



ecovadis

# Carbon Action Report 2023

**How Buyers and Suppliers  
in the EcoVadis Network Are Accelerating  
Their Decarbonization Journeys**

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# Introduction: Scaling Climate Action Through Transparency & Collaboration

Over the past three years alone, we have collectively burned [half of the carbon budget](#) safeguarding us from a post-1.5°C future. Staying within the remaining share – and preventing increasingly unpredictable impacts – will require ambitious “[climate action on all fronts](#).” Among the most critical of these fronts are supply chains, which account for roughly 60% of global emissions and 80% of the average company’s footprint. However, driving decarbonization at scale across these complex networks remains a distinct challenge even for the growing number of buyers already committed to building a net-zero world. Many more suppliers throughout global value chains understand the importance of climate action but need help getting started or accelerating their journey. This report explores how the Carbon Action Module is enabling buyers and suppliers to simultaneously make progress toward a low-carbon future.

## Bridging the Climate Ambition-Action Gap

The Carbon Action Module was launched two years ago to help buyers bridge the climate ambition-action gap and engage suppliers at all maturity levels. The Module’s integrated approach to scaling decarbonization centers on building transparency and leveraging the power of supply chain collaboration. Through features like the Carbon Heatmap, it is enabling over 200 buyers to gain unparalleled visibility into the carbon emissions risks, hotspots and opportunities across their value chains. More than 40,000 carbon performance ratings are giving these buyers comprehensive benchmarking of their suppliers’ management practices and providing collaborative pathways to drive improvement. A host of other tools are helping suppliers build capability on carbon, adopt best practices and report primary emissions data across all scopes to their partners – nearly 40,000 data points in just two years.

## The Carbon Action Module Is Already Driving Progress

With companies now being reassessed under the Module, these collaborative efforts are already paying off. Steady growth in carbon maturity across the network is translating into, for example, more suppliers setting science-based targets, using renewable energy, publicly reporting emissions and cascading their efforts to the next tier. This in turn is helping buyers make tangible progress on their climate objectives. Buyers are reducing supply chain risks, building resilience, tapping into new market opportunities, and greatly enhancing their reporting and disclosure capabilities. More buyers are gaining the Scope 3 visibility needed to join the roughly [20,000 companies reporting their climate progress to CDP](#). They are also forging ahead on preparing for the mandatory climate reporting regimes emerging around the world, including the EU’s Corporate Sustainability Reporting Directive, the SEC’s climate disclosure proposal in the US and Singapore’s recent disclosure laws.



## Product Carbon Footprinting: The Next Step in Scope 3 Visibility

A clearer vision for the future of supply chain decarbonization is crystallizing through [our collaboration with WBCSD](#), leading customers and other stakeholders. To accelerate progress on climate targets and respond to regulations like the EU's [Carbon Border Adjustment Mechanism](#), buyers need full visibility over the carbon embedded in the products, components and services they purchase. Product carbon footprinting across the entire value chain enables buyers to identify reduction potential across the different stages of a product's life cycle. With this enhanced visibility, they can improve their measurement of Scope 3 emissions and collaborate more closely with suppliers to produce the low-carbon products the market is demanding. Achieving this level of data granularity is challenging, but the Carbon Action Module makes it possible. By engaging in the Module over time, suppliers starting at any maturity level can build a management system and GHG inventory capable of measuring, tracking and reporting not only operational emissions but, ultimately, those at the product level.

Our newly launched Product Carbon Footprint (PCF) Data Exchange will help accelerate this next evolution in Scope 3 visibility. Through this Carbon Action Module feature, buyers can request product-level data and suppliers can easily share it in a format consistent with WBCSD's [Partnership for Carbon Transparency](#) (PACT). The PACT initiative provides technical specifications for product-level reporting and a standardized exchange that connects solutions from leading providers. Learn more [here](#).

## Insights From Robust Scorecard Data

This report provides insights into the collaborative buyer-supplier journey helping a diverse range of companies build their carbon

maturity – from those calculating their emissions for the first time to leaders using our PCF feature. It draws upon the robust scorecard data we have collected over the past two years to explore the state of carbon maturity in the network and how suppliers are improving by developing new commitments, implementing best practices and reporting on their progress. It also includes two case studies illustrating how engaging with the Carbon Action Module is helping companies in our network scale their decarbonization efforts and make real progress on climate objectives.



*The pieces are coming together for carbon transparency across global supply chains: disclosure standards are aligning, innovative solutions for emissions data sharing are emerging and collaborative partnerships are expanding. Our new Product Carbon Footprint Data Exchange enables companies to take full advantage of these developments. Through this Carbon Action Module feature, suppliers can share product-level emissions data – the holy grail of carbon reporting – directly with their buyers in a format consistent with the WBCSD's PACT initiative. We are excited to see how this enhanced visibility will accelerate Scope 3 efforts and reductions throughout our network.*

**Julia Salant**

General Manager, Carbon Solution



## Two Years of Carbon Action Module Progress

Mounting pressure on buyers to demonstrate progress on supply chain decarbonization has led to a significant rise in the adoption of the Carbon Action Module. Over the past year\*, 18,000 small and medium-sized enterprises (25-999 employees) and 6,000 large companies (1,000+ employees) were assessed under the Module for the first time. This represents more than 60% growth across both size categories since 2022. Nearly 40,000 companies in the EcoVadis network now have a carbon rating in addition to their sustainability rating. This is giving buyers the ability to benchmark the carbon performance of their suppliers against an ever-growing data set spanning 175 countries, 200 industries and four size categories ranging from extra small to large.

Two years on from the solution's launch, roughly 6,000 companies have been reassessed. This provides new insights into how suppliers are leveraging the Module to build carbon maturity. The data shows that a third of companies moved up an entire maturity level upon reassessment (within five levels ranging from Insufficient to Leader). Virtually all of the remaining companies made improvements to their carbon management systems but still have work left to ascend to the next level.

This growth in ratings and maturity is already enhancing carbon transparency across the network. Companies directly reported a total of 24,000 carbon metrics across all three emission scopes to the EcoVadis platform in 2023 – a 50% increase over the previous year. Despite this promising growth in reporting, total emissions coverage remains relatively low. We anticipate this will change rapidly in the coming years as more buyers encourage platform reporting and suppliers build the maturity needed to do so.

### Year Two Highlights

**40,000**

suppliers now have a carbon scorecard (since launch)



Carbon Action Module earns a Top Product of the Year Award from Environment + Energy Leader

**6,000+**

suppliers reassessed under the Carbon Action Module over the past year

GHG metrics reporting to the EcoVadis platform increased by

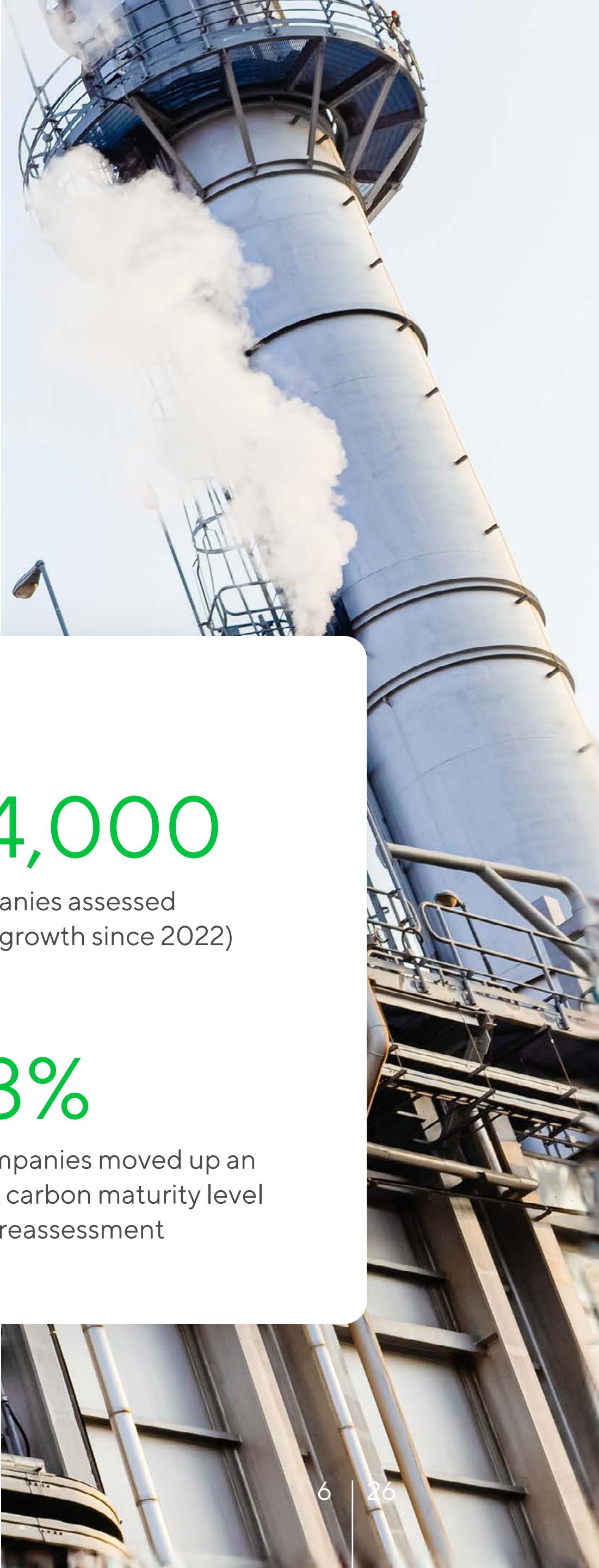
**50%**

**24,000**

companies assessed (60% growth since 2022)

**33%**

of companies moved up an entire carbon maturity level upon reassessment



\* In this report, "2023" covers a data collection period from mid-2022 to mid-2023. "2022" refers to data from mid-2021 to mid-2022.

## How the Carbon Action Module Drives Decarbonization

The Carbon Action Module is a collaborative platform and toolkit enabling buyers and suppliers to simultaneously progress on their decarbonization journeys. Buyers get the intelligence and data they need to set priorities, overcome common roadblocks to Scope 3 action and scale supplier engagement at each phase. Suppliers use scorecard insights, action plans and other tools to build capability and embark on an iterative cycle of improvement. Together, they can start reducing emissions now while working toward value chain transformation over the long term. This visual highlights this collaborative cycle and the key tools and features that enable both parties to build carbon maturity and, ultimately, reduce emissions.

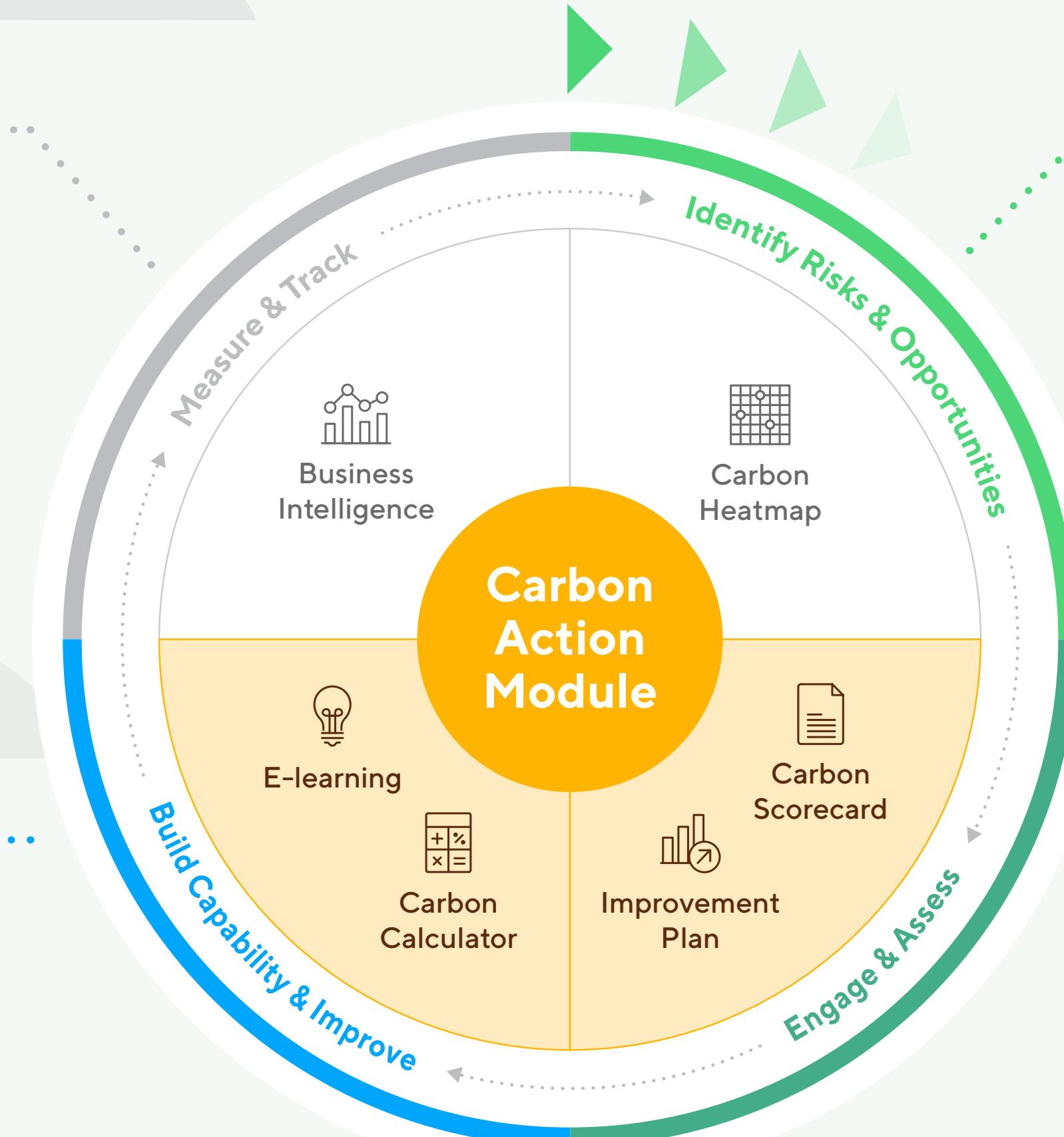


### Measure & Track .....

The Metrics feature enables buyers to request, monitor and track supplier GHG metrics related to emissions across all scopes, energy consumption, renewable energy usage and more. Through the Carbon Dashboard, buyers can view core industry and activity-specific metrics across their supply base to compare performance and refine their approach. This feature helps buyers set credible science-based targets and streamlines reporting – including at the product-level – in line with international standards from GRI, CDP, GHG Protocol and WBCSD.

### Build Capability & Improve Performance .....

Equipped with these insights, buyers can ramp up collaboration with targeted suppliers. The Corrective Action Plan tool on the platform enables buyers to request that suppliers take action on improvement areas identified in the assessment process. Through this collaborative interface, buyers can help suppliers identify specific steps to take and ensure they are staying on track. Additionally, both buyers and suppliers can take carbon-related e-learning courses on the EcoVadis Academy to build capability on key topics.



### Identify Risks & Opportunities .....

To launch or accelerate decarbonization across complex and multi-tiered supply chains, buyers need to be able to prioritize their efforts. The [Carbon Heatmap](#) tool leverages the EcoVadis GHG database, external sources and internal procurement data to map carbon emissions risks and hotspots across a company's supply chain. It generates supplier-level carbon emissions risk profiles that buyers can use to drive their engagement strategy.

### Engage & Assess .....

Once buyers have determined which suppliers to engage, they can invite them to undergo a carbon performance rating. The resulting scorecards give buyers a comprehensive understanding of their suppliers' carbon management practices and specific strength and improvement areas. Buyers can use the platform dashboard to view individual scorecards and aggregated data across their supply base.

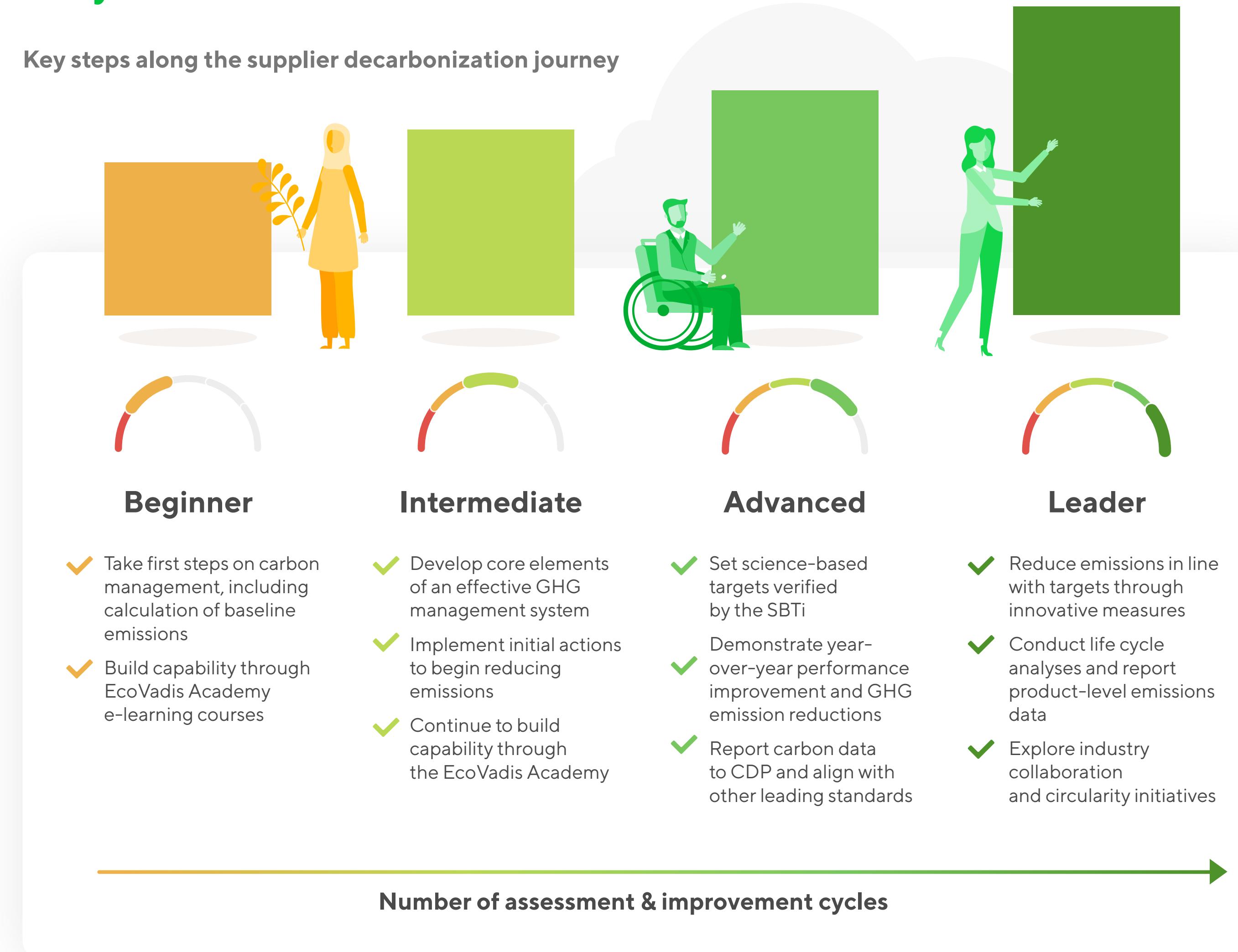


## How Suppliers Are Climbing the Carbon Maturity Ladder

Many suppliers – including 77% of rated companies in the EcoVadis network – are still in the early stages of their decarbonization journey or have yet to take their first step. Before they can begin to reduce emissions, these companies need an effective system in place to measure, manage and report on them. However, many lack the resources, in-house capability or vision needed to get started. The Carbon Action Module addresses these critical gaps by meeting companies wherever they currently are and helping them embark on a journey of improvement. For less mature companies, improvement could look like developing a basic GHG policy or calculating a carbon footprint for the first time. For more mature companies, it could involve demonstrating progress against science-based targets or even reporting on product-level emissions.

A carbon performance rating is the foundation of the supplier journey. It baselines maturity and, through strength and improvement areas identified in the scorecard, provides clear pathways for improvement. Aligned with leading international standards, our ratings assess companies based on their carbon-related commitments, actions and reporting. This process yields a maturity score on a five-point scale ranging from Insufficient all the way up to Leader. By consistently engaging in a cycle of assessment and improvement, suppliers can ascend through these levels and reap the many benefits of becoming a carbon leader. The visual to the right illustrates the types of steps a company can take to reach each level. "Insufficient" is not pictured as it represents an absolute baseline in which a company has no elements of a GHG management system in place.

### Key steps along the supplier decarbonization journey



# Carbon Performance of Suppliers in the EcoVadis Network: Data Insights

## Carbon Maturity Across the Network

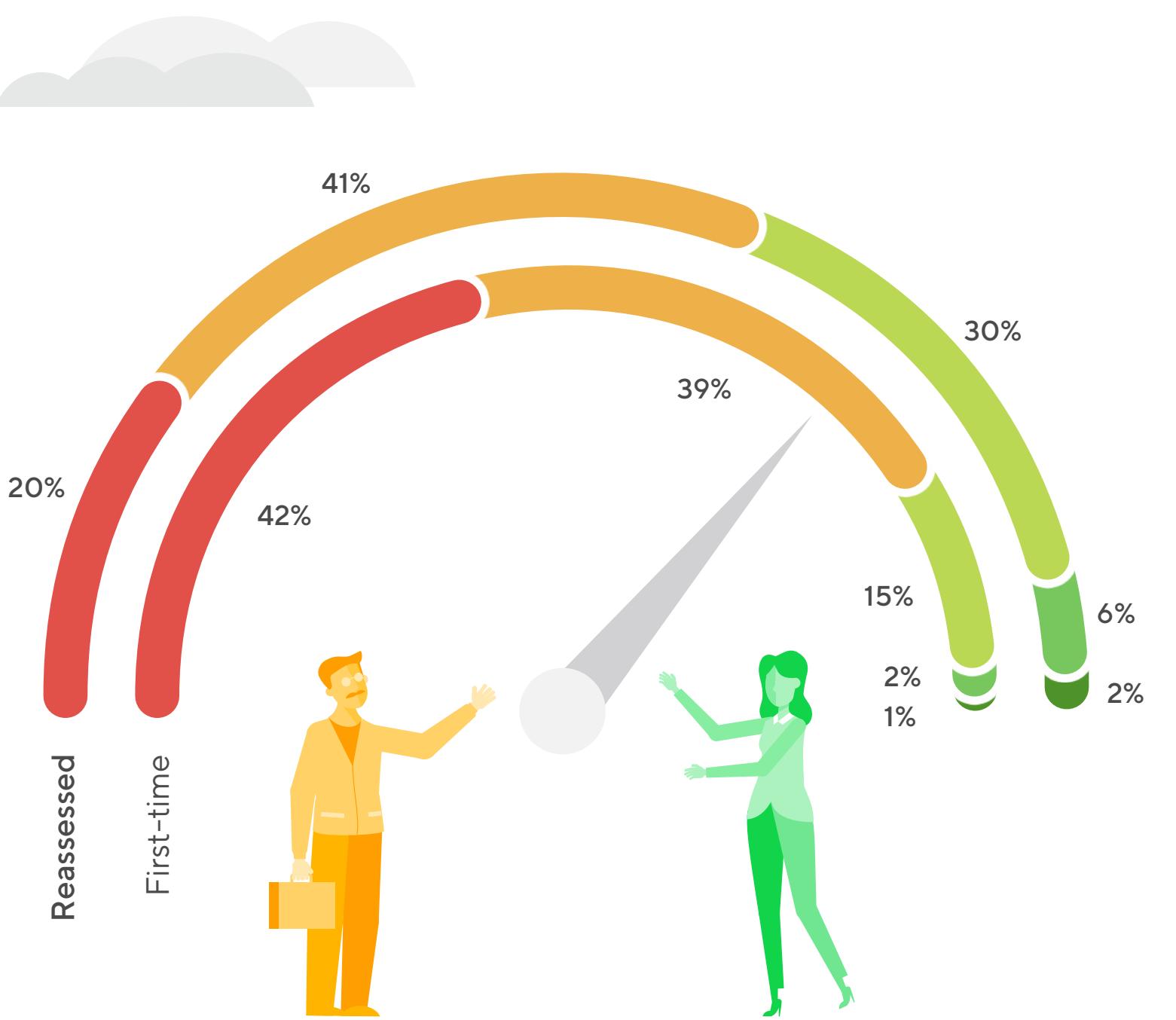
Insights from the 24,500 carbon performance ratings conducted over the past year show that, although overall maturity remains relatively low across the network, the Carbon Action Module is helping companies improve steadily after just one assessment cycle. The data shows that progress on climate goals is achievable for all suppliers that engage consistently with the Module, regardless of their region, size or industry.

### Reassessed Suppliers Are Far Outperforming the Network Baseline

Comparing the performance of companies rated for the first time with those that have been reassessed helps us gauge the Carbon Action Module's impact. The performance of the 18,500 suppliers rated for the first time over the past year provides a baseline indicative of the broader state of carbon maturity across global supply chains. Very little has changed in this first-time assessment baseline over the past two years, a clear sign that companies need help building maturity. Reassessed performance on the other hand, highlights the progress companies are making through closer collaboration with their trading partners and the support of the Module's platform and tools.

The results show that, on average, the 6,000 companies reassessed over the past year are significantly outperforming the first assessment baseline. Just 20% of reassessed companies are now at the Insufficient level (no GHG management system) versus 42% of first-timers.

Carbon maturity distribution: Reassessed companies versus first-timers



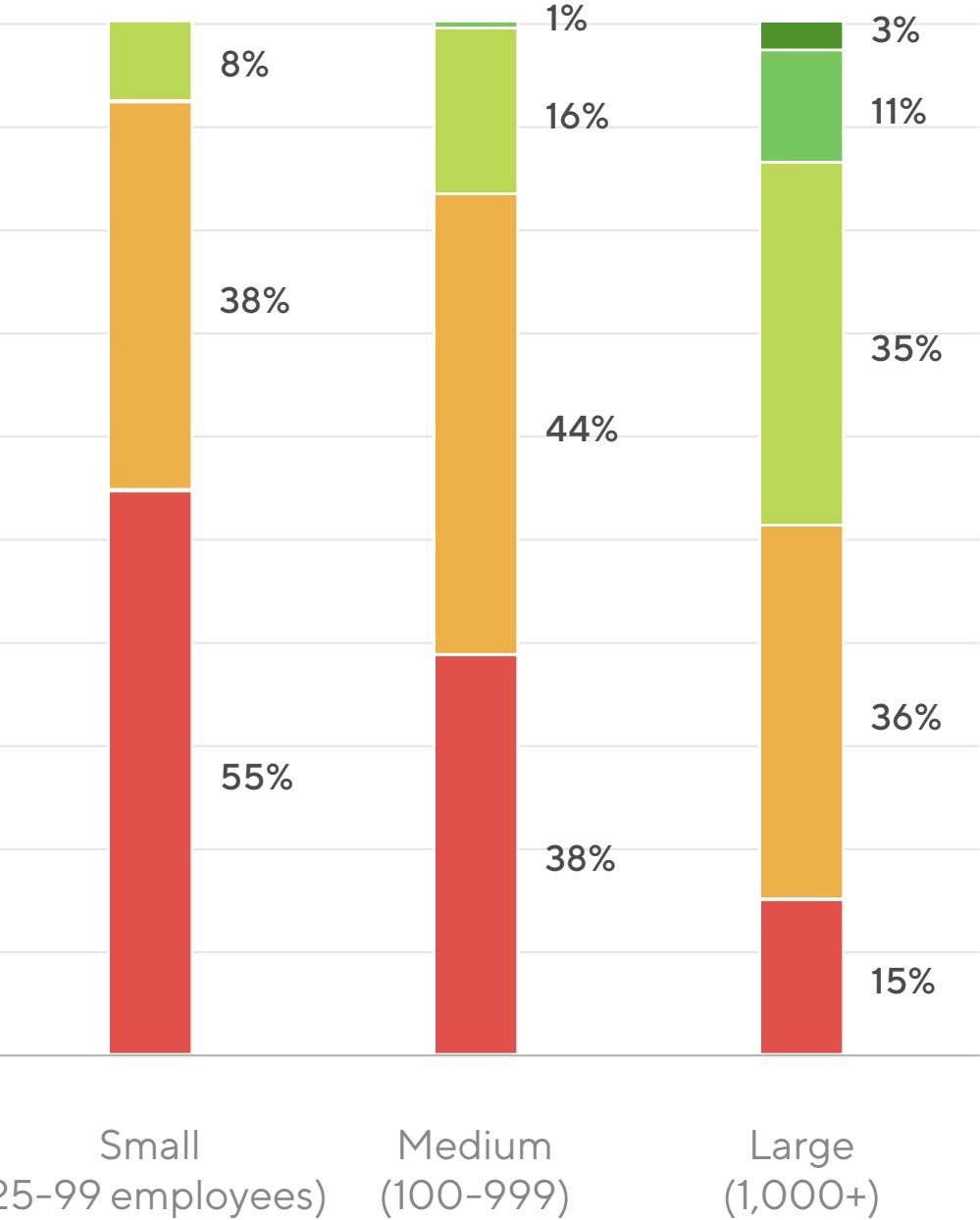
There are twice as many reassessed companies at the Intermediate level (30% vs. 15%) and three times as many at Advanced. The share of Leaders – companies with best-in-class carbon performance – is also double among reassessed companies compared to first-timers. Momentum is already building and, as our sustainability ratings data indicates, each additional assessment and improvement cycle will enable suppliers to rise even further above this baseline.

## Large Companies Are More Mature on Carbon – Unlocking the Potential of SMEs Remains Key

Large companies in the EcoVadis network are, on average, much more mature on carbon than their SME counterparts. This is unsurprising given the growing expectations buyers are placing on them. In the face of this pressure and exposure to emerging climate regulations, the vast majority of large companies have at least started building a GHG management system. Only 15% remain at the Insufficient level, compared to 55% of small and 38% of medium-sized companies. Roughly half of all large companies are at an Intermediate level or above and 14% are now Advanced or Leaders. By contrast, there are currently no small and medium-sized enterprises (SMEs) at the Leader level and only a handful considered Advanced. Given that SMEs comprise two-thirds of the carbon network, unlocking this massive latent potential through capability building and close collaboration will be essential if buyers want to scale Scope 3 action.

**Carbon maturity distribution by company size in 2023**

- Leader
- Advanced
- Intermediate
- Beginner
- Insufficient



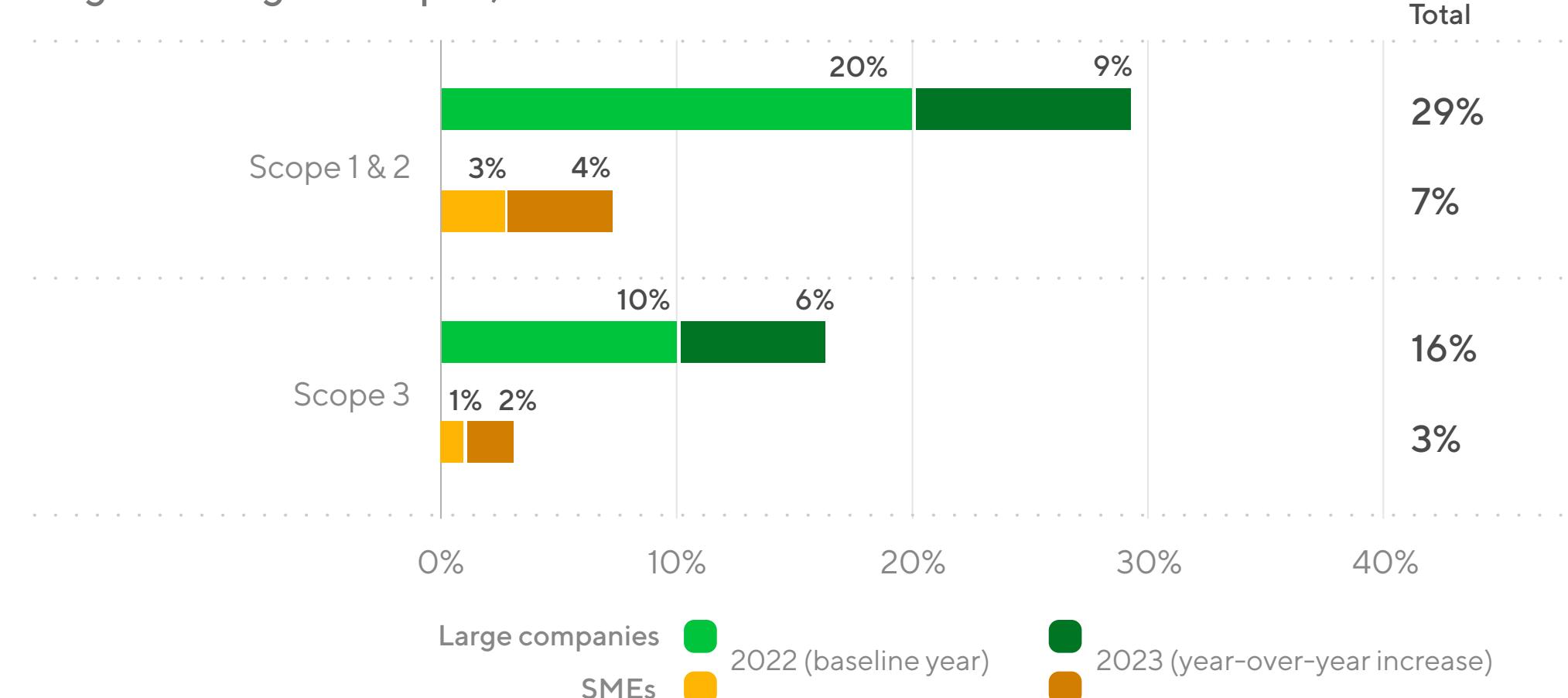
## Commitments: Target Setting Is Increasing Across All Emission Scopes

Setting ambitious yet achievable GHG reduction targets is a fundamental step on any company's decarbonization journey. It provides a framework for action, helps galvanize internal efforts and sends important signals to trading partners and other stakeholders. The data shows that target setting is on the rise in the EcoVadis network: 20% of companies have now set at least one emissions target – up from just 9% in 2022.

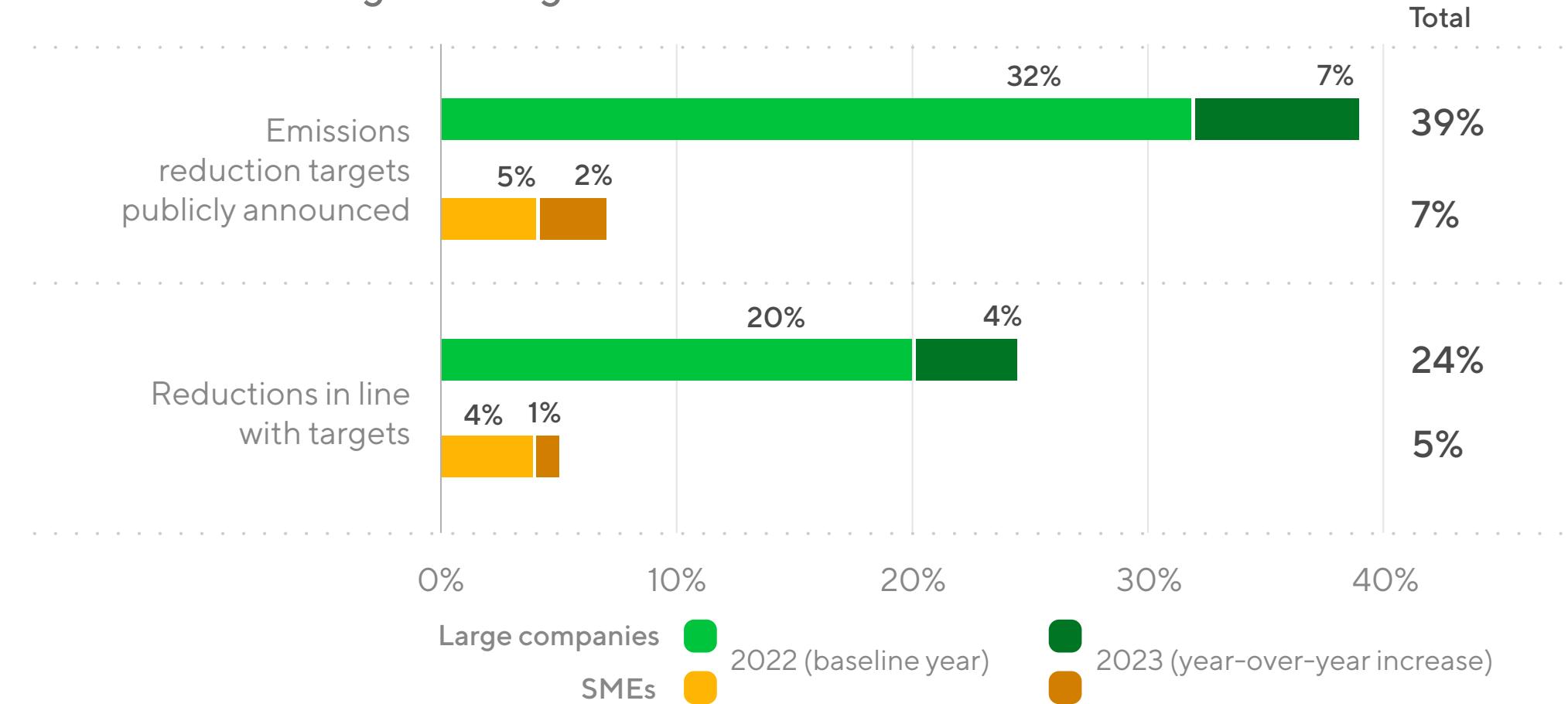
Carbon performance ratings evaluate a supplier's target setting across all three emission scopes, as well as other related key performance indicators (KPIs). Nearly a third of large companies have Scope 1 and 2 targets covering operational emissions and those from purchased energy. The number of SMEs with such targets in place doubled over the past year to reach 7%. Large companies are significantly more likely to set Scope 3 targets, which are crucial to driving decarbonization into deeper tiers of the value chain. The number of SMEs setting these targets more than doubled in 2023 to reach 3%, showing that momentum on Scope 3 action is slowly building among smaller companies. As shown to the right, large companies are also more likely to be announcing their targets publicly and reducing emissions in line with them.

Not all targets are created equally, however. Setting science-based targets aligned with a 1.5°C pathway and verified by the SBTi is the gold standard, enabling companies to [cut emissions even faster](#) than needed to achieve the world's most ambitious climate goals. Due to their efficacy, setting targets under the SBTi is required before a company can move into our Advanced or Leader carbon maturity levels.

Target setting on Scope 1, 2 and 3 emissions

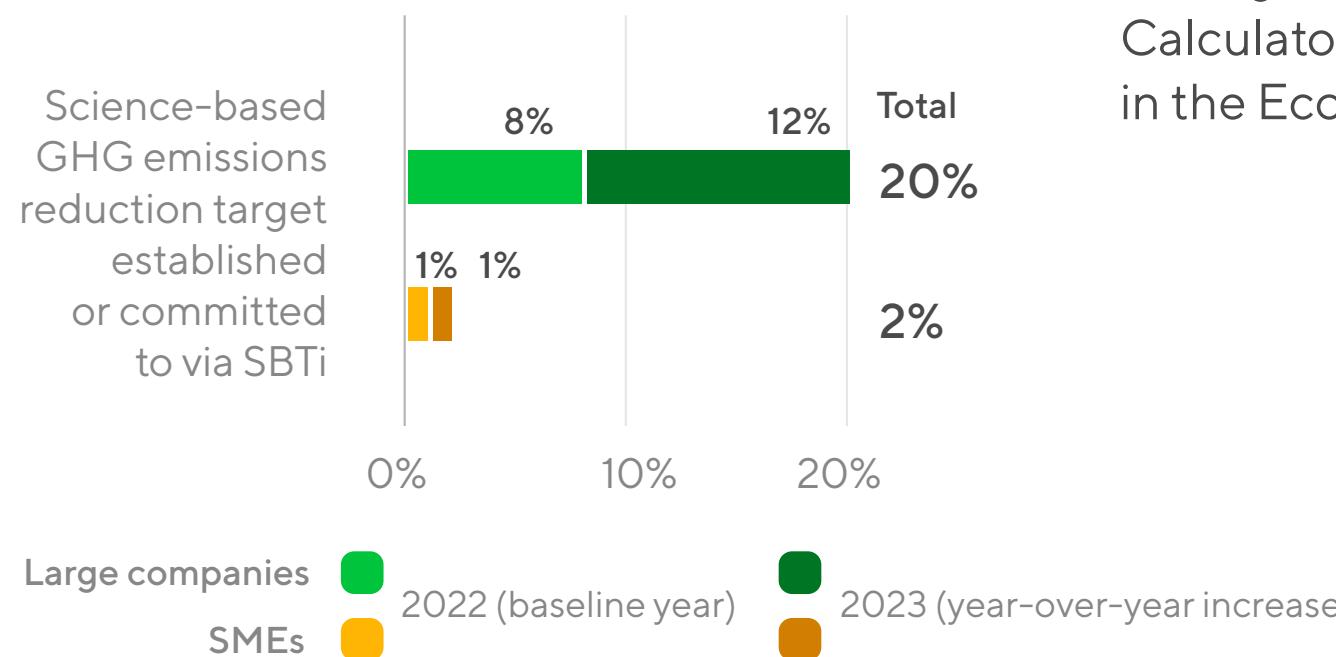


KPIs related to target setting



In 2023, 20% of large companies in the EcoVadis network either committed to or established reduction targets under the SBTi – up from 8% in 2022. This is an important milestone as [SBTi considers](#) 20% adoption to be a critical mass with the potential to greatly influence the behavior of companies in a given region, sector or network. SME adoption of science-based targets is still much lower at just 2%. However, we expect this to accelerate in the coming years as buyers recognize the importance of encouraging their suppliers to set these rigorous targets and more SMEs take advantage of the [support provided by SBTi](#).

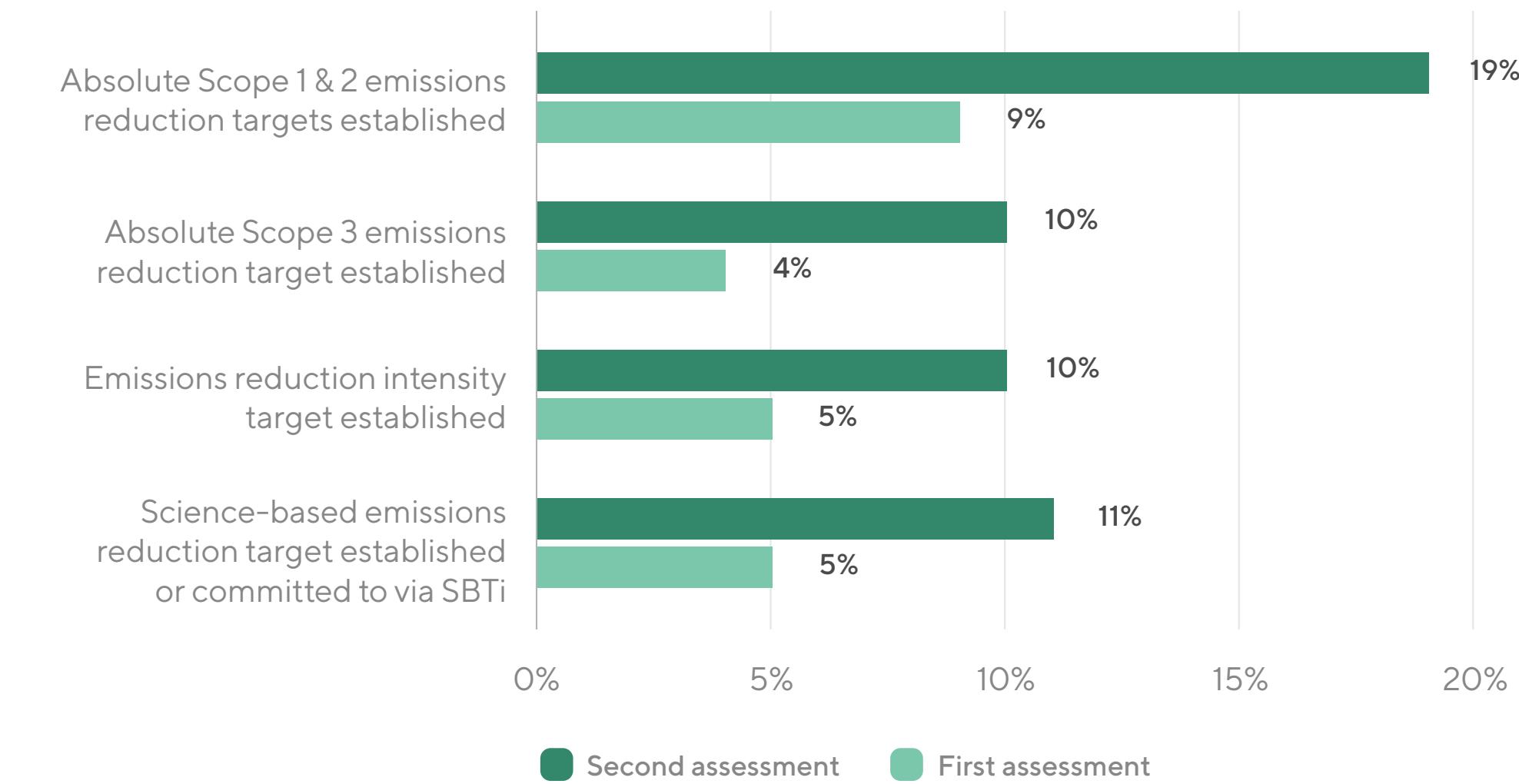
#### Target setting under the SBTi



## Reassessed Suppliers Are Twice As Likely To Set Targets

Companies with at least one improvement cycle behind them are outperforming the baseline on target setting by a wide margin. Factoring in all sizes, reassessed companies are setting Scope 1, 2 and 3 targets at roughly double the rate of first-timers. They are also setting more science-based emission reduction targets. The impact of reassessment is even more pronounced for SMEs. With nearly half of all SMEs entering the network at an insufficient level of maturity, the first improvement cycle enables many of them to gain a comprehensive enough understanding of their emissions to begin setting targets. The easy-to-use Carbon Calculator tool and specific courses in the EcoVadis Academy make this possible.

#### Emissions target setting by number of assessments



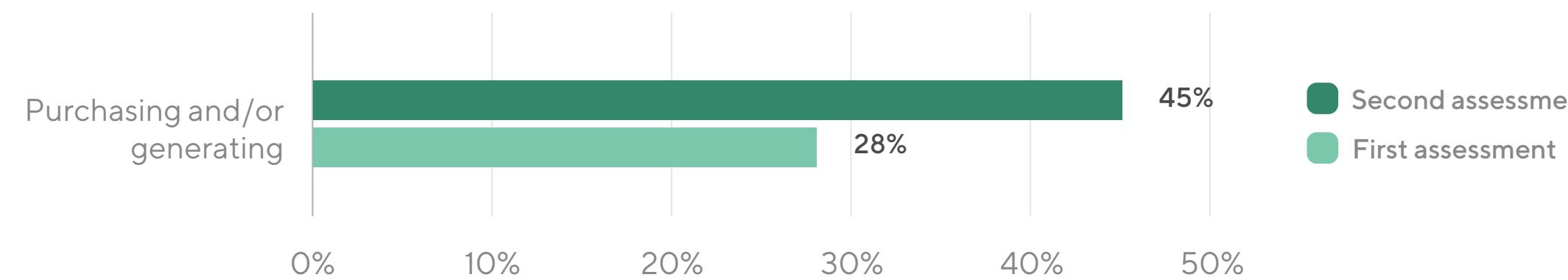
## Actions: More Companies Focusing On Renewable Energy, Efficiency and Training

Suppliers across the EcoVadis network are implementing a range of best practices to turn climate ambitions into action. Both large companies and SMEs are focusing on three best practices to drive their reduction efforts: purchasing and/or generating renewable energy, improving energy efficiency, and training employees on energy conservation and climate-friendly behaviors.

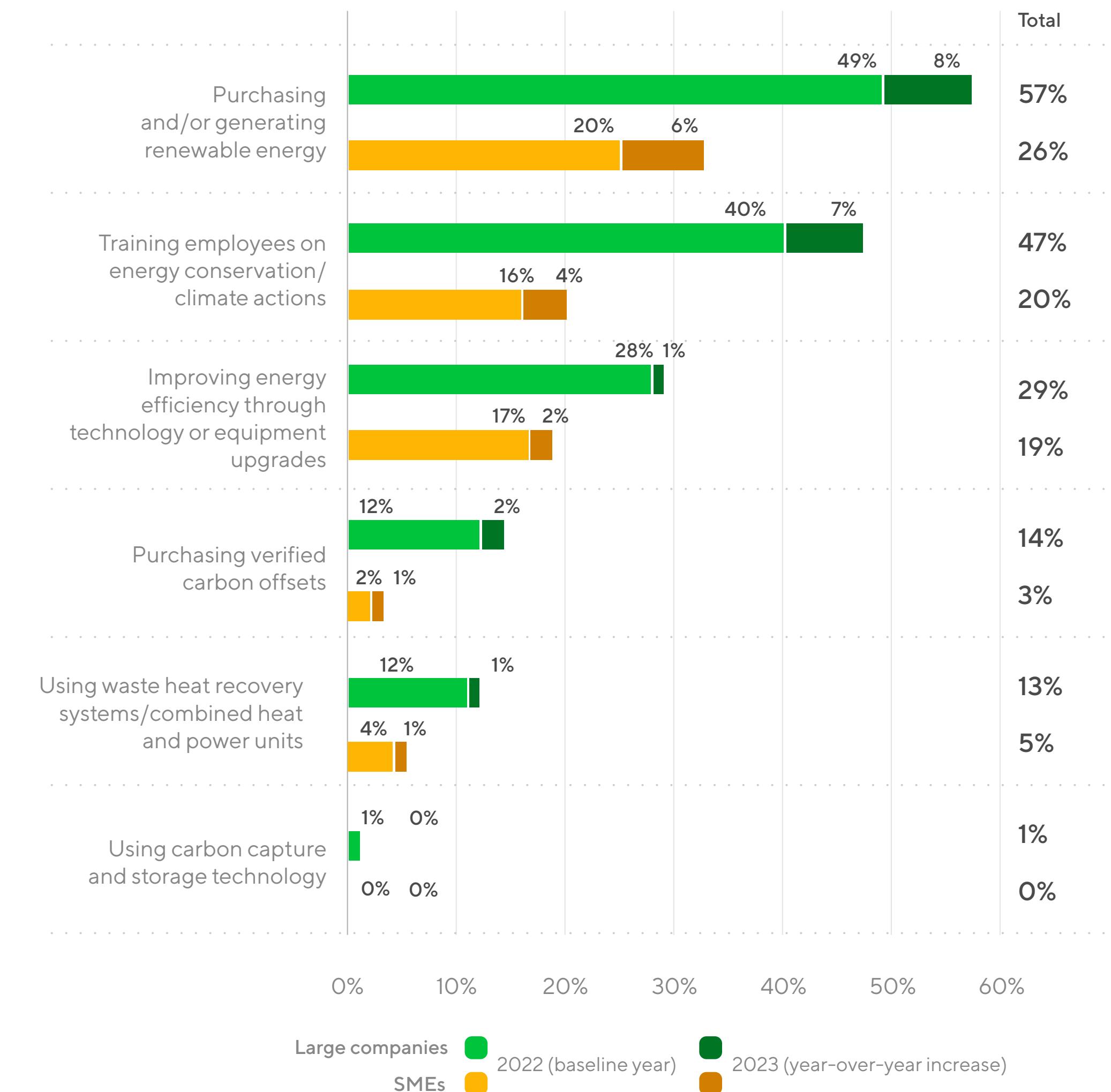
More than half of large companies are now using renewable energy, 47% are providing climate-related training and 29% are improving energy efficiency. The share of SMEs implementing these actions is also sizable and has grown consistently over the past year. Verified carbon offset usage remains low, though this is to be expected given that SBTi and other leading organizations encourage their use only for lingering, hard-to-abate emissions or to take further action beyond the value chain.

Companies that have completed one improvement cycle and undergone reassessment are 61% more likely to be purchasing or generating renewable energy. Nearly half of companies that have been reassessed – across all sizes – are using this as a key lever to reduce the carbon intensity of their operations.

### Renewable energy usage by number of assessments



### How are suppliers in the network reducing their carbon footprint?



## Reporting: Large Companies Far Outpacing SMEs On Reporting KPIs

Measuring the reductions achieved through these best practices and reporting on this progress are essential steps on the supplier journey. The carbon performance rating looks at how effectively companies of all sizes are monitoring and collecting data on GHG emissions, publicly reporting on Scope 1 and 2 emissions, and reviewing performance against targets. Large companies are also evaluated based on their ability to track and report on emissions throughout the value chain.

With mandatory climate disclosure laws on the horizon in regions around the world, companies need to begin improving their reporting capabilities now. The Corporate Sustainability Reporting Directive, for example, will require companies operating in the EU with more than 250 employees (and certain financial criteria) to report on emissions across all scopes for fiscal year 2025. This law will impact parent companies with subsidiaries in the EU and, indirectly, many international suppliers of EU-based companies that will be expected to provide emissions data. After a lengthy delay, the US Securities and Exchange Commission is expected to publish its final disclosure rules by the end of the year. Other markets with existing or upcoming climate disclosure regulations include Brazil, Canada, Hong Kong, the UK, New Zealand, Singapore and Switzerland. Given the interconnectivity of global supply chains, many more companies will be impacted beyond those directly in scope.



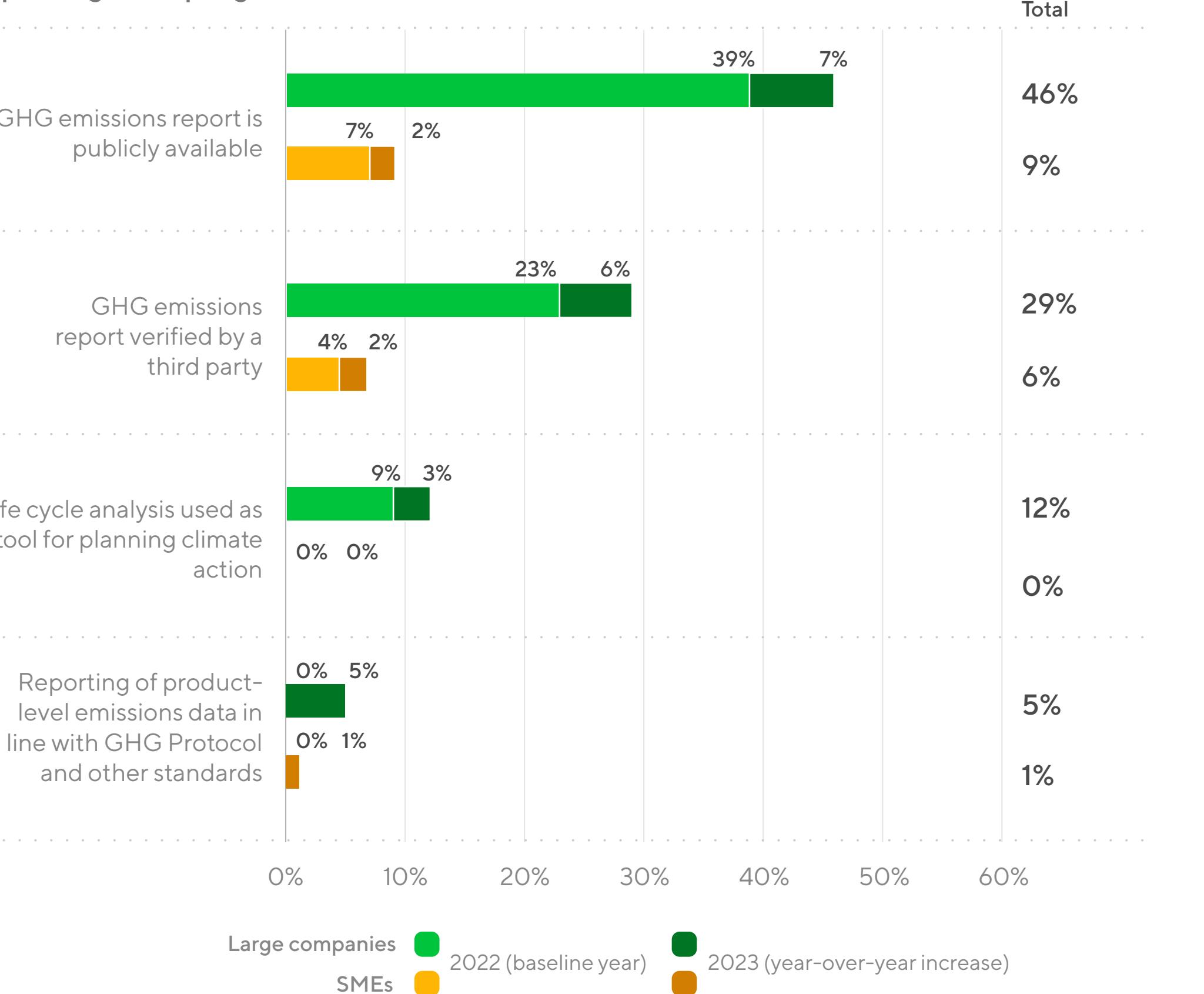
A growing number of large companies in the network are taking steps to build the caliber of GHG reporting system that these regulations and others will require. Nearly half are reporting their GHG emissions publicly and 29% are verifying this data through a third party. The share of large companies using life cycle analyses as a tool for tracking emissions and planning climate action has increased to 12%. Product-level emissions – a new KPI for this year – are being reported by a small but growing contingent of leading suppliers.

Some SMEs in our network will fall within the early scope of upcoming regulations. Many more will be indirectly impacted by the increasingly stringent Scope 3 requirements placed on their trading partners.

However, the data shows that most SMEs remain unprepared, with only 9% reporting their GHG emissions publicly and just 6% externally verifying this data.

To help build readiness, buyers can collaborate with their smaller suppliers on reporting best practices through the Corrective Action Plan tool. They can also encourage them to use Carbon Action Module features like the EcoVadis Academy, which has foundational courses on data monitoring and collection, and the Carbon Calculator to build their GHG reporting system from the ground up.

## How are suppliers in the network tracking their emissions and reporting their progress?



## Supply Chain & Governance: How Large Companies Are Scaling Their Carbon Efforts

### Cascading Efforts to the Next Tier

By cascading carbon efforts to their own suppliers, rated companies in the EcoVadis network are playing an active role in scaling decarbonization. With 64% of Scope 3 emissions stemming from indirect suppliers, leveraging this “network effect” is essential to enhancing carbon visibility and collaboration beyond tier 1. The carbon performance rating focuses on supply chain actions being taken by large companies, as most SMEs are still in the early stages of measuring and managing their Scope 1 and 2 emissions let alone those in their supply chain.

Over a quarter of large companies are now conducting Scope 3 materiality screenings, which the GHG Protocol recommends for identifying key emission sources and opportunities throughout the supply chain. This is a nearly 60% increase from the previous year. Supplier engagement on carbon is now being carried out by 21% of large companies and, beyond direct collaboration, can involve using supplier codes of conduct, contract clauses and awards to encourage reduction efforts. Other actions, like collecting primary Scope 3 data from suppliers, remain rare and saw minimal growth over the past year. This is largely due to the very limited capacity of suppliers at the next tier.

### How are large companies taking action on Scope 3 emissions?

**27%**

conducted a Scope 3 materiality screening  
(17% in 2022)

**8%**

selected suppliers based on emissions intensity (6% in 2022)

**7%**

collected primary Scope 3 data from suppliers (6% in 2022)

**21%**

engaged suppliers on carbon (16% in 2022)

**8%**

used industry-average data to estimate Scope 3 emissions (6% in 2022)

**6%**

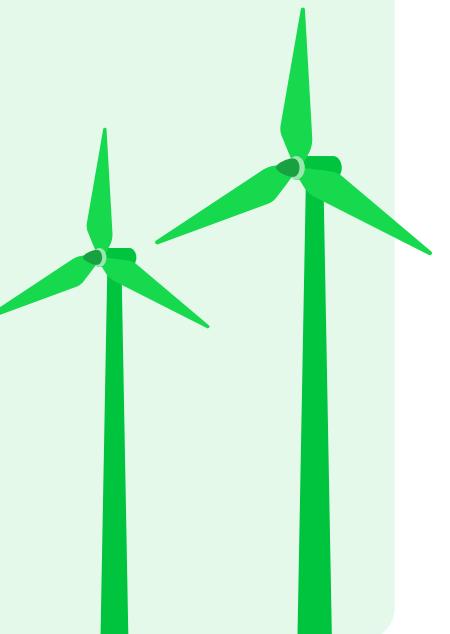
partnered with suppliers to achieve GHG emissions reductions (5% in 2022)

### Building Climate Governance

While many companies are able to make initial progress on climate goals within their current governance structure, driving ambitious action over the long term requires innovation at the organizational level. We are seeing more and more companies reshaping their approach to governance and strategic decision-making around sustainability and carbon. This past year saw significant growth – from 31 to 40% – in the percentage of large companies with a dedicated team for climate action. A fifth of large companies have a time-bound emissions reduction plan, 14% have a dedicated budget for GHG reduction efforts and 13% are linking their management team’s compensation to progress on climate targets. When combined, these tools have the potential to transform a company’s approach to decarbonization and turn risks into opportunities.

**40%**

of large companies in the network have a dedicated team for climate action



# The Carbon Action Module in Motion: Case Studies

## How VMware Is Building a Low-Carbon Supply Chain

Buyers in the EcoVadis network are already using the Carbon Action Module to transform their approach to supply chain decarbonization. One such company is [VMware](#), a leading provider of multi-cloud services enabling clients like the Allianz Group and T-Mobile to drive digital innovation with enterprise control. Its complex supply chain – made up of thousands of suppliers ranging from multinational enterprises to small firms around the world – accounts for more than 90% of its emissions. Among the many sustainability aims outlined in its ambitious [2030 Agenda](#), the company has two primary climate goals: ensure 75% of annual spend is directed to suppliers with science-based targets by 2025, and achieve net zero across operations and supply chain by 2030. Building upon a strong foundation, VMware began using the Carbon Action Module in 2021 to better understand the carbon performance of its suppliers and accelerate progress toward these goals.

### VMware's Suppliers Are Far Outperforming the Broader Network on Carbon

The insights from this ongoing baselining and benchmarking process have helped VMware hone its supplier engagement program and provide tailored support to companies based on their carbon maturity and needs. Through the Module's Corrective Action Plan tool, it is collaborating closely with suppliers and guiding their decarbonization journeys. Notably, it is also encouraging less mature suppliers to use the platform's Carbon Calculator to determine their carbon footprint. These efforts are yielding strong results. The vast majority (76%) of VMware's suppliers with a carbon performance rating are now at an Intermediate level or above. More than 20% have attained Leader status, compared to just 1% across the broader network in 2023.

### Fiscal Year 2023 Statistics

**\$13.4**  
billion in revenue      **38,300**  
employees

**3,588**  
suppliers      **76%**  
of rated suppliers are at an Intermediate carbon maturity level or above

**52%**  
of supplier spend covered by science-based targets or commitments      **65%**  
of rated suppliers have shared at least one GHG metric through the platform

Before engaging in the Carbon Action Module, the company found that only about one-third of its suppliers were motivated to set science-based targets on their own. Now, 65% of VMware's suppliers have at least one GHG target in place and 52% of its total supplier spend is covered by science-based targets or commitments, putting the company well on track to meet its 2025 goal.

### The Many Benefits of Scope 3 Decarbonization

VMware is already seeing tangible benefits of a more integrated approach to managing Scope 3 emissions. It is reducing risks and costs, building stronger relationships with suppliers, fostering sustainable innovation throughout its value chain and improving performance. The company expects its supply chain decarbonization efforts to yield \$41 million in cost savings through the avoidance of carbon offsets by 2030 – a triple-digit return on investment. VMware is also using insights gained through the Carbon Action Module to help inform its new Sustainability Supplier Engagement program, which it has rolled out to 90% of its suppliers by spend as of October 2023. As part of this program, it will provide tailored support to help more suppliers develop science-based emission reduction targets and have them verified under the SBTi.



*Companies today are ready to take decarbonization action. With EcoVadis and our own resources that VMware has shared, we're giving our partners the tools they need to finally take the first step on the journey to reduce their emissions.*

VMware



*Our suppliers are an extension of our operation – we cannot achieve our goals without them, and we therefore must invest time, energy and resources to help them. Our approach is collaboration first, supported by compliance levers, and suppliers have largely been very receptive.*

VMware

## Groupe Sterne and Novea Are Collaborating to Become Carbon Leaders

Close collaboration on decarbonization can yield impressive results over a short timeframe, as the partnership between Groupe Sterne and its subsidiary Novea illustrates. An international provider of premium logistics and transport solutions, Groupe Sterne has a long-standing commitment to sustainability and is rapidly becoming a decarbonization leader in the transport sector. It has set verified targets under the SBTi, including a net zero with compensation by 2050 commitment that encompasses Scope 3 emissions. By leveraging its EcoVadis Corporate subscription and the Carbon Action Module, the group is gaining greater visibility over the carbon performance of its 36 subsidiaries and helping them take bolder action.

Novea, a French company specializing in urban logistics and last-mile delivery, is one of these subsidiaries. It has been working closely with its parent company for years to integrate sustainability throughout its operations. Novea recently secured an EcoVadis Platinum Medal for these efforts, putting it in the top 1% of the network and bringing Groupe Sterne one step closer to ensuring that all of its subsidiaries are rated Gold or Platinum by 2024.

### Novea: From Carbon Laggard to Leader in One Year

This rating would not have been possible without the recent strides Novea has made on decarbonization. With Groupe Sterne's support and the Carbon Action Module's insight and tools, Novea has radically transformed its approach to carbon management.



*We will not decarbonize alone in our sector. We will decarbonize together by modifying our habits, by changing the way we consume, and by changing the way we transport.*

**Groupe Sterne**

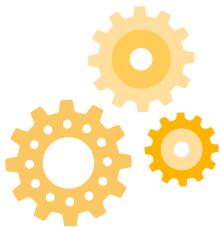


*If you are looking to reduce GHG emissions, EcoVadis is there. If you are aiming to reduce costs, EcoVadis is there. If you need to galvanize your team and improve your recruitment process, EcoVadis is still there. So, EcoVadis is hard to do without.*

**Novea**



Over the course of multiple assessments within the past year, the company has improved its EcoVadis carbon performance rating from Insufficient (the lowest on our scale) to Leader (the highest). Novea has achieved this unprecedented climb up the maturity ladder by:



Building a GHG management system with best-in-class capabilities from the ground up (it had no such elements in place upon joining the network)



Going from no reporting to publicly reporting emissions data (including at the product level) and verifying this data through a third party



Setting science-based commitments and targets under the SBTi



Attaining multiple ISO certifications for its environmental and carbon management system and conducting virtual audits



Engaging and collaborating with supply chain partners on innovative decarbonization strategies and actions



Adhering to Objective CO<sub>2</sub>, a national-level scheme that gives French companies a framework for reducing transport-related GHG emissions

## Unlocking New Opportunities Through Carbon Leadership

Both companies are realizing the benefits of their close collaboration through the Carbon Action Module. Thanks to its impressive carbon performance, Novea has established 59 permanent connections and scorecard shares with potential customers through the platform, including companies from two Sector Initiatives. Groupe Sterne has already seen a direct return on its investment in rating the sustainability and carbon performance of its subsidiaries. This enhanced visibility has enabled it to set science-based targets of its own, attract and retain talent, access new opportunities, drive sales growth and build brand recognition. Groupe Sterne is now planning to use the lessons learned from engaging with Novea to accelerate the decarbonization journeys of its other subsidiaries.



# Outlook: Building Carbon Maturity Now Is Crucial to Long-Term Success

Taking bold climate action is no longer just a moral imperative: It is now a key driver of long-term business success. With governments, investors and customers placing an ever-increasing premium on carbon transparency and performance, supply chain partners will have to work together more closely than ever to keep pace and remain competitive. Our scorecard data shows that the Carbon Action Module is making this possible and enabling proactive buyers and suppliers to forge new pathways for collaboration on carbon, make real progress on climate goals and unlock new opportunities.

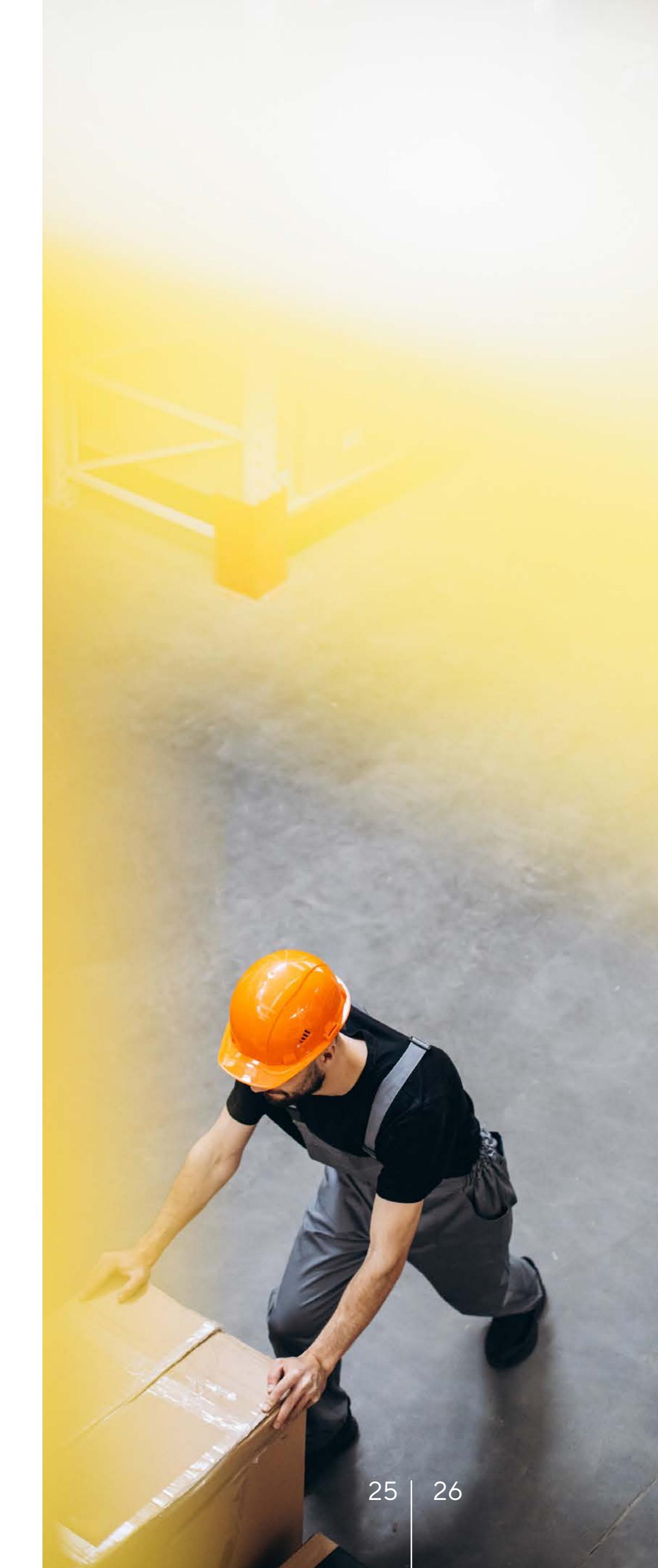
### **Reassessed Companies Are Rising Above the Supply Chain Baseline**

Most suppliers are entering our network with a low level of carbon maturity – often lacking a fundamental understanding of their GHG emissions and a foundation for managing them. This is emblematic of the broader state of climate action: Although a growing number of companies throughout global supply chains understand the imperative of reducing emissions quickly, many still do not know how to get started or need more targeted support from their partners. This lack of maturity and transparency is leaving buyers unable to make meaningful progress on their Scope 3 targets and underprepared for emerging carbon reporting requirements. However, scorecard data collected over the past year shows that progress is very much achievable for companies – across geographies and industries – once they commit to building transparency on carbon and collaborating closely with trading partners.

Companies in the network that have undergone one rating and improvement cycle (i.e., those that have received their second scorecard) under the Carbon Action Module are outperforming the first-time assessment baseline by a wide margin. Nearly 40% of suppliers with two assessments are at an Intermediate carbon maturity level or above versus just 18% of those rated once. This translates into more and more companies each year setting credible targets, taking impactful steps to reduce emissions and widely reporting on the outcomes of their efforts. With each additional improvement cycle, committed suppliers are rising even further above the first-time baseline.

### **The Most Important Step Is Getting Started**

Decarbonization can be daunting – for buyers and suppliers alike. We created the Carbon Action Module with this in mind and its unique approach is helping companies at all maturity levels overcome the many hurdles to taking action on operational or value chain emissions. Buyers are using the Module's tools and predictive intelligence to identify carbon hotspots in their complex supply chains and set priorities. Carbon performance ratings are enabling buyers to tailor their engagement approach and giving suppliers clear pathways for improvement. We encourage you to join these companies – the hundreds of buyers and thousands of suppliers across the EcoVadis network – taking decisive steps on the journey toward a low-carbon future.



# How EcoVadis Helps: From Risk Mitigation to Performance & Impact

EcoVadis provides sustainability ratings and intelligence used in global value chains, finance and commerce, offering detailed insights into environmental, social and ethical risks across more than 200 industry categories and 176 countries. The EcoVadis Intelligence Suite covers:

## Risk Mapping

IQ Plus: Fast, contactless ESG risk & transparency identification of 100% of suppliers. Gain visibility and set priorities for engagement steps in days (no supplier survey or fees needed).

The Carbon Heatmap (part of the Carbon Action Module): An easy-to-use carbon hotspot mapping tool to prioritize high-risk/opportunity trading partners for engagement on decarbonization.

## Sustainability Ratings and Monitoring

EcoVadis Ratings engage companies in benchmarking and monitoring to mitigate risk and improve their sustainability performance. A robust methodology covering 21 criteria and a 360° Watch that scans external inputs (e.g., trade unions, NGOs, watchlists, news, etc.) yield reliable ratings on a 0-to-100 scale that integrate easily into procurement or investment strategies and other business decisions.

## Engagement and Improvement Tools

Detailed scorecards provide feedback and guidance for improvements. The Carbon Action Module engages companies deeper on measuring, reporting and reducing their GHG emissions. The Corrective Action Plan enables collaboration between purchasers and suppliers, investors and portfolio companies. The EcoVadis Academy provides e-learning courses to help companies build knowledge and capacity on sustainability topics.

## Service, Support and Community

Enterprise offerings include program management support – change management, journey mapping, global deployment, supplier/rated company onboarding, dashboarding and reporting, etc. – and training options for both requesting and rated companies.