale, Services and Professionals (All Company Sizes)



Industry Performance: Wholesale, Services and Professionals (SMEs)



Industry Performance by Theme: Wholesale, Services and Professionals (Large Companies)



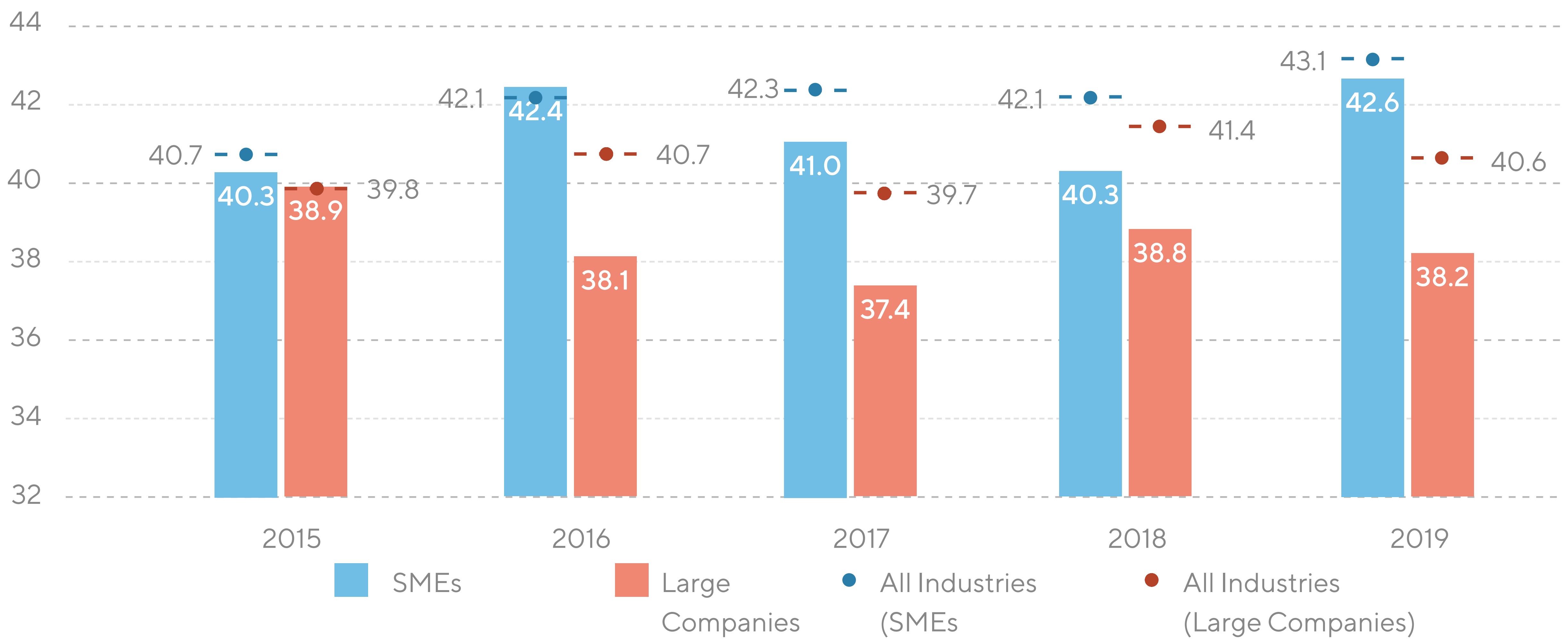
Transport

The Transport sector inherently faces many sustainability challenges across its variety of sub-sectors, including air, land and water transport. This industry, in particular, is faced with the material issues of carbon emissions, local pollution and energy consumption. Around 23% of energy-related carbon emissions stem from the transport sector alone, and many innovations are still needed to reduce this increasing percentage (International Transport Forum 2020). Additionally, as transport relies on traditional oil for over 90% of its energy use, companies play a vital role in supply chains and thus have an opportunity to influence sustainability in other sectors.

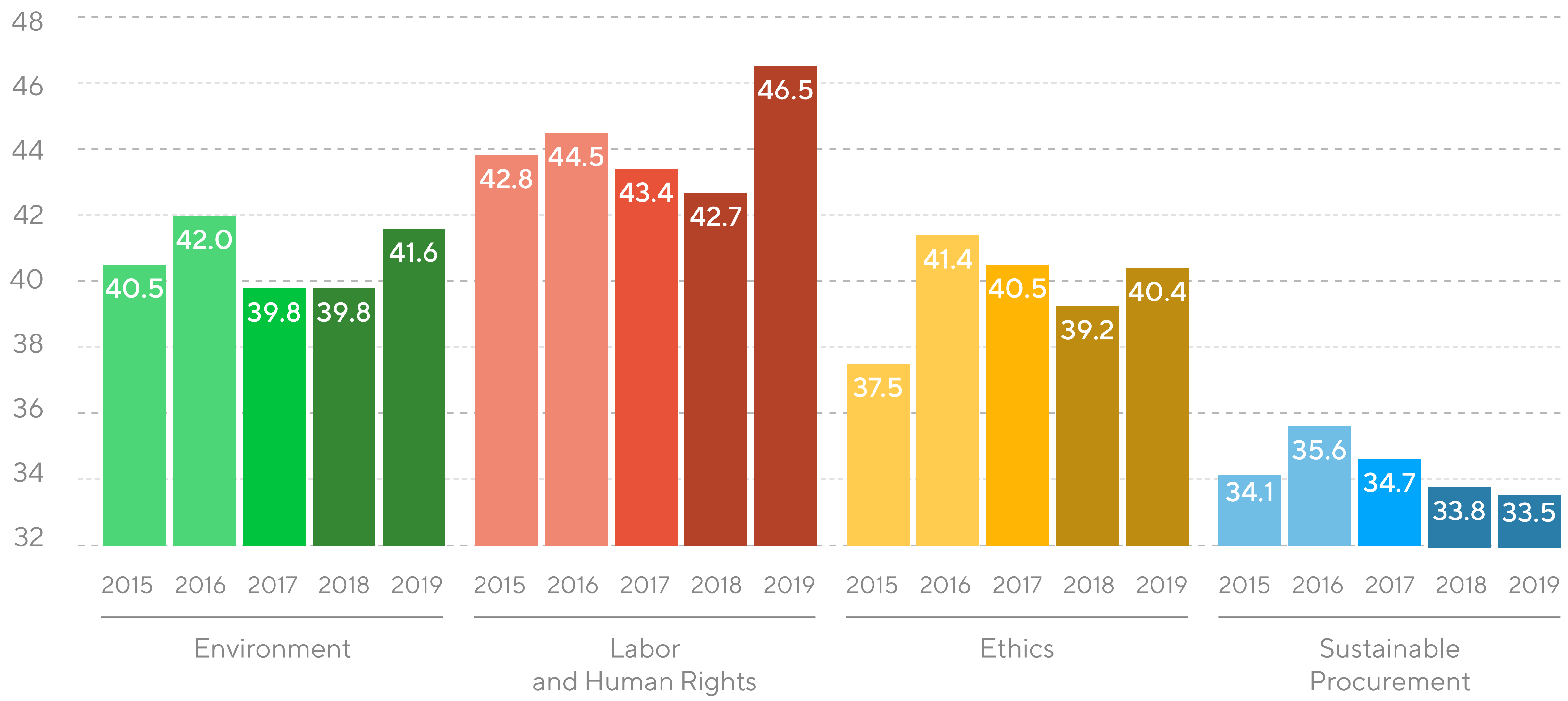
As a continuation of a five-year trend, SMEs continue to significantly outperform large transport companies. In 2019, SMEs performed, on average, 4 points higher than large companies, reflecting SME trends across sectors.

As the volume of international commerce continues to grow, so too does the demand for global shipping companies services. With such a significant growth of international transport and shipping, the carbon intensity associated with this activity has made it one of the largest carbon-emitting sectors in the world. Given this footprint, it stands out that the Transport sector underperforms, in the cross-sector average under the Environment theme for both large companies and SMEs, by 6.8 and 1.6 score points, respectively. The Environment theme is highly material to transport operations, and there is a clear opportunity for companies in the Transport sector to focus on sustainability innovation, especially in regards to reducing its associated carbon emissions.

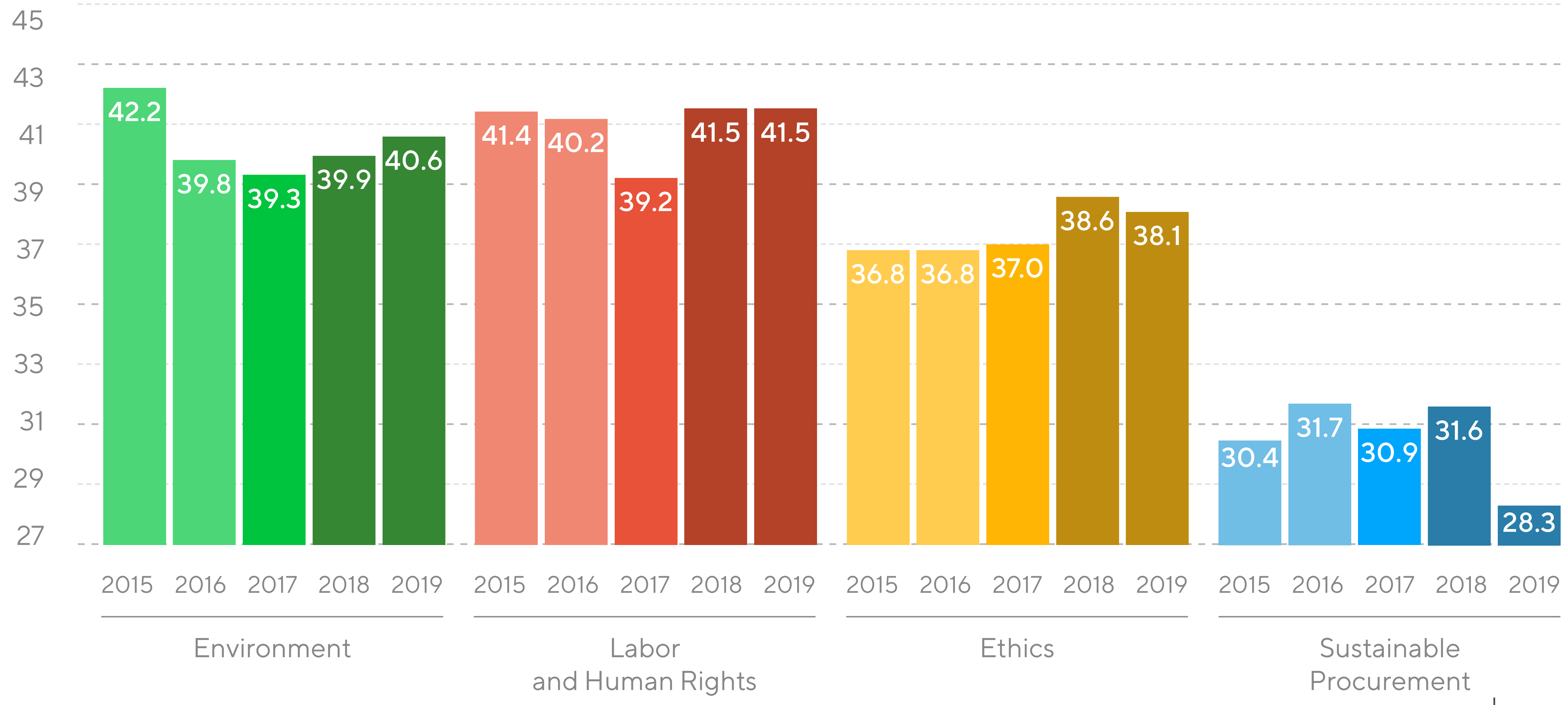
Industry Performance: Transport (All Company Sizes)



Industry Performance by Theme: Transport (SMEs)



Industry Performance by Theme: Transport (Large Companies)



Information and Communication Technology

The ICT sector, in general, faces many challenges in its supply chain both in regards to environmental and social issues. Human trafficking, forced labor and conflict minerals are increasingly pertinent issues that have impacted the industry.

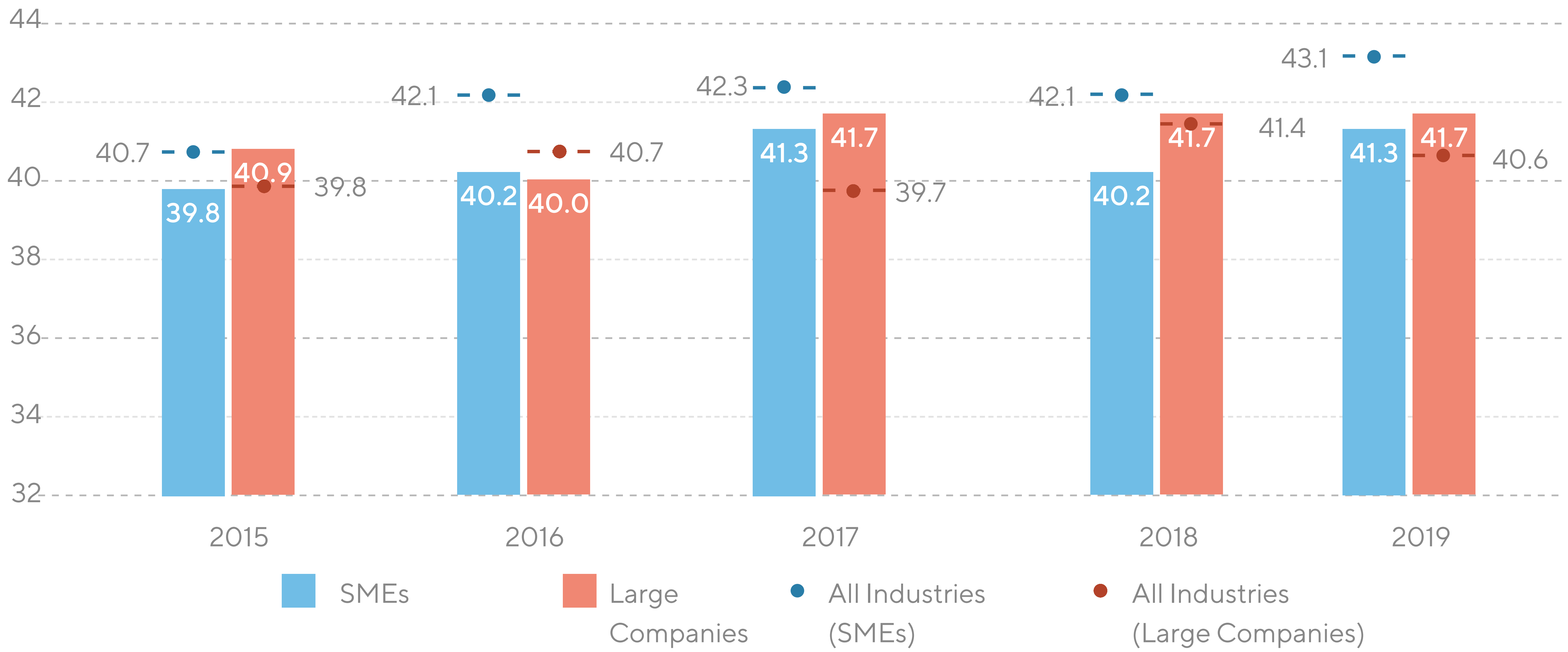
It is good to see that companies in both size groups show a positive trend when it comes to improving labor and human rights standards. This suggests that the sector is starting to address some of its wide-spread challenges under this theme, including excessive working hours and forced labor risks. Scores for sustainable procurement have decreased since 2015. As many manufacturers and distributors in this division may deal with conflict minerals as a material topic, this tendency should be seen as a call for action.

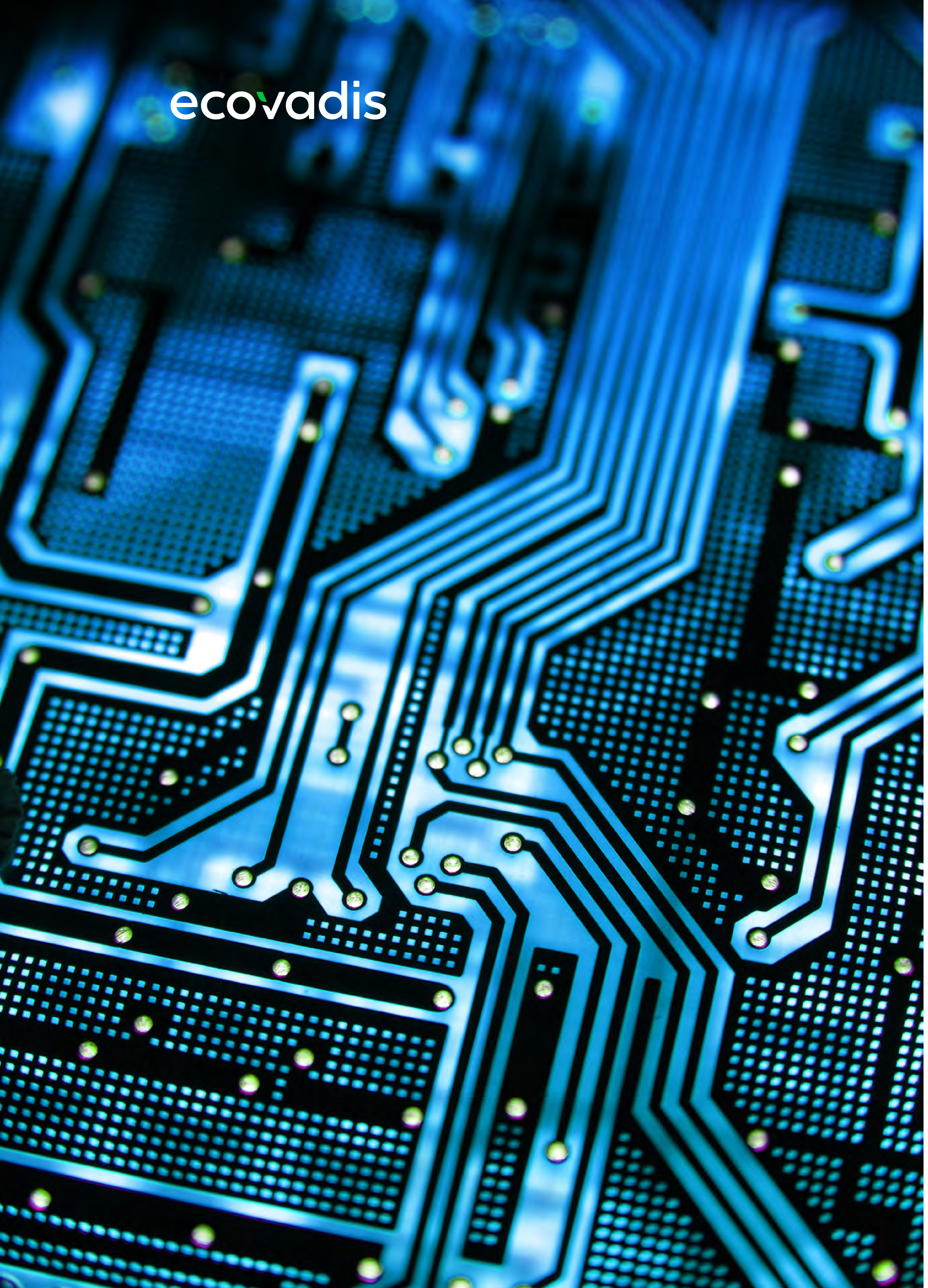
The performance difference between the two size groups is noticeable, as we generally observe that SMEs outperform large companies on average, also reflected in the world benchmarks.

Large companies are visibly ahead of SMEs, especially in terms of managing environmental risks, either by addressing operational energy and resources consumption or by providing services to support clients in reducing their environmental footprint through digitalization and technology.

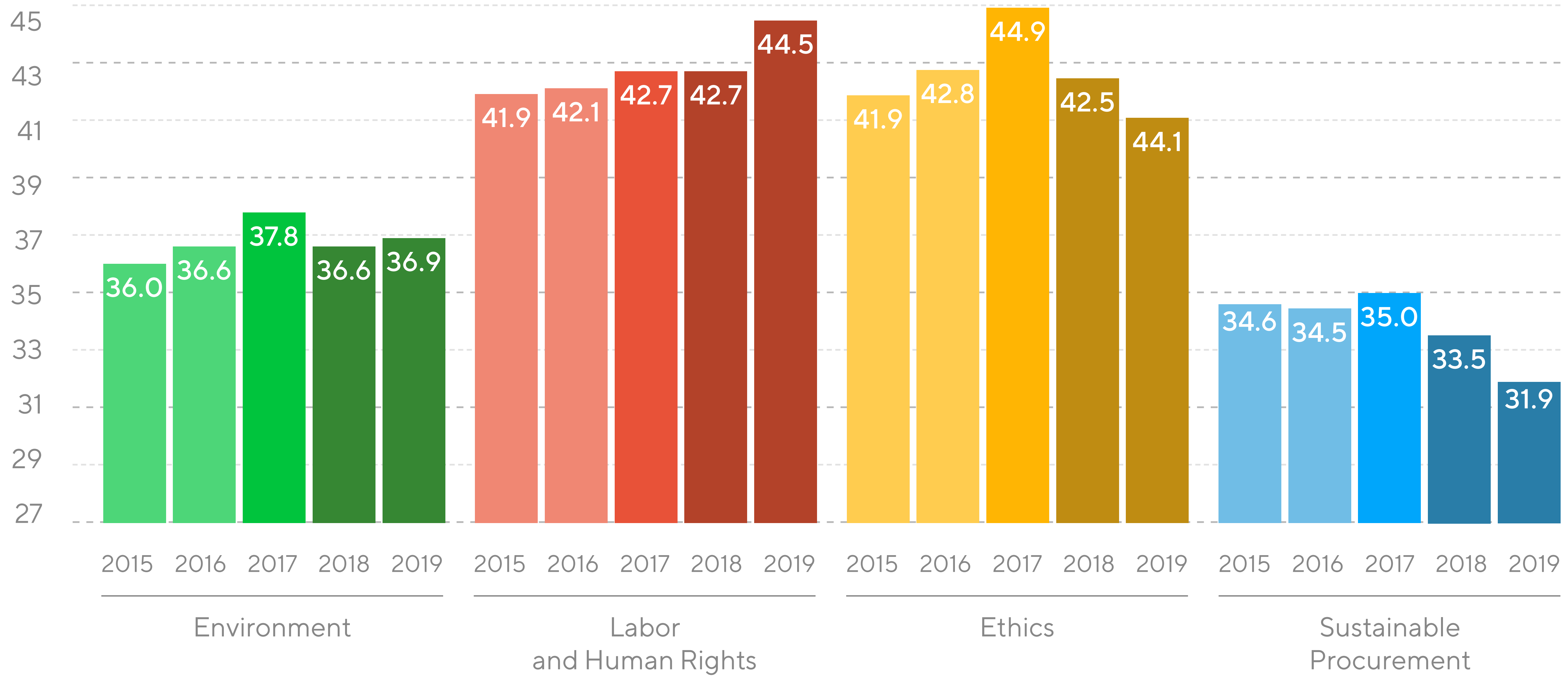
While SMEs have been lagging behind the global benchmark since 2015, their larger counterparts have managed to surpass their benchmark each year except in 2016.

Industry Performance: ICT (All Company Sizes)

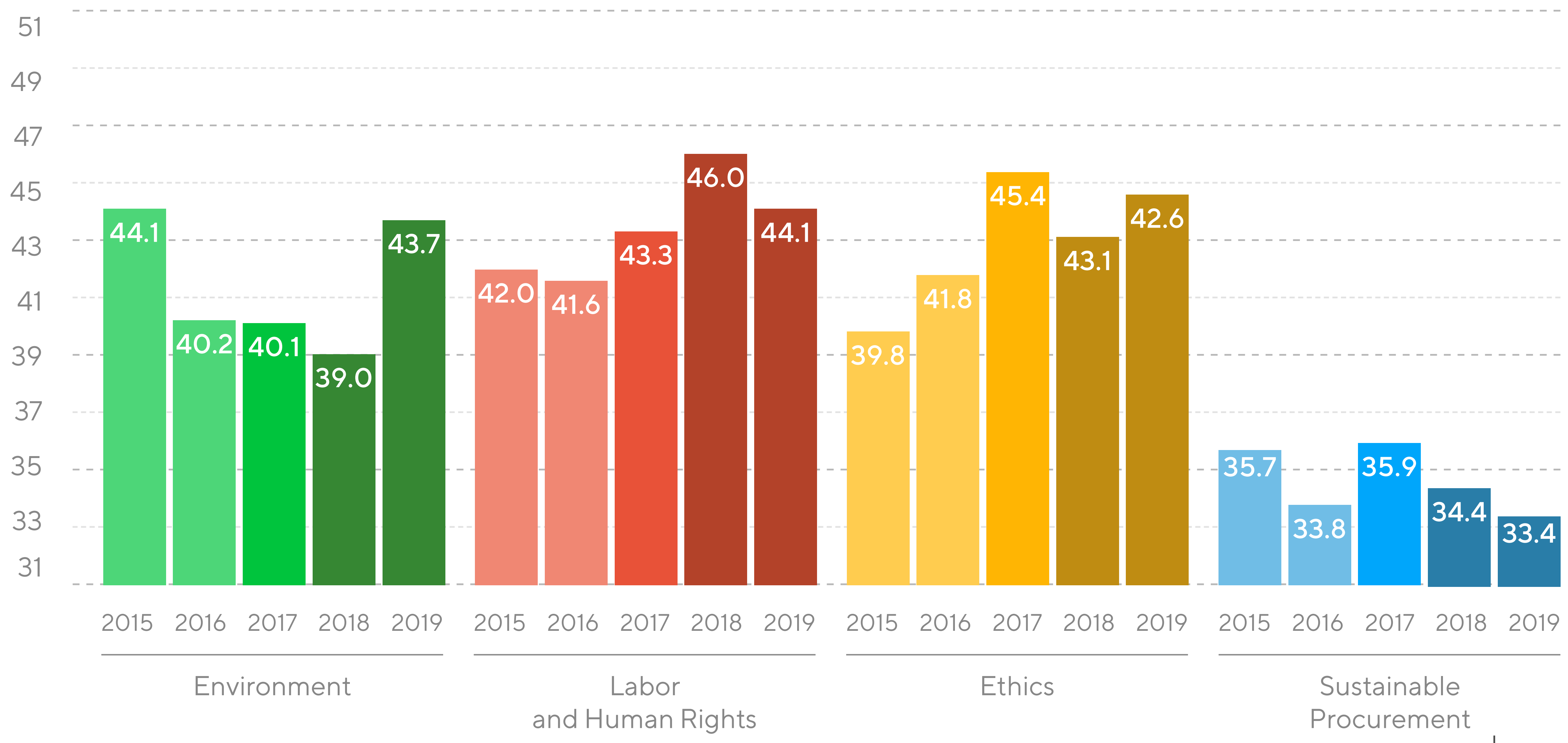




Industry Performance by Theme: ICT (SMEs)



Industry Performance by Theme: ICT (Large Companies)



Finance, Legal and Consulting

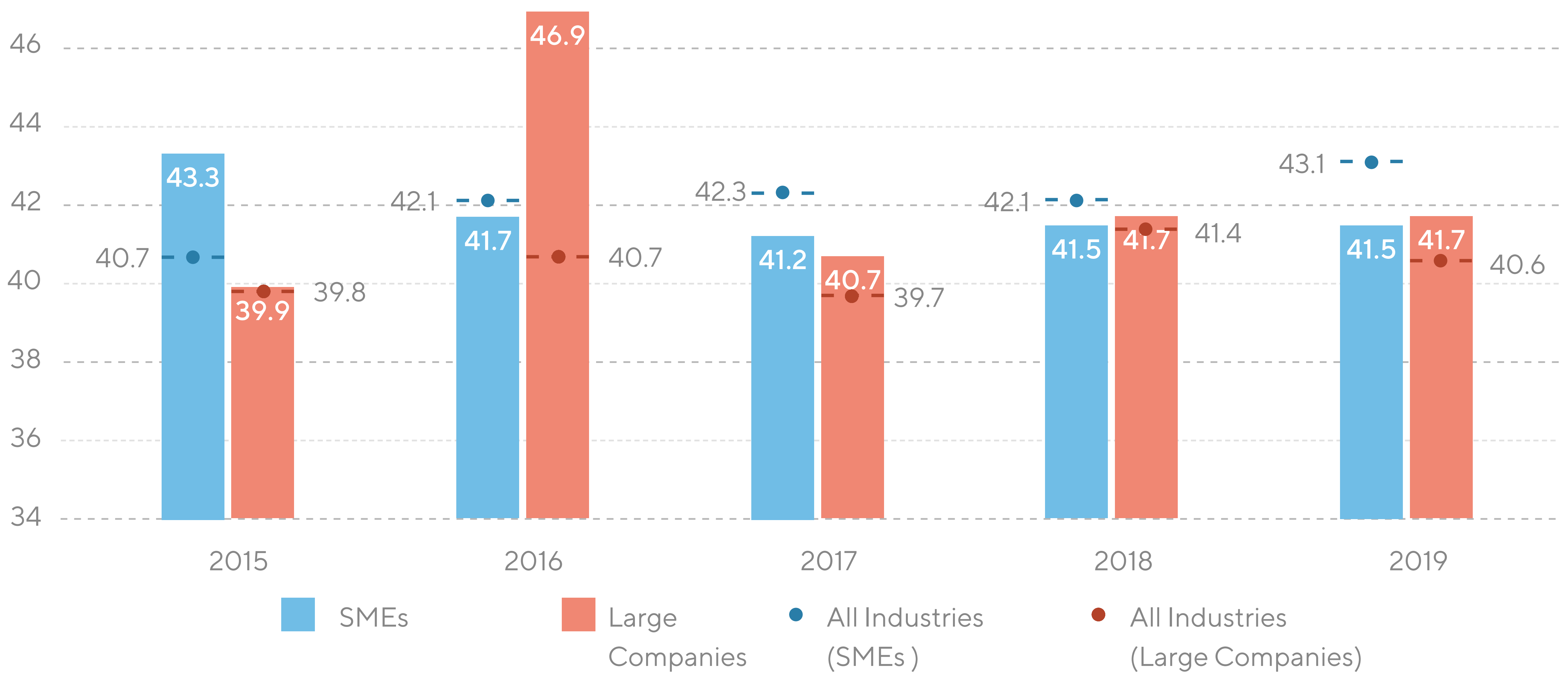
Companies providing financial or legal services are subject to increasing customer requirements regarding the quality of their products. These new requirements take into account environmental and social impacts (e.g., financial products) as well as the companies' transparency about collaboration with third-party vendors (e.g., risk management).

Average scores of both large companies and SMEs have been close to each other and close to the world benchmark, especially in the last three years, where scores have been stable above 40. This is reassuring, as many companies in this sector take the lead in providing responsible financial and investment products or environmental and social consulting services.

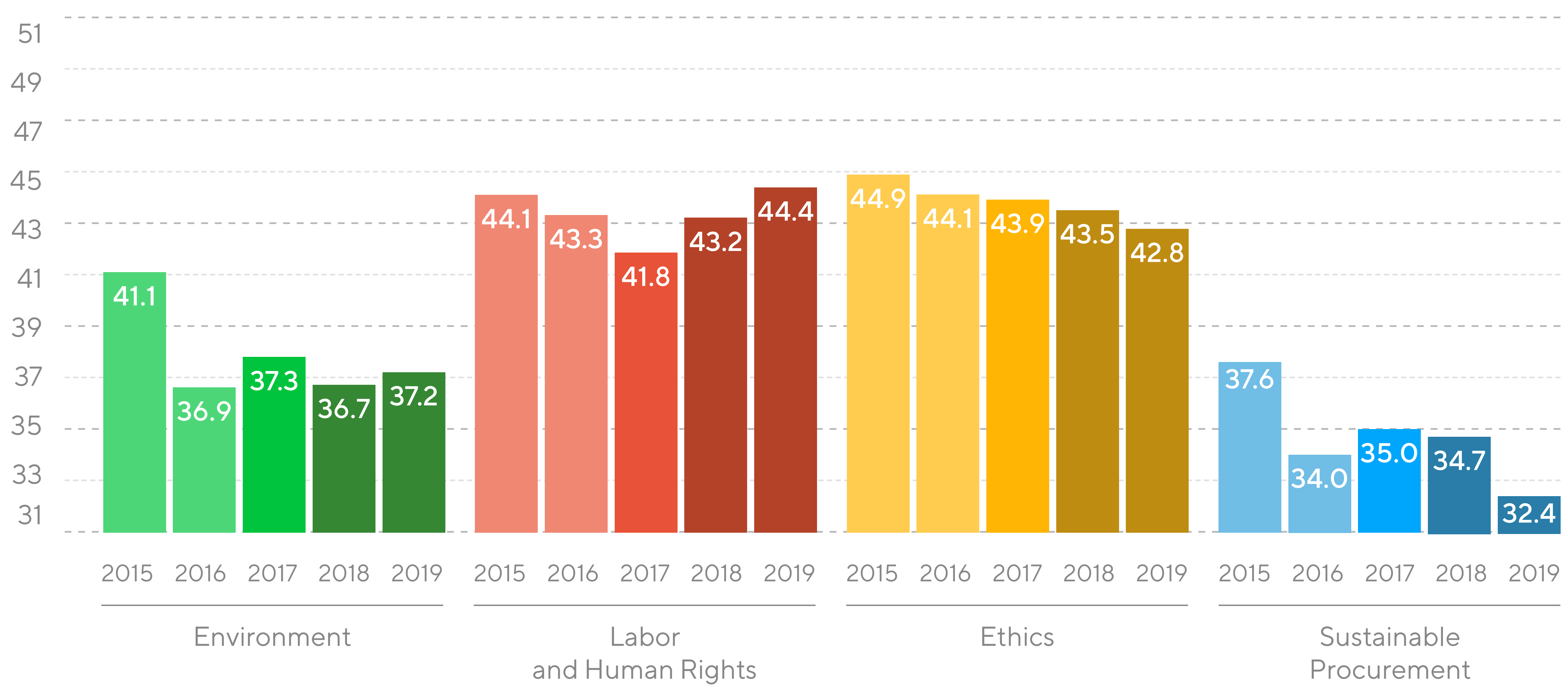
While large companies have managed to improve their scores for the Environment theme, SMEs have lowered their score for this theme. Instead, they seem to have been focusing on improving their performance on labor and human rights topics, an area which has been relatively more neglected by large companies.

The particularly low score of large companies for the Sustainable Procurement theme reveals that there are considerable improvements to implement (e.g., supplier Codes of Conduct, assessments and contract clauses) in order to reach performance levels pre-2019.

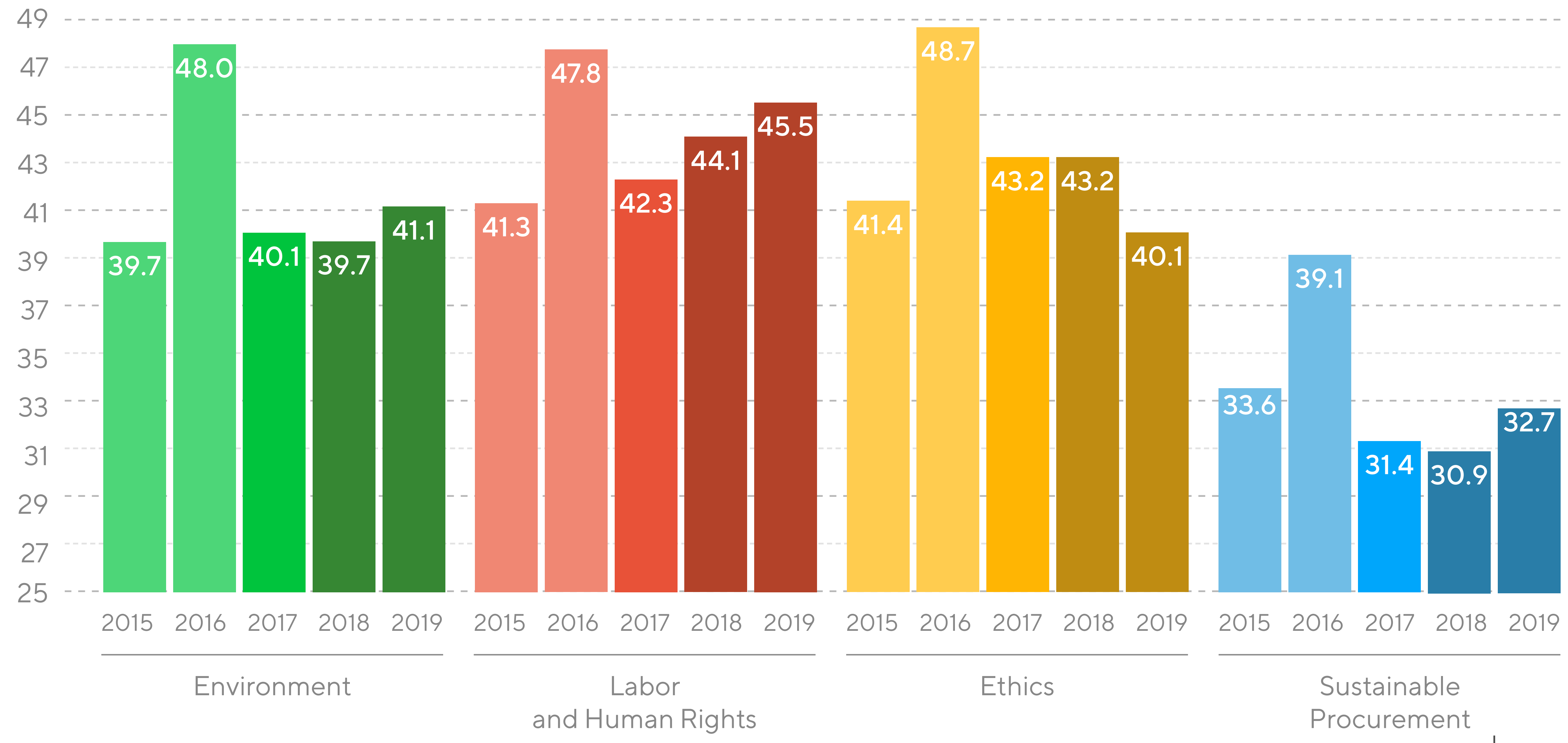
Industry Performance: Finance, Legal and Consulting (All Company Sizes)



Industry Performance by Theme: Finance, Legal and Consulting (SMEs)



Industry Performance by Theme: Finance, Legal and Consulting (Large Companies)



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Deep Dive: Greenhouse Gas Emissions and Carbon Reporting

"The goalposts for climate action have never been clearer for companies. Our analysis shows that there are a multitude of risks posed by climate change, including impaired assets, market changes and physical damages from climate impact, as well as tangible impacts to business bottom lines."

Nicolette Bartlett,
Director of Climate Change, CDP

Deep Dive: Greenhouse Gas Emissions and Carbon Reporting

GHG and Carbon Reporting Matters

As climate change remains one of the most significant threats to society, the impact of industrial carbon emissions cannot be ignored. Companies must now take stock of not only their own direct and indirect operational carbon emissions, i.e., Scope 1 and 2, as defined by The GHG Protocol Corporate Standards, but an even larger share of emissions that are generated in their supply chain (Scope 3). Furthermore, companies must build on their existing carbon reporting and take actions to reduce the emissions in their operations as well as in their value chain. Throughout the last five years, several key performance trends have emerged with regards to carbon reporting and actions taken by assessed companies to reduce their carbon footprint.

Comparing Carbon Reporting by Region, Industry and Company Size

Key Findings

- North America is the global leader when it comes to carbon reporting, with ~18% of rated companies reporting on CO_2 emissions in 2019;
- Heavy Manufacturing leads ahead of all other industries in carbon reporting, with over 30% of assessed companies reporting on CO_2 emissions in 2019;
- Large companies lead ahead of all other company sizes, with ~45% of large companies reporting on GHG emissions. However, there is a significant lack of reporting when it comes to supply chain emissions (Scope 3 Emissions): Less than 1% of all companies report on supply chain emissions, which account for ~40% of any company's overall emissions.

Regional Comparison

Reporting on direct and indirect carbon emissions continues to be a significant management indicator related to environmental sustainability. Understanding a company's complete carbon footprint is a crucial first step towards reducing it.

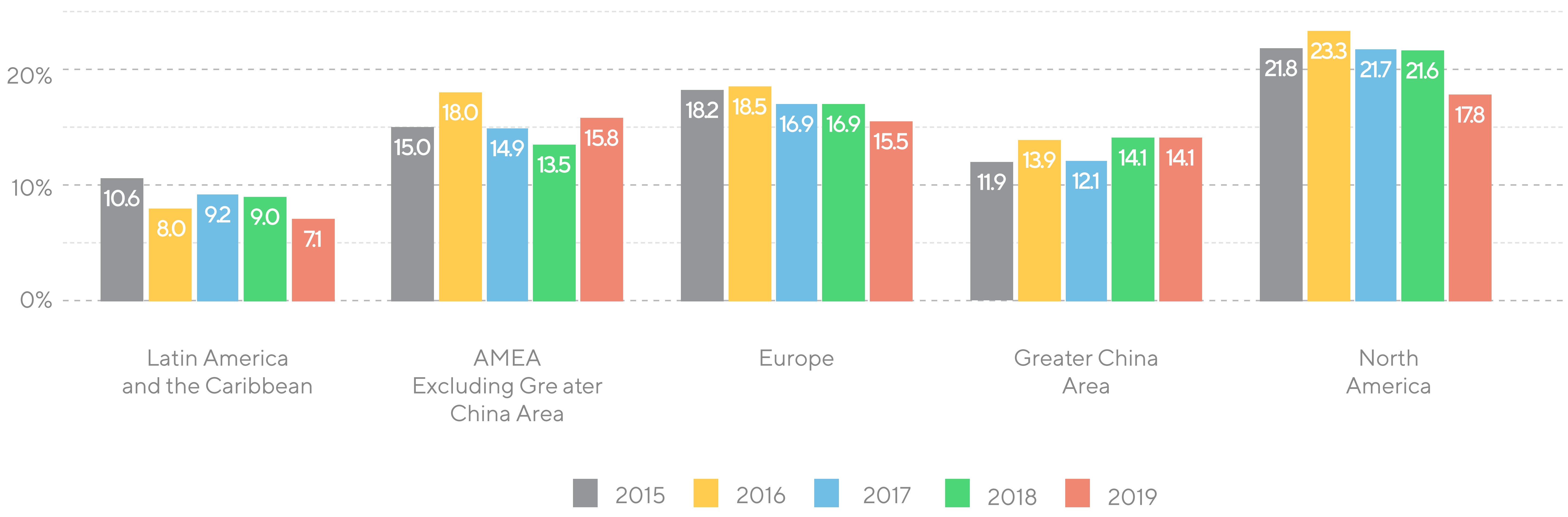
In 2019, the North America region continued to lead globally with around 18% of assessed companies reporting on CO_2 emissions. While Europe leads by significant margins in their average score, especially in the Environment theme, it is important to note that companies from North America clearly lead when it comes to direct carbon reporting.

Europe and AMEA fall an equal 3% below North America, as around 15% of companies in these regions reported their CO_2 emissions in 2019.

Latin America represents the region that most notably has room for growth, as only around 7% of companies reported on carbon in 2019. This represents a large performance gap, as the majority of regions almost doubled the percentage of companies reporting on carbon in Latin America.

It is also interesting to note that both Asian regions are the only two regions that have grown their percentage of companies reporting on carbon emissions since 2015. All other regions' share of companies reporting on carbon have actually decreased since 2015. This trend can partially be attributed to the surge in carbon reporting in 2015 through the signing of the Paris Climate Accords.

Reporting on CO_2 Emissions by Region



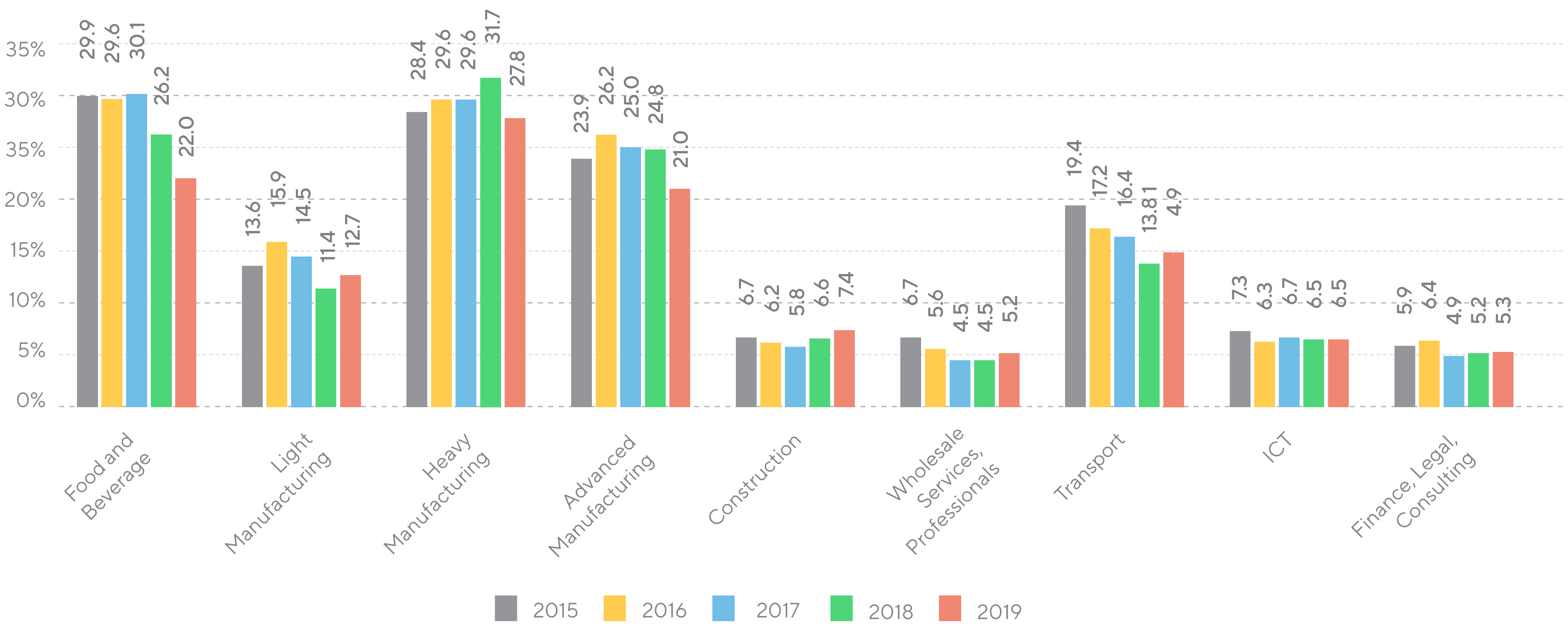
Comparison by Industry

When comparing carbon reporting across sectors, Heavy Manufacturing clearly leads ahead of other industries, as over 30% of companies assessed reported on carbon emissions in 2019. This can partially be explained by the large carbon footprint that companies in this industry typically have as well as existing carbon regulations and consumer pressures around carbon reporting.

Food and Beverage and Advanced Manufacturing also remain leaders when it comes to percentages of companies reporting on carbon emissions, with both well above 20%.

Unsurprisingly, Wholesale & Professional Services, as well as Finance, Legal & Consulting, rank towards the bottom when compared to other industries. Both of these sectors had only around 5% of rated companies that reported on carbon emissions in 2019. Typically, companies in these sectors are not responsible for significant carbon emissions, as they do not participate in manufacturing and are mostly office-based.

Reporting on CO_2 Emissions by Industry



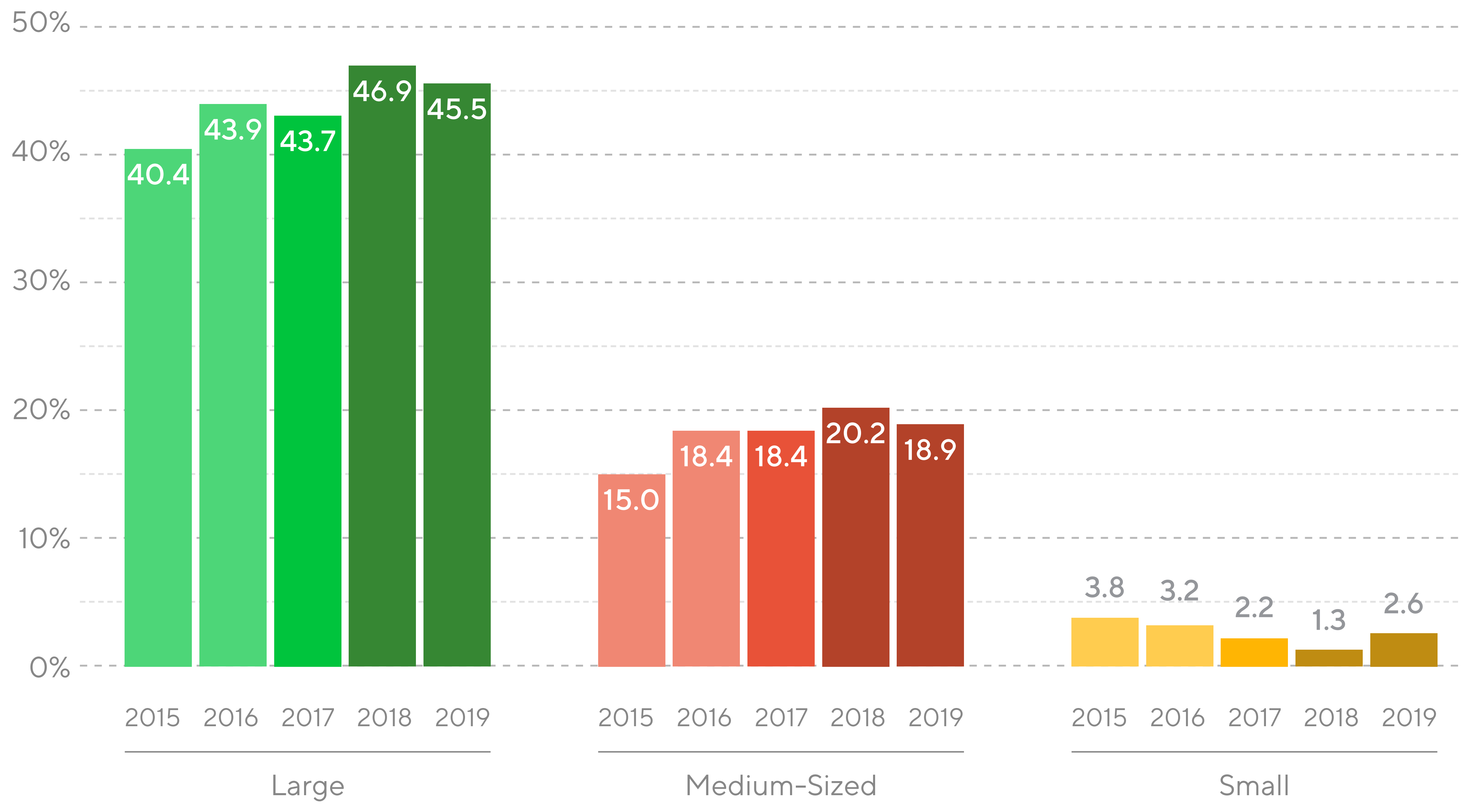
Comparison by Company Size

Reporting on GHG emissions remains strongly correlated with company size: In 2019, more than 45% of large companies reported on GHG emissions, a slight improvement since 2015. As small companies seem to struggle to monitor and document GHG emissions while focusing on actions (see below), there is a clear need to facilitate their access to national and international reporting standards and provide them with guidance. Many organizations, such as the GRI and the Sustainability Code, already support SMEs when it comes to formal reporting, but there is little regulatory pressure and few incentives for those companies to adopt best practices. With the majority of rated companies being SMEs, the lack of carbon reporting can be seen as a serious supply chain risk in terms of environmental sustainability.

While reporting on carbon emissions generated from a company's own operations is an integral part of a sustainability management system, it is only one aspect of their carbon footprint. In fact, the emissions stemming from the supply chain range as high as 80 - 90% in industries such as ICT/electronics and consumer goods, about 50% in telecom and finance, and 30 to 40% in materials and industrials. The emissions generated from a company's supply chain, Scope 3 Emissions, have become an increasingly salient topic in sustainability, particularly when it comes to reporting. In fact, there are several reporting frameworks that have been developed to help companies in measuring and disclosing their Scope 3 Emissions, including the GHG protocol and CDP supply chain questionnaire. EcoVadis started tracking the percentage of suppliers that report Scope 3 Emissions through the questionnaire.

Overall, it is clear that there is still a long way to go in order to make Scope 3 reporting more prevalent, as less than 1% of companies report on Scope 3. Hopefully, in the coming years, we will continue to see positive growth in the percentage of companies reporting on Scope 3 Emissions.

Reporting on CO_2 Emissions by Company Size



A Comparison of Industries, Regions and Company Sizes Reporting to CDP

"We must achieve the Sustainable Development Goals — for our own sake and for future generations. More and more businesses are supporting the Global Goals, and now we must drive for the tipping points that will make sustainability a mainstream reality for small and large businesses everywhere. It is encouraging to see that our Ten Principles on human rights, labour, environment and anti-corruption are helping companies to improve their sustainability performance."

Lise Kingo,
CEO & Executive Director, UN Global Compact

A Comparison of Industries, Regions and Company Sizes Reporting to CDP

CDP is one of the first organizations that enabled companies to disclose information specifically related to Scope 1, Scope 2, and Scope 3 emissions. They are also one of the first organizations to have used a model of self-disclosure. The CDP questionnaire specifically asks companies to provide detailed information on actions, as well as KPIs, related to energy consumption and GHGs. EcoVadis has incorporated companies' CDP reports into its own methodology and, in the last five years, has seen a significant increase in companies assessed that are CDP respondents.

Key Findings

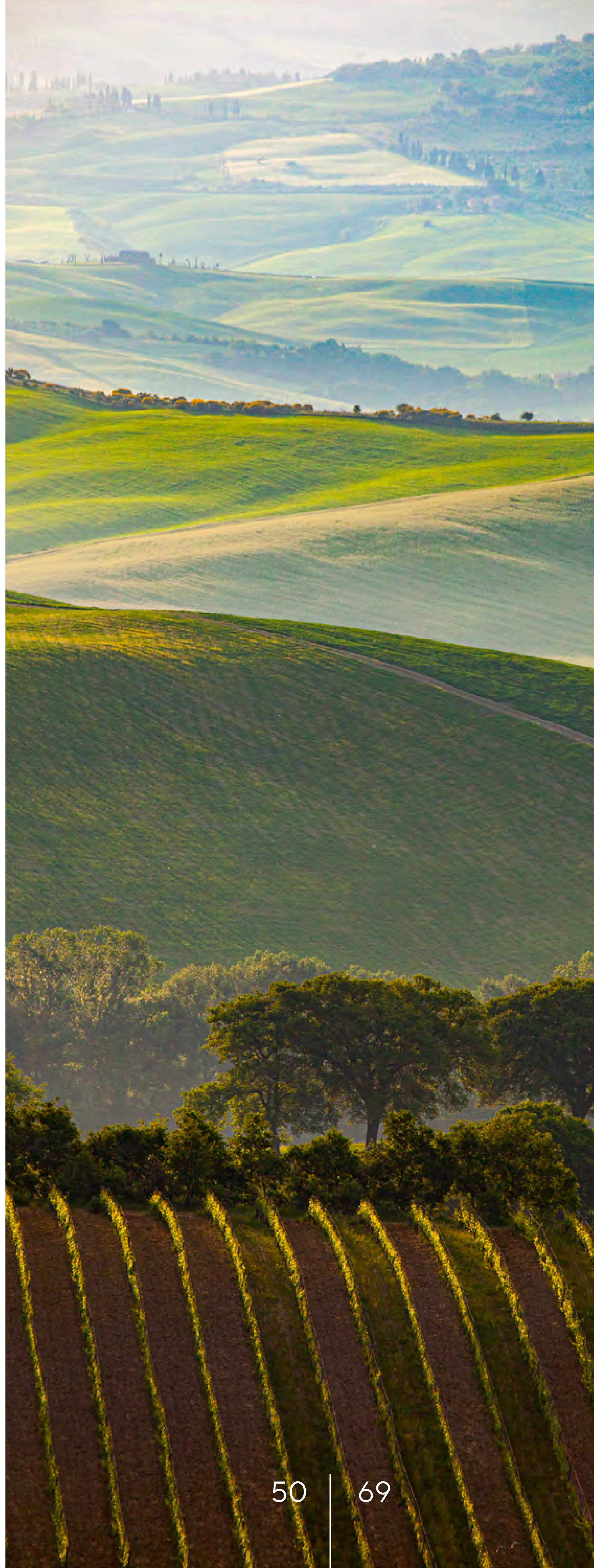
- Large companies lead compared to their Medium and Small counterparts when it comes to reporting to CDP;
- North America is the leading region reporting to CDP, with just under 30% of their companies acting as CDP respondents;
- At the industry level, Advanced Manufacturing leads the way, with 12% of companies responding to CDP in 2019.

Comparison by Company Size

Large companies have overwhelmingly reported to CDP as compared to their Medium and Small counterparts, reflecting large companies' strong performance under the Environment theme. Since 2015, large companies have steadily increased their share of companies reporting to CDP from 19% in 2015 up to almost 30% in 2019. This is an encouraging trend, as it is becoming commonplace for large companies to choose carbon reporting frameworks, such as CDP. Medium and Small companies fall well below large companies, with around 4% and 2% of companies, respectively. Fortunately, the share of suppliers reporting to CDP has steadily increased from 2015-2019 for all sizes, but there is an apparent gap between SMEs and large companies.

Regional Comparison

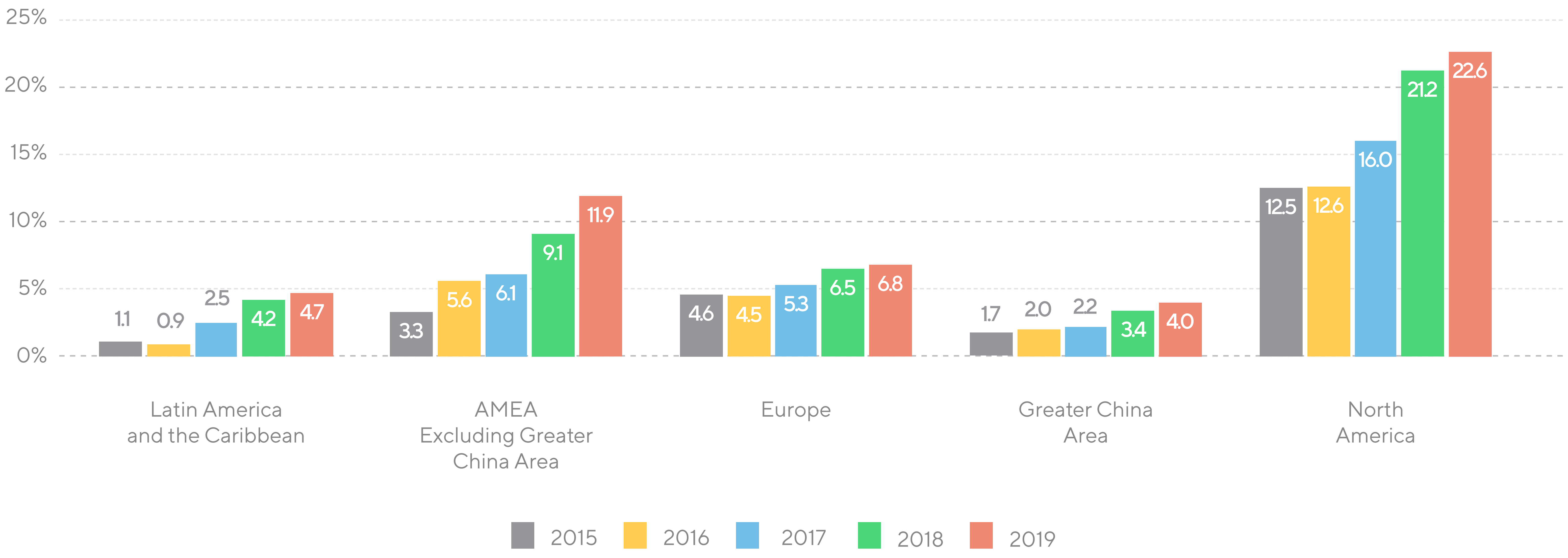
While CDP began its operations in Europe, it is North America that leads other regions when it comes to the percentage of companies that are CDP respondents with just under 30%, in line with the region's strong results on carbon reporting overall. AMEA (excluding China) has steadily increased its percentage of suppliers responding to CDP each year and is the second leading region overall, with around 12%. Europe falls in the middle of all regions, as around 6% of rated companies were CDP respondents in 2019. Lastly, both the Greater China Area and Latin America & Carribean both have just under 5% of companies that respond to CDP and have significant room for improvement.



Comparison by Industry

At the industry level, Advanced Manufacturing leads the way, with 12% of companies responding to CDP in 2019. Most of the manufacturing categories have a higher share of CDP respondents, as they are typically larger companies that produce more carbon emissions as well as face the most consumer pressure to report on carbon. Finance, Legal and Professional services, as well as ICT, are also standouts with both industries showing a CDP response rate of about 10%. This is expected, as there is increasing pressure for financial institutions to disclose their environmental impact to investors. Both the Construction and Transport sectors fall at the other end of the spectrum, with 2% and 6%, respectively. While these two sectors are historically major emitters of GHG emissions, it is surprising to see that they fall towards the bottom of industries when it comes to the percentage of companies responding to CDP.

CDP at Company Level by Region



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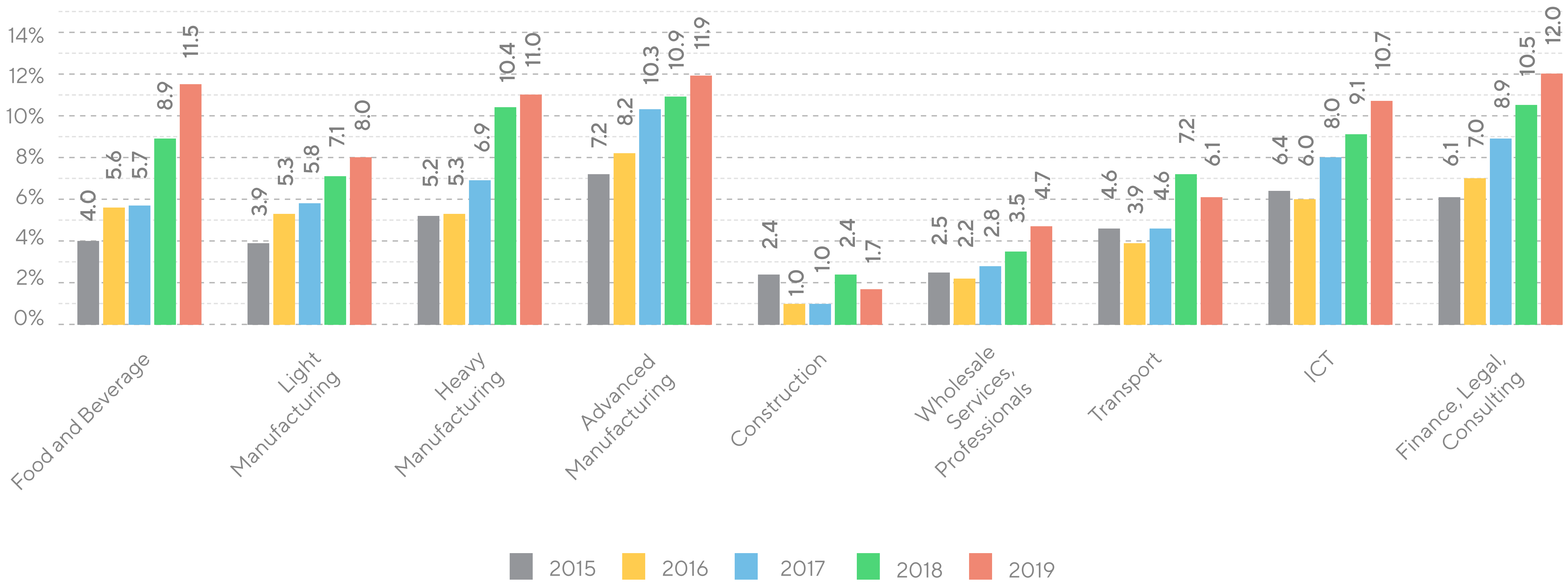
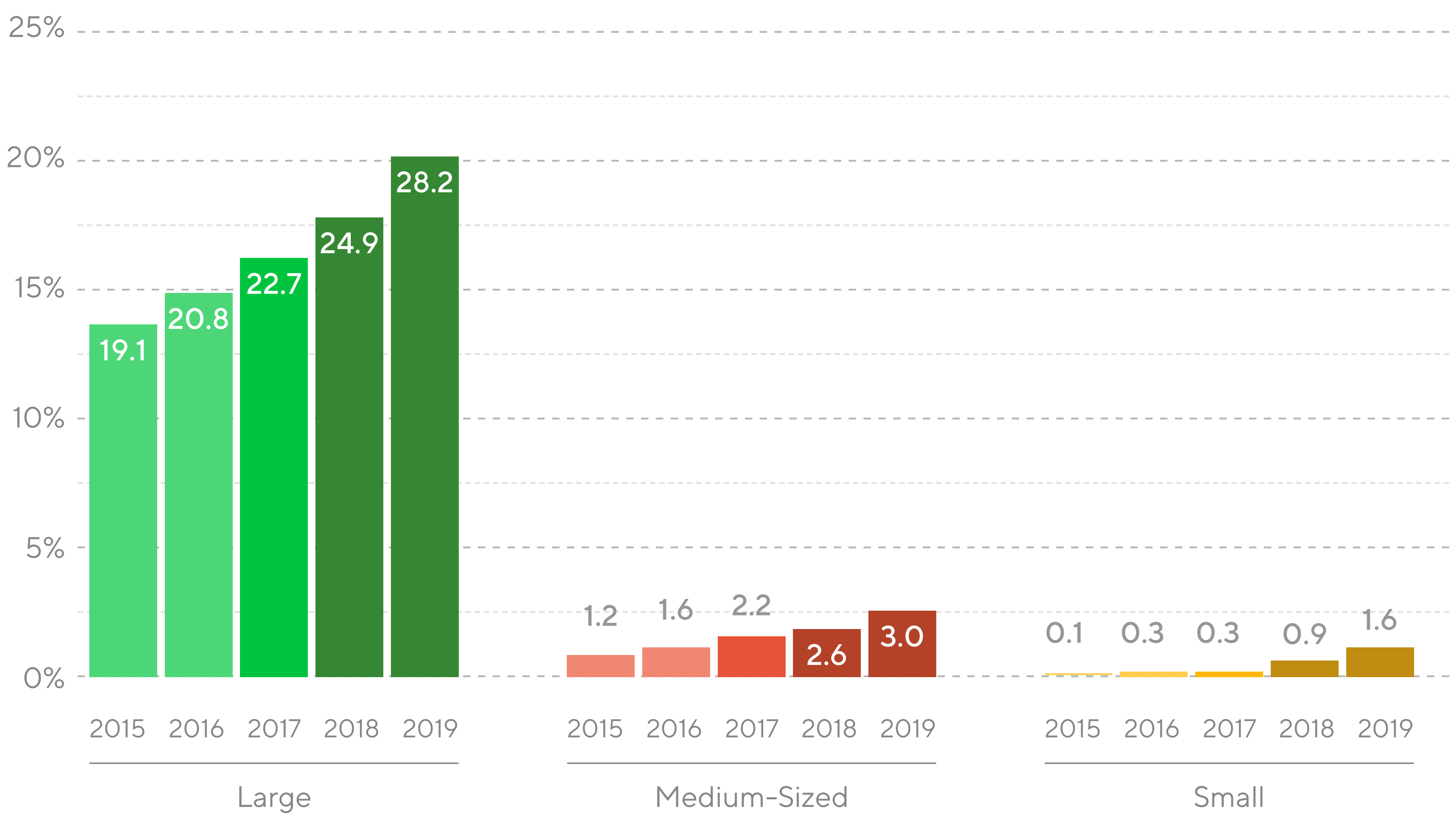
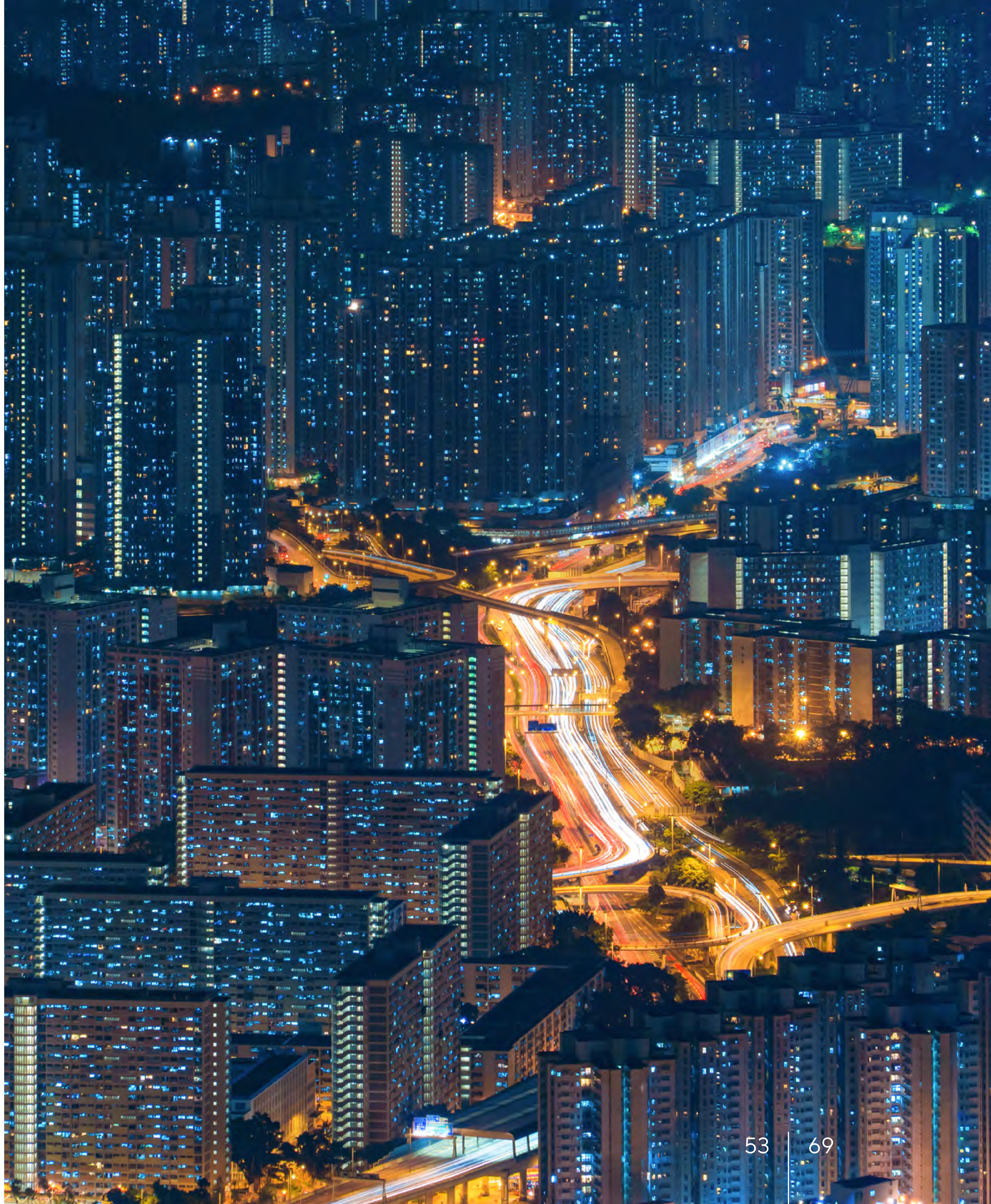
CDP at Company Level by Industry

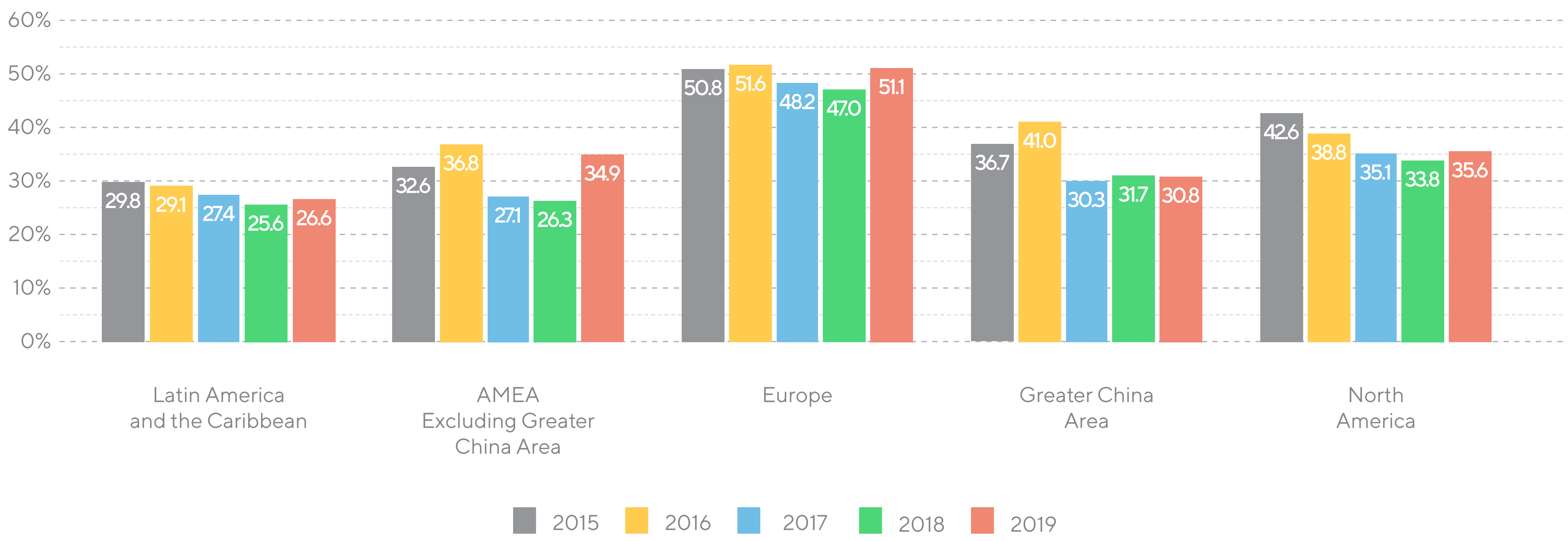


CDP at Company Level by Company Size

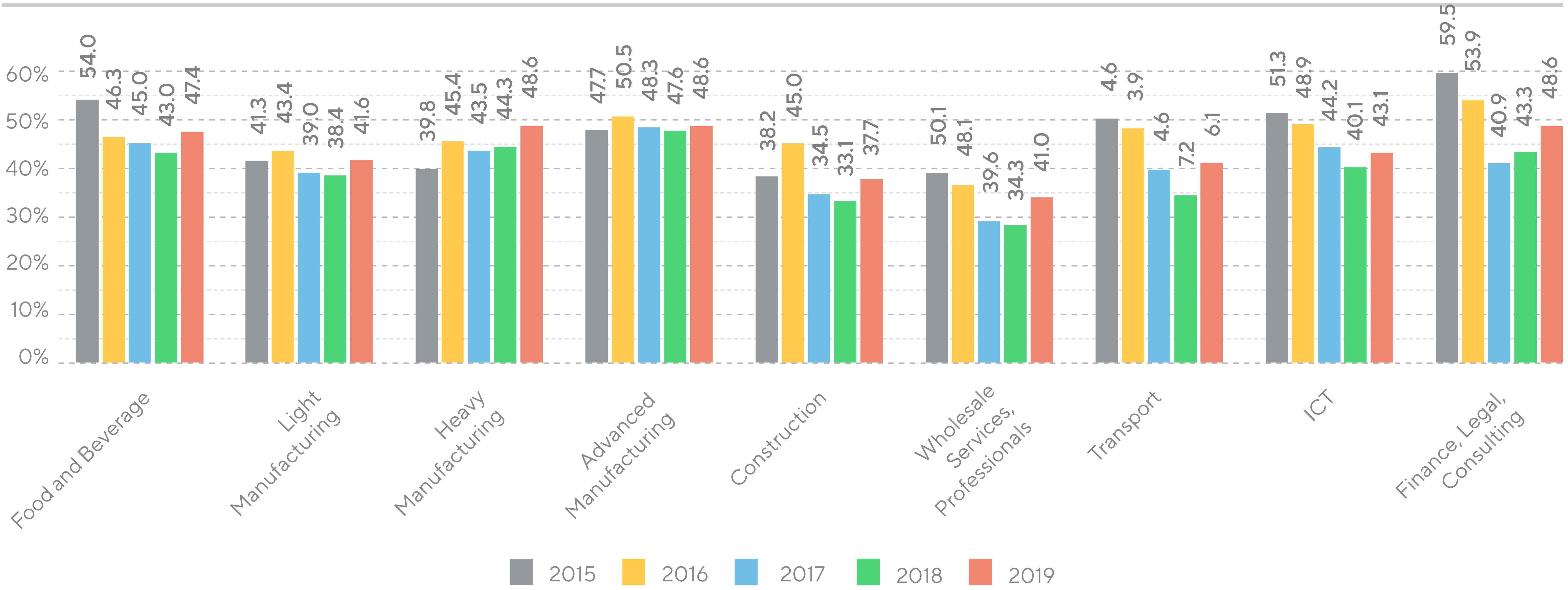




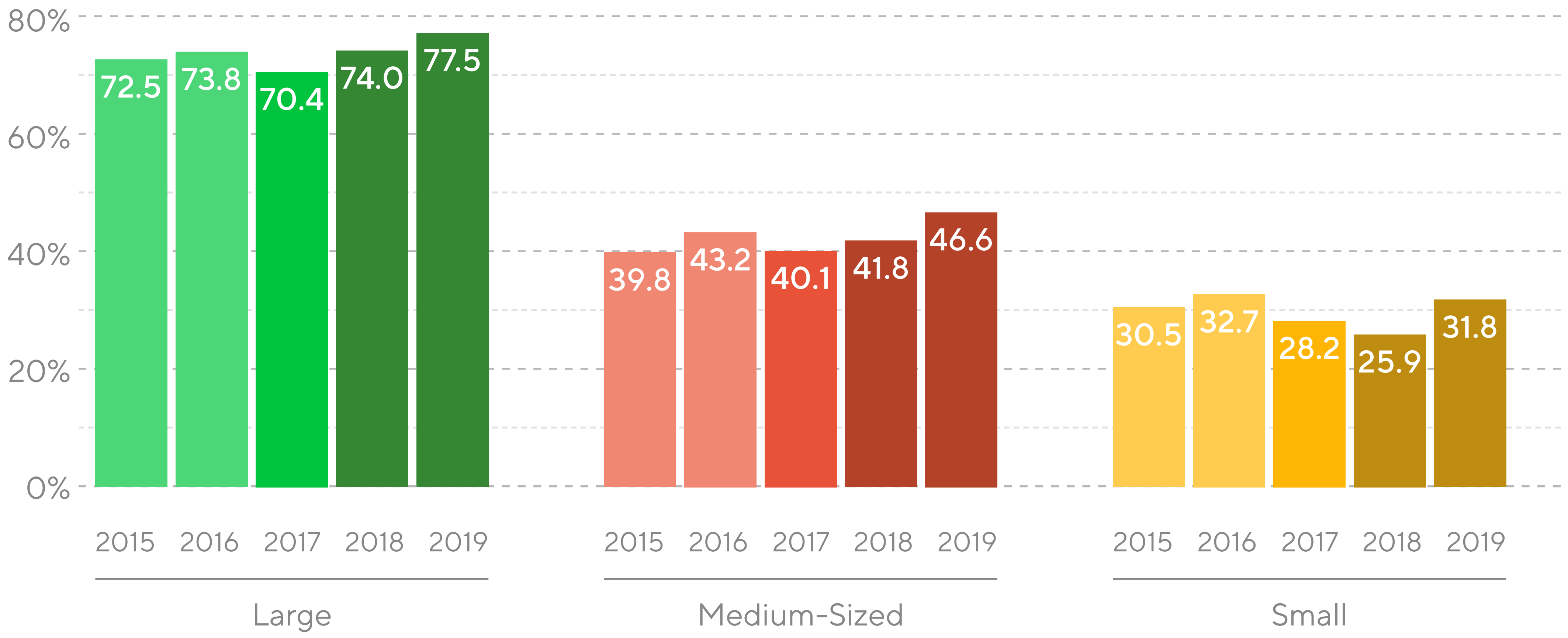
Actions on Energy Consumption and GHGs by Region



Actions on Energy Consumption & GHGs by Industry



Actions on Energy Consumption and GHGs by Company Size



Operational contexts for energy and GHG reduction strategies vary widely between sectors, and so do the actions that companies take to reduce their footprint. To account for sectoral differences, EcoVadis considers a variety of actions on energy consumption and GHG emissions, ranging from more general carbon footprint studies and renewable energy purchases over technology upgrades for energy efficiency up to sector-specific measures, such as emissions reductions from cargo transportation, energy upgrades in building facilities or in data centers. The most common actions in EcoVadis sustainability ratings are measures to reduce energy consumption (implemented by 17% of companies in 2019), employee awareness programs on energy consumption (13%), and measures to optimize CO_2 emissions from transport (9%).

The percentage of companies which have at least one action on energy consumption and GHGs in place remained roughly stable over a five-year period, with decreases in some sectors. While still leading, the Finance, Legal and Consulting sector fell from 59.5% in 2015 to 48.6% in 2019. The high-performing Food & Beverage and Construction sectors follow similar trends. The only upward-trending sectors are Light, Heavy, and Advanced Manufacturing, all of which have a higher share of companies that implemented actions on energy

consumption and GHGs in 2019 than they did in 2015. Despite ambiguous sectoral trends, a number of sectors with relatively low reporting numbers on GHG emissions saw a much higher percentage of companies implement actions, including the Wholesale & Professional Services as well as Finance, Legal and Consulting sectors. Based on their existing actions on energy and GHGs, these sectors will have the opportunity to close the reporting gap in the years ahead.

Looking at regional performance, Europe takes the clear lead, where approximately one in two companies has implemented at least one action. Mirroring sectoral trends, North America and the Greater China Area experienced drawbacks in their five-year performance. While 42.6% and 36.7 % of companies had actions on energy and GHGs in place in 2019, respectively, these shares dropped to 35.6% in North America and 30.8% in Greater China. Notably, Europe outperforms North America on energy and GHG actions, while falling behind on its share of companies reporting on CO_2. Performance discrepancies between actions and reporting suggest cultural differences in how companies approach and implement GHG strategies.

In contrast to emissions reporting (see above), the difference between large companies and SMEs is less pronounced: With large companies clearly leading in terms of tangible actions to address energy consumption & GHG emissions, it still is remarkable that in 2019, approximately one out three small companies had at least one measure in place to address related issues. Their performance, however, remains stable overall, probably linked to the limitation of resources and capital to invest into energy-efficient technologies, employee training or CO_2 offsetting.

Implementing actions and reporting on their effectiveness represent key components of a successful management system that aims to control and mitigate impacts related to carbon emissions. In order to make such a system complete, and to ensure that progress is measured in well-defined metrics, corresponding targets, ideally based on scientific evidence, must be set out. The Science-based targets initiative (SBTi) currently leads the discussion around relevant target-setting to drive corporate action. EcoVadis has recently started integrating it into ratings by asking companies whether they endorse the initiative and whether science-based targets have been set accordingly. While less than 1% of rated companies have provided a verified positive response so far, endorsement of this initiative will likely become an important performance indicator in the context of corporate commitment to take action against climate change. Below, we will look at other organizations and initiatives that are integrated in the EcoVadis rating methodology which provide interesting insights based on longer timeframes.

Leading Indicators

A Comparison of UN Global Compact Endorsement by Industry and Region

"Using UNGC as a guide, Belron selected an assessment tool — EcoVadis — to assess and monitor how well the code of ethics has been implemented and how successfully the group's activities are embracing the principles of responsible business. It also provided a framework which allowed results to be benchmarked against other companies and to identify opportunities for improvement in the future, customized to the status of each business unit."

Justin Bazalgette,
Head of CSR Measurement & Environmental Efficiency, Belron

Leading Indicators

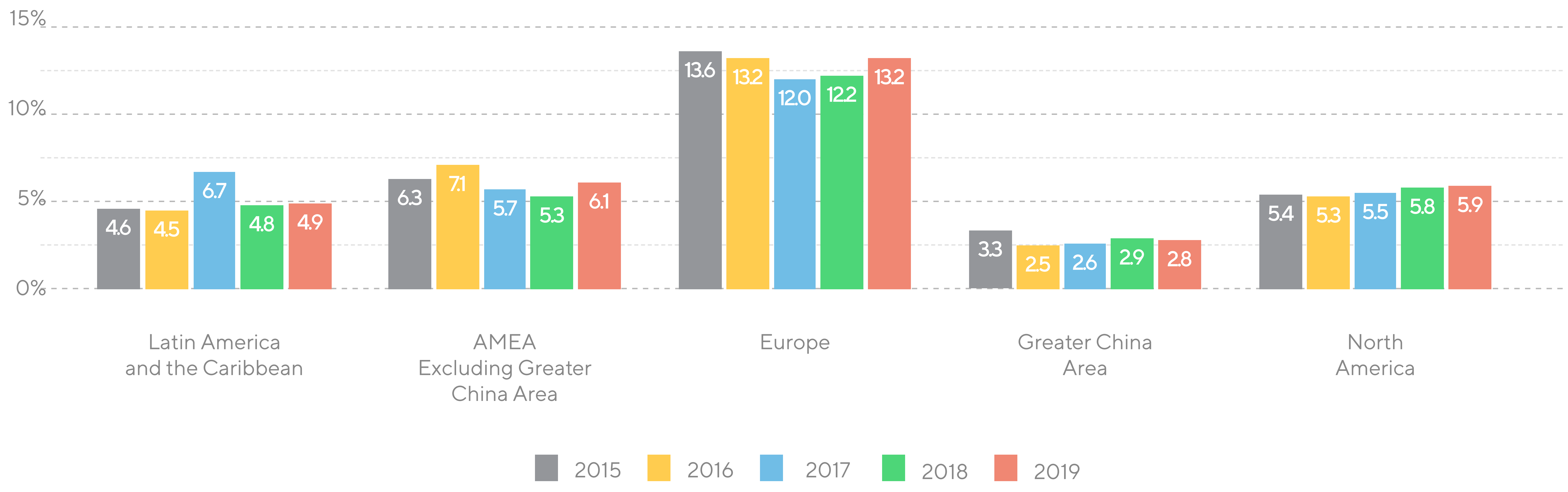
A Comparison of UN Global Compact Endorsement by Industry and Region

As the United Nations Global Compact (UNGC) celebrates its 20th anniversary, its membership has grown to more than 10,000 business participants. The UN's leading initiative for corporate sustainability is open to companies from all sectors and of all sizes. Participants endorse voluntary principles that include human and labor rights, anti-corruption, and environmental sustainability. Based on this value framework, UNGC signatories achieve a higher sustainability performance than their non-signatory peers, averaging EcoVadis scores of 54 and 42, respectively.

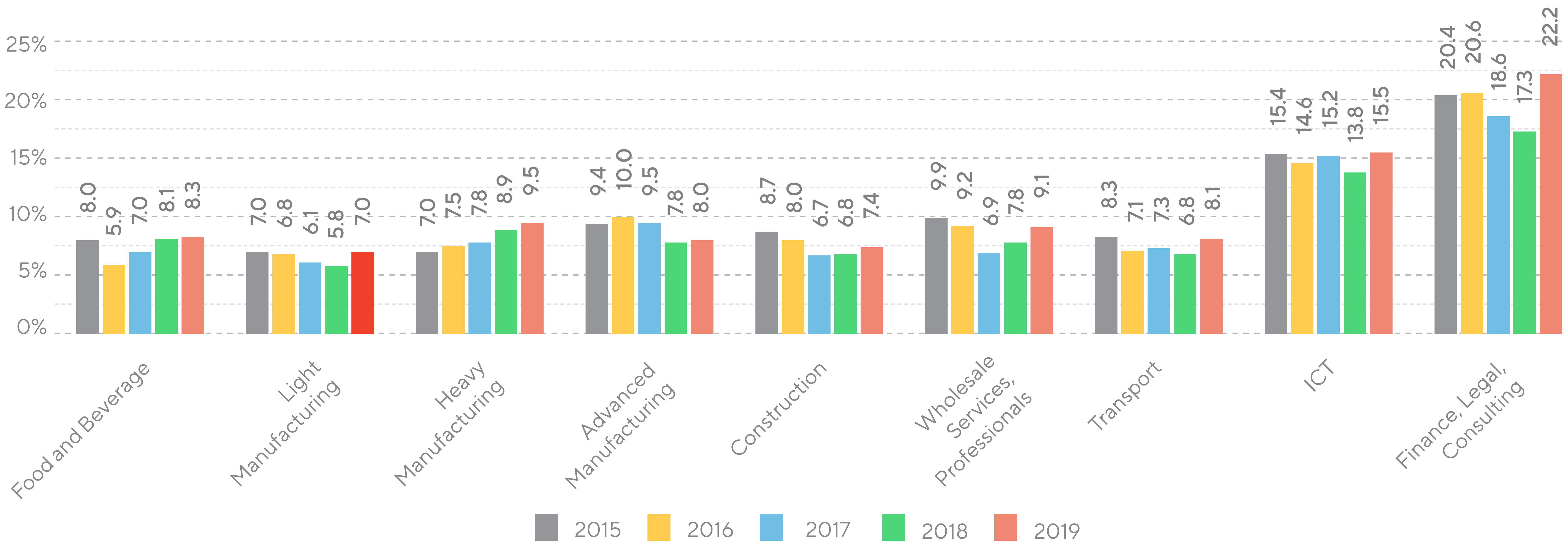
Key Findings

- UNGC signatories show a higher average sustainability performance than their non-signatory peers, with EcoVadis scores of 54 and 42, respectively
- Europe continues to lead UNGC participation rates, with 13.2% of companies endorsing the Global Compact in 2019
- The Finance, Legal and Consulting sector achieves the highest UNGC participation rate of 22.2% in 2019

UNGC Participation per Region Among Rated Companies



UNGC Participation per Industry Among Rated Companies



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Regional Comparison

In 2019, Europe continues to lead UNGC participation rates, with 13.2% of companies endorsing the Global Compact. On the other end of the spectrum, the Greater China Region reaches a mere 2.8%, down from 3.3% in 2015. Overall participation rates were relatively stable between 2015 and 2019. Only two regions, the Americas, have seen a minor increase in participation rates, while participation was downward-trending in all other regions.

Comparison by Industry

Looking at UNGC participation by sector, both the highest and lowest-endorsing sectors maintain a five-year trend in the 2015 to 2019 period. The Finance, Legal and Consulting sector achieves the highest participation rate of 22.2% in 2019, followed by 15.5% in ICT. While the majority of sectors remain below the 10% mark, Light Manufacturing saw the lowest sector participation at 7.0%, closely followed by 7.4% in Construction. These rates suggest a cross-sectoral trend of higher UNGC endorsement rates in the tertiary economy (services) than in the primary and secondary economy (primary materials and manufacturing).

Reporting on the Sustainable Development Goals (SDGs)

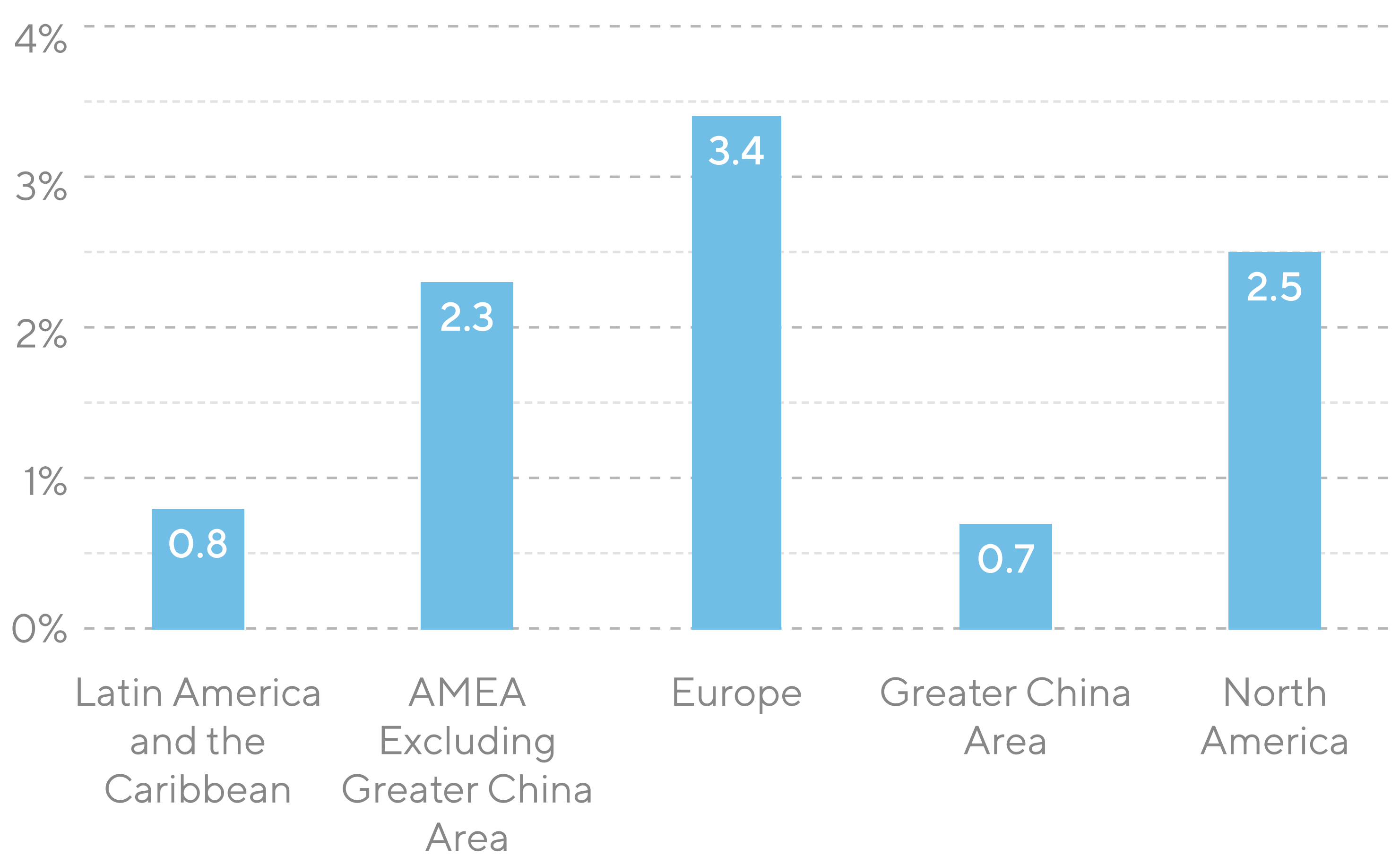
As the SDGs have been adapted and embraced by the business world, through initiatives like the UNGC, companies are clearly beginning to commit to, and even report on, various SDGs pertinent to their industry. EcoVadis started incorporating the Sustainable Development Goals (SDGs) into the ratings methodology in February 2019. By adding a specific question, EcoVadis verifies whether or not companies communicate progress towards the SDGs in their sustainability reports.

In the first year of EcoVadis measuring companies reporting on SDGs, European companies clearly led other regions with just below 4% of companies reporting. North America fell just behind with around 3% of companies reporting on SDGs. Greater China and Latin America & the Caribbean fell short of the other regions and represented the lowest percentage of companies reporting on SDGs with around 1.5% each.

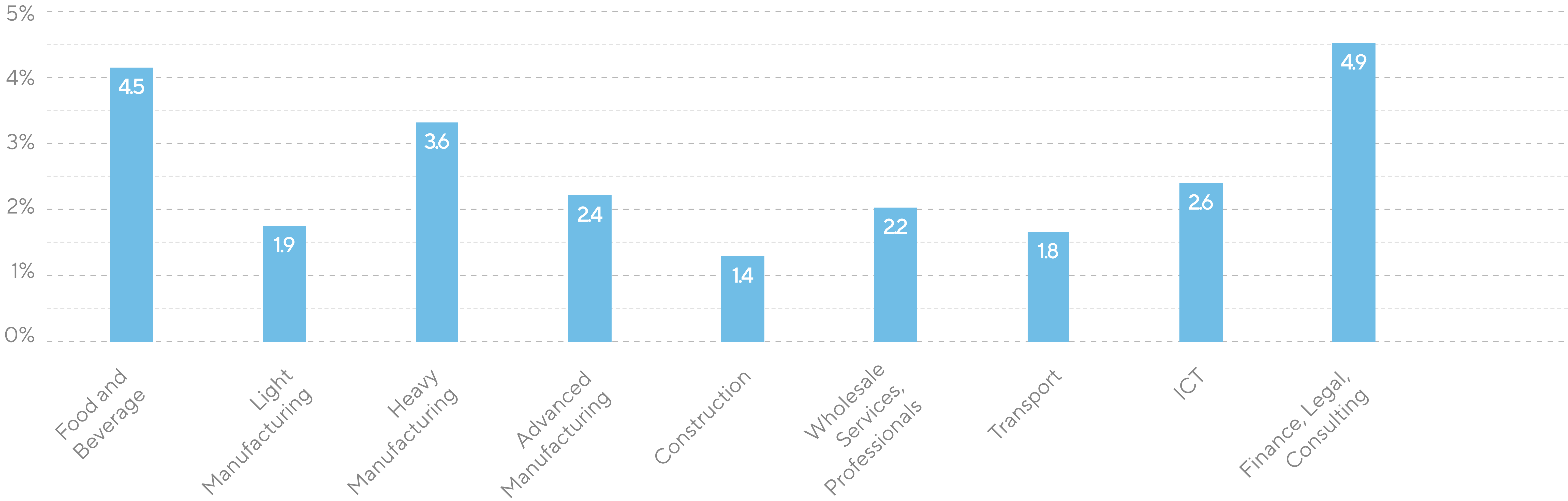
When comparing industries, Finance, Legal & Professional services lead with around 5% of companies reporting on SDGs. In terms of manufacturing industries, Food & Beverage clearly leads the other with 4.5% of companies reporting on SDGs. The SDGs are particularly relevant to manufacturing companies, as several of the key topics highlighted in the goals are materials such as energy, clean water, and sustainable cities & communities, among others.

While 2019 saw an encouraging first year trend of companies reporting on SDGs, there is still much room for improvement and increasing involvement needed for companies to report on their progress in relation to the SDGs.

SDG Reporting per Region Among Rated Companies in 2019



SDG Reporting per Industry Among Rated Companies in 2019



Methodology Overview

> Adecco is audited on CSR performance by many of our customers every month. The EcoVadis CSR assessment is the best methodology we have seen so far, as it is precisely adapted to the context of our activity. This allow us to highlight our commitment on CSR."

ADECCO

Methodology Overview

Business Sustainability Risk and Performance Index Scope of Analysis

The Index analyzes EcoVadis ratings from our index universe comprising all of the companies rated since 2015, in total nearly 65,000 ratings of over 40,000 companies.

This edition is based on assessment data from the calendar years 2015, 2016, 2017, 2018 and 2019. We further define the index universe by three broad parameters:

Industry divisions: Broad groupings of similar business activities, based on ISIC code;

Size groups: Either SMEs (26-999 employees) or large (over 1000 employees), except for selected analyses in the Deep Dive section, where we look separately at small companies (26-99 employees), medium-sized companies (100-999 employees) and large companies (over 1000 employees);

Regions: Geographical location of a company's headquarters. A portfolio refers to a subset of companies belonging to either one size group of one industry division (e.g., Transport - Large), or one size group of one region (e.g., Europe - SMEs). In addition to average overall scores, we present several other indicators:

1
World

2
Size groups

5
Regions

9
Industry divisions

158
Countries

201
EcoVadis ISIC categories

41,707
Unique companies

64,743
Assessments

Normalized Scores

The Index uses normalized data to reduce the bias generated by the fact that the geographic and industry distributions of the companies assessed within the EcoVadis Network do not match the overall scope of business impact in a country.

Almost all EcoVadis ratings are performed at the request of our large enterprise customers, who provide lists of their business partners (suppliers, distributors, contractors, customers, etc.) to engage and onboard into the network. They decide on the geographic regions, industries and sizes of companies they wish to assess based on their strategies and priorities, which does not necessarily match the proportions of those attributes of all companies globally. For example, as EcoVadis was founded in Europe, this is also where many of our longtime customers come from and they began by assessing business partners close to their headquarters. As a result, we have a disproportionately high number of assessments in Europe, compared to the rest of the world.

The same is true of industry divisions: We may receive requests from enterprise customers to assess suppliers in a specific region or industry. This means we have virtually no control over who gets assessed. Consequently, this introduces bias to the Index data universe, which may become overpopulated by companies from a specific region (geography bias) or from a specific industry (industry bias). Although these biases diminish over time as the network expands, they also change from year to year.

To reduce these biases in the Index, we assigned equal weights to scores from each particular region, or industry, when calculating a portfolio's normalized score. By doing so, we achieved a balanced view of global averages, and that allows our indices to be comparable across time.

With the normalized score approach, regardless of how EcoVadis customers change, or how our customers change their preferences for suppliers to be evaluated, these changes are neutralized, and we can reliably track performance changes of regions and industries over time.

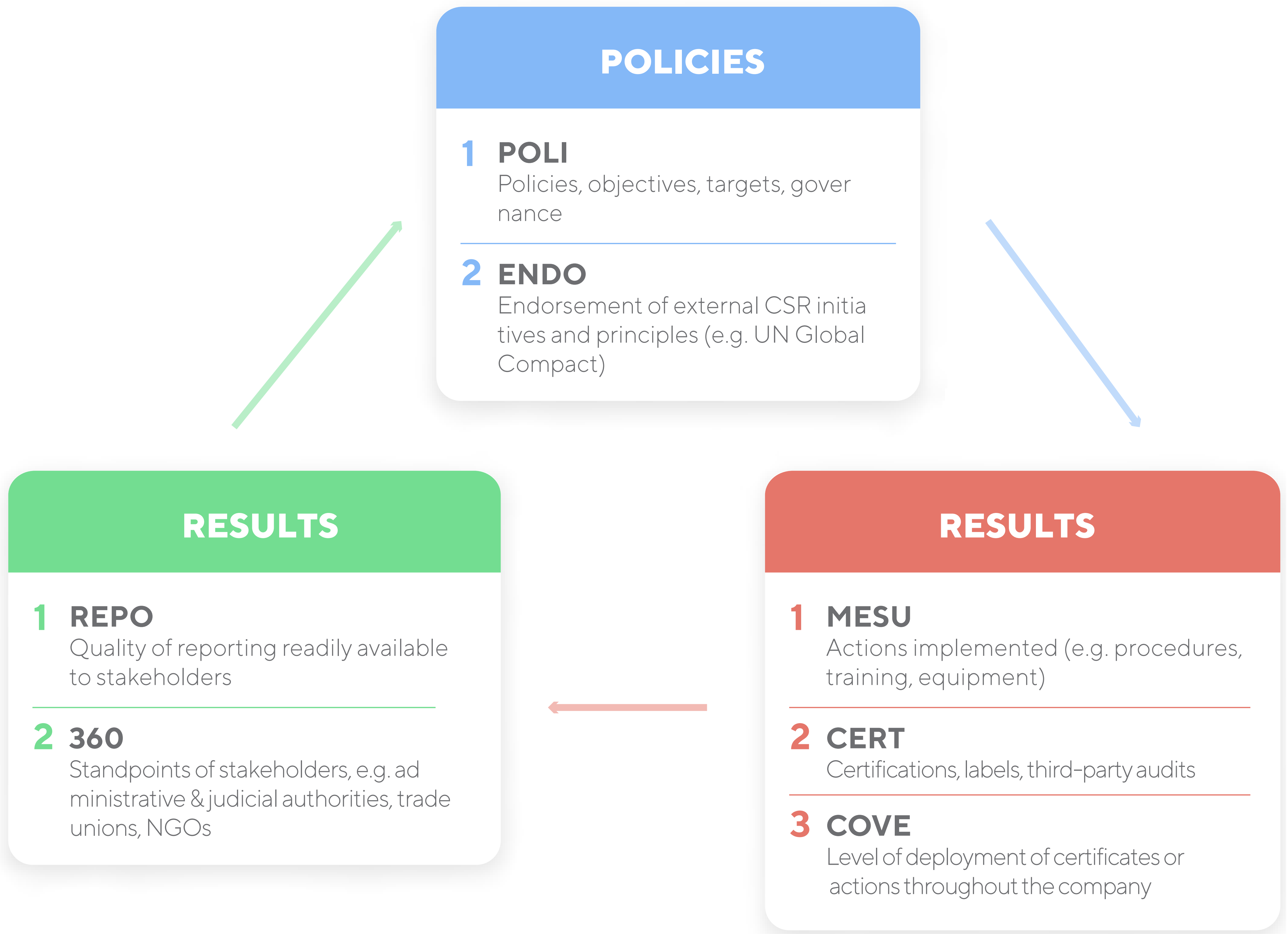
Industry Divisions

All assessed companies are associated with a business activity defined by the International Standard Industrial Classification (ISIC) code. For the Index, scores are gathered into related ISIC groups called industry divisions. Nine are included in this study (the tenth had too small of a sample for meaningful analysis, and there is one "other" category). Review the complete list of industry divisions and ISIC codes in the Index Online.

Rating Methodology

For EcoVadis, an effective Sustainability Management System is composed of the following elements: POLICIES, ACTIONS and REPORTING ON RESULTS.

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).



When assessing a company's sustainability management system, it is important to define which sustainability issues are covered by the management system. The assessment considers a range of sustainability issues, which are grouped into four themes. The sustainability issues are based on international sustainability standards, such as the Ten Principles of the UN Global Compact, the International Labour Organization (ILO) conventions, the Global Reporting Initiative (GRI)'s standards, the ISO 26000 standard, the CERES Roadmap and the UN Guiding Principles on Business and Human Rights, also known as the Ruggie Framework.

ENVIRONMENT	LABOR & HUMAN RIGHTS	ETHICS	SUSTAINABLE PROCUREMENT
• Energy Consumption & GHGs • Water • Biodiversity • Local & Accidental Pollution • Materials, Chemicals & Waste • Product Use • Product End-of-Life • Customer Health & Safety • Environmental Services & Advocacy	• Employee Health & Safety • Working Conditions • Social Dialogue • Career Management & Training • Child Labor, Forced Labor & Human Trafficking • Diversity, Discrimination & Harassment • External Stakeholder Human Rights	• Corruption • Anti-Competitive Practices • Responsible Information Management	• Supplier Environmental Practices • Supplier Social Performance

21 Sustainability Criteria

Interpreting EcoVadis Overall Sustainability Score

0 INSUFFICIENT	25 PARTIAL	50 GOOD	75 ADVANCED	100 OUTSTANDING
No tangible elements identified.	Not all main criteria activated covered or not sufficiently addressed.	Main activated criteria covered with acceptable practices.	Particularly advanced practices on all activated criteria.	Comprehensive and innovative practices. External recognition.

The scoring of the seven management indicators is based upon strict scoring after guidelines which all analysts apply. Each scoring level is associated with a detailed definition and a database of sample documents. The seven management indicator scores then generate a score for each theme based upon the weight allocated to each management indicator. The three management layers, policies, actions and results, are given the following respective weights: 25, 40 and 35%.

The overall score is a weighted average of the theme scores. The activation and weight of each theme depends on the company industry, size and location. This allows accounting for the characteristics of a company, with each theme being more or less critical depending on their activities.

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