

# Communication on Progress 2012



# About EcoVadis

**ecoVadis** aims at improving environmental and social practices of companies by leveraging the influence of global supply chains. EcoVadis operates the 1st collaborative network enabling companies to manage the Sustainability performance of their suppliers, across 150 sectors and 95 countries. EcoVadis reliable ratings and easy to use monitoring tools allow companies to manage risks and drive eco-innovations in their global supply chains.

More than 60 Global Multinational companies have selected the EcoVadis solution, including Fortune 500 such as Alstom, Axa, Air Liquide, Alcatel-Lucent, Bayer, BASF, Coca Cola Enterprises, Heineken, Orange, Johnson & Johnson, Lafarge, Renault-Nissan, Schneider Electric, Shell and Vodafone.



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# Message from the CEO

Paris, February 20th 2013

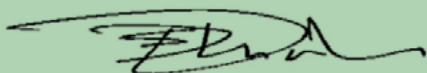
Sustainable supply chain management remains a key driver of value and success with tangible benefits for many organizations. It is becoming increasingly embedded as part of companies' sustainability strategies. The development of new global standards, disclosure and regulatory frameworks over the past year reveals this continuous shift towards more ethical and transparent value chains. EcoVadis' goal is to provide a lean response to mitigate complex global CSR risk that could potentially be disruptive, damage goodwill and be detrimental to the triple bottom line. It helps companies by offering a platform for supplier sustainability performance monitoring.

In 2012, EcoVadis celebrated its 5th Anniversary, a five year success story that demonstrates our dedication to support continuous improvement in responsible business practices in global supply chains through ongoing supplier engagement and capacity building. Landmarks achieved this year have included our formal partnership with the Carbon Disclosure Project in a joint endeavor to streamline supply chain reporting efforts, as well as the contribution to the launch of major sector collaborations such as "Together for Sustainability (TfS)" in the chemical sector.

Our advocacy efforts toward the dissemination of the principles of the Global Compact go above and beyond as they are integrated into our supplier surveys. We continue to align operations and strategies with the principles set forth in the United Nations Global Compact, including in our external sphere of influence. Some example milestones in 2012 include the redesign of our Human Resources Policy and achieving carbon neutrality for the first time.

EcoVadis believes that global partnerships and cloud collaboration between businesses can play a major role in advancing sustainability efforts in a very rapidly changing global landscape. EcoVadis will keep its promise in 2013 and continue to offer a first class solution to help frontrunner companies better align their sustainable procurement practices with overall sustainability priorities.

Pierre-François THALER  
President

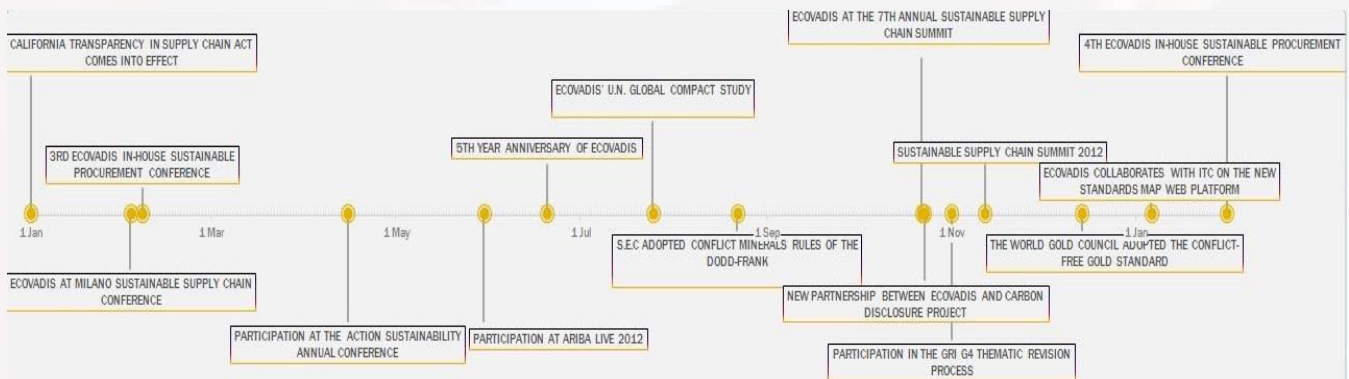
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Frederic TRINEL  
Managing Director

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

### CSR Timeline 2012



Through its core operations, EcoVadis has an indirect positive impact on sustainable procurement , both through its supplier assessments and ongoing advocacy efforts.

### 2.1 Core Business Activities

In 2012, the number of suppliers assessed via EcoVadis' CSR risk monitoring and management solution increased significantly. On the supplier side, EcoVadis allows suppliers to self-assess their own performance, and devise corrective action plans monitored by an expert team. This approach invites them to follow a continuous improvement cycle through a two-way feedback and capacity building process. On the buyer side, we provide a sustainable decision making tool that helps purchasing organizations better integrate CSR criteria into supplier selection, raise procurement teams' awareness on key sustainable development issues and master CSR risk. In 2012 we continued rolling out our buyer training programs worldwide. Among the new developments accomplished this year, the EcoVadis solution now assesses the management system implemented companies to manage conflict minerals issues (policies, actions and results).



## 2.2 Sustainable Procurement Advocacy and Outreach

2012 again was a fruitful year in terms of extended partnerships and new cooperation.

In February 2013, EcoVadis announced its collaboration with ITC, a joint organization of the United Nations and World Trade Organization, on the new Standards Map web platform, which provides comparable information on sustainability standards and audit protocols.

EcoVadis organized its annual in-house conference in January 2013 to bring the private sector together and share best practices on sustainable procurement innovation. More than 120 attendees from Europe and the United States were convened to this event dedicated to Sustainable Supply Chain and Procurement topics.

In October 2012, EcoVadis and the Carbon Disclosure Project announced a partnership to allow responding companies to minimize their reporting requirements by automatically transferring their CDP responses to the EcoVadis' system. Thus, information is from now on integrated in one single scorecard to facilitate user-friendliness.

During the year, EcoVadis participated in the GRI G4 Thematic Revisions and shared its expertise on sustainable procurement reporting.

A research study published in July 2012, conducted by the EcoVadis internal expert team illustrated the results of an external assessment of the CSR performance of more than 500 Global Compact participants. Among its main conclusions, it highlighted a majority of companies do not live up to minimum requirements for a satisfactory sustainable supply chain management system. The study was shared with the Global Compact Supply Chain Advisory group for comments. The study can be downloaded here.

EcoVadis also collaborated with the DJSI on the development of the new "Standards for Suppliers" questionnaire used for the DJSI 2012 ratings.

Last but not least, EcoVadis continues to actively promote and communicate about sustainability in supply chains using social media. For example it regularly maintains a blog entirely dedicated to sustainable procurement, which covers news, regulations, interviews or articles on CSR risks associated with supply management. Additionally, our analyst team maintains an online news hub, where relevant news and developments about sustainable procurement can be found.

## 3. CSR at EcoVadis

As an integrated IT solution and service provider, EcoVadis' overall CSR risk remain relatively low. This year we were not able to conduct a stakeholder consultation to assess our own key CSR risks. However, based on our self-assessment, we have identified the following material CSR issues:

- Energy & GHG emissions
- Waste management
- Labor and human rights
- Fair business practices and anti-corruption
- Sustainable procurement

2012 introduced new challenges:

- our team has grown significantly both in Paris and Mauritius.
- we opened a new subsidiary in the United States and maintained presence in Mexico and United Kingdom.

### 3.1 Environment

**Principle 7**: Businesses should support a precautionary approach to environmental challenges;

**Principle 8**: undertake initiatives to promote greater environmental responsibility; and

**Principle 9**: encourage the development and diffusion of environmentally friendly technologies.

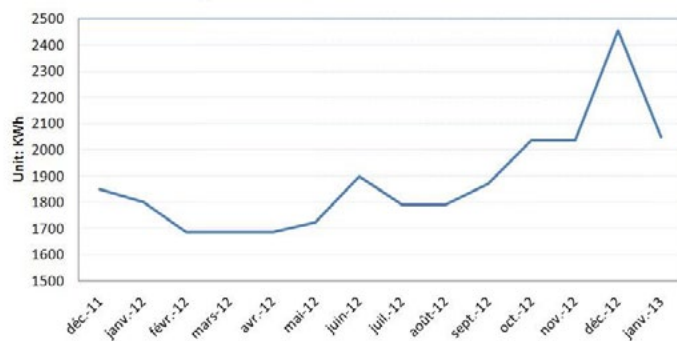
Policy	Actions
<p>Since 2011, EcoVadis has an environmental policy in place. The policy is endorsed by EcoVadis management team. All employees are responsible for its implementation and for taking reasonable care of the environment. It contains commitments on issues such as reduction of office energy use and environmental impacts from transportation, usage of chemicals (eco-friendlier cleaning agents), water consumption, recycling and promotion of sustainable consumption. The Policy is reviewed as necessary, at regular intervals, not exceeding one year.</p> <p>In addition, a dedicated CSR manager is coordinating the company's efforts.</p>	<ul style="list-style-type: none"> <li>As part of our EcoVadis University project, we have created and published internal e-learning modules, of which one is related to environmental topics. It is accessible to all employees through an online platform. The module will be officially launched in March 2013.</li> <li>We purchased carbon credits from EarthEra to offset our 2011 emissions and thus became carbon neutral.</li> <li>Most of our client trainings were conducted via video conferencing.</li> <li>We put in place a waste management system at our Paris office, which allows all employees to recycle garbage, collect used batteries and compost food residues.</li> </ul>

## Results

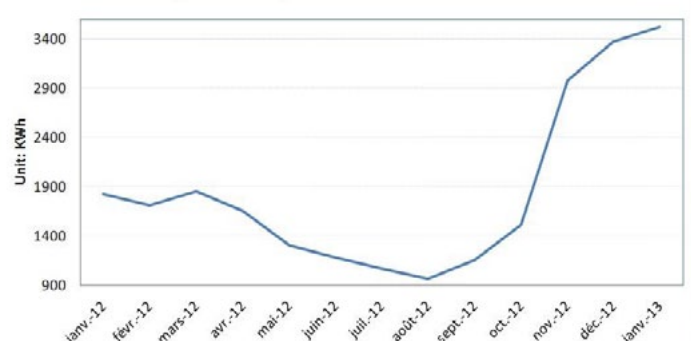
- 2012:
- Electricity consumed was: 22,463 KWh at our Paris office and 22,285 at our Mauritius location
- We provided 18 hours of environmental training hours company-wide as part of our induction training.
- We composted 114 kg of coffee grounds (132 kg in 2011)
- Quantity of detergent / m<sup>2</sup> (cleaning) / year: N/A in 2012
- In 2011, we consumed an average of 1800 grams of paper per employee
- Kilometers traveled by air (all staff): we estimate 382,525 km were traveled by air, a 15% increase from the previous year due to increased internationalization of our business.
- Our carbon footprint was 81.59 Tons of CO<sub>2</sub>, mainly from flights.<sup>1</sup>
- Supply Chain Results:
- 100% of new laptop purchases during the reporting period had an Energy Star ecolabel
- 100% of our coffee and more than 60% of our tea purchases had Fair Trade (Fair Trade Max Havelaar) and Organic Agriculture (Agriculture Biologique) labels
- 100% of our printing paper purchases had an ecolabel (e.g. Blauer Engel, PEFC). 27 % of our printing paper was recycled.
- 100% of toilet paper purchase was European Ecolabel certified



Electricity consumption 2012 - Paris Office



Electricity consumption 2012 - Mauritius Office



## EcoVadis carbon offset project

To balance our carbon emissions from day-to-day operations, EcoVadis has offset its Carbon footprint. We chose the EarthEra program, which provides companies and individuals an opportunity to reduce their carbon impact and participate in the development of future renewable projects. EcoVadis had to compensate 76 tons of CO<sub>2</sub> Emissions for the year 2011. NextEra Energy Resources is a leading producer of wind and solar energy in North America and the founder of the EarthEra program. One hundred percent of revenues from EarthEra product purchases are directed to EarthEra Renewable Energy Trust and used to build new renewable energy facilities in North America. EcoVadis is planning to offset its carbon footprint for the years come, to remain a carbon neutral company.



## 3.2 Labor Practices and Human Rights

**Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and

**Principle 2:** make sure that they are not complicit in human rights abuses.

**Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

**Principle 4:** the elimination of all forms of forced and compulsory labour;

**Principle 5:** the effective abolition of child labour; and

**Principle 6:** the elimination of discrimination in respect of employment and occupation.



Policy	Action
<p>As mentioned in the previous Communication on Progress (COP) 2011, EcoVadis has been working on a formalized Human Resource Policy beyond compliance with laws and regulations. The 5-page document, endorsed by the company Executive Management Team, reiterates a commitment to the 10 Global Compact Principles. It covers all employees of EcoVadis worldwide. It also includes consultants and interns. This policy sets out the EcoVadis vision and values on employee health and safety, working conditions, dialogue with staff, human resources, recruitment, career management &amp; development, diversity, non-discrimination and bullying &amp; harassment. In February 2013, the EcoVadis Human Resource Policy was finalized and signed by the Executive Management Team.</p> <p>The policy is to be revised annually by the EcoVadis CSR Project Team and subsequent versions will be approved by the Executive Management Team.</p> <p>In addition, a dedicated CSR manager is coordinating the company's efforts with the help of an employee representative.</p>	<ul style="list-style-type: none"> <li>• This year again, EcoVadis asked all employee to respond to our internal satisfaction survey at the end of 2012.</li> <li>• A company-wide HR project was developed with the help of an external consultant in 2012 to address previous concerns regarding career management and employee benefits. A formal semi-annual assessment takes place between managers and employees. Compensation is indexed against a clearly defined salary grid and personal objectives are discussed and set in advance. Roles and positions were also redefined in a transparent way to match a list of predefined skill set.</li> <li>• In 2012, EcoVadis provided different skill trainings to its employees. Employees were able to receive trainings from external consultants on issues such as language, IT, customer relationship management or communication.</li> <li>• EcoVadis provides an additional health insurance system for all long term employees in Paris and an equivalent for its employees in Mauritius.</li> <li>• EcoVadis is involved in the EFQM scheme. The certification is carried out by the European Foundation for Quality management for two CSR projects (Code of Conduct and Assessment Methodology Quality).</li> </ul>

## Results

- Our third annual employee satisfaction survey took place early in 2012. With a 89% participation rate, the survey provided positive results: 85% of employee would recommend EcoVadis as a great place to work, 94% get along well with their colleagues and communication with the "Executive Management" is easy and based on mutual trust for 88% of the team. In addition, 80% of employees are satisfied with the actions EcoVadis is taking to implement its CSR strategy. The survey also highlighted areas for improvement, i.e. on working atmosphere, compensation, training and career opportunities, flexible working. Corrective actions are planned in 2013 to find the root causes and address those issues.
- 96 hours of leadership development training with professional mentors were provided, and 192 hours of face-to-face project management courses were given.
- In 2012 all employees were trained on ergonomic issues at the Paris office, but none at the office in Mauritius. All employees are trained on safety aspects, new employees are briefed on security issues.
- In 2012 all employees were covered by collective agreements.
- No incidents were reported in 2012
- Male/ female ratio: there are 49% of women employee in total
- There are more than 14 nationalities represented among the EcoVadis global team.

### 3.3 Business Ethics

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

Policy	Action
<ul style="list-style-type: none"><li>The EcoVadis Code of Ethics is a 6-page document endorsed by the company Management Team. It states an ongoing commitment to respect the 10 Global Compact Principles and applies to all EcoVadis employees. The code addresses issues particularly relevant to our core business activities, such as illegal payments and bribery, gifts and entertainment, fair competition, conflict of interest, protection of confidential information and respect of intellectual property rights. A detailed section on conflict of interest also provides concrete details on the EcoVadis team member roles.</li><li>An Ethics Officer can be reached anonymously or by email and is appointed by the EcoVadis Advisory Board.</li></ul>	<ul style="list-style-type: none"><li>The code was reviewed in 2012 but no updates were yet deemed necessary.</li><li>At EcoVadis, a whistleblower procedure is available.</li><li>During each individual bi-annual performance assessment meeting, the letter of the code is reminded to each employee and a discussion on business ethics follows. "Integrity &amp; Respect" is a formal criteria included as an objective in employee performance assessment.</li><li>We provided ethics training on our code of conduct</li><li>We asked all new employees to carefully read the EcoVadis Code of ethics and formally acknowledge their commitment to abide by its principles.</li><li>As part of our EcoVadis University project, we have created and published 8 internal e-learning modules related to Business Ethics issues accessible to all employees through an online platform. One of this module is 3-hour long and is directly related to Corruption and Bribery issues. The module will be officially launched in March 2013.</li></ul>

#### Results

- As of the end of January 2013, 100% of EcoVadis employees had signed our code of ethics acknowledgment form.
- 10 employees were trained on anti-corruption policies and procedures as part of our induction training.
- Number of reports through whistle blowing procedure: 0 reports in 2012.



### 3.4 Community involvement

EcoVadis aims to make a positive, solid impact in the community where it operates, with a focus on sustainability in line with the company's overall CSR strategy. In order to meet this objective, EcoVadis has set up an education project in Mauritius for the next three years. EcoVadis is working together with schools in education priority zone ('ZEP') in Mauritius. In the first year (2012-2013) EcoVadis has donated 64 different materials (mainly books) with a focus on environmental themes to ZEP schools. The 2nd and 3rd year will potentially involve the participation of employees whereby they go to a ZEP school and carry out training on environmental awareness to students. This will allow EcoVadis to combine the donations with employee volunteering and community support, with a focus on environmental awareness and wellbeing in the local community.



# Concluding Remarks

EcoVadis promotes the dissemination of the 10 Global Compact Principles in its external sphere of influence during its daily interactions with businesses. It also strives to internalize the principles in its own operations. As demonstrated in this report, EcoVadis has responded to the most important issues of concerns for its activities. However, much progress remains to be done and will not be achieved without the involvement and contributions of all the EcoVadis staff. We hope this Communication on Progress will remain a basis for internal dialogue, employee motivation and showcase our sustainability work to external stakeholders. Your feedback on the report is greatly appreciated and can be sent to [sgargonne@ecovadis.com](mailto:sgargonne@ecovadis.com)

## 2013 Objectives:

In 2013, EcoVadis plans to offset its carbon footprint for the year 2012 as we did for 2011, to stay carbon neutral. Our goal is also to roll out our Environmental policy and improve our environmental performance (e.g. energy consumption from renewable energy sources, waste emissions, sustainable purchases).

We will continue to ensure that new and existing employees, interns and consultants are trained or receive refresher training on issues such as ergonomic working, emergency situation, fire drill exercise and general safety issues. Furthermore, EcoVadis will roll out an external training program to continue actions engaged in 2012 and cover additional training needs that have been detected during the appraisal process. Corrective actions are also planned in 2013 to find the root causes and address the challenges uncovered in the employee survey. Another objective is to set up and launch a “Charte de la Diversite” by end of 2013. Finally, EcoVadis is planning to take actions and recruit at least one person with disabilities.

EcoVadis will continue to stay engaged with its community involvement project within the next two years.



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