



ecovadis

## Don't Just Tick the Box

Transform Procurement Through  
Sustainability

Di Harn Yeh, Account Executive

# EcoVadis – 12 Years in Supply Chain Sustainability



*Rated #1 by the SPLC Committee on Supplier Ratings (COSR)*



*Awarded highest score and largest coverage among all sustainability rating providers*



*Featured for four consecutive years in the Spend Matters Almanac*



*Procurement Leaders Awards – finalist for Best New Procurement Technology*

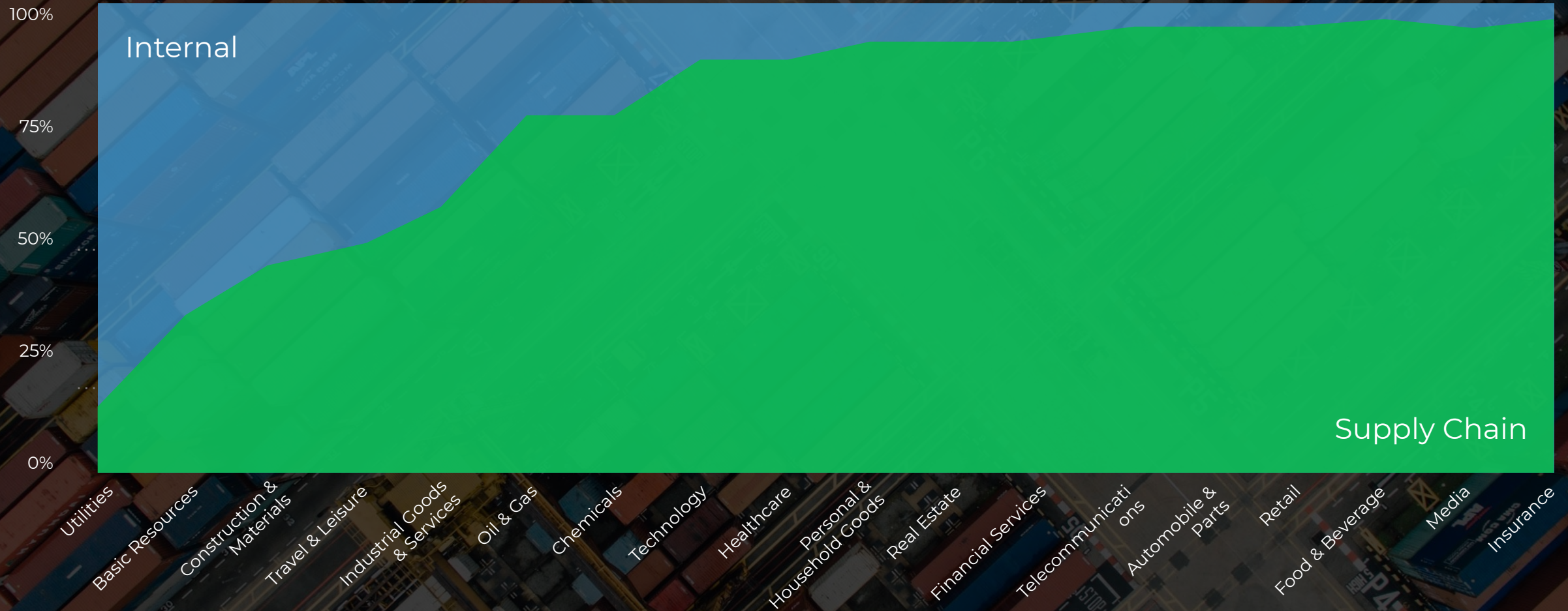
# Poll Question

**How would you rate the maturity of your Sustainable Procurement program?**

- Have not started yet
- Have started recently monitoring supplier sustainability performance
- Have increased coverage and assessed significant portion of tier 1 suppliers
- Drive performance with existing suppliers and/or have gone beyond tier 1

# SUPPLY CHAIN IS THE BIGGEST LEVER

## ENVIRONMENTAL IMPACTS :



## Supply Chain Sustainability Trends



### Codes & Compliance

- Codes of Conduct
- **Audits**
- Self assessed questionnaire



### Beyond Monitoring

- **Ratings**
- Industry Collaboration
- Supplier Capability-Building



### Supply Chain Transformation

- AI/Big Data transparency
- Circular Economy
- **Finance Incentives**

2000

2010

2020

## Procurement Trends

### Procurement

- Procurement is Tactical
- Focus on Cost Saving
- B2B Marketplaces, e-Auctions

### Strategic Supply Management

- The Rise of the CPO
- Supply Chain as Driver of Strategic Business Value
- Supplier Relationship Management.

### Digital Supply Chain

- IoT, AI, Virtual Reality, 3D Printing, Blockchain
- Digital Networks
- Supply Volatility

# WHY SUSTAINABLE PROCUREMENT?



## Manage Risks

**23%** of supply chain incidents related to CSR; avg impact to market cap of **2.7%** (HBR & BCI)

- Brand protection
- Supply chain disruptions
- Fines & litigations



## Reduce Costs

**9-16%**  
(World Economic Forum)

- Reduced administration
- Vendor rationalization
- Total Cost of Ownership

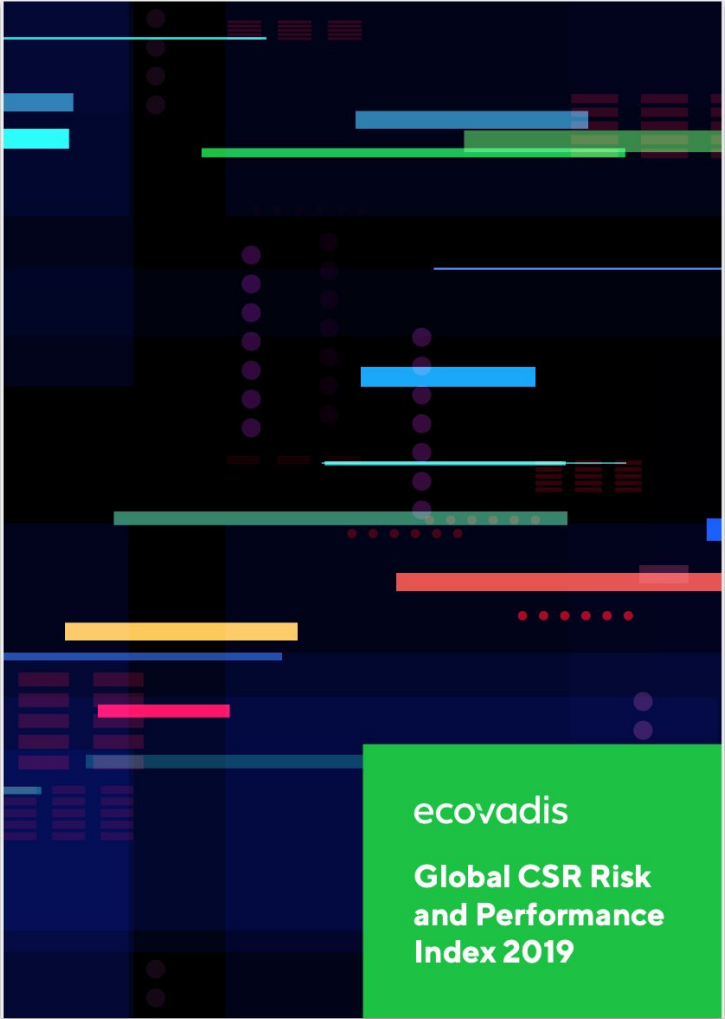


## Increase Revenue

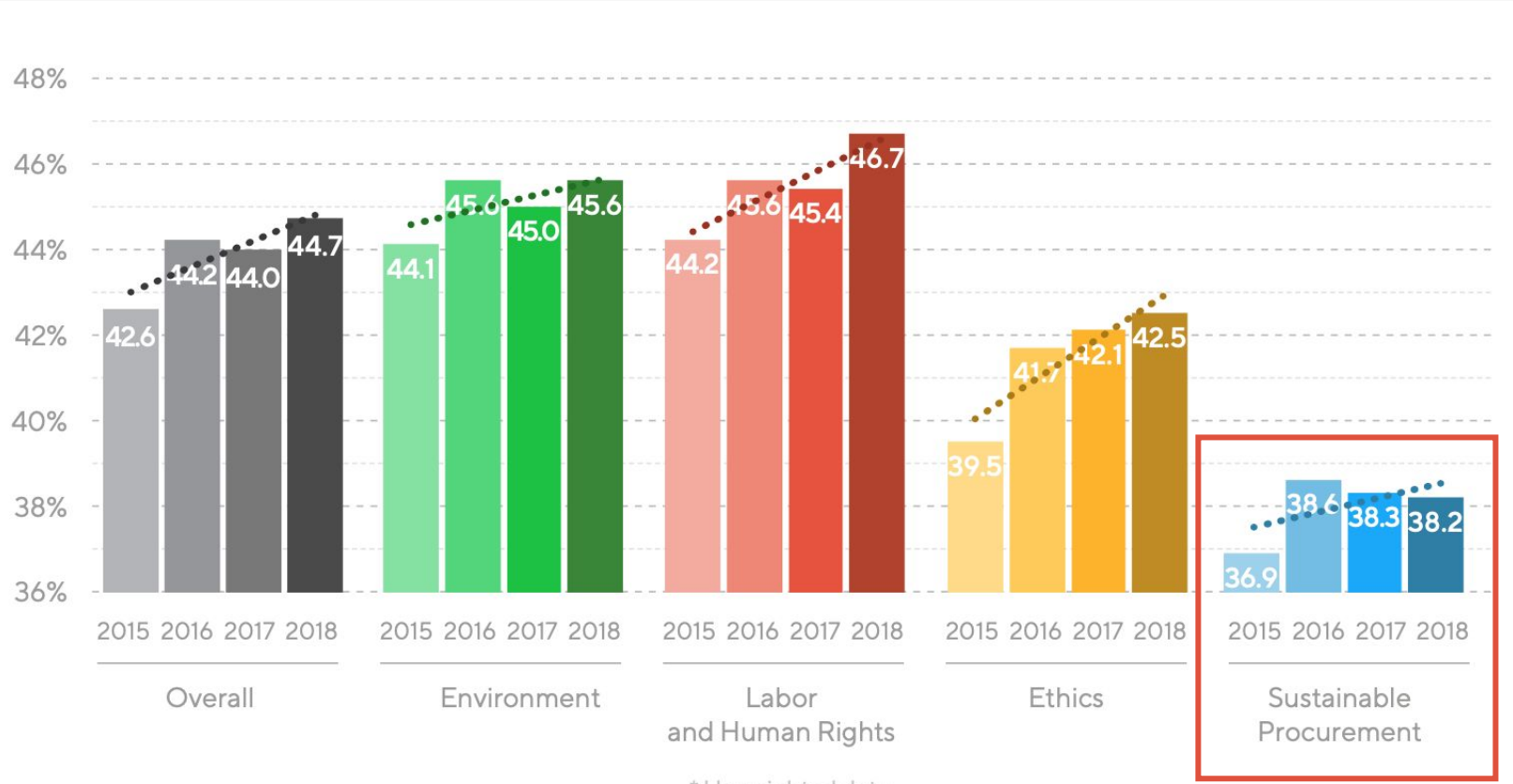
**5-20%**  
(World Economic Forum)

- Product/Service differentiation
- Identify & drive supplier innovations
- Attract and retain key talent
- Easier access to investors

# How can we accelerate improvements of Sustainable Procurement Practices?



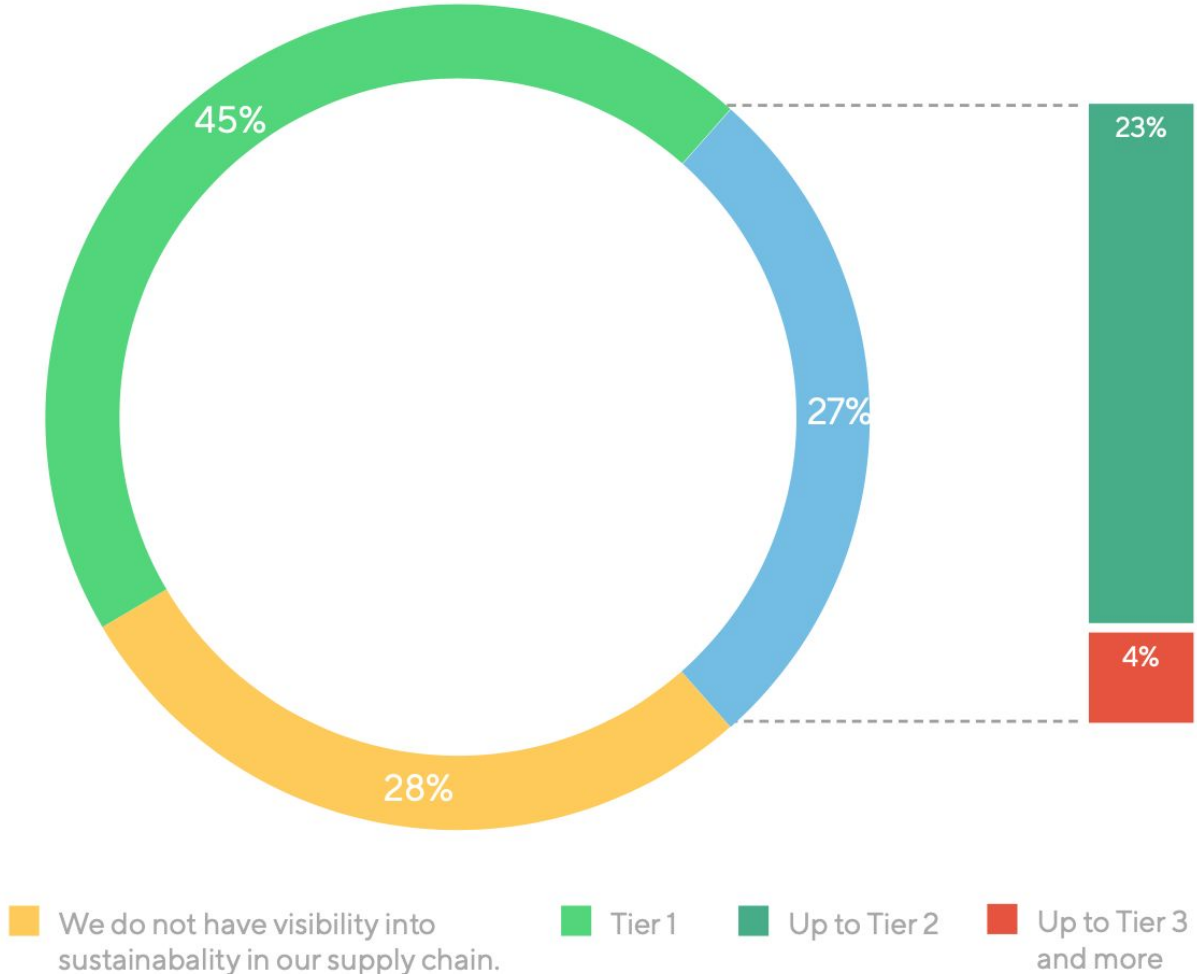
Sustainability Performance: Assessment Themes\*



Source: EcoVadis Global CSR Risk and Performance Index 2019

# Depth of Visibility Into Supply Chain Sustainability

What depth of visibility do you have into your supply chain with regard to sustainability?



Source: EcoVadis Sustainable Procurement Barometer, 2019



# Your Challenges... and Opportunities



Pressure to keep up with all trends,

## **RESPOND FASTER**

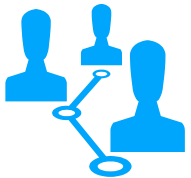
and stay alerted and responsible



Scaling to thousands of companies while

## **CONTROLLING COSTS**

of your program



Audits/compliance alone are unable to

## **DRIVE IMPROVEMENTS**

and lasting change in companies practices



Getting 100's of users to

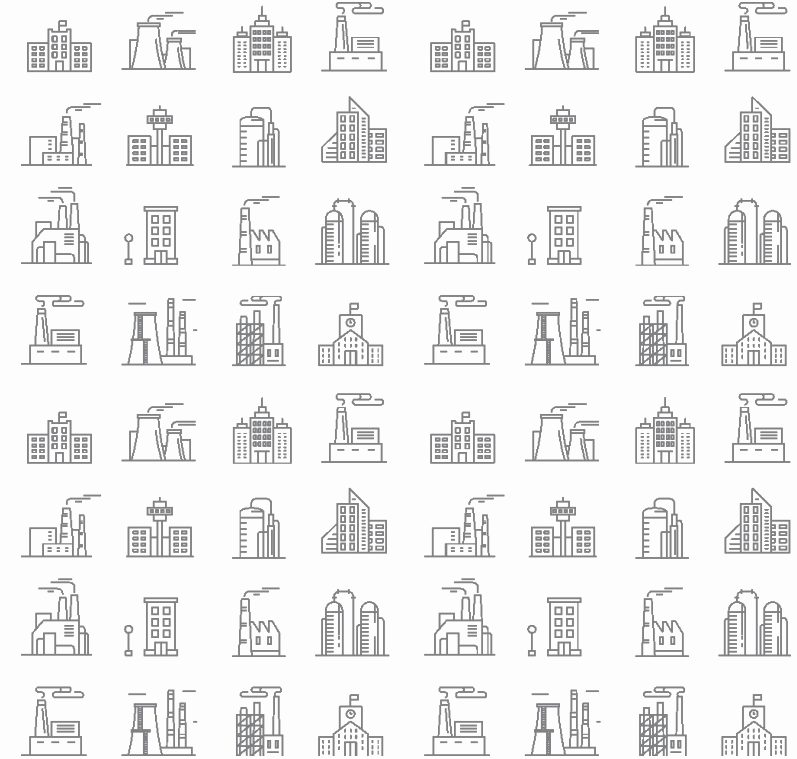
## **ADOPT & INTEGRATE**

CSR risk factors into decisions & processes

# The Global CSR Ratings Platform for Procurement Professionals

350+ MNCs / Brands

55,000+ Assessed Companies



12,000 buyers • ~1.5Tn\$ spend

70% SMEs • 198 industries • 155 countries

# A Robust Methodology: tailored to Category, Country and Size

ENVIRONMENT	LABOR & HUMAN RIGHTS	ETHICS	SUSTAINABLE PROCUREMENT
Policies - Actions - Results			
<ul style="list-style-type: none"> <li>• Energy Consumption &amp; GHGs</li> <li>• Water</li> <li>• Biodiversity</li> <li>• Local &amp; Accidental Pollution</li> <li>• Materials, Chemicals, &amp; Waste</li> <li>• Product Use</li> <li>• Product End-of-Life</li> <li>• Customer Health &amp; Safety</li> <li>• Environmental Services &amp; Advocacy</li> </ul>	<ul style="list-style-type: none"> <li>• Employee Health &amp; Safety</li> <li>• Working Conditions</li> <li>• Social Dialogue</li> <li>• Career Management &amp; Training</li> <li>• Child Labor, Forced Labor &amp; Human Trafficking</li> <li>• Diversity, Discrimination &amp; Harassment</li> <li>• External Stakeholder Human Rights</li> </ul>	<ul style="list-style-type: none"> <li>• Corruption</li> <li>• Anticompetitive Practices</li> <li>• Responsible Information Management</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier Environmental Practices</li> <li>• Supplier Social Practices</li> </ul>



# 360° Monitoring (Select Examples from 100,000+ Sources)

## ADMINISTRATION

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

## CSR NETWORK

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

## INTERNATIONAL ORGANIZATION

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

## NGOs

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

## TRADE UNIONS

Major Trade Unions in: Algeria, Latin America, Argentina, Australia, Belgium, Canada, Ecuador, France, Germany, India, Ireland, Italy, Japan, Mexico, Peru, Portugal, Scotland, Spain, Switzerland, United Kingdom, United States, etc.



## COMPLIANCE DATABASE

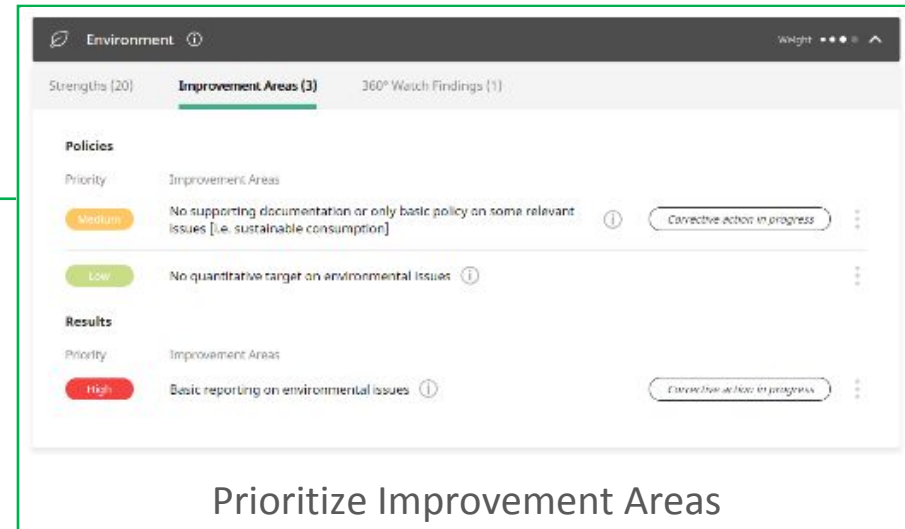
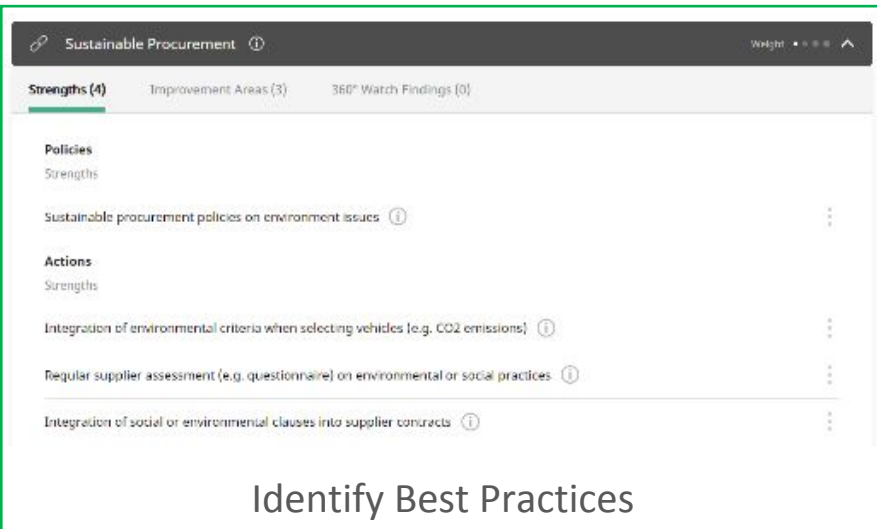
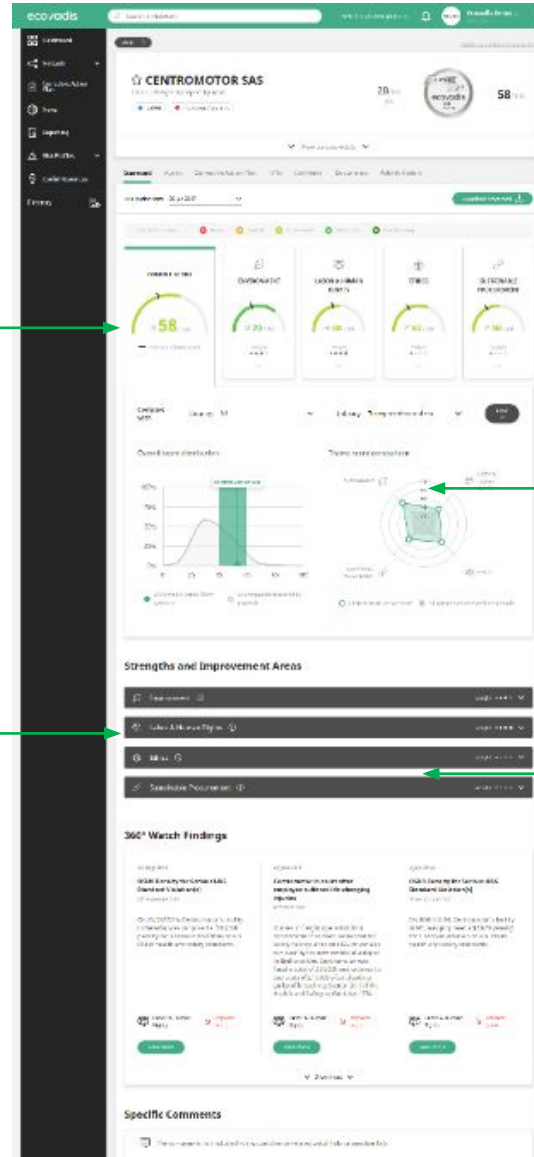
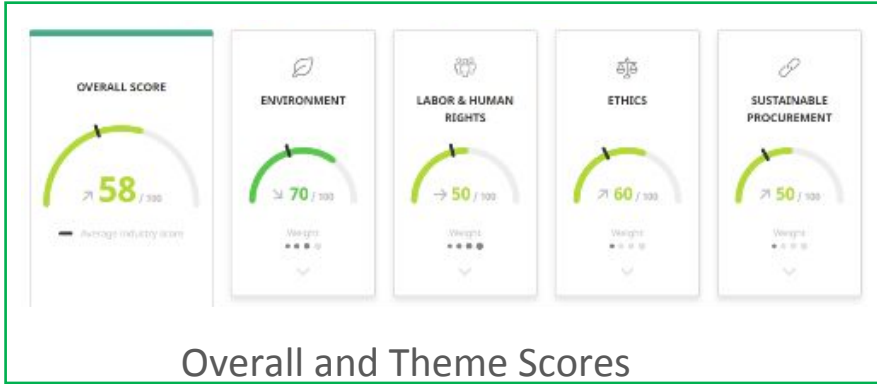
Systematic screening of suppliers against compliance database (PEPs, sanctions, etc.)

## SPECIALIZED PRESS

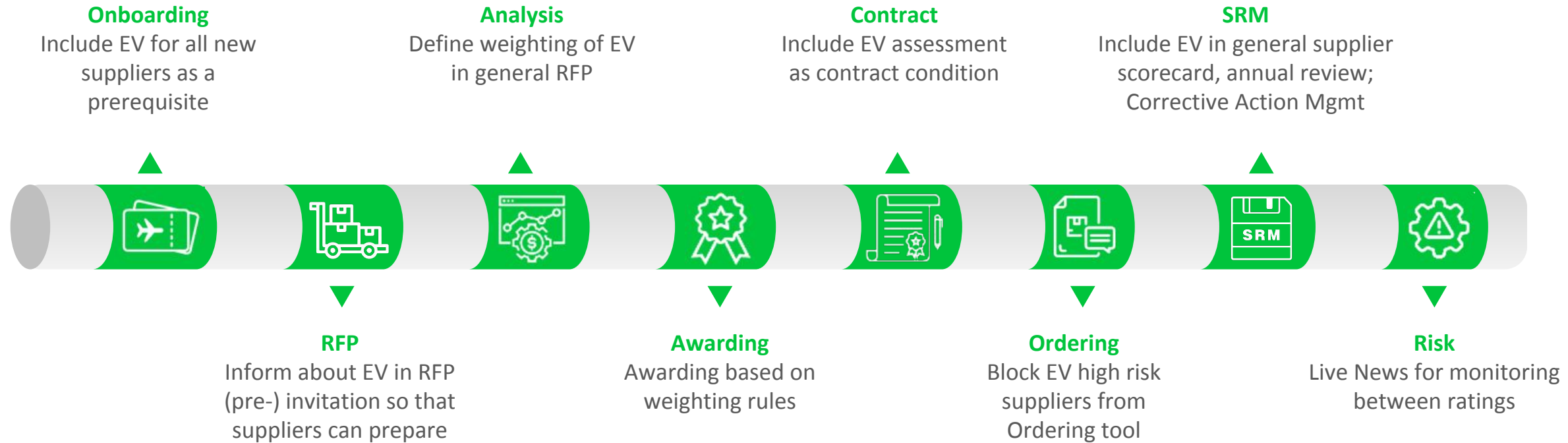
- China CSR Map (China)
- Novethic (France)
- Corpwatch (International)
- OneWorld network (International)
- Illegal Logging (UK)
- Lawyers & Settlements (USA)



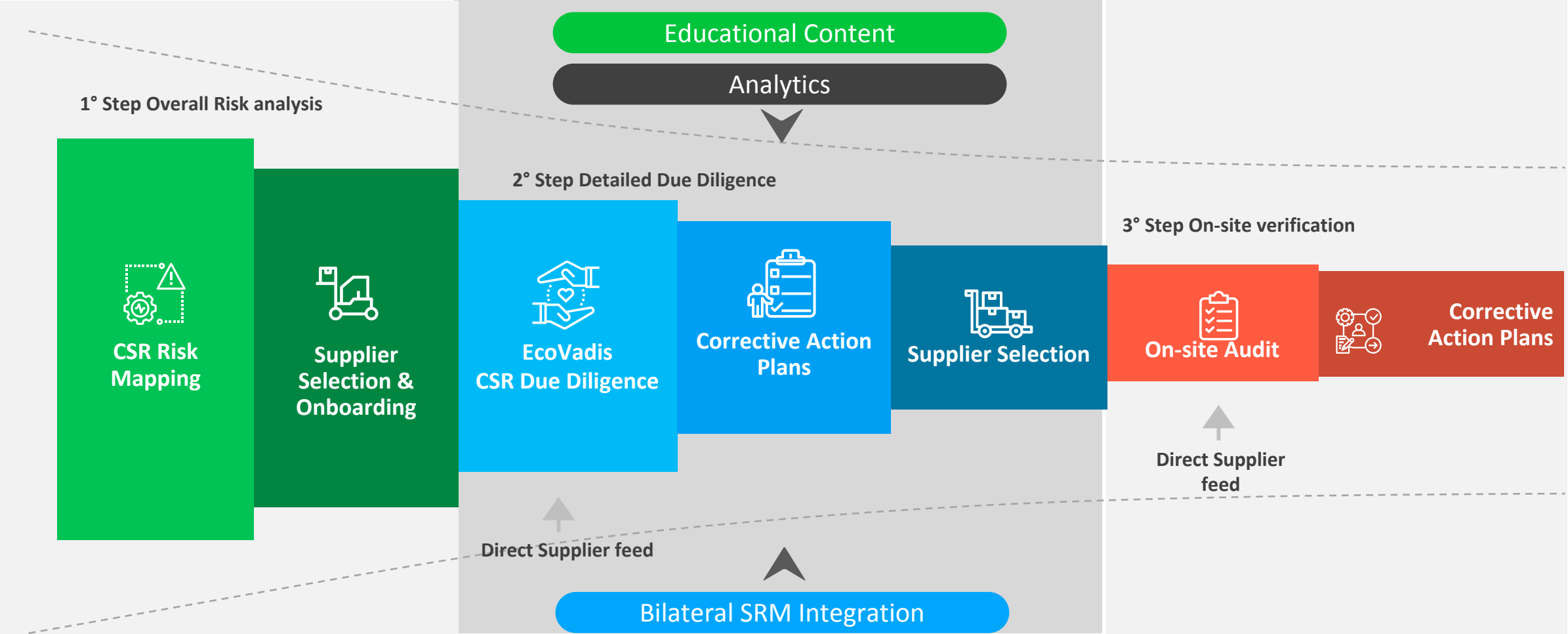
# Actionable Scorecards



# Integrating EcoVadis Rating in the Procurement Process



# End-To-End Integrated Approach - A smarter way to deploy



~ 50 000 suppliers



~ 5 000 suppliers



~ 500 suppliers



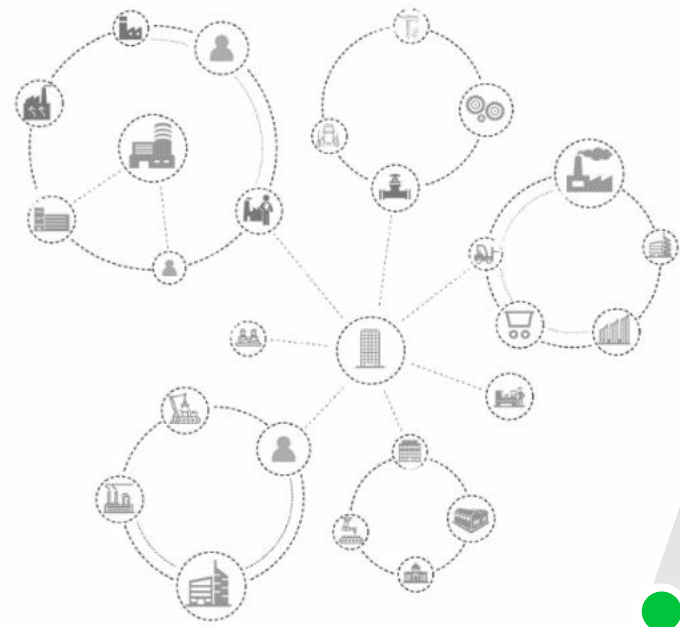
~ 50 suppliers

# Industry-Wide Supplier Assessment Collaboration



## Chemical Sector collaborative initiative

- Pre-competitive collaboration
- **23 current** members (6 founding members)
- **12,000** shared supplier portfolio
- **70%** suppliers improve upon reassessment



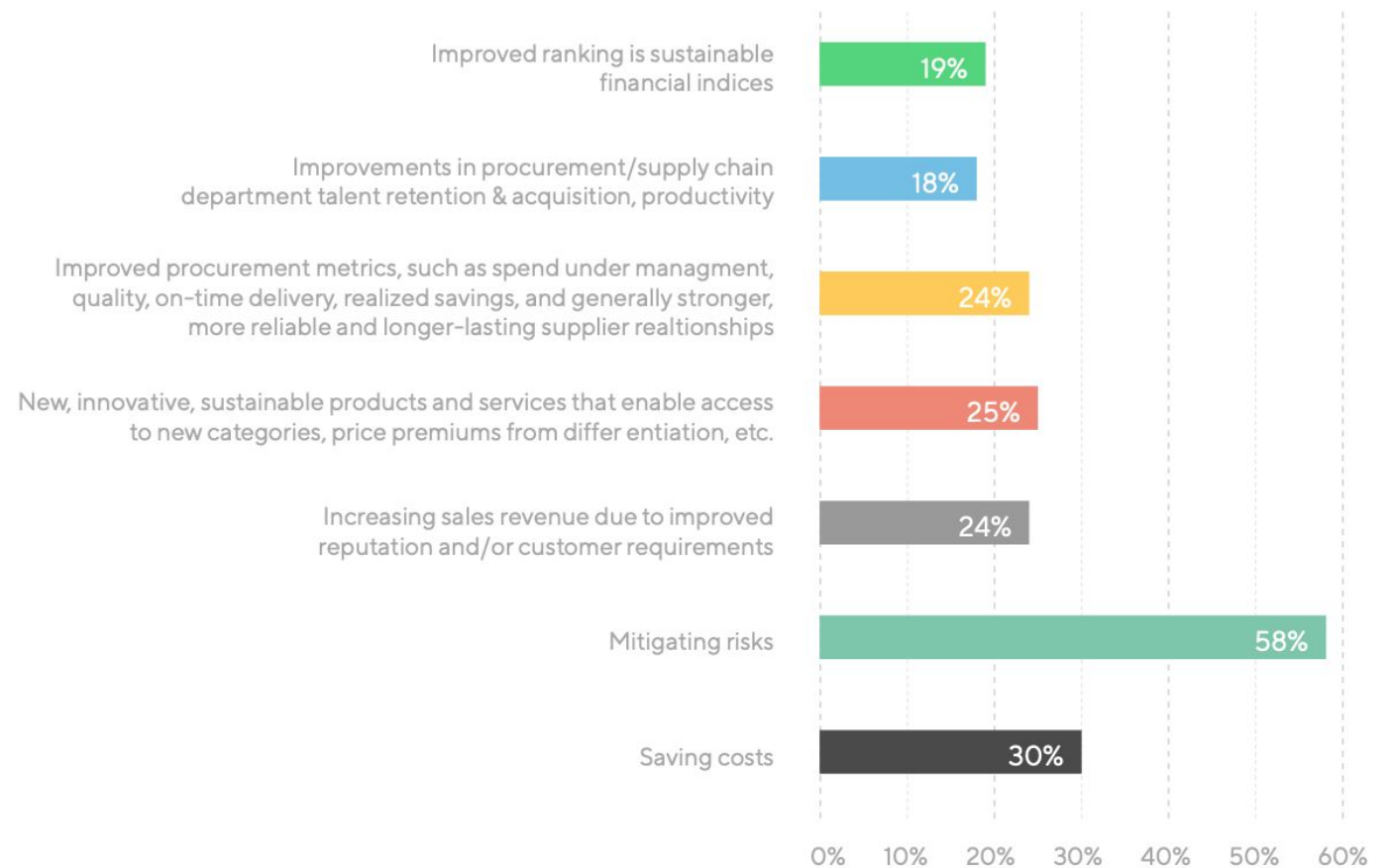


*“When a supplier demonstrates their commitment to CSR, they are demonstrating **their ability to look forward.**”*

Top 5 Beverages Company

## New and enhanced benefits

How has your organization benefited from your sustainable procurement program? Select any areas that you strongly believe you are benefiting from, even if you are not specifically measuring it.



Source: EcoVadis Sustainable Procurement Barometer, 2019

*“It’s important for procurement professionals to remain current, and show they are both relevant and responsible. It’s about staying on top of your game at a time when the game is changing at pace.”*

- Malcolm Harrison, CIPS Group CEO

*“Don’t see sustainability as just a nice to have, it is the biggest business opportunity ever in our time.”*

- Anirban Ghosh, Mahindra & Mahindra CSO



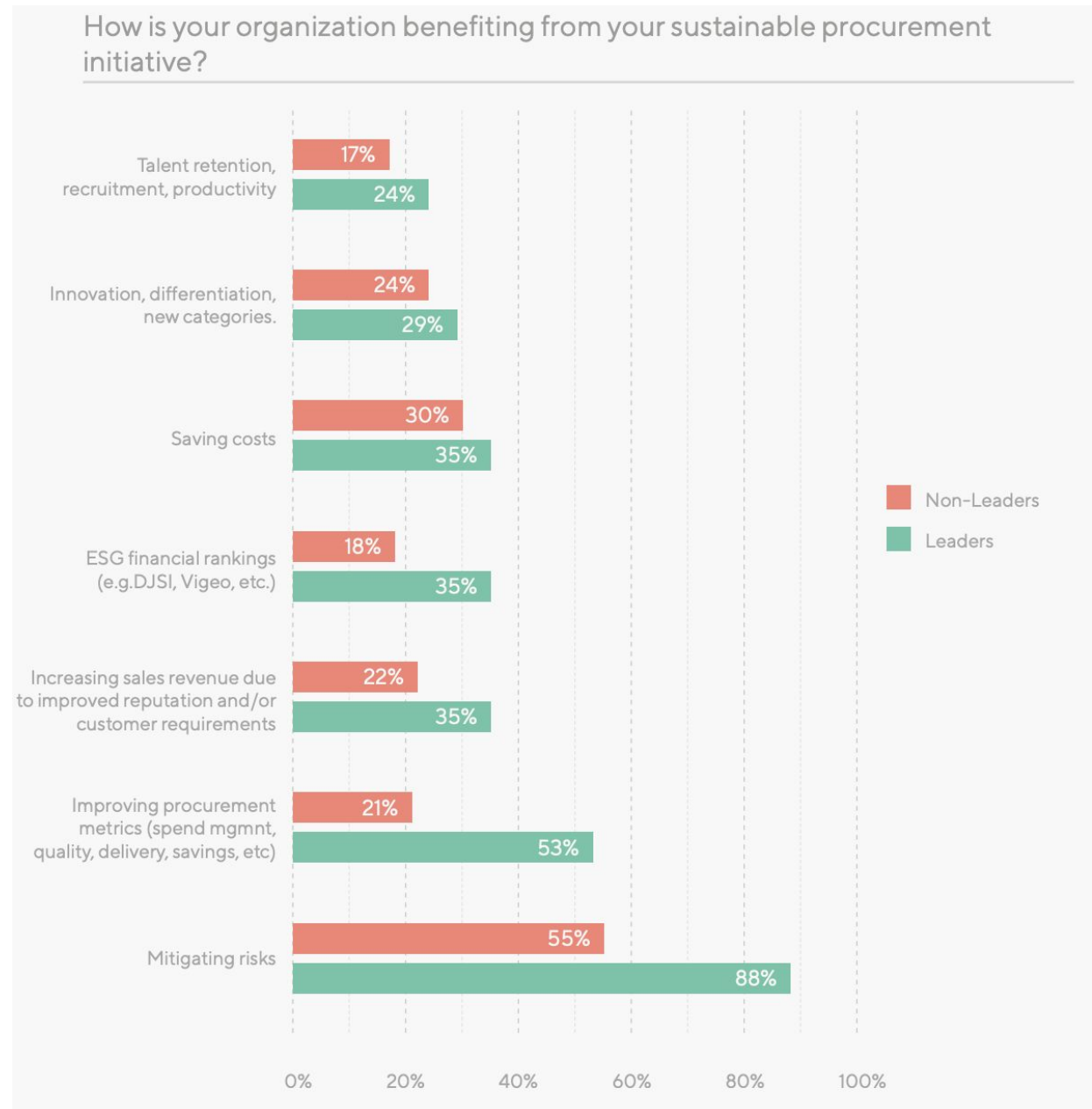
# Questions?

Di Harn Yeh

[dhyeh@ecovadis.com](mailto:dhyeh@ecovadis.com)

## Sustainable Procurement Leaders:

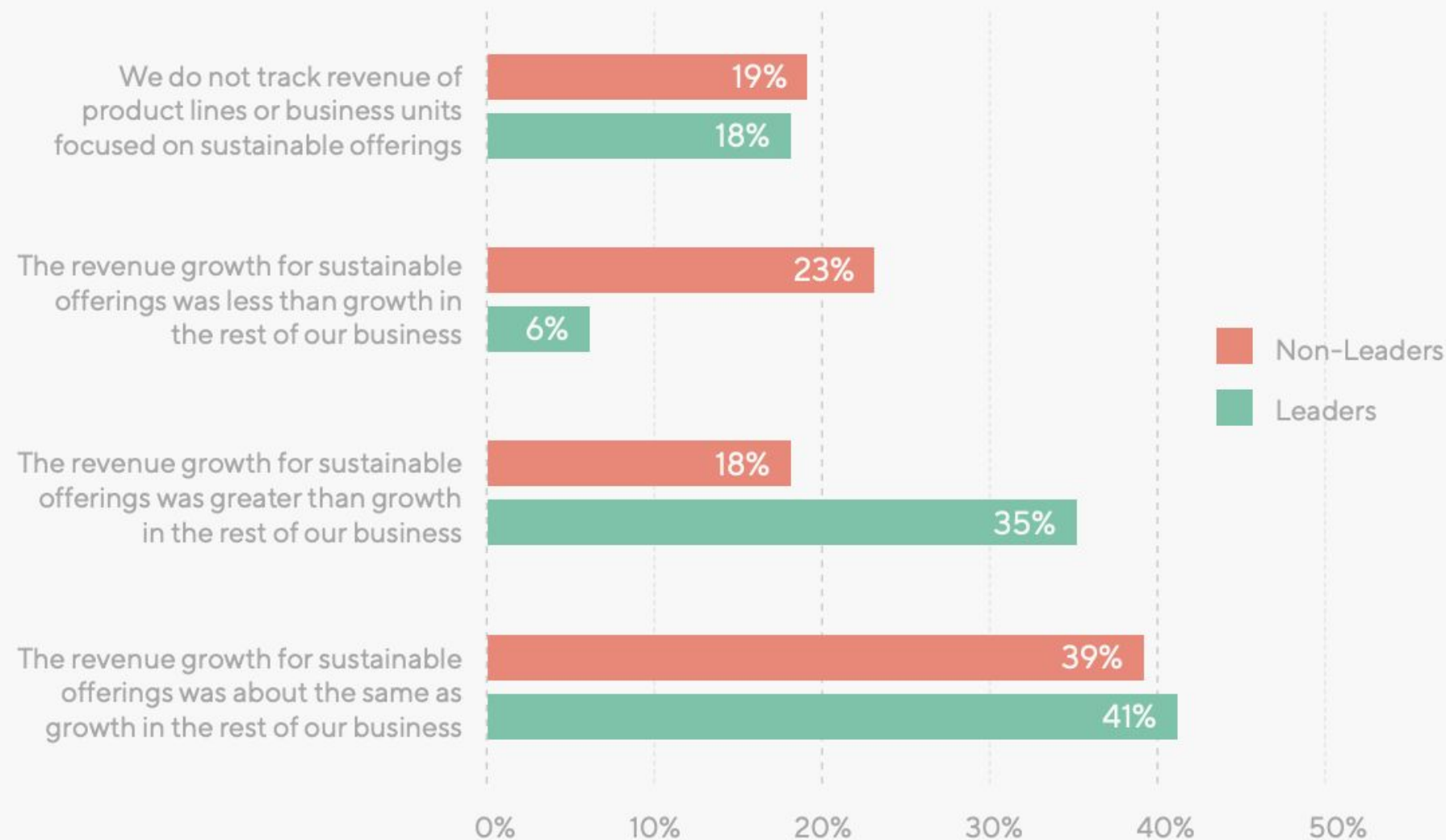
- Supplier performance guides future strategy of company;
- Sustainability measures are integrated into balanced scorecard approach;
- Minimum of 25 percent program coverage on high-risk and strategic suppliers;
- Minimum Tier-1 level of supply chain visibility concerning sustainability



Source: EcoVadis Sustainable Procurement Barometer, 2019



## How are you tracking revenue from sustainable offerings?



## Company Facts

€ 4.3 Bln

Revenue

€ 2 Bln

Total spend

14,000

Employees

6

Countries of operation

## Objectives

- Screen **80% of supplier spend** using responsible sourcing criteria
- Meet **growing stakeholder expectations** and address sustainability requirements before the Modern Slavery Legislation is adopted in Australia

## Approach and Best Practices

- **Integrate** EcoVadis assessments into the balanced scorecard used in the Supplier Relationship Management (SRM) program
- Develop a rigorous internal communication and engagement plan in order to gain support
- **Incorporate** sustainability requirements into contracts and tenders

## Results

- **Creating opportunities** at the supplier level - Dynapack Asia in Indonesia from a low score to a silver medal (improved working conditions)
- **Minimizing risks** via monitoring and protecting CAA brand

## Sustainability Facts

91%

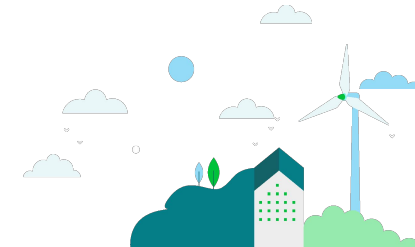
Response rate to first assessment campaign

76%

Total spend assessed by EcoVadis by end of 2018

53.9

Average score among suppliers



*In starting off this process we developed our responsible sourcing guidelines based on how we wanted to behave as a company. The next step was to find a partner to measure those guidelines, and that's how we found EcoVadis.*

[Watch webcast](#)

# Case Study - Insurance Industry



## Company Facts

€ 102 Bln  
Revenue

€ 50 Bln  
Total spend

171,000  
Employees

5,000  
Suppliers

## Objectives

- Monitor the supply chain by **assessing 90% of all major suppliers**
- Comply with the UK Modern Slavery Act
- Protect **brand reputation**

## Approach and Best Practices

- **Define weight of CSR criteria (up to 15%)** in supplier overall capability assessment
- Integrate the EcoVadis assessment into **RFPs and contracts** and take action with high-risk suppliers
- Define CSR champions with global guidance and local deployment

## Results

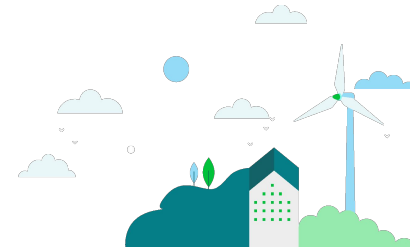
- Understanding the CSR-related risks with suppliers and helping them **improve and mitigate risks**
- Expanding the implementation of AXA's Modern Slavery Statement

## Sustainability Facts

**70%**  
of reassessed suppliers have improved their score by 7 points on average

**50%**  
of major suppliers in IT and General Expenses have been assessed

**50**  
Average score among suppliers



*The benefit of working with EcoVadis is their expertise and their support to train our procurement colleagues. They've helped us to redefine our processes, to understand the risks and to proactively address them.*

[Watch webinar](#)