



ecovadis

**Commitment vs. Practice:
A Comparison of CSR Performance
of the UN Global Compact
Signatories and Non-Signatories**

March 2019

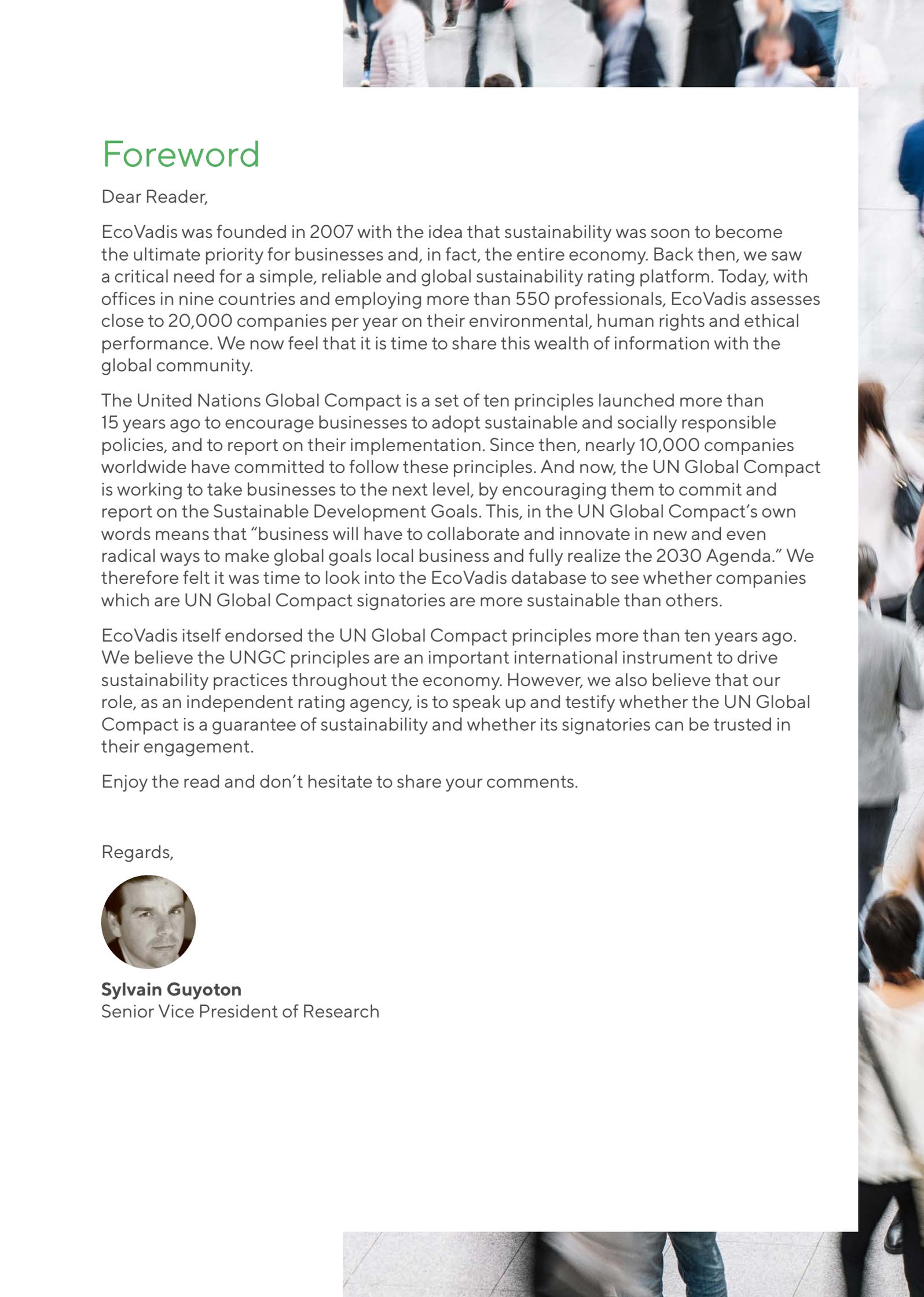




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Foreword

Dear Reader,

EcoVadis was founded in 2007 with the idea that sustainability was soon to become the ultimate priority for businesses and, in fact, the entire economy. Back then, we saw a critical need for a simple, reliable and global sustainability rating platform. Today, with offices in nine countries and employing more than 550 professionals, EcoVadis assesses close to 20,000 companies per year on their environmental, human rights and ethical performance. We now feel that it is time to share this wealth of information with the global community.

The United Nations Global Compact is a set of ten principles launched more than 15 years ago to encourage businesses to adopt sustainable and socially responsible policies, and to report on their implementation. Since then, nearly 10,000 companies worldwide have committed to follow these principles. And now, the UN Global Compact is working to take businesses to the next level, by encouraging them to commit and report on the Sustainable Development Goals. This, in the UN Global Compact's own words means that "business will have to collaborate and innovate in new and even radical ways to make global goals local business and fully realize the 2030 Agenda." We therefore felt it was time to look into the EcoVadis database to see whether companies which are UN Global Compact signatories are more sustainable than others.

EcoVadis itself endorsed the UN Global Compact principles more than ten years ago. We believe the UNGC principles are an important international instrument to drive sustainability practices throughout the economy. However, we also believe that our role, as an independent rating agency, is to speak up and testify whether the UN Global Compact is a guarantee of sustainability and whether its signatories can be trusted in their engagement.

Enjoy the read and don't hesitate to share your comments.

Regards,



Sylvain Guyoton
Senior Vice President of Research



Executive Summary

Following the adoption of the 2030 Agenda for Sustainable Development by all United Nations members states in September 2015 and its 17 Sustainable Development Goals (SDGs), businesses worldwide are becoming increasingly active in pursuing responsible business practices. This shift is amplified by growing reputational and operational risks linked to environmental, social and ethical performance of companies. In addition, we have seen an emergence of mandatory social and environmental reporting requirements driven by regulatory bodies, stock exchanges, market forces and governments.

In this context, the UN Global Compact has established itself as the most prominent and comprehensive corporate sustainability initiative in the world. It aims to support businesses as they accelerate their sustainability performance and take action on the SDGs.

This report explores the link between the adoption of the Ten Principles of the UN Global Compact and advanced sustainability performance. It offers encouraging evidence that companies that have adopted the UN Global Compact Principles are stepping up to the challenge and adopting management systems that help them mitigate Corporate Social Responsibility (CSR) risks within their operations and extending into their supply chains.¹

Sustainable Development Goals

The Sustainable Development Goals follow the effort started by the Millennium Development Goals (MDGs) with a contemporary and ambitious agenda to transform the world by 2030. With 17 goals and 169 targets, the UN strives to tackle wide-reaching global issues, such as abolishing hunger and poverty, reducing inequalities, and making cities more sustainable.

Companies, large and small, can contribute to achieving the SDGs primarily by doing business responsibly. The UN Global Compact, along with its Ten Principles, aims to be a guide for businesses to act responsibly. Furthermore, companies should strive to find opportunities to contribute towards sustainability in their own spheres of influence. The UN Global Compact, supported by its large corporate community and its more than 70 Local Networks, is well positioned to support companies to pursue best practices and innovative change that advance the SDGs.

“ *Achieving the SDGs requires the partnership of governments, private sector, civil society and citizens alike.*²

At EcoVadis, we strive to contribute to adoption of the SDGs, both as a partner and as a service provider by raising awareness among our business partners and integrating the SDGs into our rating methodology.

¹ <https://www.unglobalcompact.org/what-is-gc>

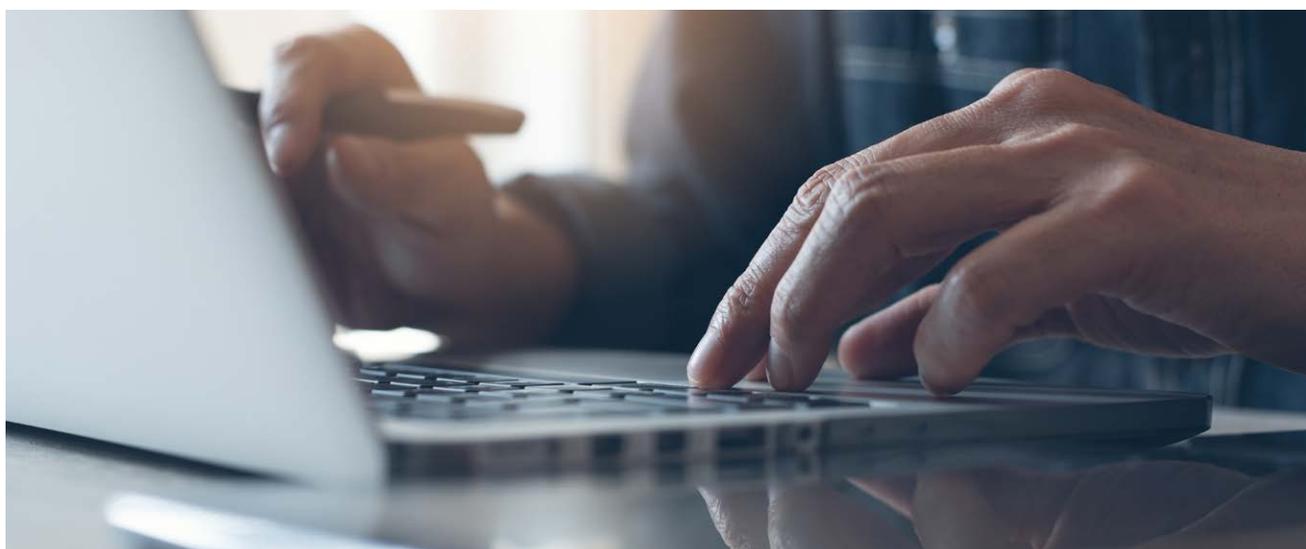
² United Nations Development Program. <http://www.undp.org/content/undp/en/home/sustainable-development-goals.html>

Key Findings:

- ✓ Companies committed to the UN Global Compact principles have on average better sustainability performance: The findings demonstrate a clear correlation between advanced CSR performance and the UN Global Compact participation. That said, participation in the UN Global Compact does not lead to advanced CSR performance in and of itself;
- ✓ Among the UN Global Compact participants, small and medium-sized companies demonstrate better performance compared to large ones. This may be due to the fact that small- and medium-sized companies can act faster when addressing CSR issues;
- ✓ Companies perform significantly better on the Labor & Human Rights and Environment compared with the Ethics and Sustainable Procurement themes;
- ✓ Sustainable Procurement and Environment themes have the greatest gaps between the UN Global Compact participants and non-participants. This gap may be linked to the need for explicit executive level commitment to make investment in environmental and sustainable procurement programs. Such commitment is a clear and deliberate part in the UN Global Compact participation, and thus explains the higher performance of the UN Global Compact participants.

“ 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

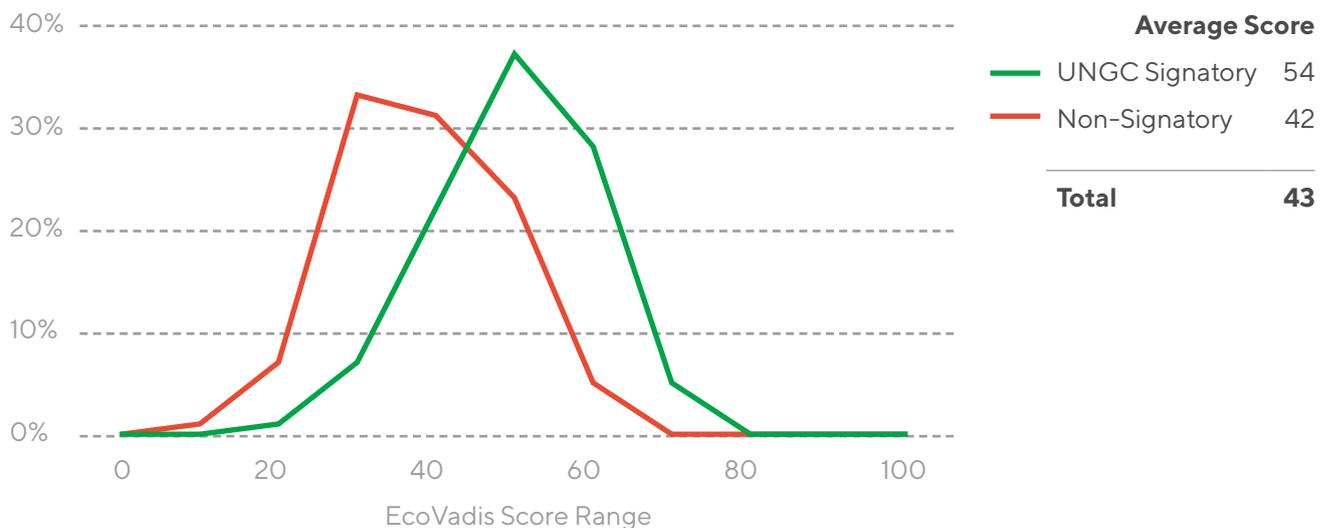


Global Overview

The key finding of the analysis of approximately 30,000 companies in the EcoVadis database reveals that companies which publicly endorse the Ten Principles of the UN Global Compact have more advanced CSR management systems compared to companies which do not participate in the UN Global Compact. In other words, our analysis confirms a correlation between the UN Global Compact endorsement and higher EcoVadis scores. Specifically, UN Global Compact participants score, on average, 12 points higher compared to non-participants. As illustrated in the graph below, the score distribution of UN Global Compact participants is visibly shifted to the right, with a Peak Score of 50, compared to 30 for non-participants.

However, endorsing the UN Global Compact does not guarantee a comprehensive CSR management system. Of all UN Global Compact participants in the EcoVadis database, 13 percent score below global average of 43. This shows that UN Global Compact endorsement leads to a better CSR performance overall, but the results are not systematic. The commitment to the Ten Principles of the UN Global Compact is an important step for companies, but in order to have a positive impact on CSR performance, it needs to be consistently followed by concrete actions and reporting of results.

EcoVadis Overall Score Distribution



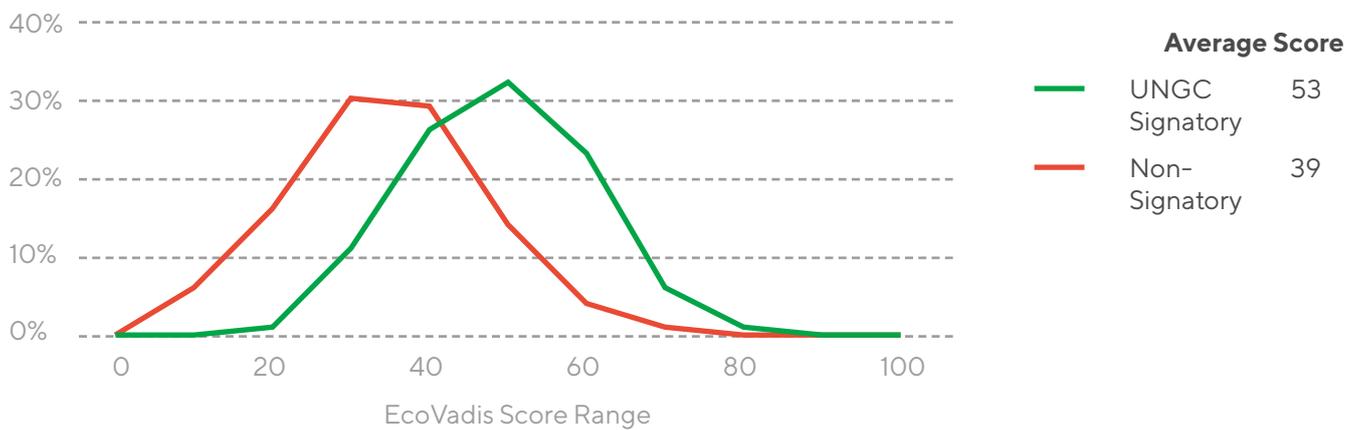
Performance Comparison by Company Size

In most cases, small and medium-size companies (26-999 employees) perform better than large ones (over 1,000 employees), achieving overall EcoVadis scores of 42.4 and 39.6 respectively. For those participating in the UN Global Compact, the Average Scores illustrate a more advanced performance, with an Average Score of 53 for large companies, and Average Score of 56 for their small- and medium-sized counterparts. This suggests companies participating in the UN Global Compact have a more advanced management system than non-participants.

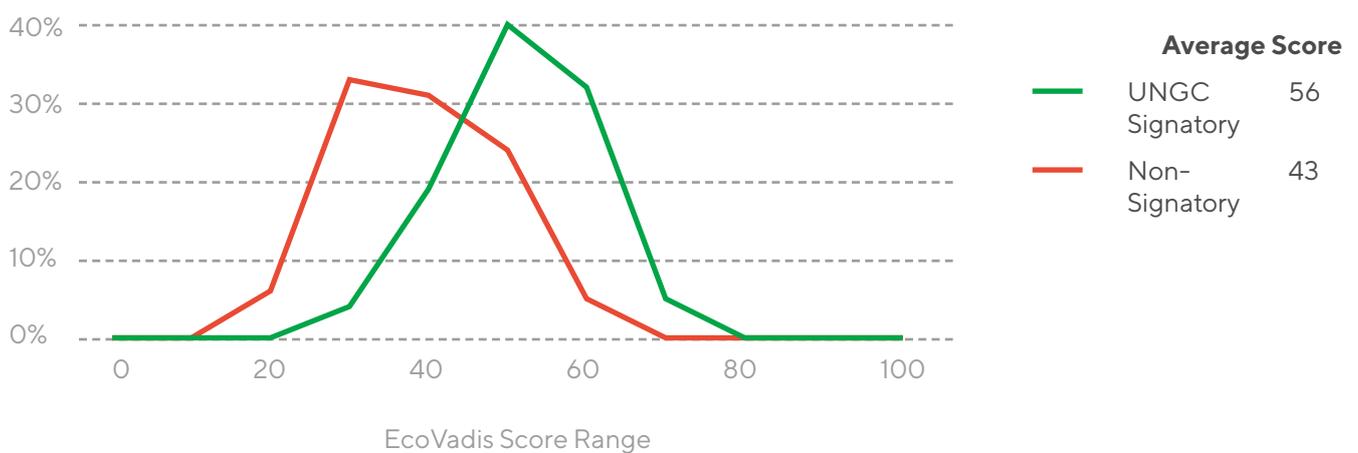
The overall gap in performance by size is linked to the risk that large companies are exposed to, and the complexity of implementing an advanced management systems across large multinational organizations. Conversely, for small- and medium-sized companies, with smaller scopes of operations and slightly lower inherent operational risks, implementing a

more advanced management systems is relatively less challenging. This also explains the difference in performance by size between UN Global Compact participants and non-participants, which is slightly greater among large companies than small and medium-sized companies.

Large Companies' Performance



Small and Medium-Sized Companies' Performance



Performance Comparison by Theme

Theme	Average Score: UNGC Signatory	Average Score: Non-Signatory	Difference	Overall Average
Environment	56.6	42.8	13.8	44
Labor and Human Rights	55.1	43.7	11.4	44.7
Ethics	51.8	40.4	11.4	41.4
Sustainable Procurement	50	36.7	13.4	37.9

“ In 2010 Belron joined 12,000 other organisations in aligning its definition of an ethical, responsible and sustainable business with that of the United Nations Global Compact. This provides a high level set of guiding principles which Belron uses as a basis for the written code of ethics developed by each of its businesses. This ensures that all Belron people have a clear set of behavioural guidelines while providing an ethical framework for the business as a whole.

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.

By ensuring Belron’s policies, implementation actions, and reporting follow the UNGC principles, it brings the caring element of Belron’s purpose - ‘Making a difference by solving people’s problems with real care’ - to life and integrates it into the business in a credible and concrete way.

Justin Bazalgette, Head of CSR Measurement & Environmental Efficiency, Belron, vehicle glass repair group



Labor and Human Rights

Overall, in EcoVadis database companies demonstrate the highest performance under the Labor and Human Rights theme, which also has the strongest impact on scores. One of the main drivers behind this trend is the fact that issues considered by this theme often carry greater risk worldwide and as a result are significantly regulated and enforced against than other CSR issues. Companies must respond to various global norms and regulations regarding labor and human rights within their management systems and this is reflected positively in their performance under this theme. These results are consistent with findings from the UN Global Compact Progress Report 2018, which shows a strong commitment of UN Global Compact participants with over 90 percent of companies having policies or actions on labor and human rights topics.³

Within this theme, large companies achieved significantly lower EcoVadis scores compared with small and medium-sized companies. This gap in performance is linked to the complexities of managing a larger and more geographically diverse workforce, which presents large companies with greater operational risks. On the other hand, small and medium-sized companies often operate on a much smaller scale, which inherently exposes them to less risk and gives them more capacity to mitigate labor and human rights violations.

The UN Global Compact framework encourages companies to move beyond focusing solely on employee health and safety issues, emphasizing employee wellbeing and broader human rights considerations. Overall, UN Global Compact participants had an average EcoVadis score of 55 in the Labor and Human Rights theme, while non-participants' score averaged at 44. This performance gap of 11 points illustrates the significant room for growth for companies not participating in the UN Global Compact. Arguably, the structured approach to corporate responsibility developed by the UN Global Compact is a driver and a facilitator for companies adopting the Ten Principles to advance its management system on these topics.

Furthermore, large companies participating in the UN Global Compact achieved an average EcoVadis score of 53, while their small and medium-sized counterparts achieved a slightly higher average of 57. For non-participants, large companies averaged a score of 40 compared to 44 for small and medium-sized ones. This distribution of Average Scores demonstrates a strong correlation between higher performance in the Labor and Human Rights theme and participation in the UN Global Compact. These findings are consistent with the data reported in the 2018 UN Global Compact Progress Report, in which 72 percent and 62 percent of companies claim that UN Global Compact framework has an impact on how they address human rights and labor issues respectively.⁴

However, there is still work to be done on labor and human rights. Even though most UN Global Compact participants assessed by EcoVadis demonstrate higher performance than their nonparticipant counterparts, 5 percent of all UNGC participants score 30 or lower and 20 percent score below average in this theme. This reinforces the significance of a consistent management system approach with focus on actions and reporting.

³ UN Global Compact Progress Report 2018. p. 17

⁴ Ibid. p. 8



Labor and Human Rights



Company Size	UNGC Signatory		Non-Signatory	
	Large	Small and Medium-Sized	Large	Small and Medium-Sized
Average Score	53	57	40	44
Peak Score	60	60	40	50

Environment

The Environment theme comes second when it comes to performance level among companies assessed by EcoVadis, with both size groups increasing their focus and capacity. Environment is also the only theme, where we see a reversal in performance for large and small- and medium-sized companies: Large companies' scores are equivalent or slightly higher than those for small- and medium-sized ones. In many cases, this is a result of larger companies having more capacity than their small- and medium-sized counterparts to invest in efficiencies and practices that benefit their bottom line and the environment. Small- and medium-sized companies, in comparison, have fewer resources to commit toward developing innovative environmental practices and efficient technologies.

When comparing UN Global Compact participants and nonparticipants, it is evident that participants exceptionally outperform their nonparticipant counterparts. This can be linked to the fact that environmental protection plays a key role within the UN Global Compact framework. As a result, participants tend to exhibit stronger performance within the Environment theme. That said, there is a gap in environmental performance for UN Global Compact participants assessed by EcoVadis, with 6 percent scoring 30 or lower and 19 percent scoring below average in this theme.

The UN Global Compact participants achieved an average EcoVadis score of 57 within the Environment theme, while non-participants scored 43. This represents a gap of 14 points on average, which is the largest performance gap between UN Global Compact



participants and nonparticipants across four themes assessed by EcoVadis. When examining the distribution of scores by size for UN Global Compact participants, large companies on average earn a 57 as compared to small- and medium-sized ones that average a 56. It is noteworthy that while large companies which are UN Global Compact participants perform equivalently or better than their small- and medium-sized counterparts – as noted above – they still maintain a significant performance gap with non-participants. The latter is also consistent with UN Global Compact findings, in which two-thirds of participants report that UN Global Compact framework had an impact on how they address environmental topics.⁵

Environment



Company Size	UNGC Signatory		Non-Signatory	
	Large	Small and Medium-Sized	Large	Small and Medium-Sized
Average Score	53	57	40	44
Peak Score	60	60	40	50

⁵ UN Global Compact Progress Report 2018 p. 8

Ethics

Large companies, both UN Global Compact participants and non-participants, achieve significantly lower scores than small- and medium-sized companies on the Ethics theme. This reflects the greater ethical risks and sanctions that large organizations face. The UN Global Compact Principle 10 states that “businesses should work against corruption in all its forms, including extortion and bribery.” While anti-corruption is only a part of the EcoVadis Ethics theme, along with anticompetitive practices and responsible information management, the focus on anti-corruption given by the UN Global Compact is reflected in higher scores by participants, both for large and small- and medium-sized companies. Nevertheless, the scores achieved by both participants and non-participants in the Ethics theme are considerably low, suggesting that companies still have a long way to improve their anti-corruption and ethics practices. Furthermore, there is a significant number of UN Global Compact participants lagging behind, with 8 percent scoring 30 or lower and 26 percent scoring below. This gap can be linked to the fact that Anti-Corruption, the 10th principle of the UN Global Compact, was adopted four years after the launch of the UN Global Compact framework.

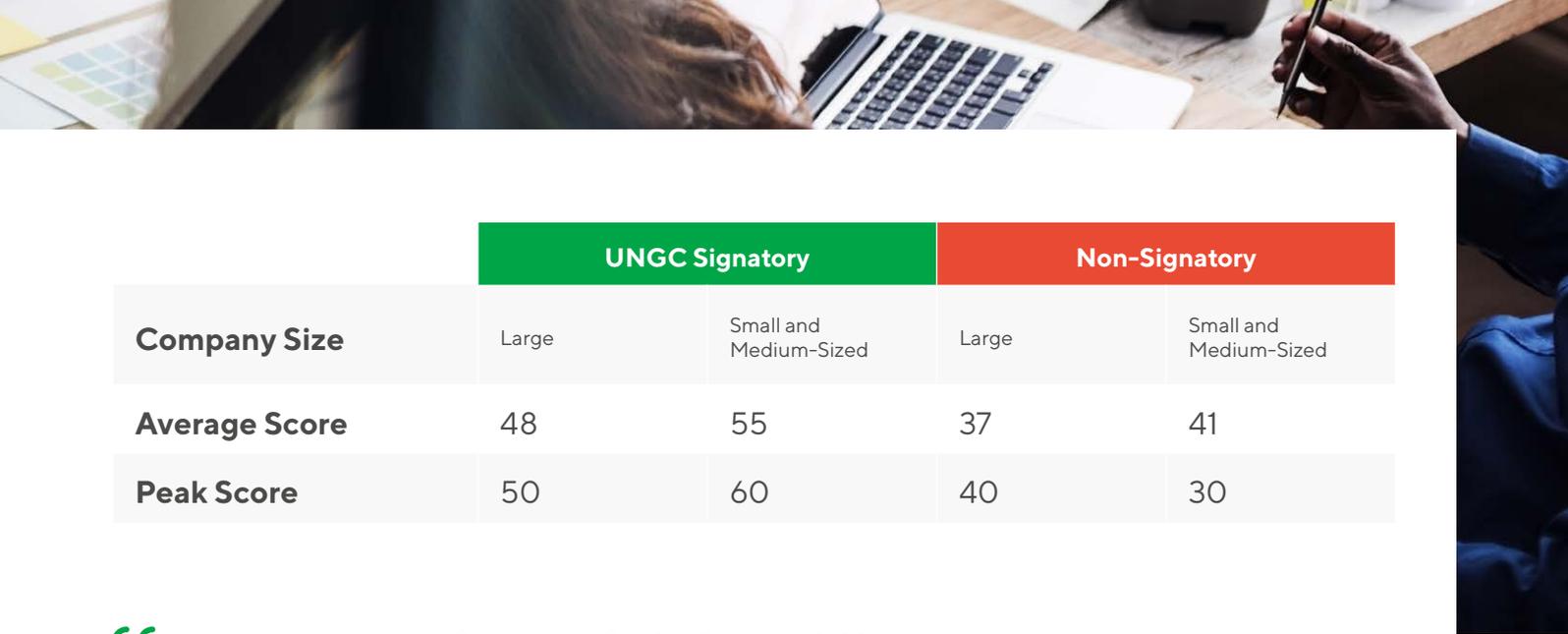
A significant number of companies assessed by EcoVadis have implemented policies and actions related to ethics, such as whistleblowing procedures, into their management system. However, there is still a lack of reporting on these issues. These findings are consistent with UN Global Compact analysis of participants’ progress to date, which illustrates strong growth as 91 percent of companies have policies or actions on anti-corruption.⁶ Furthermore, approximately two-thirds of companies report that UN Global Compact had an impact on their ability to address anti-corruption.⁷

Ethics



⁶ p. 17

⁷ p. 8



	UNGC Signatory		Non-Signatory	
	Large	Small and Medium-Sized	Large	Small and Medium-Sized
Company Size	Large	Small and Medium-Sized	Large	Small and Medium-Sized
Average Score	48	55	37	41
Peak Score	50	60	40	30

“ Verescence places Corporate Social Responsibility at the heart of our approach, our decisions and our actions.

The Ten Principles of the UN Global Compact lay the foundation for our CSR strategy entitled Glass Made to Last, which is based on three pillars: People First, Act for Society and Eco Solutions

People First emphasizes the significance of women and men who drive our success, drawing on the multicultural character of our company in developing diversity at all levels of our group.

Act for Society is Verescence’s response to the protection and development of communities in the areas in which we operate. It also comprises our expectations in matters of business ethics.

Finally, Eco Solution guarantees the preservation of our environment by offering eco-designed products, produced using responsible industrial processes and excellent quality of service.

This is how Verescence strives to limit its environmental footprint and promote the development and well-being of future generations.

Alain Thorré, CSR Director, Verescence, leader in glass bottle manufacturing for the perfumery and cosmetics industry

Sustainable Procurement

The Sustainable Procurement theme examines how companies manage their own suppliers to ensure compliance on environmental and social issues. Today, approximately 38–45 percent of UN Global Compact participants consider the Ten Principles within their supply chain and subcontracting arrangements.⁸ It presents an area of tremendous opportunity for accelerating impact and improving performance for UN Global Compact participants and nonparticipants alike.

Supply chains are often the most vulnerable aspect of a company's operations compared with other themes. There are many inherent risks that exist within supply chains that are amplified due to size, industry and other variables. Several of the most prominent risks include the supply of natural resources, human rights violations, reputational risk, sanctions, cost, along with various others. In fact, for most companies, supply chain accounts for over 80 percent of the greenhouse gas emissions and 90 percent of the impact on air, land, water, biodiversity, and geological resources.⁹

Labor and human rights violations in the supply chain can not only subject companies to regulatory fines, but can negatively impact their brand image and revenue. Lastly, corruption and bribery within the supply chain can also lead to increased regulatory fines, prosecution, and brand devaluation. Some of the major challenges that business faces when trying to address risk within their supply chain are internal capacity, cost, resistance from suppliers, and the complexity of tracking supplier performance¹⁰. It is thus important for management systems to invest in sustainable procurement so that they can drive CSR performance within their own operations and across their value chain.

Sustainable procurement is not explicitly included as part of the UN Global Compact Ten Principles even though dissemination of the Ten Principles across the value chain is considered as part of the UN Global Compact endorsement. This can help explain the relatively low performance of UN Global Compact participants under the Sustainable Procurement theme when compared to their own performance under Environmental, Labor and Human Rights and Ethics themes. This reinforces the findings from the latest UN Global Compact progress report, according to which “applying sustainability throughout the value chain remains one of the major challenges” facing UN Global Compact participants.¹¹

Despite the difficulty engaging suppliers on sustainability faced by the UN Global Compact participants and nonparticipants alike, there is still an evident difference in performance.

Specifically, UN Global Compact participants earned an Average Score of 50, when compared to their nonparticipant counterpart averaging 37. This may suggest that UN Global Compact endorsement pushes companies into developing a more advanced management system overall, which expands to include supply chain sustainability. On the other hand, this improvement is not generalized since 13 percent of all UN Global Compact participants perform below average.

8 p. 18

9 <https://www.mckinsey.com/business-functions/sustainability-and-resource-productivity/our-insights/starting-at-the-source-sustainability-in-supply-chains>

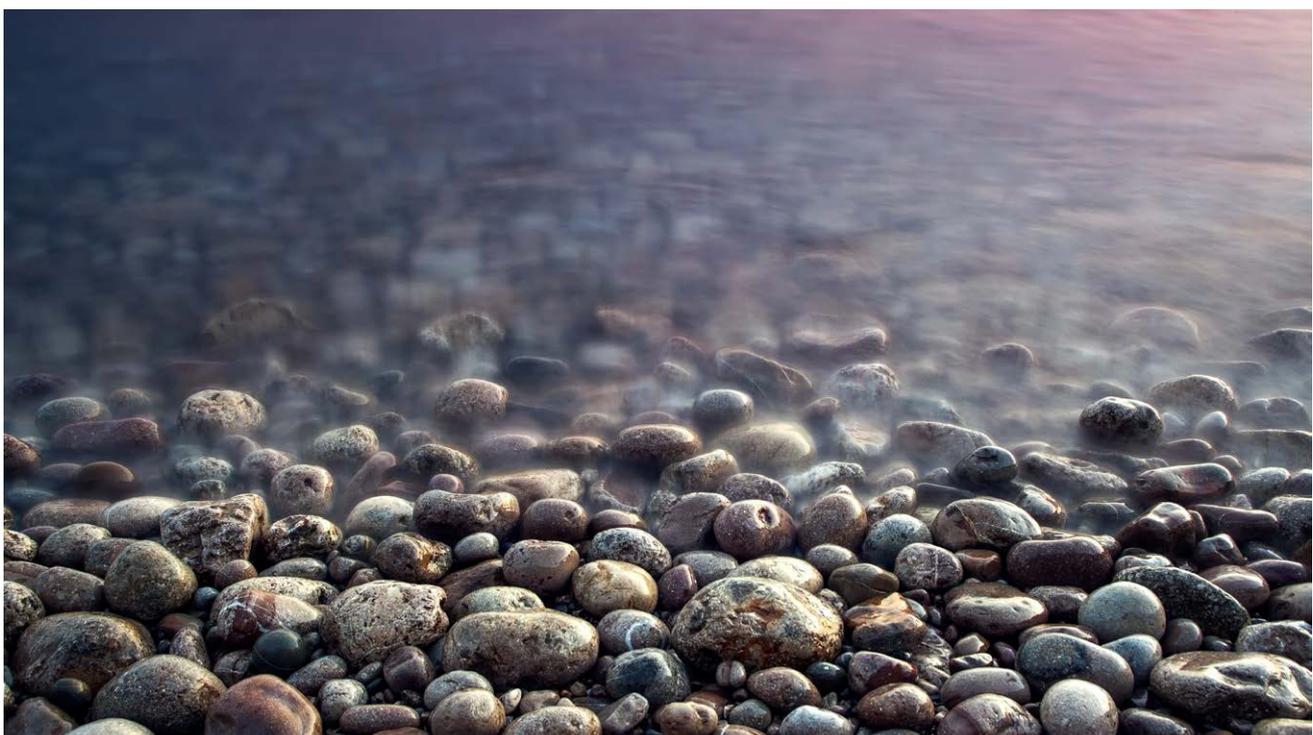
10 EcoVadis “Scaling Up Sustainable Procurement” 2017 p. 16

11 p. 18

Sustainable Procurement



Company Size	UNGC Signatory		Non-Signatory	
	Large	Small and Medium-Sized	Large	Small and Medium-Sized
Average Score	49	51	33	37
Peak Score	40	50	30	30



High- and Low-Risk Countries

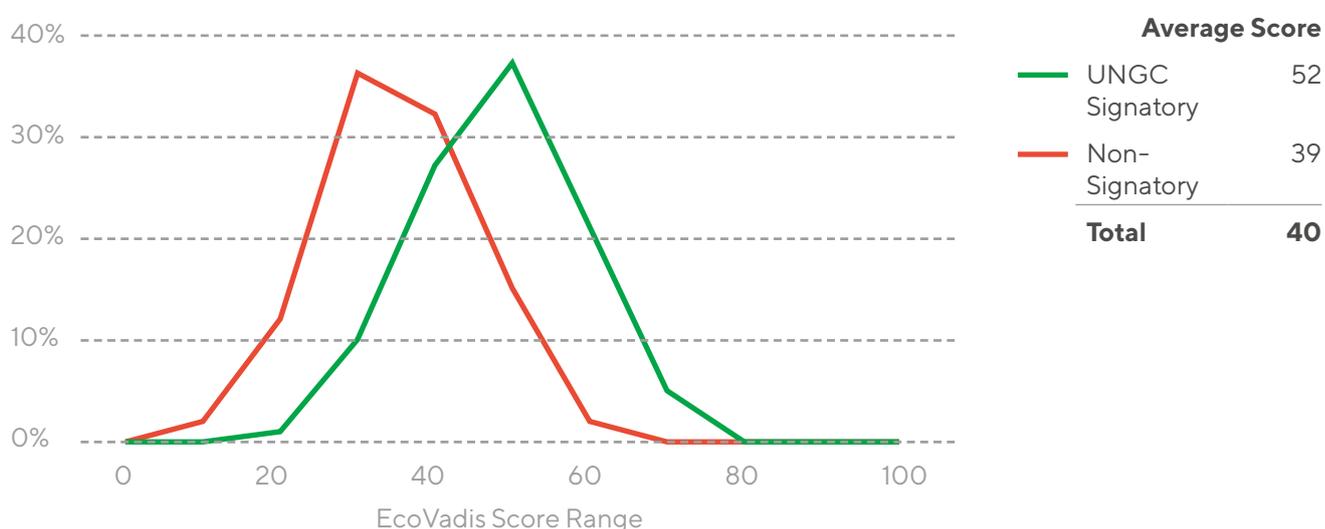
When defining risk profiles for each country, a number of environmental and social international indicators are taken into consideration, such as the Environmental Performance Index, the Human Development Index, and the Corruption Perception Index. More than 10 indicators are integrated to score each country on a scale from 1 to 10, based on their risk in terms of environment, health and safety, corruption and human rights factors. Countries scoring less than six in this scale are defined as “risk countries” and countries scoring six or higher are defined as “non-risk countries.” Countries with lower scores are associated with more operational risks and scored accordingly in the EcoVadis methodology.

Companies operating in countries with a lower risk level must respond to stricter regulations within their management system and face more institutional oversight. These companies generally achieve a higher CSR performance than companies in risky countries. Nevertheless, despite the difference in regulatory frameworks and oversight, UN Global Compact participants score, on average, 52 in risk countries, when compared to their nonparticipant counterparts that average a score of 39. This trend is consistent for UN Global Compact participants in non-risk countries, where they score on average 57, when nonparticipants have an Average Score of 46.

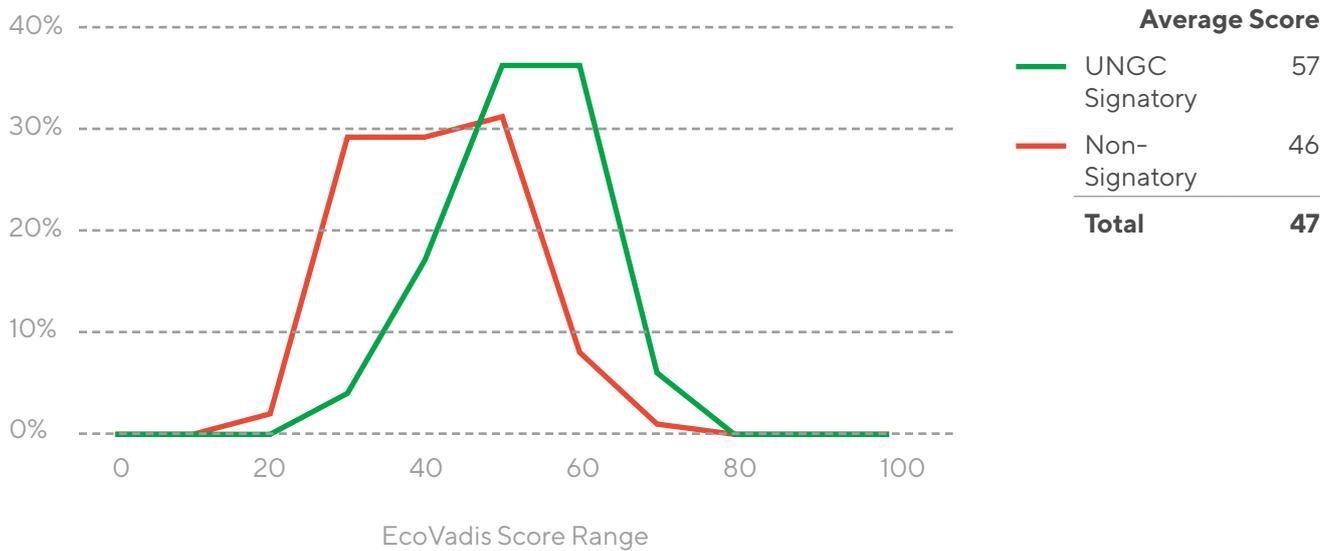
There is a larger gap (13 vs 11 points) between participants and non-participants presented in risk countries, which indicates that there is a greater potential to have a positive impact for UN Global Compact signatories in less developed countries. The Ten Principles of the UN Global Compact act as a guiding framework for companies operating in countries that lack the necessary regulations on CSR issues. Not surprisingly, UN Global Compact participants in non-risk countries are, on average, the best performers in the EcoVadis database.

These results are consistent with the overall view of the UN Global Compact as a universal framework that can be understood and implemented by businesses around the world, regardless of location. Our findings demonstrate that despite operations in risky regions, companies that adopt the UN Global Compact principles have a more advanced CSR management system in place.

EcoVadis Overall Score: Organizations Headquartered in Risk Countries



EcoVadis Overall Score: Organizations Headquartered in Non-Risk Countries



Conclusion

Our analysis of approximately 30,000 companies operating in more than 150 countries, across some 150 industries reveals clear evidence of advanced CSR performance by companies that endorse the Ten Principles of UN Global Compact. The results are consistent across all four themes assessed by EcoVadis, accorss different company sizes and operations in risk and non-risk countries. These findings offer encouraging evidence that companies that have adopted the UN Global Compact Principles are stepping up to the challenge and adopting management systems that help them mitigate CSR risks within their operations and extending into their supply chains.

Furthermore, the consistently higher performance of UN Global Compact participants operating across the globe demonstrates the benefits of UNGC local networks that support companies on their growth in advancing their CSR efforts. Finally, UN Global Compact participants have the opportunity to leverage a vast global network, with support and tools to help advance their CSR practices. Hence, these findings serve as a call for action for a subset of companies in our sample that adopted the UN Global Compact principles, but are yet to advance their CSR management systems. Ultimately, a clearly advanced CSR performance of UN Global Compact participants should be viewed as an additional argument for large corporations to encourage adoption of UN Global compact principles across their supply chains. This will enable companies to drive CSR performance further along their value chain, and enhance the benefits of aligning its practices with the Ten Principles of the UN Global Compact.



Annex



About United Nations Global Compact

Launched in 2000, the United Nations Global Compact is the world's largest and most recognized corporate sustainability initiative with nearly 10,000 signatories in a variety of industries and sectors. It is a call for companies to align both their strategies and operations with universal principles of human rights, labor, the environment, and anti-corruption in order to advance societal goals, and in particular, the UN Sustainable Development Goals. The Ten Principles serve as a universal framework for responsible business conduct, while providing a common practical framework for corporate responsibility.¹²

THE TEN PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT



HUMAN RIGHTS

- 1 Businesses should support and respect the protection of internationally proclaimed human rights; and
- 2 make sure that they are not complicit in human rights abuses.



LABOUR

- 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- 4 the elimination of all forms of forced and compulsory labour
- 5 the effective abolition of child labour; and
- 6 the elimination of discrimination in respect of employment and occupation.



ENVIRONMENT

- 7 Businesses should support a precautionary approach to environmental challenges;
- 8 undertake initiatives to promote greater environmental responsibility; and
- 9 encourage the development and diffusion of environmentally friendly technologies.



ANTI-CORRUPTION

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

Source: UN Global Compact Progress Report 2018

Adherence Mechanisms and Requirements (COP)

The UN Global Compact is a voluntary initiative that encourages participation from a wide range of businesses. Participating companies are required to prepare a Letter of Commitment signed by the chief executive to the Secretary-General of the United Nations expressing commitment to (i) the UN Global Compact and its Ten Principles; (ii) take action in support of UN goals; and (iii) the annual submission of a Communication on Progress (COP).¹³ The COP will include the three necessary elements: a statement signed by the chief executive expressing continued support for the Global Compact, a description of practical actions, and a measurement of outcomes.¹⁴

¹² <https://www.unglobalcompact.org/what-is-gc/mission/principles>

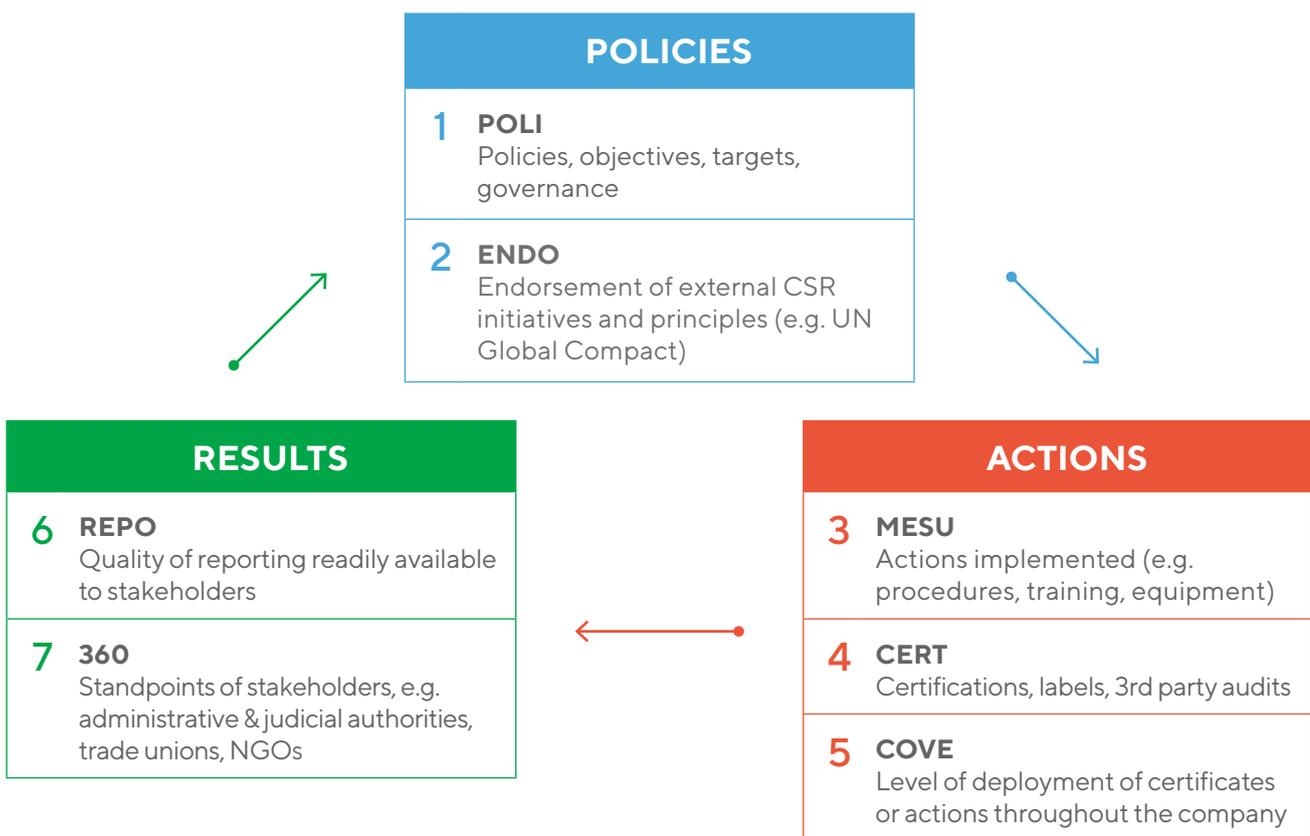
¹³ <https://www.unglobalcompact.org/participation/join/application/business>

¹⁴ https://www.unglobalcompact.org/docs/how_to_participate_doc/Online_Application_Guideline_Business.pdf

Introduction to EcoVadis Methodology

For EcoVadis, an effective CSR 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 CSR management system, it is important to define what are the CSR issues covered by the management system. The assessment considers a range of CSR issues, which are grouped into four themes. The CSR issues are based on international CSR 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.

21 CSR Criteria

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

Interpreting EcoVadis Overall CSR Score



The scoring of the seven management indicators is based upon strict scoring guidelines which are applied by all analysts. Each scoring level is associated to a detailed definition and a database of sample documents. The seven management indicator scores will 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 percent, 40 percent and 35 percent.

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 its location. This allows taking into account the characteristics of a company, each theme being more or less critical depending on their activities.

UN Global Compact as Part of EcoVadis Methodology

Within the framework of EcoVadis assessment methodology, companies publicly endorsing the Ten Principles of the UN Global compact, will have their participation highlighted on their scorecards under Environmental, Labor & Human Rights and Ethics themes. In addition, this endorsement will have a positive impact on a company's score under the umbrella of Policies within the ENDORSEMENT indicator across the three themes covered by the UN Global Compact Principles.¹⁵ Endorsements within the EcoVadis methodology are an important method of demonstrating company's commitment and actions. As part of a company's assessment, EcoVadis analysts often evaluate UN Global Compact Communications On Progress Reports, which provide an insight into companies' CSR commitments and annual performance against those commitments.

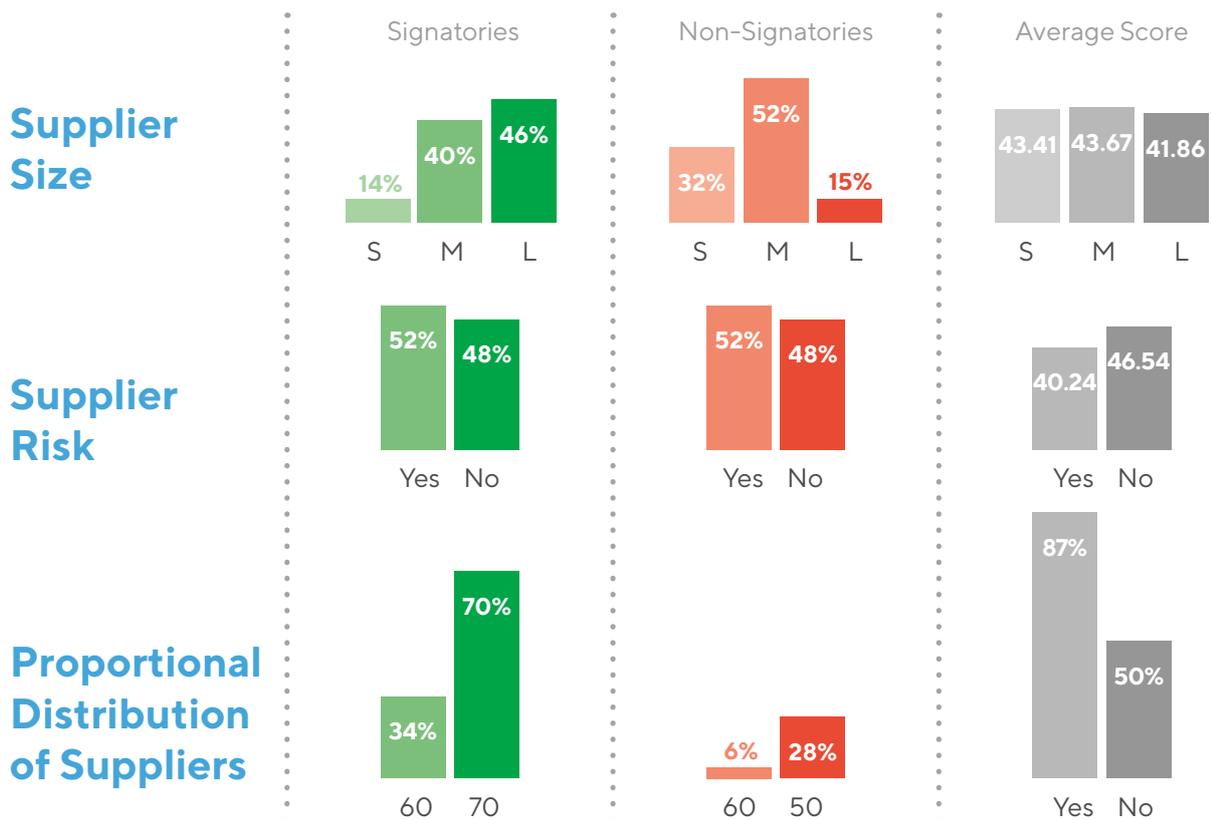
¹⁵ For the purpose of this study, we removed the addition to the score resulting from endorsement of the UN Global Compact. This enables accurate comparison of management system scores.



Study Methodology Overview: Sample, Analysis and Assumptions

This study was conducted by reviewing the most recent scorecard information of almost 27,000 suppliers dated from October 2015 to July 2018 and comparing the results from UNGC participants and non participants. The following points were considered when conducting this study:

- To ensure equal comparison, the points awarded to suppliers due to verified endorsement of the UNGC principles were removed;
- Our research made the assumption that a subsidiary of a parent company who is a UNGC participant is also a participant;
- The scores reviewed were based on EcoVadis assessment methodology, as explained above. Companies are given an overall score as well as scores for each of the four themes: Labor and Human Rights, Environment, Ethics, and Sustainable Procurement. The theme scores were analyzed individually;
- The sample of UN Global Compact participants assessed may not be representative of the actual UN Global Compact participant distribution.



The Number of Suppliers in the EcoVadis Database

Signatories	2,617
Non-signatories	26,991
Total	29,608

Geographic Distribution

Below is a list of countries with the highest percentage of participants in our database:

Country	# UNGC Participants	% UNGC Participants
Sweden	85	27%
France	850	23%
Spain	126	15%
Japan	89	15%
Belgium	68	13%
Switzerland	56	11%
Netherlands	69	9%
Germany	235	9%
United Kingdom	107	8%
Brazil	54	5%
United States of America	148	5%
Italy	56	4%
China	98	3%

*Only considered countries with over 50 UNGC participants.

About EcoVadis

EcoVadis is the world's most trusted provider of business sustainability ratings, intelligence and collaborative performance improvement tools for global supply chains. Backed by a powerful technology platform and a global team of domain experts, EcoVadis' easy-to-use and actionable sustainability scorecards provide detailed insight into environmental, social and ethical risks across 190 purchasing categories and 150 countries. Industry leaders such as Johnson & Johnson, L'Oréal, Nestlé, Schneider Electric, Michelin and BASF are among the more than 50,000 businesses on the EcoVadis network, all working with a single methodology to evaluate, collaborate and improve sustainability performance in order to protect their brands, foster transparency and innovation, and accelerate growth. Learn more at ecovadis.com, Twitter or LinkedIn.

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