

Rate the Raters Phase Five

Questionnaire for Raters

EcoVadis

February 2013

Overview of Questionnaire

The questionnaire covers five areas: Rating Overview, Governance and Transparency, Inputs, Research Process and Outputs. SustainAbility developed a methodology to evaluate raters' responses in the latter four areas, and we used this to identify the good practices and areas for improvement described in [Rate the Raters Phase III: Uncovering Best Practices](#). We have made our methodology available on our website for readers to use while reviewing the raters' responses.

Directions for Raters

Please use space below each question to input your answers. While we have not set a minimum or maximum number of words for your responses, please answer the questions in sufficient detail for us to understand your practices. We have included guidance notes in italics. We recognize that certain questions may not be pertinent to every rating. If you find this to be the case, please indicate this and provide a brief explanation.

0 Rating Overview

0.1.1 Rating Name

EcoVadis

0.1.2 Please describe the primary objectives and motivations for your rating

To encourage companies to take into account sustainability criteria in Customer/Supplier relationships by providing simple, reliable and global ratings on suppliers' CSR performance.

We have created an evolving online platform that fosters communication and dialogue between suppliers and their clients, enabling each to create Corrective Action Plans and to improve its CSR performance.

Our scorecards give a snapshot view of CSR maturity on a given supplier, and provide tools to improve this performance, enabling a degree of risk assessment to be carried out by clients.

0.1.3 How do you evaluate the impact or success of your rating? If so, how?

The impact and success of our rating comes from how formally and systematically our ratings are integrated in our client's formal procurement purchasing system, and what weight the EcoVadis scorecard have in the overall selection process.

Since its launch in 2007 more than 50 leading Companies have selected Ecovadis SPTM to manage sustainability risks in their supply chain and improve the performance of their suppliers, in more than 90 countries.

The success of our rating also comes from the improvement of supplier' CSR performance. Approximately 75% of re-evaluated suppliers have seen an improvement in their scores and CSR performance.

0.1.4 Please identify your audience or customer base, and, if possible how they use your rating in their decision making.

Our customer base is composed of large MNCs' purchasing organizations. Some of those companies had already set up a structured Sustainable Procurement program, but realized that a better solution was required in order to deploy sustainability indicators on thousands of their suppliers. Others were at the beginning of their Sustainable Procurement initiative and identified EcoVadis as a way to jump-start their program.

Our clients use the EcoVadis rating when selecting new suppliers or when reviewing suppliers with whom they already have a contract. EcoVadis rating weights vary according the purchaser needs and stage of review. In some tender processes, the EcoVadis rating weight can be up to 30%. In certain cases, EcoVadis ratings can also be a reason for delisting suppliers.

Our audience is also composed of suppliers (many are SMEs) that are assessed. Suppliers use scorecard to understand their CSR management system performance and improve through the implementation of corrective action plan (CAP).

We currently have over 40 clients and over 10,000 supplier scorecards on our platform.

1 Governance and Transparency

1.1 Disclosure of methodology

1.1.1 Describe how you make available the details of your methodology to the public, rated companies and other stakeholders.

The main principles of our methodology are publically disclosed. The entire scoring methodology and process is communicated to customers and to all suppliers asking for clarifications on the methodology.

On our platform we also have a "supplier toolkit" for sharing our methodology with suppliers. We conduct training for purchasing managers on the EcoVadis methodology, on how to use scorecards and set up Corrective Action Plans through the platform.

We have formalized a process by which each supplier gets access to the scoring and analysis details. All the information and decisions used during the assessment process is available via our back office and can be communicated to the suppliers rated when asked.

1.2 Conflict Management

1.2.1 Do you have a policy (or guidelines, standards, etc.) that addresses conflicts of interest? If so, is it disclosed publicly?

We have a Code of Ethics that covers conflicts of interest. It is not publicly available.

We require a signature acknowledgement from all employees that they have read and understood the Code of Ethics. The Code outlines the responsibility of the employee to notify a manager or the Ethics Officer of any conflict of interest.

Specific examples of potential conflicts of interest and what to look out for, focusing on the different employee teams and the risks they face, are outlined in the code.

1.2.2 Do you disclose the relationships and independence of board members, advisory panel members, partners and/or other involved third-parties? If so, how? How do you manage conflicts of interest with these entities?

We are a non-listed, private company. A short bio of each of the executive committee, the board of director and the scientific committee members is available on our website (see links below).

Executive committee & board: <http://www.ecovadis.com/website/l-en/team.EcoVadis-25.aspx>
Scientific committee: <http://www.ecovadis.com/website/l-en/advisory-board.EcoVadis-19.aspx>
EcoVadis Partners: <http://www.ecovadis.com/website/l-en/partners.EcoVadis-20.aspx>

1.2.3 Do you offer for-fee services to the companies that you rate (including benchmark reports)? If yes, please describe these services. How do you avoid conflicts of interest in these situations?

The cost of the EcoVadis ratings is shared between customers and suppliers (rated companies). In some cases customers decide to subsidize 100% of the supplier fees. No consulting services are offered to the companies we rate.

The fees paid by suppliers for their rating are considered marginal in comparison with EcoVadis business volume, and hence are not considered as material with regards to conflict of interest issues.

1.2.4 Do you have any other financial relationships (e.g. sponsorships, advertising) with companies you rate?

No. There is no other financial relationship between EcoVadis and the companies we rate.

1.3 Regular Review

1.3.1 Do you have a regular approach to updating your methodology over time? If yes, describe this approach.

Changes to our methodology are ongoing and part of a formal continuous improvement process. These changes are supported by “change request” system where analysts can create methodology and process suggestions.

We have methodology meetings every quarter to review change requests and decide on development projects.

Analysts spend about 20% of their time in methodology development projects.

1.3.2 Describe how you communicate any changes in your methodologies to affected companies and other stakeholders, and how you work with them to adapt to and understand the implications of the changes.

The main methodology changes are communicated and discussed at the Client Committee (annual meeting), and also at regular Scientific Committee meetings. For some major methodology changes, during design stage, we also organize workshops with clients or companies evaluated in order to have their thoughts and feedback

1.4 Stakeholder Involvement (excluding rated companies)

1.4.1 Does the rating have an external and/or independent advisory body in place? If so, describe how this body is involved in the rating’s construction and maintenance and the scoring, rating, or selection of companies.

We have a Scientific Committee consisting of CSR experts, who oversee our methodology and analysis process. The Committee meets twice a year to supervise and ensures the independence and good practices of the EcoVadis team.

The scientific committee members are not involved in the actual rating of companies but can be consulted if a dispute arises with a rated company.

1.4.2 Describe how you involve / solicit feedback from external stakeholders in the development and ongoing maintenance of the rating. Please provide an example of how you revised your methodology based on stakeholder input.

We respond to client and supplier feedback on our methodology analysis and scorecards through ad hoc exchanges or through formal feedback sessions such as the client committee meetings and the supplier satisfaction survey.

For instance, following discussions with prospects and existing clients, we have recently added new questions on conflict minerals issues. We are also currently testing the integration of a 22nd criterion in our reference model following a client specific request.

1.4.3 How do you communicate the output / summary from this engagement? For example, do you make public the stakeholder comments?

We do not currently make stakeholder comments accessible publicly.

2 Inputs

2.1 Information Sources

2.1.1 Please list and describe the information sources that you utilize to develop your rating.

- Answers to Industry Sector specific Questionnaire
- Supplier provided Supporting Documentation (confidential) including 3rd party data (audits from other companies)
- Public documentation on rated company website
- 360° Stakeholder (Trade unions, press, NGOs) information (400+ sources)

2.1.2 Please describe how this information is obtained (i.e. from publicly available documents, partner organizations, directly from companies). If your rating is based on other ratings or third-party research firms, please describe how they obtain their information.

The company rated is sent an Industry Sector specific questionnaire in which it is asked to upload supporting documents for its declarations. We also collect publicly available documents and information from stakeholders via websites.

We do not use third-party research firms or other ratings in our assessments.

2.1.3 How often do you refresh information / inputs on companies?

Scorecards are “valid” for a year after publication. They are updated whenever there is a re-evaluation request made by a client or the supplier itself – this usually occurs annually or every two years, dependent on the risk and performance of the supplier.

2.1.4 How do you deal with non-disclosure by companies in your rating?

We have a supplier engagement team who are dedicated to communicating with the companies we assess to encourage response to our questionnaire and to our request for supporting documentation. We have an average response rate of around 80-90%.

The rating of supplier is based on the capacity of the supplier to demonstrate the implementation of a CSR management through concrete and tangible supporting documents.

If no documentation disclosure is made, we will look at public information available on website.

If there is no disclosure the rating is given the minimal score. In other words, we do not raise the insurance level until we have tangible elements of a CSR management system.

2.2 Company Engagement

2.2.1 Describe the process by which you engage / interact with the companies that you rate (i.e. frequency, nature, format).

Prior to beginning the rating process, all suppliers are “qualified” by our supplier engagement team.

All suppliers are then sent an initial email, with a letter signed by the client requesting the assessment and to complete the questionnaire. Up to three further reminder emails are sent.

Phone calls are made to suppliers who have missed the initial deadline and further assistance from purchasing managers is sometimes utilized.

The questionnaire and emails request supporting documentation from the suppliers.

Occasionally analysts will email or call suppliers directly if there is something unclear in the answers or in the supporting documentation that has been sent.

Clients engage with the supplier through the platform for Corrective Actions.

A hotline run by the supplier engagement team is available to all suppliers if they require any further assistance, including technical support.

2.2.2 On average, how much time do your analysts spend engaging with each rated company on an annual basis?

Between 0.5 and 4 days.

2.2.3 Please describe if and how feedback from rated companies is incorporated into your research and ratings process.

Rated companies have the possibility to ask or comment on their results through a web dedicated platform used during the rating process. Each question is answered by the analysts in charge, and can be escalated to the research director, the management committee or the scientific committee if a dispute arises.

Feedback on the methodology is collected through ad hoc exchanges and through the supplier satisfaction survey that is run on an annual basis.

2.3 Input Verification

2.3.1 Describe your approach to verifying the information used to assess companies. Is this approach captured in any sort of policy or guidance document?

We ask for supporting documentation direct from the suppliers and we also look for publicly available information, if relevant.

We also take into account 3rd party verified certificates, reporting or audit reports. If any certificates are dubious we seek clarification with the certification bodies directly. We also highlight to users of the scorecard if EcoVadis suspects any information to be dubious. Training and guidance documents are given to our analysts that contain information on potentially dubious documentation.

2.3.2 Is external or third-party verification a consideration in assessing the quality of information sources? If so, please explain.

We take into account 3rd party verified certificates, reporting or audit reports. For instance, more credits are given to 3rd party verified CSR reports.

3 Research Process

3.1 Experience and Capacity of Research Team

3.1.1 On average, how many years of experience do your analysts (internal or contract) have working in or analyzing the industries they cover?

Approximately 75% of scoring analysts have 3 or more years of experience and approximately 20% have 8 years or more.

3.1.2 Describe your approach to ongoing training and industry education for your analysts.

We have several types of training schemes:

- 1) Initial Training of Analysts: 1 month introduction (EcoVadis University) + 3 months theory training on analysis + 3 months practices training.
- 2) On-going Trainings:
 - a. Continuous Focus trainings following identification of training needs by the quality manager
 - b. Skill Development trainings as part of the company training plan developed by employee representatives.
 - c. Self-Training: We have an internal library of sustainable procurement documents, papers and articles for our analysts to contribute to and read. We have a developed a specialized RSS feed for our analysts to stay abreast of CSR, Sustainability and Sustainable Procurement issues. We also have a blog, and our own Scoop.it page where we gather Sustainable procurement articles in one place. We have developed a Speaker Series where analysts can invite speakers from external organizations to come and speak to them on wider CSR issues (such as corruption and bribery, responsible investment). Analysts participate in external events on topics such as ISO 26000, Responsible purchasing and Human rights & business.

3.1.3 On average, how many companies do your analysts cover each year?

On average, analysts contribute to the assessment of approximately 400 ratings per year.

3.2 Quality Management

3.2.1 Describe your approach to ensuring quality control throughout the ratings process. Is this process documented or codified?

We have a set methodology and criteria list and guidelines for our analysts. There is a quality assurance manual associated with the methodology principles and guidelines.

EcoVadis is certified "Committed to Excellence" by EFQM (European Foundation for Quality Management).

Thorough training is given to new analysts and a feedback system and quality control check form (QCF) is also in place to monitor quality. The scoring analyst and validator both act as quality control during two stages of analysis. These analysts have increasing levels of experience and seniority.

3.2.2 Have your research systems or processes been certified, assured or verified by an external organization?

EcoVadis has received the EFQM Committed to Excellence Award.

Organizations recognized as 'Committed to Excellence' have carried out a full assessment against the 9 criteria of the EFQM Excellence Model and they have successfully used the outcome from the self-assessment to prioritize and plan actions to address the opportunities for improvement.

3.3 Sector Specificity

3.3.1 Does your rating use the same criteria and weightings for all sectors and companies? If so, explain why.

No, EcoVadis rating does not use the same questionnaire for all sectors and companies.

EcoVadis questionnaire contains questions on CSR that are generic, and questions that are determined by the industry sector of the supplier. This is done to make sure the assessment reflect the actual CSR issues the suppliers are confronted with in a given sector.

In addition to being dependent on the sector, the weighting and scoring of all suppliers is also dependent on location of operation (such as in risk or non-risky countries) and size (number of employees).

3.3.2 Describe how you take into account industry and company specific issues and context.

The EcoVadis reference model of 21 criteria is analyzed based upon each of the industry sector CSR issues specificities, in order to generate for each industry sector a customized reference model that reflect the material CSR issues of the sector.

The EcoVadis methodology covers 21 different CSR criteria, organized under four main themes that are the environment, labor practices and human rights, fair business practices (or business ethics) and sustainable procurement.

3.4 Basis for Rating

3.4.1 Describe the basis for your rating of companies, including how you determine what constitutes the different degrees of performance. For example, if you grade companies on an A-F scale, how do you determine these levels?

Each theme (environment, labor practices & human rights, fair business practices, sustainable procurement) is scored on a scale that runs from 0-100. We have an accompanying color code to help demonstrate CSR risk and opportunity to users of the scorecards through scores and their respective colors.

The scoring of each theme is based on the scoring of 7 management indicators along the supplier CSR Policies, Actions and Results. Each of the 7 indicators is scored on a 5-levels grid. Analysts are provided with detailed definition of what is expected for each of the 5 levels.

In addition to definition of indicator/level expectations, a sample document database is provided. The sample document database has been put in place to collect real life cases of

CSR policies, actions and results. The database is used by analysts to make sure the scoring is coherent over time and between analysts.

3.4.2 Do you factor company-specific context into your rating?

Yes, as explained above we consider the CSR-pertinent issues of suppliers depending on their sector, size, and area of operations.

Before the evaluation begins, we carry out preparatory research to determine the industry or sector category that is most appropriate to the supplier (ISIC category), the geographic location of the supplier and all their operations and the size of the suppliers' operations (i.e. number of employees, turnover). This preparatory research allows EcoVadis to accurately identify the key standards, regulations, and best practices that are relevant to the supplier in question. We cover nearly 150 ISIC categories and have over 115 different sector-specific questionnaires.

3.4.3 Do you incorporate external norms, standards or principles (e.g. UN MDGs, GRI, UNGC, etc.) into your rating or process? If so, describe how you use these to calibrate or assess company performance.

External norms, standards and CSR principles are used twofold:

- As a basis of our reference model and our 21 criteria. The 21 criteria have been selected to be compatible with Global Compact Principles, ISO 26000 and GRI reporting standard.
- Additional credits are given to suppliers that have formally endorsed external CSR principles or standards as part of their leadership actions. Such endorsements include general CSR initiatives such as the Global Compact Principles or the GRI but also sector specific CSR initiatives such as Responsible Care for instance.

3.4.4 How do you deal with unforeseen, negative company events in your ratings process (e.g. environmental incidents, ethics breaches)?

We capture this information in our external stakeholder "360° watch" and when relevant, this has an impact on the rating of the supplier. The "360° watch" is an EcoVadis web-based tool used that searches over 400 stakeholder representative sources (e.g. NGOs, trade unions, press) for opinions on the supplier's CSR approach and impacts. Both relevant positive and negative news is collected.

4 Outputs

4.1 Validation of Results

4.1.1 Describe the steps you take to verify your rating results (including scores and reports) prior to their finalization.

We do not validate results through external sources such as NGOs. On the other hand, we collect input from NGOs on how they view the CSR performance of the rated companies (360° watch). We do in-house quality control, confirm any unclear information with suppliers, and check dubious certifications. Our main principle is that we give the "burden of the proof" to the suppliers i.e. we do not increase the scores of suppliers until we have received tangible elements of their CSR management system. All assessments are reviewed by one of our validation team members, to ensure consistency and quality.

4.1.2 Do you give rated companies an opportunity to review draft scores or reports? If yes, describe this process, including timeframe given for review.

Suppliers have ample opportunity to send supporting documentation if there is no public information available to us. There is no point in the process for them to review a draft scorecard.

Suppliers are free to dispute the scorecards directly with us when they receive the results (see dispute process).

4.1.3 Do you have a formal policy and/or process for addressing challenges or disputes presented by companies or other stakeholders?

Suppliers are free to dispute the results of the scorecards directly with us.

For this purpose there is a formal dispute process in place including a clear escalation process starting from the analyst in charge, going through the research director and ultimately reaching the executive committee and the scientific committee.

Only 3% of suppliers engage in the dispute process and only 25% of these cases (i.e. <1%) cases need to be escalated to the research director. The scientific committee has never (been solicited).

4.2 Accessibility

4.2.1 Describe how you disclose and explain your results to rated companies. Do you share the full details of the assessment or results? If no, explain why not.

We share the scorecards with the suppliers and clients only.

Premium suppliers have access to the entire scorecard including detailed score, and benchmark reports while non-premium suppliers receive only a simplified version of their scorecard, excluding benchmark information. There is full traceability on our analysis for suppliers and clients on a requested or as (needed basis).

4.2.2 Describe how and to what extent stakeholders (other than rated companies) can access the details and results of your rating.

The scorecards are confidential and as such we do not share them with external stakeholders. Suppliers can share the results of their scorecards with anyone for communication or improvement plan purpose.