

The image features a dark background with a bokeh effect of city lights in various colors (blue, yellow, red). A large, stylized number '4' is overlaid on the left side. The EcoVadis logo is positioned in the upper right quadrant.

ecovadis

# Assessment Scope in EcoVadis Methodology

# AGENDA



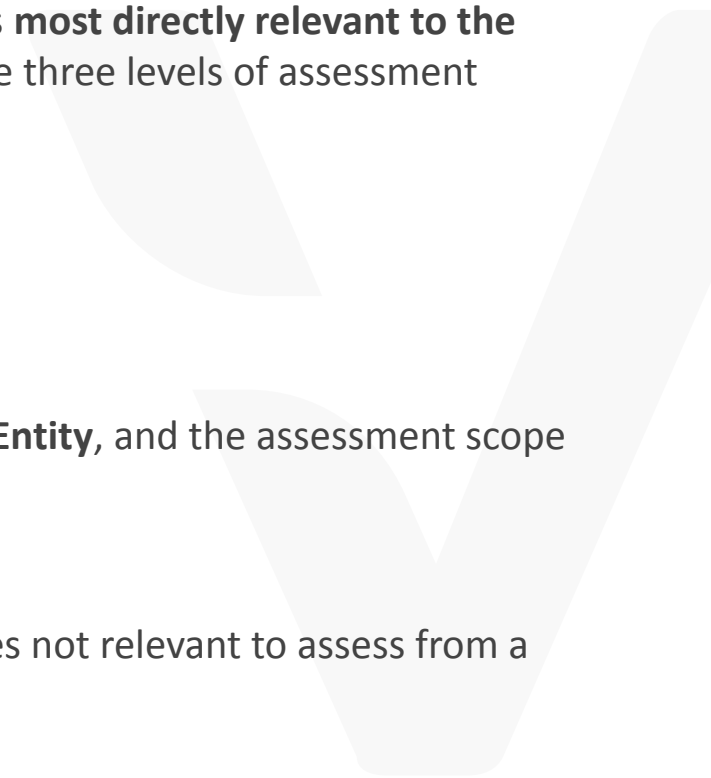
- 1 Objectives of the Presentation
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- 3 Determining Assessment Scope: Not Allowed Scopes
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# Objectives of this Presentation

# Objectives

- EcoVadis' general recommendation is to assess the scope that is **most directly relevant to the rated companies' relationship with a trading partner**. There are three levels of assessment scopes:
  - GROUP
  - ENTITY
  - SITE
- Each level of assessment scope needs to correspond to a **Legal Entity**, and the assessment scope will be named after the Legal Entity Name (LEN)
- NOT ALLOWED scopes are also explained. This pertains to scopes not relevant to assess from a sustainable procurement standpoint.





**Determining Assessment Scope:**  
**Levels of Assessment Scopes**

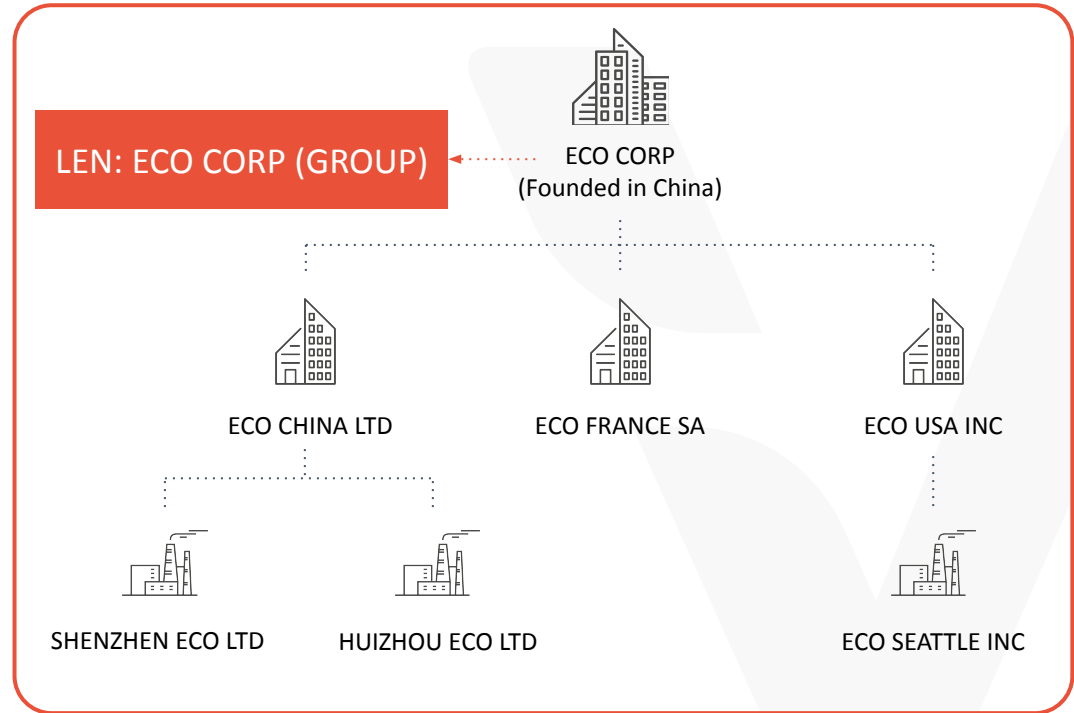
# Levels of assessment scopes

## 1 Assessment Scope:

- **GROUP**
- ENTITY
- SITE

## GROUP definition:

- A company (legal entity) with subsidiaries
- A subsidiary (legal entity) which has subsidiaries (part of a group), and which has a higher parent company



If a company is a joint venture, the minimum percentage of shareholding to be considered as a subsidiary is at least 50%.

# Levels of assessment scopes

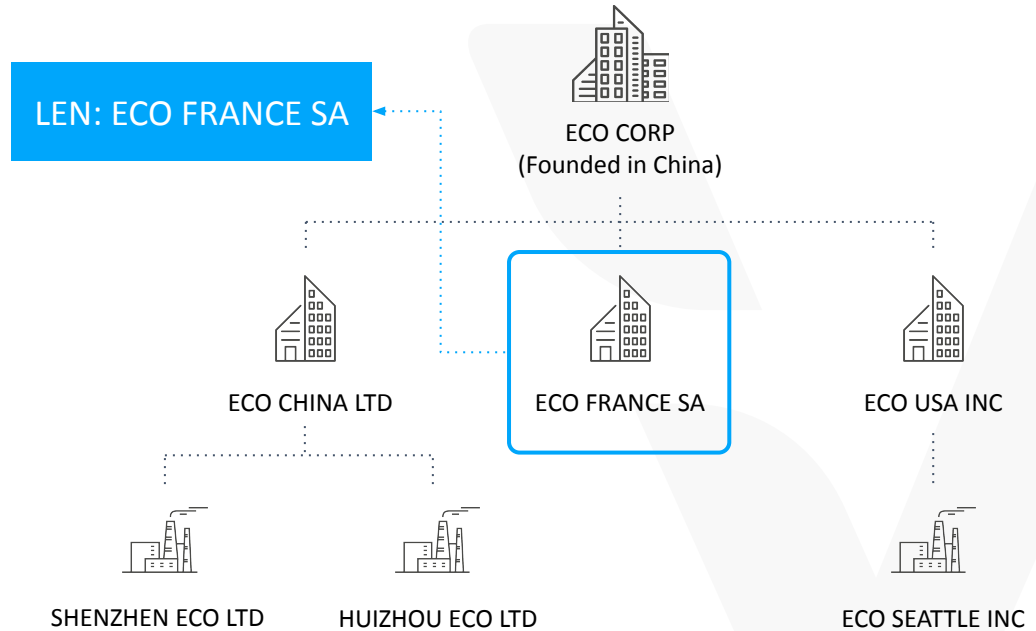
## 2 Assessment Scope:

- GROUP
- **ENTITY**
- SITE



### ENTITY definition:

- A legal entity with no subsidiaries. It can be a monosite company, or a standalone company with 1 or more sites which don't have different Legal Entity Names (LEN); or
- A subsidiary of a group with no other subsidiaries below it



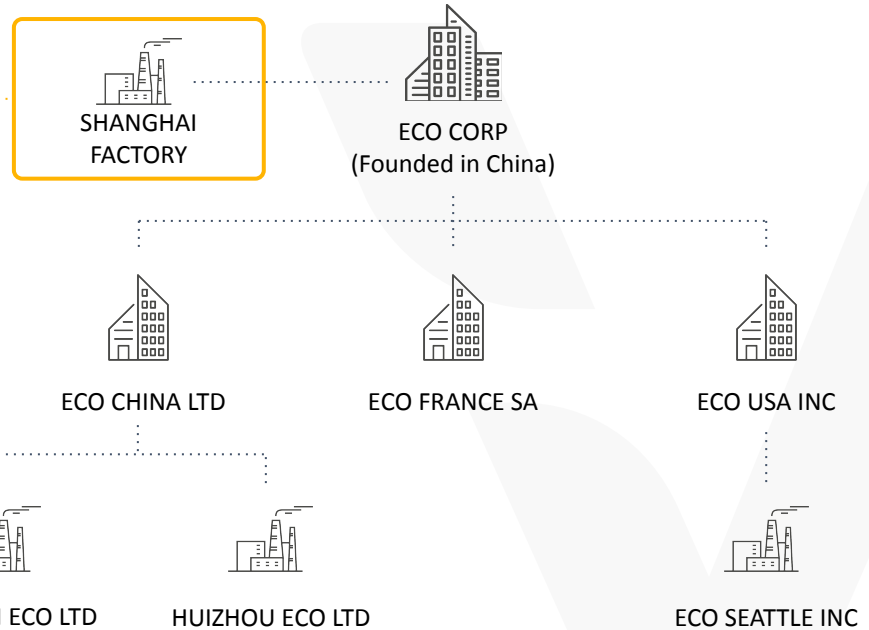
If a company is a joint venture, the minimum percentage of shareholding to be considered as a subsidiary is at least 50%.

# Levels of assessment scopes

## 3 Assessment Scope:

- GROUP
- ENTITY
- **SITE**

LEN: ECO CORP  
(SHANGHAI SITE)



## SITE definition:

- A site or facility of a legal entity. This site does not have an individual Legal Entity Name (LEN), and the EcoVadis LEN uses a suffix: (Site of XYZ) for these types of sites
- A Site will use the LEN of its “parent” entity, with the (Site of XYZ) Suffix in its EcoVadis Legal Entity Name



If a company is a joint venture, the minimum percentage of shareholding to be considered as a subsidiary is at least 50%.





**Determining Assessment Scope:**  
**Not Allowed Scope**

# Not Allowed Scopes for EcoVadis Assessment

## Certain types of organizational and operational structure are NOT ALLOWED:

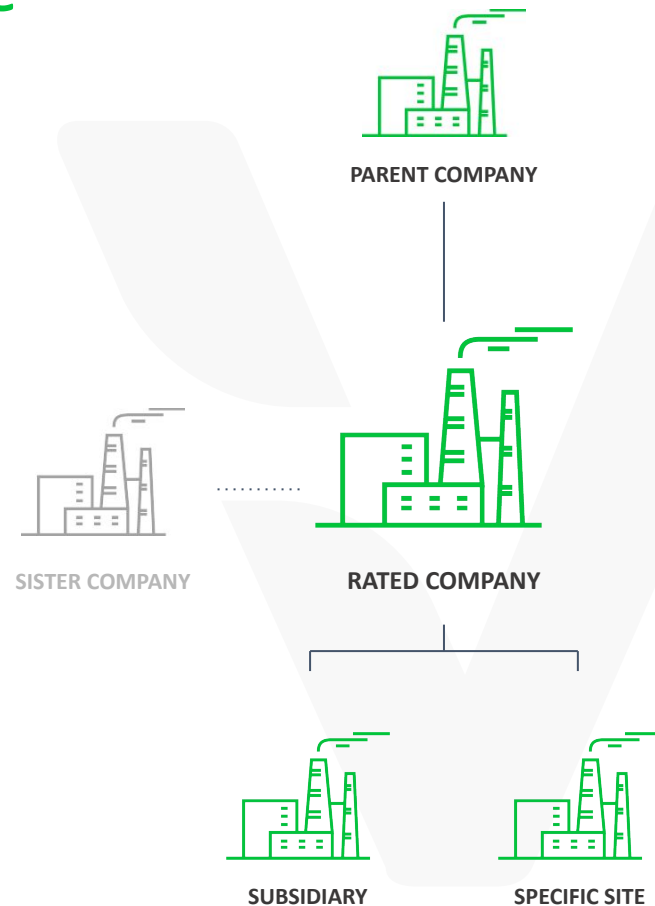
- ✗ Conglomerates (i.e. groups offering a variety of divisions which differ in terms of activity) are not assessed because of the dilution of sustainability issues in such superstructures. It is hence advisable to select a second-tier scope instead, e.g. a subsidiary or a division with a legal entity name);
- ✗ Business Units or Divisions without a legal entity name are not assessed;
- ✗ Pure commercial entities in manufacturing groups (e.g. sales offices, trading agents, marketing entities) with a legal entity name are not assessed;
- ✗ Pure “financial investment” holdings (i.e. investment funds with a legal entity name) are not assessed;
- ✗ Product names, commercial brands and brand names;
- ✗ Unless several local operational sites form a single commercial legal entity, it is not possible to assess them together. It is hence advisable to make separate site assessments or evaluate the parent company;
- ✗ NGOs, academia/universities or state-owned/governmental organizations without a legal entity name are not assessed.



**How EcoVadis Credit Information  
From Related Companies**

# Companies Related to the Assessment Scope

- Depending on the Assessment Scope selected, EcoVadis would also consider information from the **related companies** based on company structure
- Companies considered **related** to the Assessment Scope:
  - Parent company (if applicable)
  - Subsidiaries and/or operational sites (if applicable)
- Levels considered **unrelated** to the Assessment Scope:
  - Sister companies (if applicable)
  - Third parties (e.g. suppliers, contractors, etc.)
- Questionnaire answers and most supporting documents provided are recommended to be as specific to the Assessment Scope as possible



More details in the [EcoVadis Document Guide](#)

# How We Credit Information from Related Companies

- Guiding Principle:
  - **Policies** express the Group's strategies and are usually issued top-down
  - **Actions** and **Results** need to be verified at the level of Rated Company to ensure concrete implementation and relevant coverage

	Rated Company	Subsidiaries/Sites <sup>1</sup>	Parent Company <sup>2</sup>
Policies	Yes	No	Yes
Actions	Yes	Yes	No
Results	Yes	No	No

<sup>1</sup> Under certain conditions, Policies and Results may be credited at Subsidiaries/Sites' level.

<sup>2</sup> Under certain conditions, Actions and Results may be partially credited from Parent Company level.

**Questions?**

