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Upgrading Your Sustainable Procurement Approach

From SAQs to Sustainability Intelligence
and Ratings

The Overwhelming Case For Moving From SAQs to Supplier Sustainability Ratings

As stakeholder demands for transparency around sustainability performance grow and supply chain risks proliferate across all industries, companies must embrace new ways of assessing, engaging and monitoring suppliers. The need for procurement teams to innovate is being accelerated by everything from ongoing pandemic-induced supply chain disruptions to the growing importance of ESG in capital markets. Once accepted as good enough, supplier management programs based on self-assessment questionnaires (SAQs) are no longer sufficient to meet these ever-evolving demands and ensure future compliance with increasingly stringent due diligence legislation. In this whitepaper, we compare SAQs – both in-house and from external providers – with EcoVadis' industry-leading sustainability ratings and highlight the advantages of upgrading your sustainable procurement approach.

The widespread adoption of sustainable procurement practices is already helping companies create value. [A study by the World Economic Forum](#) found that adopting such practices can increase revenue by 5-20%, reduce supply chain costs by 9-16% and bolster overall brand value by up to 30%. As the value proposition of sustainable procurement crystallizes, the supply chain legislative landscape continues to evolve rapidly. With due diligence legislation becoming more stringent and expanding in scope across global regions and categories, many buyers are seeing the limits of DIY and self-declared data collection. In Europe, national-level due diligence laws such as [France's Duty of Care Law](#), [Germany's Supply Chain Act](#) and [Norway's recent Transparency Act](#) will be bolstered by the EU's proposed [Directive on Corporate Sustainability Due Diligence](#), which will require in-scope companies, including multinationals operating in the region, to tangibly demonstrate that they are addressing

human rights and environmental issues throughout their supply chains. Countries in other regions are following suit, with the U.S. and Canada taking steps toward mandatory due diligence, and [Japan preparing to draft human rights due diligence regulations](#) later this year.

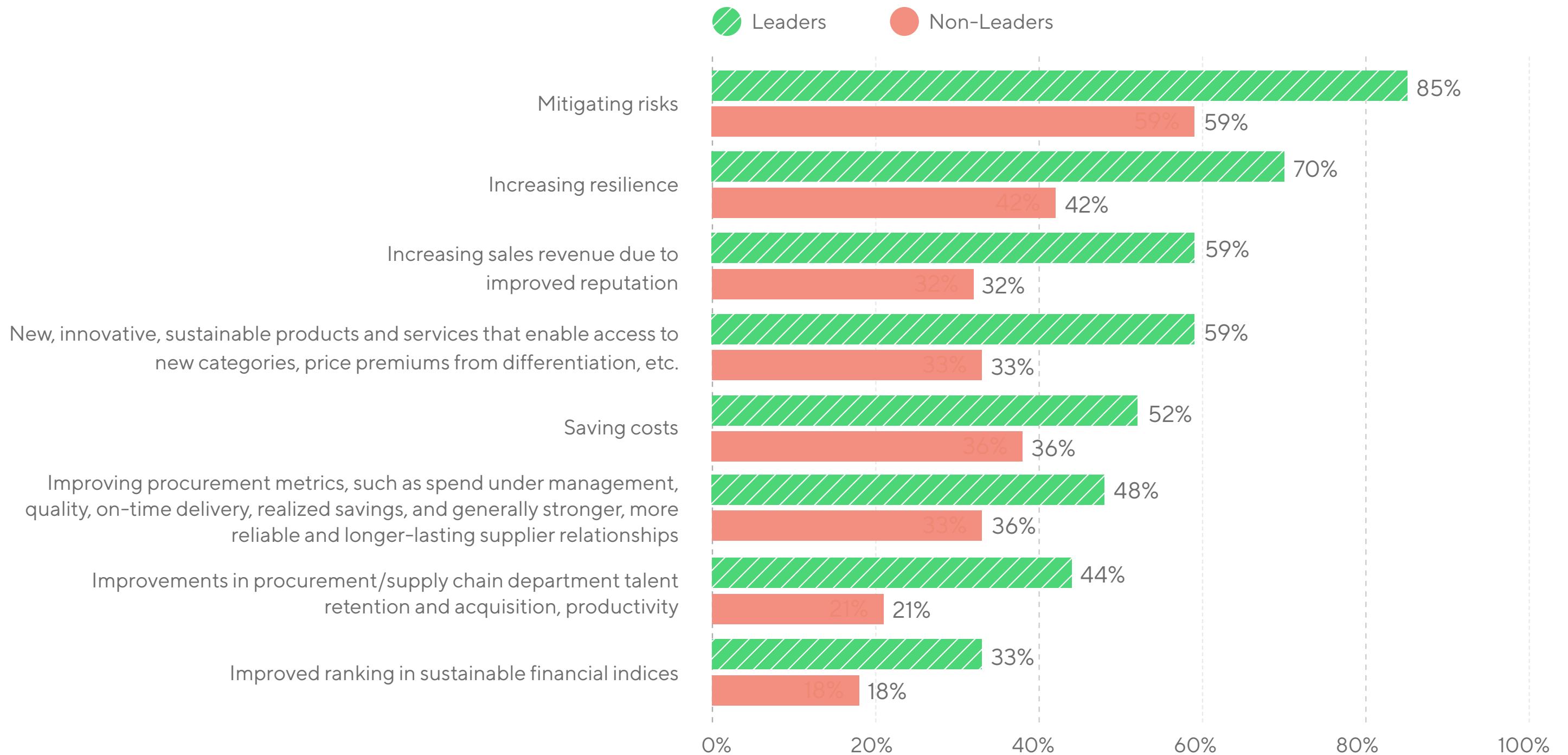
Relying on legacy procurement approaches like SAQs will make it difficult for companies to ensure their suppliers remain in compliance with this ever-expanding global web of supply chain regulations. Some buyers are seeking out third-party SAQ providers to improve upon their in-house programs. However, these approaches tend to be narrow in scope and lack proper verification. More proactive buyers are turning to innovative solutions that enable them to not only ensure supplier compliance but also mitigate risk, create value and maximize positive impact throughout their supply chain.



Why Assessing Your Suppliers Is Essential

Our [2021 Sustainable Procurement Barometer](#) revealed that sustainable procurement leaders realize far more business benefits than non-leaders. They see improved risk mitigation (85% for leaders vs. 59% for non-leaders), enhanced resilience (70 vs. 40%), greater sales revenue (59 vs. 32%) and more cost savings (52 vs. 36%). Placing a greater emphasis on sustainability also enables businesses to develop innovative and sustainable products that expand market share and unlock new categories (59 vs. 33%).

Benefits of Sustainable Procurement: Leaders vs. Non-Leaders



(Source) Sustainable Procurement Barometer 2021 / Sustainable Procurement Implementation

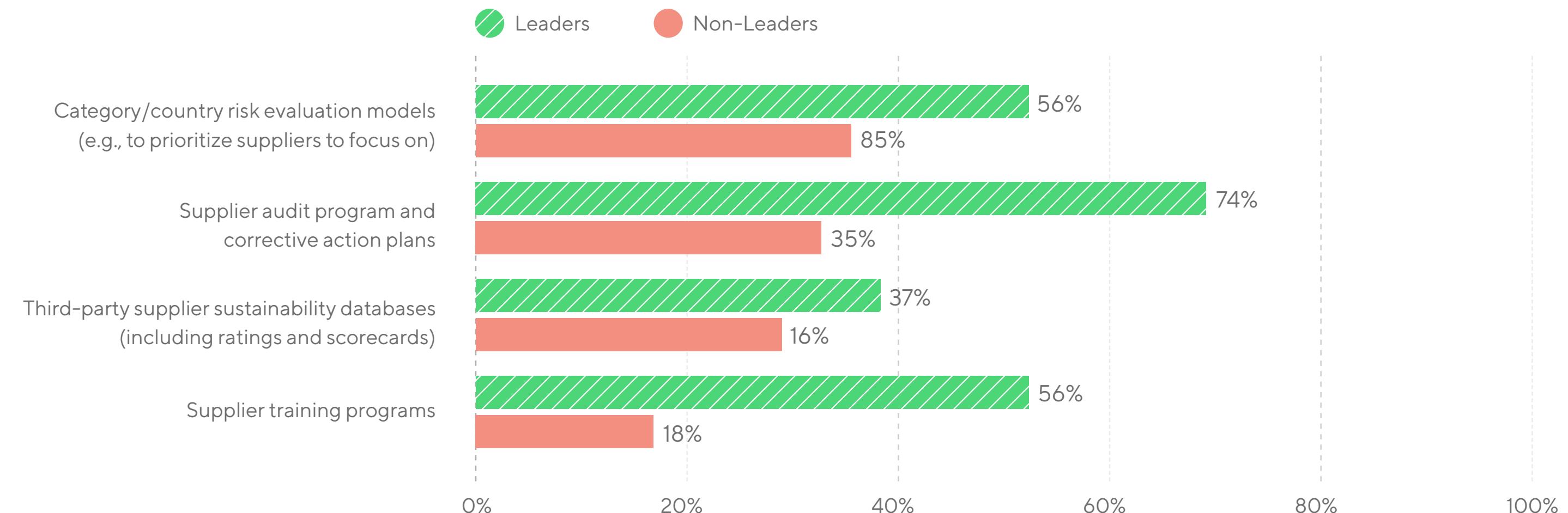


What Leaders Do Differently

Not all sustainable procurement approaches are created equally. The most effective ones go beyond the simple data collection and basic verification offered by most SAQs. Leaders are investing in a range of approaches to help suppliers continually improve their performance on key sustainable procurement topics. This is crucial for driving the kind of return on investment (ROI) that enables your supplier sustainability management program to pay for itself many times over while driving long-term positive impact.

Leaders are much more likely to use supplier training programs (56% of leaders vs. only 18% of non-leaders) and supplier audit programs and corrective action plans (74% of leaders vs. 35% of non-leaders). Category or country risk evaluation models are also used much more frequently by leaders than non-leaders (56 vs. 38%). Ratings, though still underutilized, are increasingly being adopted by companies of all sizes and at all stages on their sustainability journey to transform their supplier assessment, monitoring and engagement.

Benefits for Leaders vs. Non-Leaders



(Source) Sustainable Procurement Barometer 2021 / Sustainable Procurement Implementation

Comparing SAQs to the EcoVadis Solution

With tightening regulations, growing public concern around greenwashing and evolving stakeholder expectations, surface-level data collection is not enough. Businesses must tap into innovative new approaches that enable them to draw actionable insights from large amounts of data and engage suppliers to help them on their improvement journey. Below is a 10-point comparison of how SAQs stack up against the EcoVadis solution.

1. What is the assessment objective?

SAQs

Identify non-compliance risks.

EcoVadis Solution

Identify risks and access the insights and tools needed to not only mitigate them but also to drive supplier improvement. The EcoVadis platform enables you to build enduring resilience and connect with innovative trading partners that will help you scale your impact.

2. How is data gathered?

SAQs

Through standardized questionnaires, which can result in unnecessarily long surveys that yield reduced engagement and poor-quality responses.

EcoVadis Solution

Through tailored and evidence-based questionnaires that account for more than 200 industries, company size and all relevant laws, regulations, industry standards, certifications and labels. This results in a higher response rate and better-quality data.



3. Who is evaluated?

SAQs

Typically, only individual sites.

EcoVadis Solution

Entire companies, business entities and sites.

4. Is there data verification and how thorough is the process?

SAQs

The buyer can either develop the in-house expertise needed to collect and verify the supplier data or use a third-party SAQ provider. However, these providers tend to be limited in their ability to verify data and account for information beyond certifications.

EcoVadis Solution

A team of over 370 sustainability experts verifies supplier data, including management documents submitted by companies and information from external sources. In addition, thousands of labels and certifications are qualified and materially scored, including those that demonstrate compliance with relevant laws and regulations.



5. What is the methodology?

SAQs

The methodology is defined either by the buyer or a third-party SAQ provider. These SAQs tend to have limited comparability (in the case of DIY questionnaires) or are highly standardized and lack complexity (in the case of third-party providers).

EcoVadis Solution

The data is analyzed and validated by sustainability experts who evaluate a company's performance on 21 sustainability criteria within four themes: Labor & Human Rights, Ethics, Environment and Sustainable Procurement. The methodology is continuously updated to ensure it accounts for emerging international regulations, resulting in reliable, universal ratings.

[View the methodology](#)

6. What is the value for suppliers?

SAQs

Some suppliers may gain a better understanding of their performance and identify potential compliance issues. However, they are often unable to benchmark performance or understand how to improve.

EcoVadis Solution

Once assessed, suppliers receive a globally recognized sustainability rating and a scorecard containing benchmarks, feedback on strengths and weaknesses, recognition medals for high-percentile performers and online resources and collaborative tools to help them improve. The EcoVadis platform enables suppliers to seamlessly share their results with stakeholders and prospective partners, and the EcoVadis Academy provides online resources to help suppliers build capacity on a range of key topics.

[Learn more about the EcoVadis Academy](#)

7. What is the value for buyers?

SAQs

Buyers receive self-reported data from suppliers. They must perform their own analysis and derive their own insights.

EcoVadis Solution

Buyers receive ratings and scorecards on all suppliers, complete with comparable benchmarks and information on strengths and weaknesses. The EcoVadis Corrective Action Plan tool enables buyers to collaborate closely with suppliers to drive improvements on opportunity areas identified in the assessment. This ongoing process of engagement and monitoring helps buyers not only target non-compliant or underperforming suppliers but also reward those that are innovating and consistently improving. Ultimately, this helps buyers build more valuable and resilient supply chains that generate positive impact.

Buyers can also integrate EcoVadis Ratings into their procurement software and use the EcoVadis platform to enhance supplier engagement and receive real-time information on risks and opportunities related to assessed companies.

[Find out how an upgraded sustainable procurement approach drives business ROI.](#)



8. How can data be integrated into procurement processes?

SAQs

Buyers must manage this, often via manual processes with little or no automation. Oftentimes, data collected this way cannot be effectively integrated into procurement systems and does not boil down to usable metrics.

EcoVadis Solution

The EcoVadis platform can be integrated with leading procurement services such as SAP Ariba, Coupa, Synertrade, Ivalua and the Microsoft Sustainability Cloud, enabling users to request assessments and visualize ratings and scorecard results from within their existing procurement software. This integration enables, for example, the automatic calculation of weighted scoring along with other criteria in processes such as RFPs and supplier relationship management. Ratings also make it easier to integrate relevant, trackable and enforceable sustainability performance criteria into contract clauses.

[See our Coupa whitepaper](#)

[See our Sievo whitepaper](#)

9. How are suppliers engaged?

SAQs

Buyers need to dedicate additional resources to invite, onboard, manage and support suppliers to conduct self-assessment questionnaires.

EcoVadis Solution

The EcoVadis solution encompasses program management and full supplier engagement, including onboarding and support services for suppliers in 40 languages.

10. How is supplier information updated?

SAQs

Once a supplier has completed the questionnaire, there is little incentive for them to keep their data up to date – they often do not know how to or if the data was ever used.

EcoVadis Solution

EcoVadis assessments are usually conducted once a year – and can be updated more often if desired. Assessment scorecards include up-to-date information from our [360° Watch tool](#), which gathers data from over 100,000 external sources. In addition, suppliers are incentivized to keep their information up-to-date and continually improve through, for example, the use of score thresholds.



Benefits of the EcoVadis Solution

✓ Reduce Costs and Enhance ROI

Building an effective supplier sustainability monitoring program that delivers long-term ROI is a costly undertaking. Developing your own program requires extensive in-house expertise and using a third-party SAQ vendor typically fails to deliver the long-term resilience and value you are looking for. The EcoVadis solution addresses both of these issues, [enabling you to save money while leveraging sustainability to enhance ROI.](#)

✓ Eliminate Unnecessary Surveys and Duplicated Work

Suppliers are increasingly inundated with survey requests, sometimes responding to hundreds every year. This leads to survey fatigue, which typically results in poor-quality responses – or none at all. After completing EcoVadis' evidence-based questionnaire and receiving their rating, suppliers can share their results in a standardized format with multiple customers.

✓ Leverage Comparable and Actionable Ratings

Procurement teams find that having a database of sustainability survey answers, or a folder full of spreadsheets, is virtually impossible for buyers to act on. Data alone is not useful without experts to analyze and interpret it. Buyers need clear indicators that they can easily understand and consistently apply. The EcoVadis Rating gives both buyers and suppliers easy-to-understand results covering all vital sustainability criteria, with benchmarks to compare sustainability performance across regions and categories.



✓ Tap Into Expertise Across a Wide Range of Countries and Categories

Another important consideration is whether your organization has the expertise to conduct effective supplier assessments and analyze sustainability performance. This is where external expertise can prove invaluable. EcoVadis has assessed the performance of over 95,000 companies in 200 purchasing categories across 175 countries.

✓ Scale Your Efforts

Scaling up to evaluate thousands of suppliers requires a tremendous amount of in-house resources and expertise. Even if you hire a team of sustainability experts to develop and run a meaningful program, the process of building this team and creating an effective methodology is challenging and time consuming. The EcoVadis methodology and platform have been developed to assess and engage broad supply bases.

✓ Holistically Assess Your Suppliers Across a Range of Sustainability Themes

As frameworks for due diligence are similar across domains, it is far more efficient – for both buyers and suppliers – to avoid fragmented and siloed efforts and assess their management systems comprehensively across material sustainability topics. This strategy also provides a clearer view of interrelated risks, such as human rights and ethics, that so-called “modular approaches” often miss. EcoVadis Ratings are based on a robust methodology that considers 21 criteria across four sustainability themes: Environment, Labor & Human Rights, Ethics and Sustainable Procurement. The theme scorecards generated during the assessment provide your suppliers with the insights they need to drive improvements on a wide range of sustainability topics.

✓ Add Value For Your Suppliers

Suppliers are far more likely to engage with processes that are beneficial to them. The EcoVadis Rating and scorecard provide your suppliers not only with performance benchmarks but also actionable feedback on strengths and improvement areas. This gives suppliers a roadmap for success and encourages them to take ownership of their improvement journey. Procurement teams can also use the ratings to set thresholds and targets for their suppliers, rewarding those that improve over time.

How Buyers Are Leveraging EcoVadis Ratings

Ciena

Ciena, a global networking systems, services and software company, has been undergoing EcoVadis assessments since 2010. Encouraged by the results within its organization, in 2017, Ciena decided to become an enterprise customer and use EcoVadis Ratings across its own supply chain as well. Today, **80% of its purchasing volume is covered by the EcoVadis solution**. As highlighted in their latest Modern Slavery Statement, EcoVadis Scorecards are an important part of their performance reviews and discussions with suppliers.

The shift from relying on supplier SAQs to evidence-based ratings was also beneficial for the many suppliers overwhelmed by questionnaire requests from customers. In a [case study](#) produced by the GEMI association, Ciena Group CSR Director Mark Stevens said that while the EcoVadis assessment “required more time to respond to” than an SAQ, it was “more in-depth” and the “reward is the recognition of our performance and our best practices.”

Michelin

Since 2013, the Michelin Group has been working with EcoVadis to measure and monitor the environmental, social and ethical performance of its suppliers. **More than 85% of its purchasing volume is covered**. By combining the EcoVadis solution with its own commodity-specific mobile app-based survey, Michelin has extended visibility into the deepest tiers of its rubber supply chain.

Edouard de Rostolan, CSR Manager at Michelin, observed that “through the evaluation of our direct suppliers of natural rubber via EcoVadis, we have seen that their points for improvement were mainly focused on their upstream supply chain.” Thus, the company had to address the deeper tiers of its supply chain, which were composed of thousands of smallholder farms and intermediaries, many of whom were unable to respond to a general questionnaire.



In response, Michelin, alongside SMAG and Continental, [launched the mobile application Rubberway](#) in 2017 as a companion to the program. It encourages smallholders and farmers to respond to a questionnaire that enables more effective supply chain mapping and provides a channel for supplier feedback. By the end of June 2021, more than 45,000 smallholders and farmers across eight countries had participated in the survey.

The Future of Sustainable Procurement

A confluence of factors, including supply chain challenges brought on by the COVID-19 pandemic, new due diligence requirements and the growing role of ESG in capital markets, is prompting more and more companies to choose solutions that enable them to integrate sustainability throughout their organization and supply chain. By leveraging the EcoVadis solution and its expert-verified intelligence, universally comparable ratings, detailed scorecards and improvement tools, as well as a network of like-minded peers, buyers can shift their focus from collecting data to collaborating with their suppliers. This way, they can build resilience and make improvements on everything from carbon performance to human rights – unlocking more value for all and generating positive impact for society and the planet.

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