GOLD
2023
ecovadis
Sustainability
Rating

ecovadis

EcoVadis Sustainability Assessment Report

Company rated:
DAEYANG ELECTRIC CO LTD (GROUP)

Overall score: 71 /100
July 2023

Sustainability performance: Advanced

Size: M
Headquarters country: South Korea
Risk country operations: Yes
Industry: Manufacture of other electrical equipment

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ABOUT SUSTAINABILITY

Sustainability is the continuing commitment to act responsibly by integrating social and environmental concerns into business operations. Sustainability goes beyond regulatory compliance to focus on how companies manage their economic, social and environmental impacts, as well as their relationships with stakeholders (e.g. employees, trading partners, government).

ABOUT THE ASSESSMENT

The EcoVadis methodology framework assesses companies' policies and actions as well as their published reporting related to the environment, labor and human rights, ethics and sustainable procurement. Our team of international sustainability experts analyze and crosscheck companies' data (supporting documents, 360° Watch Findings, etc.) in order to create reliable ratings, taking into account each company's industry, size and geographic location.
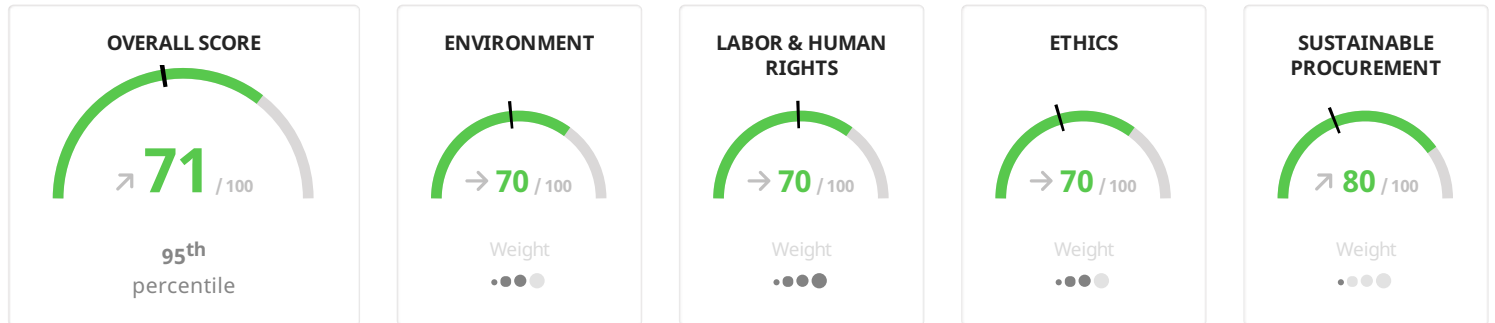
ABOUT ECOVADIS

EcoVadis provides the leading solution for monitoring sustainability in global supply chains. Using innovative technology and sustainability expertise, we strive to engage companies and help them adopt sustainable practices.
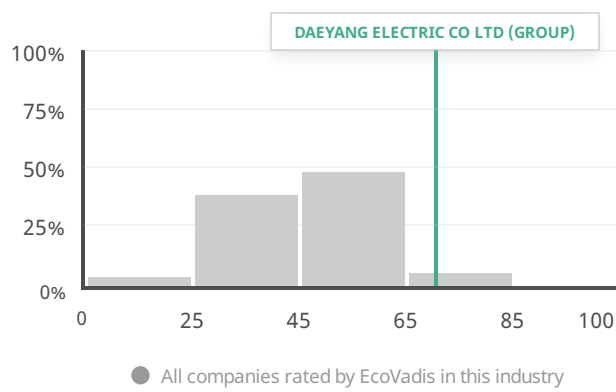
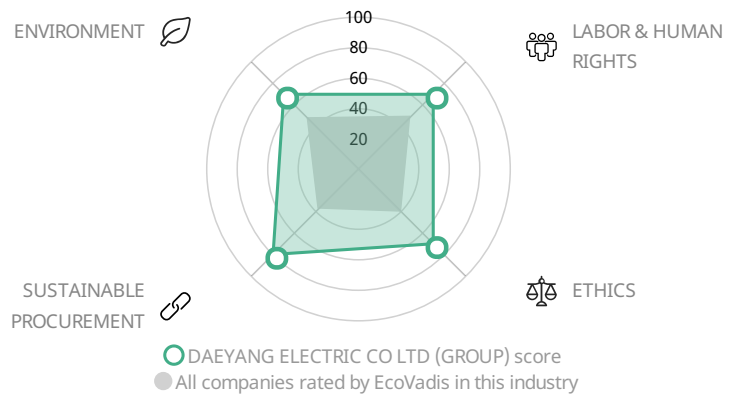# 1. SUSTAINABILITY PERFORMANCE OVERVIEW

Score breakdown

Sustainability performance   ● Insufficient   ● Partial   ● Good   ● Advanced   ● Outstanding   — Average score

OVERALL SCORE	ENVIRONMENT	LABOR & HUMAN RIGHTS	ETHICS	SUSTAINABLE PROCUREMENT
↗ **71** / 100	→ **70** / 100	→ **70** / 100	→ **70** / 100	↗ **80** / 100
95th percentile	Weight ●●●●	Weight ●●●●	Weight ●●●●	Weight ●●●●

Overall score distribution

DAEYANG ELECTRIC CO LTD (GROUP)

● All companies rated by EcoVadis in this industry

Theme score comparison

○ DAEYANG ELECTRIC CO LTD (GROUP) score
● All companies rated by EcoVadis in this industry

DAEYANG ELECTRIC CO LTD (GROUP) has been awarded a gold medal in recognition of sustainability achievement! To receive this medal, companies must have an overall score of 70-78.

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Sustainability Rating

Corrective Action Plan in progress

The Corrective Action Plan is a collaborative feature designed to support companies' performance improvement. It enables companies to build an improvement plan online, communicate planned and completed corrective actions and share feedback. DAEYANG ELECTRIC CO LTD (GROUP) has a corrective action plan in place and is working on improving their sustainability management system.

2. ASSESSMENT BENEFITS

Understand :

Get a clear picture of a company's sustainability performance. The scorecard is the final output of the EcoVadis assessment. It rates and benchmarks a company's sustainability performance in four themes on a scale of 0-100 and highlights strengths and improvement areas.

Know where a company stands compared to their industry. Benchmark the company's sustainability performance against the industry with a score distribution graph and theme score comparisons.

Identify industry trends. Discover the primary sustainability risks, regulations, hot topics and best practices related to specific industries.

Communicate :

Meet customer needs. More and more companies raise questions about their trading partners' environmental and social performance. The EcoVadis assessment allows companies to demonstrate their commitment.

Leverage a unique communication tool. Companies with an EcoVadis Scorecard avoid audit fatigue by sharing one assessment with all requesting customers.

3. ASSESSMENT PROCESS

1

Customer Request

Procurement, CSR, EHS, and Sustainability leaders in enterprises looking to monitor sustainability risk in the supply chain request an EcoVadis assessment for their trading partners.

2

Questionnaire

Based on a company's specific sustainability risk factors, a customized questionnaire is created. It contains 20 to 50 questions tailored to the industry, size and location.

3

Document Analysis

Companies are required to provide supporting documentation for their answers to the questionnaire. These documents are reviewed by our analysts.

4

Public Information

Company information that is publicly available, most often found on the company website, is also collected as evidence of their sustainability performance.

5

360° Watch Findings

360° Watch Findings comprise relevant public information about companies' sustainability practices, identified via more than 10,000 data sources. They can have positive, negative or no score impact.

6

Expert Analysis

Our analysts combine all these elements to produce one unified scorecard per company.

SCORECARD

4. ECOVADIS METHODOLOGY

A. Four Themes and 21 Criteria

EcoVadis assessments focus on 21 issues which are grouped into 4 themes (Environment, Labor & Human Rights, Ethics, Sustainable Procurement). The 21 issues or criteria are based upon international sustainability standards such as the Global Compact Principles, the International Labour Organization (ILO) conventions, the Global Reporting Initiative (GRI) standard, the ISO 26000 standard, and the CERES principles.

21 sustainability criteria

1. ENVIRONMENT

OPERATIONS
Energy consumption & GHGs
Water
Biodiversity
Air Pollution
Materials, Chemicals & Waste

PRODUCTS
Product Use
Product End-of-Life
Customer Health & Safety
Environmental Services & Advocacy

2. LABOR & HUMAN RIGHTS

HUMAN RESOURCES
Employee Health & Safety
Working Conditions
Social Dialogue
Career Management & Training

HUMAN RIGHTS
Child Labor, Forced Labor & Human Trafficking
Diversity, Equity & Inclusion
External Stakeholders Human Rights

3. ETHICS
Corruption
Anticompetitive Practices
Responsible Information Management

4. SUSTAINABLE PROCUREMENT
Supplier Environmental Practices
Supplier Social Practices

B. Seven Management Indicators

EcoVadis assessments evaluate a company's sustainability management system by looking at seven management indicators. These are used to further customize the assessment by weighting the four themes and their subsequent 21 sustainability criteria.

Policies (weight: 25%)

1. Policies: Mission statements, policies, objectives, targets, governance

2. Endorsement: Endorsement of external sustainability initiatives

Actions (weight: 40%)

3. Measures: Measures and actions implemented (e.g. procedures, training, equipment)

4. Certifications: Certifications and labels (e.g. ISO 14001)

5. Coverage: Coverage of measures and actions

Results (weight: 35%)

6. Reporting: Reporting on Key Performance Indicators (KPIs)

7. 360: Condemnations, Controversies, Awards

5. UNDERSTANDING A SCORECARD

The overall score can be better understood by looking at quantitative information (theme scores and activated criteria) and qualitative information (strengths and improvement areas).

A. Quantitative Information: Scores & Activated Criteria

Theme Scores:
Like the overall score, theme scores are on a scale of 1 to 100.

Activated Criteria:
Each of the four themes (Environment, Labor & Human Rights, Ethics, Sustainable Procurement) have specific criteria associated with them. Because the questionnaire is customized by industry, size and location, not all 21 criteria are activated for every company and some criteria are weighted more heavily than others.

Non-activated

If certain criteria are not activated, then the specific associated issue is not relevant or has very low sustainabiliy risk for that company.

Medium

Medium importance criteria are the issues some sustainability risk is present but not the most pressing.

High

High importance criteria are the issues where the company faces the greatest sustainability risk.

(!)   Risk countries only

Criteria classified as Only in Risk Countries are activated only if the company has significant operations in one or more countries identified as risky.

B. Qualitative Information: Strengths & Improvement Areas

Qualitative information provides more details and insights into a company's score. For each theme, the company is assigned strengths (elements of their sustainability management system that are positive) and improvement areas (elements of their sustainability management system that need to be improved). The strengths and improvement areas are divided according to the three management layers (Policies, Actions, Results) and are also classified by priority.

All improvement areas are automatically added to the company's Corrective Action Plan. They are pre-organized by priority. The Corrective Action Plan is a collaborative feature designed to support companies' performance improvement. It enables companies to build an improvement plan online, communicate planned and completed corrective actions and share feedback.

C. The Scoring Scale

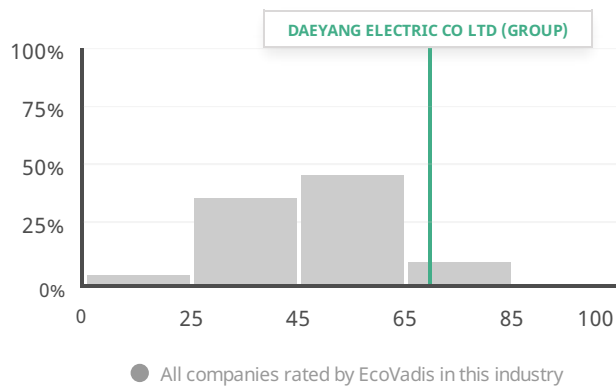| Score	Rating	Description
0 - 24	Insufficient	No engagements or tangible actions regarding sustainability. Evidence in certain cases of misconduct (e.g. pollution, corruption).
25 - 44	Partial	No structured sustainability approach. Few engagements or tangible actions on selected issues. Partial reporting on Key Performance Indicators. Partial certification or occasional labeled product.
45 - 64	Good	Structured and proactive sustainability approach. Engagements/policies and tangible actions on major issues. Basic reporting on actions or Key Performance Indicators.
65 - 84	Advanced	Structured and proactive sustainability approach. Engagements/policies and tangible actions on major issues with detailed implementation information. Significant sustainability reporting on actions and Key Performance Indicators.
85 - 100	Outstanding	Structured and proactive sustainability approach. Engagements/policies and tangible actions on all issues with detailed implementation information. Comprehensive sustainability reporting on actions and Key Performance Indicators. Innovative practices and external recognition.

6. ENVIRONMENT

This theme takes into account both operational factors (e.g. energy consumption, waste management) and product stewardship (e.g. product end-of-life, customer health and safety issues).

Environment Score Breakdown

OVERALL SCORE	ENVIRONMENT	LABOR & HUMAN RIGHTS	ETHICS	SUSTAINABLE PROCUREMENT
↗ 71 / 100	→ 70 / 100	→ 70 / 100	→ 70 / 100	↗ 80 / 100
— Average score	Weight ●●●○	Weight ●●●●	Weight ●●●○	Weight ●○●●

Theme score distribution

DAEYANG ELECTRIC CO LTD (GROUP)

● All companies rated by EcoVadis in this industry
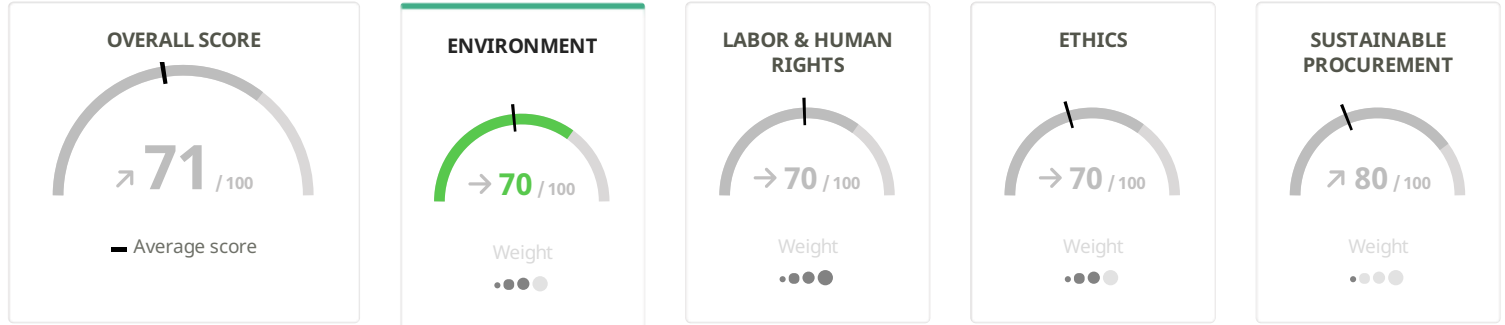
Theme score comparison

ENVIRONMENT · LABOR & HUMAN RIGHTS · ETHICS · SUSTAINABLE PROCUREMENT

○ DAEYANG ELECTRIC CO LTD (GROUP) score
● All companies rated by EcoVadis in this industry
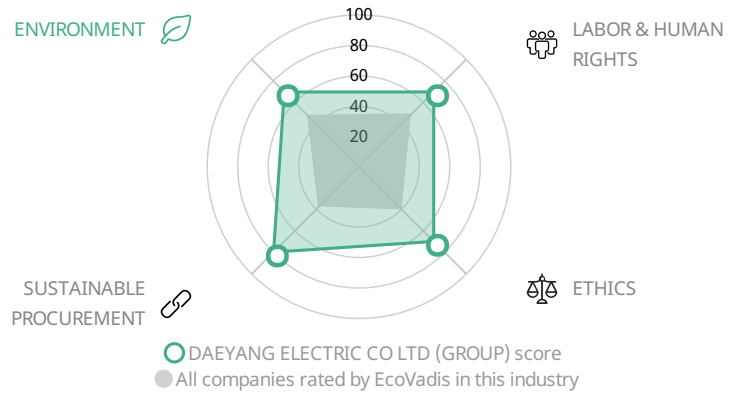
Environment: Activated Criteria

Because the questionnaire is customized by industry, size and location, not all 21 criteria are activated for every company and some criteria are weighted more heavily than others.

Environment: Strengths & Improvement Areas

The Corrective Action Plan is a collaborative feature designed to support companies' performance improvement. It enables companies to build an improvement plan online, communicate planned and completed corrective actions and share feedback. Improvement areas with ongoing corrective actions are marked with labels below.

Environment

Weight ● ● ○

Strengths

Policies

Environmental policy on customer health & safety

Environmental policy on product end-of-life

Environmental policy on product use

Environmental policy on materials, chemicals & waste

Environmental policy on water

Environmental policy on energy consumption & GHGs

Standard policy on a majority of environmental issues

Information

A standard environmental policy includes commitments and/or operational objectives on the main environmental risks the company faces.

Guidance

A comprehensive environmental policy includes commitments and/or operational objectives on the majority of environmental risks the company faces, and integrates quantitative objectives (i.e. targets) on those risks. It is also mandatory for the policy to incorporate some of the following organizational elements: scope of application, allocation of responsibilities, and/or a formal review process. Policies are deemed exceptional when all environmental issues are covered by qualitative and quantitative objectives, in addition to all of the aforementioned elements.

Actions

Specialized treatment and safe disposal of hazardous substances

Environmental emergency measures in place

Reduction of material consumption through process optimization

Refurbishing and remanufacturing of IT hardware (i.e. laptops)

Mapping of waste streams

Internal sorting & disposal of waste according to waste streams

Reduction of internal wastes through material reuse, recovery or repurpose

Training of employees on energy conservation/climate actions

Purchase and/or generation of renewable energy

Company-specific emergency preparedness and response procedure regarding customer health and safety

Improvement of energy efficiency through technology or equipment upgrades

Technologies or practices to recycle or reuse water

Products designed for easy dismantling and easy recyclability

Integration of eco-design features in product design

Declares all relevant products meet RoHS 2 requirements (not verified)

Information

The company declares that all of its relevant products meet RoHS 2 requirements. This strength is activated solely based on the questionnaire claim, and is not verified within supporting documentation provided by the company.

Guidance

The Restriction of Hazardous Substances Directive 2002/95/EC, (RoHS), aims at eradicating certain hazardous substances from new electrical and electronic equipment (EEE). All manufacturers, distributors, importera and authorized representatives of EEE (Electrical and Electronic Equipment) within the scope of the Directive are responsible for ensuring that their products meet the requirements of the Directive. To demonstrate compliance, they must prove that all components, materials, sub-assemblies etc that comprise the product are RoHS compliant. This can be done through the setting up of a technical file containing all the analysis and component data and this must be kept for at least four years from the date the equipment was put on the market. Note that the European Commission website can be consulted for more information on the criteria to satisfy to determine whether or not equipment is within the scope of the RoHS directive (http://ec.europa.eu/environment/waste/rohs_eee/index_en.htm)

Declares products are not subject to the European Waste Electrical and Electronic Equipment (WEEE) Directive (not verified)

Information

The company declares that its products are not subject to the European Waste Electrical and Electronic Equipment (WEEE) Directive. This strength is activated solely based on the questionnaire claim, and is not verified within supporting documentation provided by the company.

Guidance

The Waste Electrical and Electronic Equipment Directive (WEEE Directive) aims to reduce the amount of WEEE sent for disposal to landfill or incineration by requiring producers to arrange for collection and recycling. Producers and importers of Waste Electrical and Electronic Equipment (WEEE) are responsible for financing the collection, treatment and recovery of WEEE while importers and manufacturers of appliances falling within the scope of the legislation are responsible for the take-back and recycling of appliances discarded by consumers. On the other side, distributors (including retailers) have to make sure that consumers can recycle their WEEE. Note that the European Commission website can be consulted to get more information on the criteria necessary to determine whether or not equipment is within the scope of the WEEE Directive (http://ec.europa.eu/environment/waste/weee/index_en.htm).

Implementation of a rainwater harvesting system

ISO 14001 certified

Information

The company has provided a valid ISO 14001 certificate that covers all of its operations.

Guidance

The ISO 14001 standard belongs to the ISO 14000 series, a family of environmental management standards developed by the International Organization for Standardization (ISO) designed to provide an internationally recognized framework for environmental management, measurement, evaluation and auditing. The standard serves as a framework to assist organizations in developing their own environmental management system and is based on the continuous Plan-Do-Check-Act cycle.

Formal life-cycle analysis performed on key products

Training employees to safely handle and manage hazardous substances

Information

The company has provided supporting documentation demonstrating that it provides regular training on work processes for labeling, storing, handling and transporting hazardous goods

Guidance

Proper labeling of hazardous substances might include alignment with the Globally Harmonized System (GHS) of Classification and Labeling of Chemicals or other regional schemes like TSCA, IESCS. The company may also train its employees regarding the proper storage and handling of hazardous goods, such as procedures to avoid accidental spills or instructions on the use of appropriate personal protective equipment (PPE) in the handling of hazardous goods. Transportation procedures might include checklists for loading/unloading hazardous goods or procedures in place to ensure that all necessary information is included on documents for consignment of hazardous goods.

Specific environmental certification [High efficiency energy equipment certificate]

Information

The company declares that it has obtained certain certification on environmental issues.

Guidance

Certifications according to an international norm and verified by a credible 3rd party enhance the actions and measures put in place by a company, and confirm a structured management system. Some examples of such certifications might include: EMAS, British Retail Consortium (BRC), Recycling Industry Operation Standard (RIOS) or LEED (US Green Building Council Certificate) certificates.

Actions for labeling, storing, handling and transporting hazardous substances

Information

The company has implemented a procedure regarding the proper labeling, storage, handling and transportation of hazardous products

Guidance

Proper labeling might include alignment with the Globally Harmonized System of Classification and Labeling of Chemicals (GHS) or other regional schemes like TSCA, IESCS. The company also has formalized procedures regarding the proper storage and handling of hazardous goods, such as procedures to avoid accidental spills or instructions on the use of appropriate personal protective equipment (PPE) in the handling of hazardous goods. Transportation procedures might include checklists for loading/unloading hazardous goods or procedures in place to ensure that all necessary information is included on documents for consignment of hazardous goods.

Company specific research on potential negative impacts of products

Company awareness program for customers on health & safety issues associated with products/services

Information

The company has a specific awareness program for customers on health and safety issues related to products and services.

Guidance

Some examples of areas it could cover include training on protective measures to be taken by the customers, provision of information on product composition, etc. The training could cover international and industry standards, explaining how call back procedures can be used to report customer risks, and how to apply certain management systems such as the Hazard Analysis and Critical Control Points (HACCP).

Results

Declares some sites/operations located in or near biodiversity-sensitive areas, but the activities do not negatively affect those areas (not verified)

Reporting on total water consumption

Reporting on total weight of hazardous waste

Materiality analysis in sustainability reporting

External assurance of sustainability reporting

Company communicates progress towards the Sustainable Development Goals (SDGs)

Standard reporting on environmental issues

Information

There is evidence of formal reporting implemented regarding the management and the mitigation of the company environmental footprint from its supporting documentation, including key performance indicators (KPIs), statistical figures or associated concrete actions.

Guidance

Reporting items are standard in terms of quality and quantity, do cover the main issues, are meaningful enough, and are regularly updated. Examples of key performance indicators include total electricity consumption, electricity consumed per kg of product or per unit produced. Comprehensive reporting on environmental issues will additionally have KPIs reported in a formal public document available to stakeholders, and will be in compliance with the Global Reporting Initiative guidelines or other external sustainability reporting standards.

Improvement Areas

Policies

| Low | No quantitative target on environmental issues |

Information

The company's policy does not contain quantitative objectives or targets on environmental issues.

Guidance

Quantitative objectives or targets on environmental issues are considered as fundamental elements of comprehensive policy mechanism. They provide a monitoring framework that helps establish whether policy objectives are being met, and highlight the progress towards set goals. Some examples of specific targets on this topic include quantitative objectives on energy consumption reduction, percentage targets to reduce waste, or targets for a number of products to be eco-labelled. As policy elements, targets can be expressed in absolute or relative terms and must have a valid future deadline (i.e. by 2020 we commit to reduce our energy consumption by 20% from 2015 levels).

| Low | No conclusive information on endorsement of external initiatives or principles on environmental issues |

Results

| Medium | Some reporting on environmental issues is available for a partial scope only |

| Medium | Report does not comply with all the mandatory requirements to be in accordance with GRI Universal Standards, GRI Core option or GRI Comprehensive option |

Information

The company claims to follow GRI (Global Reporting Initiative) which is a reporting standard used to report on sustainability issues but it does not fulfil all the criteria to be considered as fully compliant to one of the 3 compliance levels which are; GRI Universal Standards, GRI Core option or GRI Comprehensive option.

Guidance

The GRI Standards are used by many companies around the world for sustainability reporting. This standard helps organizations to extract relevant sustainability related information from their processes and present it to its various stakeholders in a well structured way. While following the GRI content index and by adhering to one the 3 compliance series which are GRI Universal Standards, GRI Core option or GRI Comprehensive option, the company increases its transparency on their contribution to sustainable development.

Low — Declares reporting on total energy consumption, but no supporting documentation available

Low — No information on reporting on total weight of non-hazardous waste

Low — Declares reporting on total amount of renewable energy consumed, but no supporting documentation available

Low — Declares reporting on total gross Scope 1 GHG emissions, but no supporting documentation available

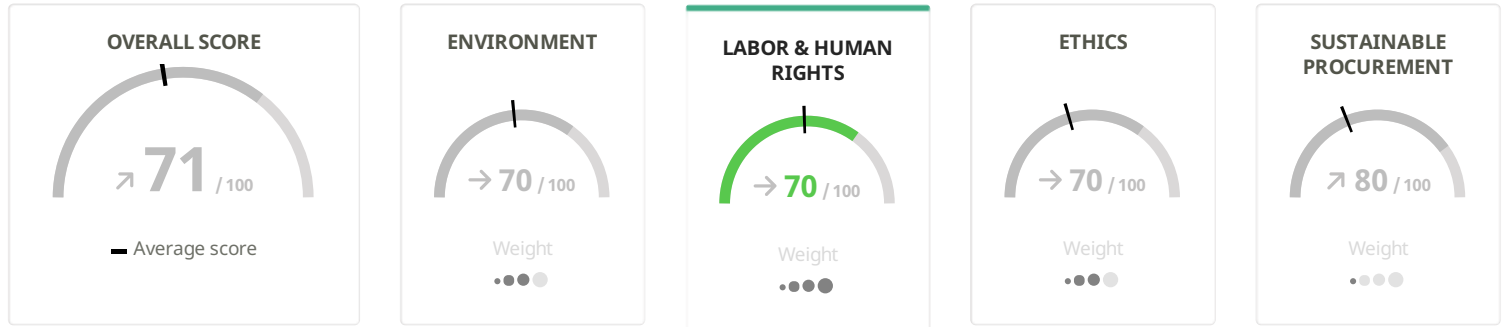Low — Declares reporting on total gross Scope 2 GHG emissions, but no supporting documentation available

Low — Declares reporting on total weight of pollutants emitted to water, but no supporting documentation available

Low — No information related to reporting on total weight of waste recovered
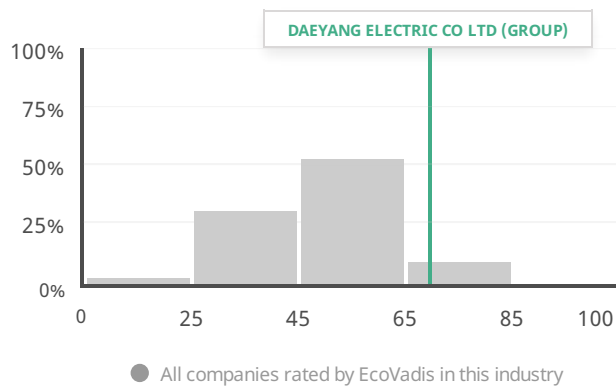
7. LABOR & HUMAN RIGHTS

This theme takes into account both internal human resources (e.g. health and safety, working conditions, career management) and human rights issues (e.g. discrimination and/or harassment, child labor).
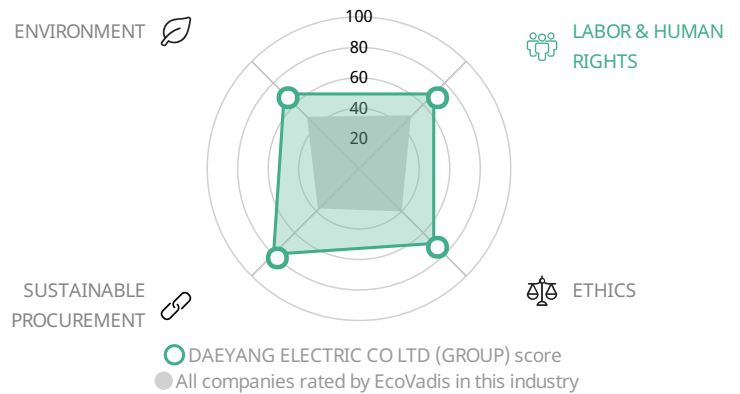
Labor & Human Rights Score Breakdown

OVERALL SCORE	ENVIRONMENT	LABOR & HUMAN RIGHTS	ETHICS	SUSTAINABLE PROCUREMENT
↗ 71 / 100	→ 70 / 100	→ 70 / 100	→ 70 / 100	↗ 80 / 100
— Average score	Weight ●●●○	Weight ●●●●	Weight ●●●○	Weight ●●●○

Theme score distribution

DAEYANG ELECTRIC CO LTD (GROUP)

● All companies rated by EcoVadis in this industry

Theme score comparison

○ DAEYANG ELECTRIC CO LTD (GROUP) score
● All companies rated by EcoVadis in this industry

Labor & Human Rights: Activated Criteria

Because the questionnaire is customized by industry, size and location, not all 21 criteria are activated for every company and some criteria are weighted more heavily than others.

Labor & Human Rights: Strengths & Improvement Areas

The Corrective Action Plan is a collaborative feature designed to support companies' performance improvement. It enables companies to build an improvement plan online, communicate planned and completed corrective actions and share feedback. Improvement areas with ongoing corrective actions are marked with labels below.

Labor & Human Rights

Weight ● ● ● ○

Strengths

Policies

Quantitative objectives set on employee health & safety

Labor & human rights policy on diversity, equity & inclusion

Labor & human rights policy on child labor, forced labor & human trafficking

Information	**Guidance**
The company has issued a formal policy that integrates commitments and/or operational objectives on child labor, forced labor & human trafficking.	The company has implemented a policy on the prevention of child labor, forced labor & human trafficking in its operations.There are at least qualitative objectives/commitments which specifies the efforts to be made by the company to eradicate the occurence of child labor, forced labor & human trafficking.

Actions

Equipment safety inspections or audits

Age verification of candidates before hiring

Information	**Guidance**
The company verifies the age of all its candidates before employment.	The company has an operational procedure in place to prevent hiring of underage workers and systematically verifies the age of all candidates before employment. This has been demonstrated in the company's hiring procedures, employee handbook, child labor prevention procedure or other relevant documents.

Family Friendly programs (FFPs) implemented (e.g. parental or care leaves, childcare services or allowances)

Actions to prevent workplace harassment

Information	**Guidance**
The company has proactive actions in place to prevent workplace harassment.	Harassment impacts negatively on the organization of work, workplace relations, worker engagement, enterprise reputation and productivity. Some actions that a company can take to prevent workplace harassment are; identify hazards and assess the risks of harassment along the participation of workers and their representatives, and take measures to prevent and control them.

ISO 45001 certified

Information

The company has provided a valid ISO 45001 certificate that covers all of its operations.

Guidance

ISO 45001 is an international standard for occupational health and safety management systems. It addresses employee health and safety issues and involves an external audit on the facilities' health & safety conditions. Organizations that implement ISO 45001 have a clear management structure with defined authority and responsibility, clear objectives for improvement, with measurable results and a structured approach to risk assessment. This includes the monitoring of health and safety management failures, auditing of performance and review of policies and objectives.

Remediation procedure in place for victims of discrimination and/or harassment

Compensation for extra or atypical working hours

Information

The company provides additional remuneration to compensate for overtime work.

Guidance

Extra or atypical hours refers to all hours worked in excess of the normal hours (could be overtime hours for instance). Employees should be provided additional compensation for overtime and/or other forms of atypical working hours.

Employee stock ownership plan (not restricted to executive level)

Information

The company has provided supporting documentation of a stock ownership plan available to employees (not just executives).

Guidance

An employee stock ownership plan or program provides the company's workforce with an ownership interest in the company. This employee stock ownership program must apply to employees other than executives and/or directors. Most employees should have access to the stock ownership plan (although some requirements may apply, e.g. regarding seniority, etc.).

Employee satisfaction survey

Information

The company conducts a survey to employees regarding satisfaction in the work environment.

Guidance

An employee satisfaction survey can be conducted by companies to gain information on how and if employees are satisfied in the work environment. The results of these surveys can used by companies to get feedback on employees about their engagement, morale, and satisfaction at work.

Bonus scheme related to company performance

Information

The company has implemented a bonus program that is related to company performance.

Guidance

It should be part of a robust employee contract to include a bonus scheme, but one that takes into account employee performance and company performance. The company has thus implemented a scheme of monetary remuneration for employees beyond base salary, linked to company performance. This is a form of motivation and it boosts the performance of employees.

Health care coverage of employees in place

Awareness training on child labor, forced labor and human trafficking

Awareness training regarding diversity, discrimination, and/or harassment

Formalized process in place to assess and document employee health & safety risks, considering change of operations / activities (e.g. change management)

Employee representatives or employee representative body (e.g. works council)

Information

The company has implemented representation for employees in the form of elected employee representatives or a representative body.

Guidance

Social dialogue entails all types of negotiation, consultation or simply exchange of information between representatives of governments, employers and workers, on issues of common interest relating to economic and social policy. Employee representatives can include representatives who are freely elected by the workers of the company in accordance with provisions of national laws, or any union, works council or other agency or representative body recognized for the purposes of bargaining collectively on behalf of any employee. They are the point of contact between the workforce and management. They can/must be consulted by management on certain topics (e.g. collective redundancy).

Provision of protective equipment to impacted employees

Information

The company provides personal protective equipment to all impacted employees

Guidance

Personal protective equipment, commonly referred to as "PPE", is equipment worn to minimize exposure to a variety of health and safety hazards. Examples of PPE include items such as gloves, foot and eye protection, protective hearing devices (earplugs, muffs) hard hats, respirators and full body suits. (Source: Occupational Safety and Health Administration (OSHA)) When engineering, work practice and administrative controls are not feasible or do not provide sufficient protection, employers must provide personal protective equipment (PPE) to their employees and ensure their systematic use. In general, employees should properly wear PPE, attend training sessions on PPE, care for, clean and maintain PPE, and inform a supervisor of the need to repair or replace PPE.

Employee health & safety risk assessment

Information

The company carries out employee health & safety detailed risk assessments

Guidance

The company has carried out detailed risk assessment of health and safety. Occupational health and safety risk assessments are a crucial step in the prevention process. They involve the identification of all the potential hazards an employee may face while carrying out regular duties and which type of employees may be more exposed to hazards (by job function). The level of risk, records of significant findings and proposition of preventive actions are also highlighted, in addition to plans for regular review of the risk assessment. If applicable, the results of a health and safety risk assessment should be made available to relevant stakeholders such as employees, members of the health and safety committee , staff representatives, the occupational physicians, and labor inspectors.

Transparent recruitment process communicated clearly and formally to all candidates

Information

The company has a transparent recruitment process in place which is clearly and formally communicated to all candidates

Guidance

The company has a transparent hiring process in place which is communicated to all candidates. This includes, but is not limited to: having a clear job description, a process in place to respond to applicants after an interview, notification to candidates on potential background checks, etc. An open, transparent, and merit-based recruitment process ensures equal opportunities to the job applicants, free of any direct or indirect discrimination.

Regular assessment (at least once a year) of individual performance

Information

The company carries out regular assessments or appraisal of individual performance at least on a yearly basis for employees

Guidance

The company has implemented regular assessment of employee performance. Regular assessments of employees aim to evaluate employee individual performance and productivity, combining both written and oral elements, and are based on a systematic and periodic process linked with a pre-established criteria and organizational objectives. The best practice concerning this criteria is to have a review with the employee at least annually, and to include employee self-assessments aimed at maintaining employee engagement in their own performance and overall organizational objectives. Setting and measuring goals related to the employee's career objectives, as well as including manager and peer feedback on the employee's performance are all important components in this regular assessment process.

Regular employee health check-up

Information

The company provides general mandatory health check-up for employees

Guidance

The company carries out mandatory health check-up for its employees. Within the scope of health check ups, the mental and physical states of employees are investigated to ascertain the status of the employee's health related to the job function, and in particular to identify any negative work-related effects on employees. According to the International Labor Organization (ILO), it is recommended that a health check up for employees is carried out within thirty days from the first day the employee is employed and the subsequent health check up conducted at least once a year by a licensed medical practitioner, especially for manufacturing companies presenting high health and safety risks for employees.

Official measures to anticipate or reduce layoffs and associated negative impacts (e.g. financial compensation, outplacement service)

Information

The company implements official measures to anticipate or reduce layoffs and any eventual associated negative impacts from the layoff.

Guidance

For example, training or assistance can be provided to employees before laying them off to maintain and/or improve their skills and to maximize their prospects for reemployment. Companies can also provide workers with adequate notice in advance of a layoff, ensure that unemployment insurance benefits are widely available, and can provide a combination of guidance, technical assitance and support to ensure the exit process is smooth for all parties.

Provision of skills development training

Information

The company provides training to its employees to develop their skills

Guidance

The company has implemented vocational training and instruction, which include skills development training, education paid for in whole or in part by the company, with the goal to provide opportunities for career advancement (Source: Global Reporting Initiative G3). Examples of on-the-job training to enhance employee skills are coaching, mentoring, job rotation, apprenticeships, etc. Total number of hours of training per employee per year can be a significant key performance indicator for this action.

Joint labor management health & safety committee in operation

Information

The company has a joint labor management health & safety committee in place

Guidance

It is important to have a committee in place composed of both workforce and management personnel dedicated to address the health and safety risks faced by employees (Source: International Labor Organization (ILO), 1929). These committees identify potential health and safety issues and offer timely and effective solutions to continuously improve workplace safety. Regular (monthly) inspections are recommended. For French companies, it is commonly known as the "Comité d'hygiène, de sécurité et des conditions de travail (CHSCT)" and it is mandatory for companies with more than 50 employees.

Actions to promote the inclusion of employees with disabilities

Information

The company has implemented specific measures to integrate disabled persons into the workforce.

Guidance

Emerging studies determine that there is a true business case for the integration of disabled employees into the workforce beyond its roots as a socially responsible business practice. Evidence states that disabled employees have comparable productivity rates, lower accident rates, and higher job retention trends. People with disabilities also represent an untapped source of skills and talent, including technical skills if they have access to training and transferable problem-solving skills developed in daily life. Hiring disabled employees can contribute to the overall diversity, creativity and workplace morale. Some potential examples of implementation measures could include specific outreach techniques and programs, the provision of reasonable accommodation to meet individual needs, and allocating designated human resources management staff with knowledge on disadvantaged or work-related disability issues, etc. (source: ILO)

Setting of individual career plan for all employees

Information

The company has implemented mechanisms to help employees in setting individual career plans

Guidance

Career planning is an ongoing process that can help employees manage their learning and development/progress within the company. It is also a key component of a company's attraction and retention strategy. The company has mechanisms in place to provide career opportunities to employees, allowing them to access to promotions and higher pay. For example, an individual development plan can be put in place by analyzing skills and competencies needed by the employees to achieve their short, mid and long term goals. This process should also be coupled with the annual review process of the employee.

Training of employees on health and safety risks and best working practices

Information

The company provides training to relevant employees on health and safety risks and best working practices

Guidance

The company has implemented training on health and safety issues. Safety training aims at implementing health and safety procedures into specific job practices and at raising staff awareness and skills to an acceptable standard. For example, safety training covers topics such as accident prevention and safety promotion, safety compliance, use of personal protective equipment, chemical and hazardous materials safety, and workplace emergency response procedures. A best practice is to have a training matrix which helps to keep track of which employees have been trained, the date of the training, the training topic, and expected dates for refresher trainings. Monitoring of training attendance certificates is also suggested. It is also a best practice to have the training carried out in the language that the employees understand best and to carry out tests or quizzes to ensure training concepts have been successfully transmitted to participants.

Results

Reporting on the percentage of employees from minority and/or vulnerable groups in the whole organization

Reporting on the percentage of women employed in relation to the whole organization

Report on average unadjusted gender pay gap

Report on percentage of women within the organization's board

Reporting on average training hours per employee

Reporting on the percentage of employees from minority and/or vulnerable groups in top executive positions

Materiality analysis in sustainability reporting

External assurance of sustainability reporting

Company communicates progress towards the Sustainable Development Goals (SDGs)

Reporting on the percentage of women in top executive positions

Information

The company reports, either through formal documentation or questionnaire declaration, on the percentage of women in executive positions (e.g. senior or top management).

Guidance

Executive positions include positions such as chief financial officers, chief operating officers, or any other key roles in a company. The aim is to look into whether a company is promoting an increase in gender diversity in its executive rank or not. It is important to note that in 2015, only 14.2% of the top five leadership positions in companies in the S&P500 are held by women acording to CNNMoney analysis.

Comprehensive reporting on labor and human rights issues

Information

There is evidence of reporting implemented regarding labor practices & human rights issues within the company supporting documentation, including key performance indicators (KPIs), statistical figures or associated concrete actions. The reporting covers the main issues and is regularly updated.

Guidance

The reporting covers the entity under evaluation (e.g. KPIs might be aggregate at group level). KPIs may include (but are not limited to): accident frequency and severity rates, the percentage of employees covered by collective bargaining agreements, skills development trainings, and percentage of employees trained on discrimination issues. Additionally, KPIs are reported in a formal public document available to stakeholders, and are in compliance with the Global Reporting Initiative guidelines or other external sustainability reporting standards.

Reporting on accident severity rate

Information

The company reports, either through formal documentation or questionnaire declaration, on the accident severity rate among its employees for the last reporting year.

Guidance

The accident severity rate (or Lost Time Injury Severity Rate) measures the time lost due to occupational injuries in relation to the total amount of time worked. It indicates how severe the accidents were and how long the injured employees were out of work as a result of disabling injuries. The calculation method varies from country to country; for instance in the way lost time injury events are determined or what baseline is used to calculate the rate. In the UK it is calculated as follows: [(number of days lost due to injuries) x 200,000/total hours worked], whereas in France it is: [(number of days lost due to injuries) x 1000/total hours worked)]. In India, the rate is calculated as [(number of days lost due to injuries) x 1,000,000/total hours worked)].

Reporting on accident frequency rate

Information

The company reports, either through formal documentation or questionnaire declaration, on the accident frequency rate among its employees for the last reporting year.

Guidance

The accident frequency rate (or the lost time injury frequency rate) measures the number of lost time injuries in relation to the total number of hours worked by employees. It indicates the extent to which injury accidents are repeated over time and their number of occurrence. The calculation method varies from country to country, depending for instance on the way lost time injury events are determined or the baseline used to calculate the rate. In the UK it is calculated as follows: [(total number of lost time injury events) x 100,000/total hours worked], whereas in USA it is: [(total number of lost time injury events) x 200,000/total hours worked)]. In France or Japan, the rate is calculated as [(total number of lost time injury events) x 1,000,000/total hours worked)]

Improvement Areas

Policies

Medium   Basic labor and human rights policies: lacks details on specific issues

Information

The company has basic labor & human rights policies that may include commitments and operational objectives on the management of its sustainable procurement policies, but lacks details on specific issues.

Guidance

A standard labor and human rights policy includes commitments and/or operational objectives on the main labor and human rights risks the company faces. It is communicated to internal and external stakeholders through a formal dedicated document. A standard labor and human rights policy contains qualitative objectives/commitments specific to those issues. The policy should also incorporate some of the following elements: scope of application, allocation of responsibilities, quantitative objectives, and review mechanisms.

Medium   Inconclusive documentation for policies on employee health & safety

Medium   Inconclusive documentation for policies on working conditions

Medium   Inconclusive documentation for policies on social dialogue

Medium   Inconclusive documentation for policies on career management & training

Low   No conclusive information on endorsement of external initiatives or principles on labor and human rights issues

Results

Medium   Report does not comply with all the mandatory requirements to be in accordance with GRI Universal Standards, GRI Core option or GRI Comprehensive option

Information

The company claims to follow GRI (Global Reporting Initiative) which is a reporting standard used to report on sustainability issues but it does not fulfil all the criteria to be considered as fully compliant to one of the 3 compliance levels which are; GRI Universal Standards, GRI Core option or GRI Comprehensive option.

Guidance

The GRI Standards are used by many companies around the world for sustainability reporting. This standard helps organizations to extract relevant sustainability related information from their processes and present it to its various stakeholders in a well structured way. While following the GRI content index and by adhering to one the 3 compliance series which are GRI Universal Standards, GRI Core option or GRI Comprehensive option, the company increases its transparency on their contribution to sustainable development.
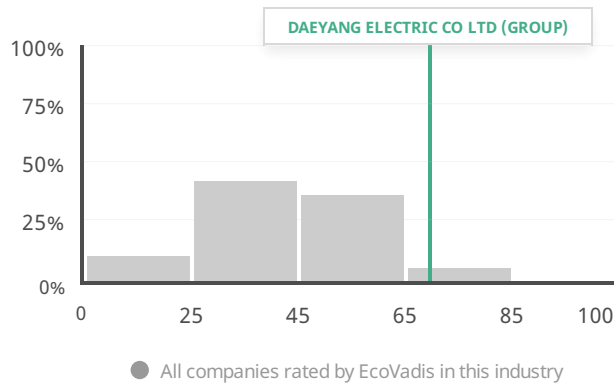
8. ETHICS

This theme focuses primarily on corruption and bribery issues, and also takes into account anticompetitive practices and responsible information management.
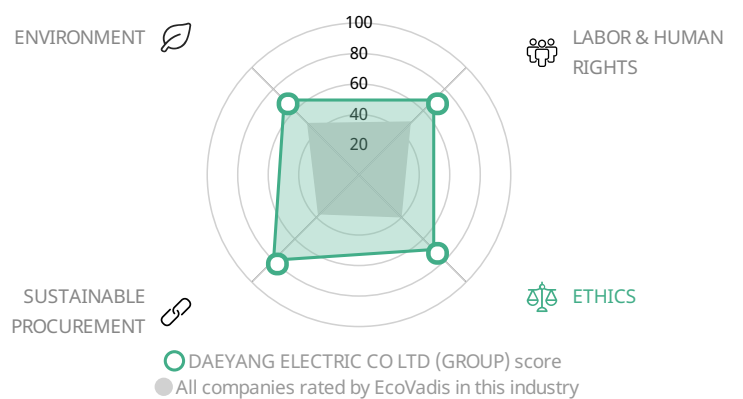
Ethics Score Breakdown

OVERALL SCORE	ENVIRONMENT	LABOR & HUMAN RIGHTS	ETHICS	SUSTAINABLE PROCUREMENT
↗ **71** / 100	→ **70** / 100	→ **70** / 100	→ **70** / 100	↗ **80** / 100
━ Average score	Weight ●●●○	Weight ●●●●	Weight ●●●○	Weight ●●●○

Theme score distribution

DAEYANG ELECTRIC CO LTD (GROUP)

● All companies rated by EcoVadis in this industry

Theme score comparison

○ DAEYANG ELECTRIC CO LTD (GROUP) score
● All companies rated by EcoVadis in this industry
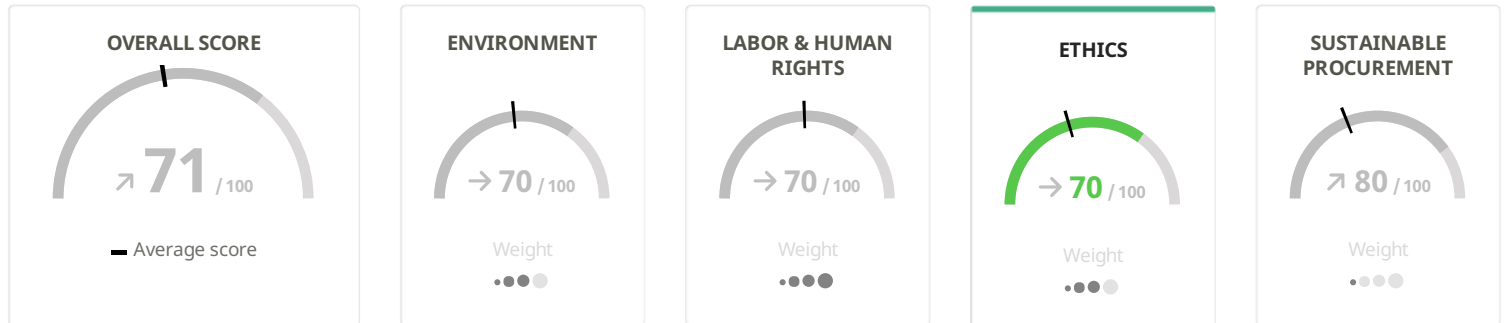
Ethics: Activated Criteria

Because the questionnaire is customized by industry, size and location, not all 21 criteria are activated for every company and some criteria are weighted more heavily than others.

Ethics: Strengths & Improvement Areas

The Corrective Action Plan is a collaborative feature designed to support companies' performance improvement. It enables companies to build an improvement plan online, communicate planned and completed corrective actions and share feedback. Improvement areas with ongoing corrective actions are marked with labels below.

⚖ Ethics

Weight ●●●○

Strengths

Policies

Policy on fraud

Policy on money laundering

Policy on conflict of interest

Disciplinary sanctions to deal with policy violations

Information	**Guidance**
There is evidence within the supporting documentation provided that the company has implemented structured mechanisms to deal with policy violations such as disciplinary actions.	In order to ensure the adequate implementation of business ethcis policies, companies should establish procedures to administer investigations and sanction employees for eventual violations (i.e. disciplinary measures up to and including possible termination).

Employee signature acknowledgement of ethics policies

Information	**Guidance**
There is evidence within the supporting documentation provided by the company that it is mandatory for employees to sign their acknowledgement of the company's business ethics policies.	Business ethics policies such as Code of Ethics/Code of Conduct should include a section requiring employees to sign (to ensure that all employees are aware of the policy).

Policy on information security

Information	**Guidance**
The company has issued a formal standard policy that integrates commitments in the form of qualitative objectives on information security issues. The policy is formalized in a document such as a Code of Ethics and includes at least some organizational elements (e.g. review process, dedicated responsibilities, scope of application).	It is imperative for companies who manage sensitive information to set commitments on the protection and responsible management of third-party data. The security of third party data encompasses the protection of customer personal identification information (PII) and the protection of third party intellectual property rights.

Policies on corruption

Information	**Guidance**
There is a formal policy that integrates qualitative objectives/commitments on anti-corruption & bribery issues (including for example conflict of interest, fraud and money laundering) in the supporting documentation provided by the company.	Corruption & bribery covers all forms of corruption issues at work namely extortion, bribery, conflict of interest, fraud, money laundering. A comprehensive policy is formalized in a standalone document or is part of a Code of Ethics/Conduct on the issues mentioned and incorporate as well some of the following elements: scope of application, allocation of responsibilities, quantitative objectives, and review mechanisms.

Comprehensive policies on ethics issues

Information

A comprehensive policy on business ethics issues integrates commitments and/or operational objectives on all or almost all of the main fair business practices issues a company is confronted with: namely corruption & bribery issues, and information security and responsible marketing if applicable. It is also compulsory to have additional elements such as formal mechanism to communciate on business ethics, scope of the policy's application and allocation of responsibilities, among others.

Guidance

Policies are deemed exceptional when all business ethics issues are covered by qualitative and quantitative objectives. Additionally, an exceptional policy has exhaustive organizational elements such as allocation of responsibilities, mechanisms to deal with policy violations, formal review process, communication of the policy to all employees and business partners, etc.

Actions

Whistleblower procedure for stakeholders to report information security concerns

Whistleblower procedure for stakeholders to report corruption and bribery

Corruption certification schemes [i.e. IATF 16949]

Measures to protect third party data from unauthorized access or disclosure

Information

The company has implemented measures to protect customer or client data from unauthorized access or disclosure.

Guidance

The company has taken measures to limit access to customer or client data within its own operation, or have implemented measures to secure its information system including such data so as to protect the data from unauthorized access or disclosure.

Measures for gaining stakeholder consent regarding the processing, sharing and retention of confidential information

Information

The company has implemented measures to consult with customers/clients on their personal/confidential data.

Guidance

Consulting with customers/clients on their personal/confidential data helps to eliminate risks around confidentiality breaches, which is one of the major concerns from customers nowadays.

Audits of control procedures to prevent corruption

Information

The company's anti-corruption and bribery policies and compliance mechanisms are regularly audited.

Guidance

Internal controls (for example four-eyes principle, job rotations, among others) are necessary to regularly monitor the effectiveness and proper implementation of actions put in place to support anti-corruption and bribery policies. Periodic audits of those controls, done either through an external third party that performs business ethics audits or an internal audit team, are carried out to ensure their effectiveness and provide reasonable assurance that internal processes are being adhered to.

Awareness training performed to prevent corruption

Information

The company has implemented awareness or training program on anti-corruption and bribery issues for its employees.

Guidance

According to the ISO 26000 guideline, ""Corruption can be defined as the abuse of entrusted power for private gain"". There are all forms of public and proprietary corruption in the workplace, including among other things extortion, bribery, conflict of interest, fraud, money laundering. Since corruption undermines a company's effectiveness and ethical reputation, awareness or trainings on anti-corruption & bribery issues are regularly conducted to ensure that employees are familiar with the company's policy and procedures. They may be conducted either online or in person, and should include regular testing to ensure the training effectiveness.

Anti-corruption due diligence program on third parties in place

Information

The company has implemented systematic compliance and due-diligence measures when dealing with third-party intermediaries (i.e. commission agents, brokers, sales representatives, distributors, contractors, customs brokers, consultants) acting on its behalf.

Guidance

Provisions in key international laws hold companies liable for corruption related misconduct committed in the context of their relationships with third parties (i.e. their agents, consultants, suppliers, distributors, joint-venture partners, or any individual or entity that has some form of business relationship with the organization). Given the risk exposures caused by third-parties, it is important that companies have adequate due diligence procedures in place. Due diligence is the process of gathering independent information to gain an understanding of the risks associated with a third party and visibility of its compliance management systems which address these risks. It can involve background checks and screenings of third party by means of sanction lists, tracking adverse media reports and identifying links to politically exposed persons, assessments of third parties on their own ethics & compliance programs and risk controls. Companies should provide documentation of their procedures that demonstrate how these due diligence efforts are undertaken.

Results

Materiality analysis in sustainability reporting

External assurance of sustainability reporting

Company communicates progress towards the Sustainable Development Goals (SDGs)

Comprehensive reporting on ethics issues

Improvement Areas

Policies

Low No conclusive information on endorsement of external initiatives or principles on ethics issues

Actions

High   No conclusive documentation regarding corruption risk assessments

Information

No company declaration and no evidence within the supporting documentation regarding the implementation of a periodic corruption & bribery risk assessments.

Guidance

Risk assessment are a formal process of evaluating and predicting the consequences (positive or negative) of a hazard and their likelihoods/probabilities. Periodic corruption and bribery risk assessments allow a company to identify potential bribery and corruption risks, rate the likely occurrence and the potential impact of the risks, select the appropriate anti-corruption controls, and develop an action plan. Such assessments ensure the presence of a strong compliance program and help to develop a more robust approach to counter bribery and corruption activities by the organization.

High   No conclusive documentation regarding information security risk assessments

Low   No conclusive documentation on approval procedure for sensitive transactions (e.g. gifts, entertainment)

Information

No company declaration and no evidence within the supporting documentation regarding the implementation of a verification process for sensitive transactions.

Guidance

Sensitive transactions are a broad range of business dealings which involve higher ethics-related risks. Some examples include (non-exhaustive) gifts, travel arrangements and other types of hospitality, which are common in the business world, but may in fact constitute unethical or even illegal kickbacks, bribes or payoffs to influence decision affecting a company's operations, etc. Such transactions also comprise facilitation payments which are usually made with the intention of expediting an administrative process and may be considered as a form of corruption. As such, a verification procedure should be put in place to review and approve any sensitive transactions made by the company.

Results

Medium   Report does not comply with all the mandatory requirements to be in accordance with GRI Universal Standards, GRI Core option or GRI Comprehensive option

Information

The company claims to follow GRI (Global Reporting Initiative) which is a reporting standard used to report on sustainability issues but it does not fulfil all the criteria to be considered as fully compliant to one of the 3 compliance levels which are; GRI Universal Standards, GRI Core option or GRI Comprehensive option.
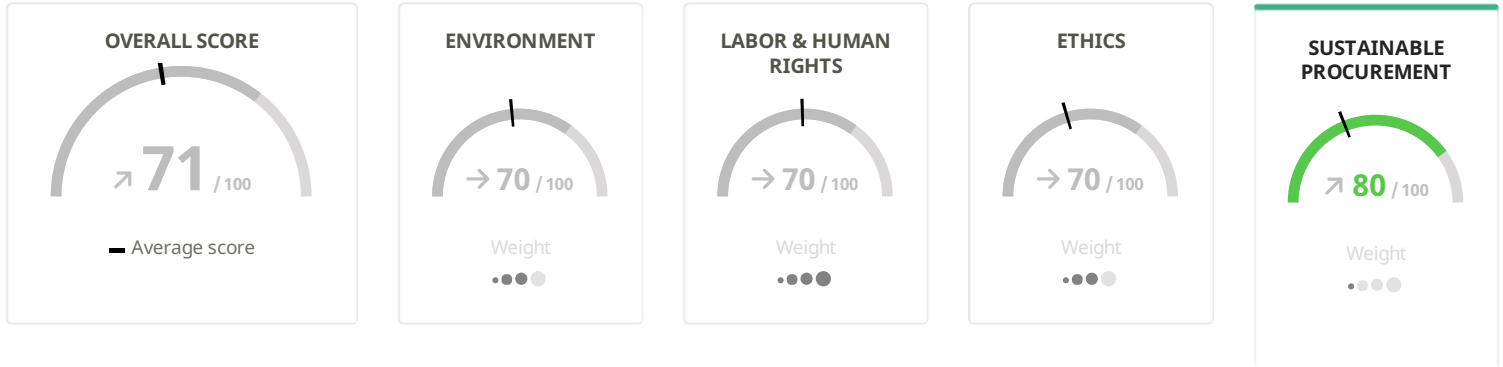
Guidance

The GRI Standards are used by many companies around the world for sustainability reporting. This standard helps organizations to extract relevant sustainability related information from their processes and present it to its various stakeholders in a well structured way. While following the GRI content index and by adhering to one the 3 compliance series which are GRI Universal Standards, GRI Core option or GRI Comprehensive option, the company increases its transparency on their contribution to sustainable development.
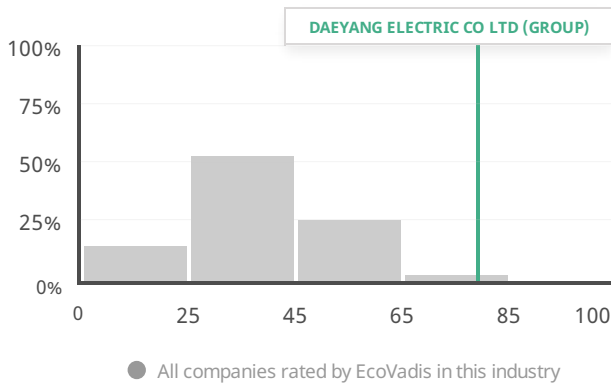
9. SUSTAINABLE PROCUREMENT

This theme focuses on both social and environmental issues within the company supply chain.
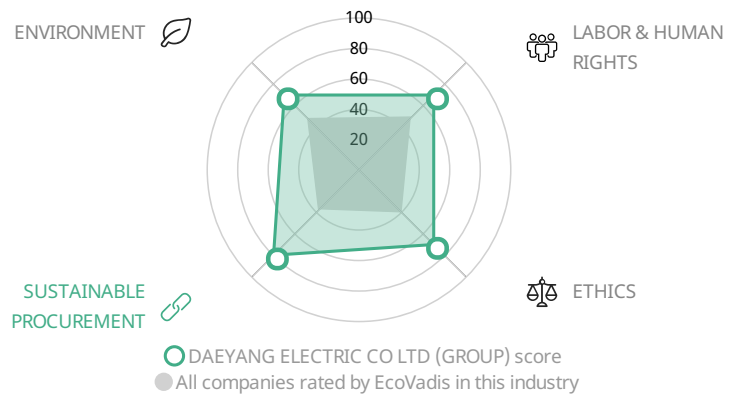
Sustainable Procurement Score Breakdown

OVERALL SCORE	ENVIRONMENT	LABOR & HUMAN RIGHTS	ETHICS	SUSTAINABLE PROCUREMENT
↗ 71 /100	→ 70 /100	→ 70 /100	→ 70 /100	↗ 80 /100
▬ Average score	Weight ●●●○	Weight ●●●●	Weight ●●●○	Weight ●●●○

Theme score distribution

DAEYANG ELECTRIC CO LTD (GROUP)

● All companies rated by EcoVadis in this industry

Theme score comparison

○ DAEYANG ELECTRIC CO LTD (GROUP) score
● All companies rated by EcoVadis in this industry

Sustainable Procurement: Activated Criteria

Because the questionnaire is customized by industry, size and location, not all 21 criteria are activated for every company and some criteria are weighted more heavily than others.

Sustainable Procurement: Strengths & Improvement Areas

The Corrective Action Plan is a collaborative feature designed to support companies' performance improvement. It enables companies to build an improvement plan online, communicate planned and completed corrective actions and share feedback. Improvement areas with ongoing corrective actions are marked with labels below.

Sustainable Procurement

Weight ● ● ● ●

Strengths

Policies

Policy on conflict minerals issues

Information

There is a formal policy regarding conflict minerals issues in the supporting documentation provided by the company. The policy is present in a dedicated policy document or in a dedicated section of a larger purpose document.

Guidance

Conflict minerals (CM) are gold, tin, tantalum, tungsten and their derivatives that are mined in conditions of armed conflict and human rights abuses, and which are sold or traded by armed groups. A standard policy on conflict mineral issues in the supply chain includes commitments and/or operational objectives designed to mitigate risk on this topic in the company's supply chain. It is communicated to internal and external stakeholders through a formal dedicated document.

Comprehensive sustainable procurement policies on both social and environmental factors

Information

The company has issued a comprehensive policy that integrates commitments, qualitative and quantitative objectives on the management of its sustainable procurement issues.

Guidance

The existing policy covers both environmental and social issues that the company may impact through its procurement strategy. Policies are deemed exceptional when they integrate not only qualitative but also quantitative operational objectives on all material sourcing risks the company faces, in addition to the following organizational elements: regular review mechanisms, a scope of application, the allocation of responsibilities, and communication of the policy to all stakeholders.

Actions

Actions to advance diversity, equity and inclusion in the workforce of suppliers

Supplier sustainability code of conduct in place

Information

The company has issued a specific Supplier Code of Conduct which lists the minimum requirements on environmental, labor and business ethics issues to be followed by its suppliers or subcontractors.

Guidance

A supplier Code of Conduct aims to ensure that suppliers provide safe working conditions for their employees, respect fair business ethics practices to comply with rules and regulations and reduce environmental impacts caused by their operations, among other issues. Typically, suppliers are required to uphold the standards in a Code of Conduct in order to continue in a business relationship with their client (i.e. the company undergoing the EcoVadis evaluation).

Procedure to disengage with a non responding supplier (after several attempts) on conflict minerals issues (i.e. escalation steps)

Investigation or traceability system of the supply chain (smelters, trades, mines) on conflict minerals due diligence (e.g. third party on site audit in place)

Sustainable procurement objectives integrated into buyer performance reviews

Information

The company's supporting documentation demonstrates evidence of the sustainable procurement objectives are integrated into buyer performance reviews

Guidance

The buyer-supplier relationship plays an important role in improving sustainability in the supply chain. Procurement professionals should be able to identify CSR risks in supply chain as well as develop sustainable procurement strategies to mitigate these risks. They should also reinforce to the suppliers the importance of environmental and social performance and the need to meet ethical standards. One good practice to ensure that buyers contribute to a responsible sourcing strategy is to integrate the CSR performance of their suppliers into the buyers' annual appraisal.

Capacity building of suppliers on environmental or social issues (e.g. corrective actions, training)

Information

The company has implemented corrective actions to facilitate supplier capacity building.

Guidance

Capacity building measures include company proactive support directed towards its suppliers with the aim to enhance their ability to identify and manage environmental, social and ethical issues within their own operations. Such support includes supplier training, participation in supplier meetings, development of close collaborations on sustainability topics, and continuous improvement feedback on supplier's sustainability performance (e.g. Corrective Action Plans).

On-site audits of suppliers on environmental or social issues

Information

The company's supporting documentation demonstrates evidence of on-site supplier audits on environmental and/ or social issues through audit reports or third party audit certificates.

Guidance

Evidence of internal/external on site audits is recent enough (i.e. less than 12 months). Audits can be announced or unannounced and are systematically conducted at least for suppliers most exposed to sustainability risks. External audits are carried out by credible third party auditors and recognized environmental and/or social auditing standards are utilized (e.g. SMETA, EICC). Audits are directly conducted via field visits, i.e. on the suppliers' operational sites and/or business premises.

Regular supplier assessment (e.g. questionnaire) on environmental or social practices

Information

The company provides evidence in supporting documentation of supplier assessments (in-house, 3rd party, or self-assessments) on environmental (including regulatory issues), social and/or ethical issues.

Guidance

Supplier sustainability assessments are an effective way to obtain and validate pertinent information from suppliers on sustainability issues to facilitate a better understanding of supplier performance. These are often requested by the company undergoing the EcoVadis evaluation to their own suppliers. Sustainability supplier assessments can be done through checklists, questionnaires or online forms and can be conducted by the client (undergoing the EcoVadis evaluation), a reliable third party or by the supplier itself. The objectives of such assessments are to identify general and sustainability-related practices as well to help identify high-risk suppliers and the need for further risk mitigation actions.

Training of buyers on social and environmental issues within the supply chain

Information

The company provides evidence in supporting documentation regarding training on sustainability issues to buyers in their organization to ensure ethical and sustainable procurement practices.

Guidance

The buyer-supplier relationship plays an important role in improving sustainability in the supply chain. Raising awareness / training of procurement professionals on sustainable purchasing to ensure understanding of social and environmental issues and how to integrate them into their procurement function. For example, procurement professionals can be trained to identify and respond to supply chain risks related to slavery and human trafficking. Evidence of the training conducted can be included in the sustainability reports, training presentation slides.

Integration of social or environmental clauses into supplier contracts

Information

The company provides evidence in supporting documentation that social and/or environmental clauses are included in the contractual agreements with its suppliers.

Guidance

Provisions/clauses in business contracts that cover social & environmental issues which are not directly connected to the subject matter of the specific contract. It's a measure defining the behaviour/setting the expectations and for engaging with suppliers on sustainability. Commercial legal contract between the company and its supplier, usually mention termination of contract when expectations concerning CSR issues are not met.

Results

Materiality analysis in sustainability reporting

External assurance of sustainability reporting

Company communicates progress towards the Sustainable Development Goals (SDGs)

Comprehensive reporting on sustainable procurement issues

Improvement Areas

Actions

Medium   No formal assessment of suppliers' progress with regards to REACH requirements

Information

The company has not performed an assessment of its supply chain with respect to the requirements defined by the REACH Regulation.

Guidance

REACH (Registration, Evaluation and Authorisation of Chemicals) is a regulation of the European Union that addresses the production and use of chemical substances as well as their potential impacts on both human and environmental health. The regulation requires that all companies manufacturing or importing chemical substances into the European Union in quantities of one tonne or more per year register these substances to the European Chemicals Agency (ECHA).

Medium   No conclusive documentation on CSR risk analysis (i.e. prior to supplier assessments or audits)

Low   Declares a percentage of suppliers for which conflict minerals information is available (e.g. CMRT) but no supporting documentation

Results

Medium   Report does not comply with all the mandatory requirements to be in accordance with GRI Universal Standards, GRI Core option or GRI Comprehensive option

Information

The company claims to follow GRI (Global Reporting Initiative) which is a reporting standard used to report on sustainability issues but it does not fulfil all the criteria to be considered as fully compliant to one of the 3 compliance levels which are; GRI Universal Standards, GRI Core option or GRI Comprehensive option.

Guidance

The GRI Standards are used by many companies around the world for sustainability reporting. This standard helps organizations to extract relevant sustainability related information from their processes and present it to its various stakeholders in a well structured way. While following the GRI content index and by adhering to one the 3 compliance series which are GRI Universal Standards, GRI Core option or GRI Comprehensive option, the company increases its transparency on their contribution to sustainable development.

Low   No information on due diligence reporting on conflict minerals

10. 360° WATCH FINDINGS

29 Jun 2023 |

Impact on score
Neutral →

No records found for this company on Compliance Database

🌿 Environment   👥 Labor & Human Rights   ⚖️ Ethics   🔗 Sustainable Procurement

360° Watch Findings comprise relevant public information about companies' sustainability practices that have been identified via more than 10,000 data sources (including NGOs, press and trade unions). 360° Watch Findings are incorporated into the EcoVadis assessment and can have positive, negative or no score impact.

EcoVadis is connected to the following international sources:

- Sustainability networks and initiatives (e.g. AccountAbility, Business for Social Responsability, CSR Europe)
- Trade unions and employers' organizations
- International organization (e.g. United Nations, European Court of Human Rights, Global Compact, International Labor Organization, World Bank)
- NGOs (e.g. China Labor Watch, Greenpeace, WWF, Movimento Difesa del Cittadino)
- Research institutes and specialized press (e.g. CSR Asia, Blacksmith Institute, Corpwatch)

11. SPECIFIC COMMENTS

Additional comments from our analysts pertaining to the assessment.

Specific comments

💬 No records found in third party risk and compliance database.

💬 Despite the company implementing measures regarding labor & human rights issues, policies are not formalized or are only basic.

💬 The company demonstrates an advanced management system on sustainable procurement.

💬 The company demonstrates an advanced management system on environmental issues.

💬 The company demonstrates an advanced management system on ethics issues.

12. CONTACT US

Any questions or need help? Visit our Help Center at support.ecovadis.com

APPENDIX:

INDUSTRY RISK PROFILE

Discover the primary sustainability risks, regulations, hot topics and best practices related to specific industries.

EcoVadis determines industry based on the International Standard Industrial Classification of All Economic Activities (ISIC), which is a compilation of all global economic activities published by the United Nations Statistical Commission. Its main purpose is to provide a set of activity categories that can be utilized for the collection and reporting of statistics according to such activities.

It is possible that a company has operations in more than one industry. In these cases, EcoVadis classifies companies based on their main area of operation, as determined by sustainability risk and/or total revenue.

CRITERIA ACTIVATION BY THEME:

Discover the primary sustainability risks, regulations, hot topics and best practices related to specific industries.

Environment

Medium	Energy consumption & GHGs
Medium	Water
Non-activated	Biodiversity
Non-activated	Air Pollution
High	Materials, Chemicals & Waste
Medium	Product Use
High	Product End-of-Life
Medium	Customer Health & Safety
Non-activated	Environmental Services & Advocacy

Labor & Human Rights

High	Employee Health & Safety
High	Working Conditions
Medium	Social Dialogue
Medium	Career Management & Training
Medium	Child Labor, Forced Labor & Human Trafficking
Medium	Diversity, Equity and Inclusion
Non-activated	External Stakeholder Human Rights

Ethics

Medium	Corruption

| Medium | Anticompetitive Practices |

| Medium | Responsible Information Management |

Sustainable Procurement 🔗

| High | Supplier Environmental Practices |

| High | Supplier Social Practices |

KEY SUSTAINABILITY ISSUES

Find qualitative explanations of the key sustainability issues and risk associated with Manufacture of other electrical equipment

🍃 Environment

Importance	Sustainability issue
Medium	Energy consumption & GHGs

Definition

Energy consumption (e.g. electricity, fuel, renewable energies) used during operations and transport. Greenhouse gases direct and indirect emissions including CO2, CH4, N2O, HFC, PFC and SF6. Also includes production of renewable energy by the company.

Industry issues

Manufacturing of electrical equipment generally requires large amounts of energy and results into considerable emissions of different kinds. Specifically, the electrical power industry uses approximately 80 % of all sulphur hexafluoride (SF6) produced worldwide. SF6 is the most potent GHG, with a global warming potential 22,800 times (1) that of CO2. While SF6 is typically contained in equipment, it can be inadvertently emitted into the atmosphere through leaks at the time of equipment manufacture, installation, servicing, or decommissioning. In 2014, the Environmental Protection Agency (EPA) reported SF6 emissions of their partners in the US from electric power transmission and distribution as 1.66 million metric tons of CO2 equivalent (MMTCO2e) (2). Production of electronic components and boards is energy intensive and electricity is the dominant energy input into the manufacturing systems. For instance, a typical facility producing semiconductors will use as much power in a year as about 50,000 homes (3). Facilities that produce eight-inch and twelve-inch wafers or larger manufacturing plant consume even more. Cleanroom heating, ventilation and air conditioning can account for around 50% of the total energy used in production while processing tools account for 30-40% (4). Electronic component production also generates a wide range of emissions with greenhouse effect including CF4, NF3 and C4F8. The electronic industry is estimated to contribute two percent of global greenhouse gas (GHG) emissions (5). These emissions are primarily from manufacturing stage and consumer use. Therefore, energy efficiency is an important topic for the industry and the community started to recognize the impact of energy use on both company finances and the environment. Energy consumption monitoring or audits could be the first step of identifying opportunities for potential savings. Furthermore, optimization of building infrastructure and investments in energy efficient machinery can also be options for companies to improve power deployment. Other possibilities or initiatives for emission disclosure and endorsement include: Carbon Disclosure Project (CDP), Green Freight Europe, Green Freight Asia and EPA Greenhouse Gas Reporting Program. Despite this sector being a relatively low-energy consumer, this does not degrade the importance of energy efficiency. For this industrial sector, measures should be geared towards the use of technologies that contribute to saving energy in relation to day-to-day business energy consumption. Examples of key success factors for energy consumption reduction include Power Usage Effectiveness (PUE) and "Green IT" programs (aiming at reducing energy consumption of data centers) and the implementation of an energy management system.

Medium   Water

Definition

Water consumption during operations. Pollutants rejected into water.

Industry issues

Water is used substantially throughout the whole manufacturing process of electronic components. For example, a large amount of water is used to rinse and clean the semiconductors and a large facility can use up to 3 million gallons of ultra pure water (UPW) per day for the purification process (6) which could impose a burden on local water supplies in certain areas. Other than the intensive use of water during operations, effluent is also an issue from the manufacturing process. Irresponsible treatment of these wastewater could result in serious groundwater contamination and harm local ecosystems and communities. Due to the large amount of chemicals used in the electronics industry, wastewater segregation could allow recovery and reuse of materials. Also, companies could recycle and reclaim water from wastewater by applying membrane technologies such as microfiltration and ultrafiltration. Moreover, upgrading a deionized water reverse osmosis (DI/RO) unit can help to reduce water use. Companies operating in this sector should seek to reduce their water consumption as much as possible. Examples of industry best practice with respect to water usage include rainwater harvesting, wastewater treatment to reduce liquid waste discharged into the environment, as well as fresh water risk assessments (which include analyses of risk levels to water sources, supply reliability, efficiency, and quality of discharges). Commitment to sustainable water use can be demonstrated through membership with CEO Water Mandate or CDP Water Disclosure.

High   Materials, Chemicals & Waste

Definition

Consumption of all types of raw materials and chemicals. Non-hazardous and hazardous waste generated from operations. Also includes air emissions other than GHG (e.g. SOx, NOx).

Industry issues

Some raw materials and chemicals commonly used in the production of electronic equipment are hazardous in nature, including cadmium in capacitors, lead compounds used as an electrical connection, hexavalent chromium used for metal finishes to prevent corrosion etc. These substances are regulated in major countries through specific chemical management regulation (e.g RoHS and REACH in the European Commission, China RoHS). Manufacturers of electronic components can be required to limit the amount of hazardous substance to a certain level, so that the final electronic product (which consists of many components) complies with relevant regulations. In response, companies can identify and apply better, non-hazardous substitutes in replacement of the regulated substances. This not only allows the supplier to better fulfill legal and customer requirements, but also safeguards the health and safety of their workers. On the other hand, manufacturers generate obsolete electronic components, metallic trimmings etc. It is unlikely that manufacturers have dedicated waste management facilities to deal with the chemical substances found in the production waste, and hence processing of waste is usually outsourced to dedicated qualified contractors. Within the manufacturer itself, waste management best practices include reducing reject rates, better material recovery technologies etc.

Medium   Product Use

Definition

Environmental impacts generated from the direct use of products. Can include energy, water, materials and chemicals use.

Industry issues

Manufacturing energy efficient products is a top priority for this sector, as well as conserving energy during use, and supplying the demand for products with reduced or zero load loss. Apart from investing in energy-efficiency technology, manufacturers can conduct a life cycle assessment (LCA) for its product to find out significant environmental impacts, such as GHG emissions, during the product life time so as to improve the product design and develop products with reduced environmental impacts.

High   Product End-of-Life

Definition

Direct Environmental impacts generated from the end-of-life of the products. These impacts can include hazardous, non-hazardous waste generated, emissions and accidental pollution.

Industry issues

United Nations Environmental Assembly (UNEA) estimated that 41.8 million tonnes of e-waste was generated in 2014, 25% more than 2010. Metal, precious metal in particular, is a key component of electronic components and circuit boards. On average, a printed circuit board contains about 20% copper, 0.04% gold, 0.15% silver, and 0.01% palladium (figures in percentage by weight) (7). Considering the fact that these essential raw materials are energy intensive and create much environmental impact from extraction to production, not to mention metal supply is finite and running out, material recovery is key. However, many electronic components and boards cannot be easily disassembled for recycling, thus the majority of precious metals found in electronic components are not recovered. Current disposal method of electronic products include plastic shredding, acid processing and leaching, open burning, residue dumping, landfilling, incineration, and stripping. Due to the hazardous chemicals found in electronic components, major countries established specific waste management regulations concerning electronic waste (e.g European Commission WEEE). Even with such regulation, it is estimated that only one third of the e-waste generated within the EU is currently collected and treated (8). In the US, this figure is around 12,5% (9). In countries without significant regulation, market incentives encourage the export of electronic waste to other countries with lower incomes (10). At unregulated dumps of these countries, electronic waste contributes to increased risk of sediment contamination by heavy metals, possibly leading to risk of groundwater contamination. Best practices are based on Extended or Individual Producer Responsibility and include establishing product take back programs, processing facilities and the provision of disposal information accompanying products.

Medium   Customer Health & Safety

Definition

Negative health and safety impacts of products and services on customers or consumers.

Industry issues

Customers can be exposed to health hazards associated with consumer electronics and e-waste in a variety of ways. For example, flame retardant residues in dust found on television, as well as heavy metals like lead, mercury and cadmium in case of leakage, can cause health impact to consumers. Flame retardant chemicals have been correlated to severe health risks including infertility, reduced IQ and cancer. Lead and mercury are also highly linked to brain damage whereas cadmium could accumulate in human and poison kidneys. Among all heavy metals, the limit for cadmium is only 1/10th of the limit for commonly known toxins like mercury and lead, reflecting the extremely hazardous nature of cadmium to human bodies. To safeguard the health of consumers, The European Commission recently announced cadmium will be prohibited from TVs and displays sold in Europe as of October 2019, as part of the Restriction of Hazardous Substances (RoHS) Directive (11). The provision of Safety Data Sheets for products according to the requirements of Safety Data Sheet Directives is one way for the manufacturing company to help reduce customer health risks. The company could also include training with purchase of product, run safety workshops, provide safety instructions for use of machinery, demonstrate composition of the product, and exhibit potential impacts the product could have on human health.

Labor & Human Rights

Importance	Sustainability issue
High	Employee Health & Safety

Definition

Deals with health and safety issues encountered by employees at work i.e. during operations and transport. Includes both physiological and psychological issues arising from, among others, dangerous equipment, work practices and hazardous substance.

Industry issues

Manufacturing exposes workers to several health & safety risks, including exposure to heavy metals and hazardous chemicals, and ergonomic problems from long working hours. Insufficient ventilation, inadequate protection gear and the lack of relevant information on the dangers of chemicals contribute to accidents and illness within this kind of working environment. Temporary workers, which this sector tends to use frequently, also often report that they receive inadequate training on occupational safety and health and unfamiliar with safety measures (12). To minimize occupational safety risks, manufacturers should first undertake a detailed risk assessment to understand the existing and potential risks in the working environment. Companies should adopt a health & safety management system that is customized to the manufacturing infrastructure and identify feasible safety goals. This can be done through safety training, distribution of protective equipment and safety manuals, and through implementing these safety measures to workers' daily routines and periodical monitoring to ensure a safe work environment. To further establish a solid health & safety management system, audits to obtain recognizable health & safety certifications such as OHSAS 18001/ ISO 45001 will demonstrate the company's commitment in workers' health & safety towards stakeholders.

High   Working Conditions

Definition

Deals with working hours, remunerations and social benefits granted to employees.

Industry issues

Human capital investment is increasingly important for companies seeking to develop a sustainable workforce while reducing hiring costs associated with high employee turnover. Employees should be adequately compensated through wages and other social benefits that reflect regional variations in living costs and state provided social protections. According to the 2017 International Trade Union Confederation Global Poll, nearly half of global respondents claim that their household incomes fail to accommodate cost of living. 84% of respondents believe that national minimum wages are insufficient to enable workers to lead a decent life (13). In the absence of public provision of social protection, including healthcare, family vacation and rest periods, workers are likely to change employers in order to obtain livable wages and adequate social protections. Companies that voluntarily develop human capital management systems position themselves to attract and retain the best talent, while preventing operational disruptions caused by worker strikes. In determining adequate wages companies operating in less developed countries where minimum wage laws are deemed inadequate, companies should default to wage standards established by ILO conventions. In addition to benchmarking with international standards, companies should also engage their workers through labor unions or employee representatives to determine workers' needs. In countries where unions and worker appointed representatives are illegal, it is key to leverage employee satisfaction surveys and other forms of worker voice tools to determine worker needs. When operating in countries where state provided social protections are minimal or absent, companies should provide employees with employer paid healthcare benefits and retirement pensions.

Medium Social Dialogue

Definition

Deals with structured social dialogue i.e. social dialog deployed through recognized employee representatives and collective bargaining.

Industry issues

Social dialogue, as defined by the International Labour Organization, includes all types of negotiation, consultation or exchange of information between, or among, government representatives, employers and workers (14). Companies that promote social dialogue through unions and other forms of worker-selected representatives are in a better position to obtain better visibility of potential health and safety issues and worker grievances around wages, working conditions, career development. A vast majority of the International Trade Union Confederation's 2017 respondents disapprove of their working conditions, including wages, benefits and job security. As a result of the concerns by global workers, 91% of respondents are in support of laws that give workers the right to collective bargaining, while 85% want the right to unionize (13). When worker issues are not identified and remedied, companies and their supply chain partners risk business interruptions caused by worker strikes. While there is no "one size fits all" model of social dialogue that can be readily exported from one country to another due to cultural and political factors, adapting social dialogue to the national situation is key to ensuring local ownership of the worker engagement process. When companies engage in worker dialogue, they are in a better position to manage talent retention issues that potentially hinder long-term business sustainability. Given the importance of social dialogue in helping establish policies and procedures that promote both employer and employee interests, companies should work to promote collective bargaining, regardless of national laws that prohibit such activity. Collaboration with work councils, labor unions or worker representatives can be leveraged to address working conditions, remuneration, skills development and occupational health and safety needs. In countries where union membership is not permitted, or are insignificant due to low member rates, companies should establish alternative modes of social dialogue that promote worker interests.

Medium Career Management & Training

Definition

Deals with main career stages i.e. recruitment, evaluation, training and management of layoffs.

Industry issues

In addition to fair pay, social benefits, and safe and stimulating working conditions, companies in the plastics production industry should include occupational skills development in their human capital management strategies. Occupational skills development, through formal training, developmental assignments, and feedback, provides mutual benefits for employees and employers. Manufacturers will benefit from a higher skilled workforce capable of meeting market demands, and workers will develop skills necessary for promotions and/or future employment opportunities in the sector. Workers are increasingly demanding occupational skills development in order to stay up-to-date on technological developments, ultimately ensuring they remain competitive on the job market. The reciprocal benefits ultimately reduce employee turnover costs, evidenced by one Harvard Business Review article (15) that finds that thriving workers are 32% more committed to their organization and 46% more satisfied with their jobs. To take advantage of the benefits provided by a skilled workforce, manufacturers should develop and implement occupational training and development programs. Ongoing employee evaluations accompanied by continuous feedback should be deployed to identify skills that enable employees to be placed in positions that allow for promotions. Lastly, companies should ensure that, when necessary, workers performing redundant tasks are helped to access other responsibilities through training. Occupational skills development programs can benefit companies across all functional areas and should therefore be embedded throughout all operations.

Medium

Child Labor, Forced Labor & Human Trafficking

Definition

Deals with child, forced or compulsory labor issues within the company owned operations.

Industry issues

According to the International Labour Organisation (ILO), child labour, forced labour and human trafficking encompasses all work or services which is exacted from any child or adult under the threat of a penalty and for which the person has not offered himself or herself voluntarily (16). Forced labour is observed in all types of economic activity in every country, including the manufacture of electrical equipment. An estimated 24.9 million people are reported to be trapped in forced labour, comprising 16 million in the private economy and 4.1 million by state authorities (17).The manufacturing sector itself is reported as one of the most relevant for child labour (18). Forced labour is the hidden backbone of the manufacture of electrical equipment industry. A significant number of workers in the electronics industry are migrant workers, who are particularly vulnerable to forced labour (19). Workers pay recruitment fees and can take years in situations of forced labour to pay off their debt. With the production of electronics heavily represented in East and Southeast Asia, the U.S. Department of Labor lists China and Malaysia as particularly at risk. But forced labour in the electronics sector exists in other countries as well, including in Europe or North America. In a Malaysian study, nearly a third of migrant workers in electronics manufacturing were forced to work against their will through mechanisms such as debt bondage (20). In China, reports involved students being forced to work and stay in factories in order to pay their tuition bills (21). In an attempt to eradicate this issue, manufacturers in the electrical equipment industry can launch aggressive electronic waste recycling programs for less virgin material to be used at the expense of humans' dignity. Impact assessments can be organised to identify where and how children may be at risk of child labour through the company's operations. Manufactures can also sign the International Framework Agreements (or Global Framework Agreements) through which they commit to respect the same labour rights standards in all the countries where the company operates, including with respect to child labour (22). When cases of forced or child labour are identified, companies can engage with NGOs to provide remedy to victims.

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Medium

Diversity, Equity and Inclusion

Definition

Deals with discrimination and harassment prevention at the workplace. Discrimination is defined as different treatment given to people in hiring, remuneration, training, promotion, termination; based on race, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation or age. Harassment may include physical, psychological and verbal abuse in the work environment.

Industry issues

Developing a diverse workforce is not only a socially responsible business practice, it is also good for business. Diverse workforce unlocks business innovation and drives market growth due to the knowledge that workers from different gender, sexual orientation, race and ethnicity bring to their functions. More diverse companies are rather able to win top talent and improve customer orientation, employee satisfaction, and decision making, each of which lead to increasing financial returns. A 2015 report by McKinsey found that companies in the top quartile for racial and ethnic diversity are 35% more likely to have financial returns above their respective national industry medians, and companies in the top quartile for gender diversity are 15% more likely to have financial returns above their respective national industry medians. In the United States, there is a linear relationship between racial and ethnic diversity and better financial performance: for every 10% increase in racial and ethnic diversity on the senior-executive team, earnings before interest and taxes (EBIT) rise 0.8% (23). Many of the world's biggest and most successful companies have advanced diversity strategies that include respect of LGBT. Nearly 90% of Fortune 500 companies prohibit discrimination based on sexual orientation and gender identity and almost 60% of them extend benefits to the same-sex partners of their employees (24). Given the higher returns associated with a diverse workforce, it is important that companies take steps to promote diversity in their operations. Companies must first create an environment that is welcoming of workers from all social backgrounds. Anti-discrimination and harassment policies should be framed to protect workers from all social backgrounds including, but not limited to, gender, race, ethnicity and national identity and increasingly important - sexual identity. While most countries have laws that prohibit discrimination, differences exist in the scope of groups protected and the level of enforcement—making it a strategic challenge for companies that operate in less progressive countries. When developing policies for operations in such locations, it is key for companies to be as inclusive as possible and to keep the business benefits in mind. In order to reinforce policies, diversity training should be provided to all employees, and anti-discrimination training should be required of all management levels—particularly human resources—with decision making authority. Human resources personnel should perform frequent internal salary audits to determine where wage gaps exist between different social groups within the organization. Additional pro-diversity measures that reinforce non-discriminatory efforts include employee cultural and gender associations that enable social groups to share experiences related to professional integration and networking. Lastly, an effective whistleblowing procedure should be available to all employees to report concerns related to, or violations of, established anti-discrimination policy.

⚖ Ethics

Importance	Sustainability issue
Medium	Corruption

Definition

Deals with all forms of corruption issues at work, including among other things extortion, bribery, conflict of interest, fraud, money laundering.

Industry issues

Corruption distorts fair markets and increases business costs. Global anti-corruption laws are becoming more stringent in their expectations that companies establishing effective controls to prevent all types of corruption. Business exposures to corruption vary depending on the nature, scope and location of a company's international activity. They can arise both when companies seek to sell their products and services directly to foreign governments and state-owned entities and in the form of bribe payments in return for favorable contracting decisions. Risks can also take other, less obvious forms, such as when companies face shakedowns from customs inspectors and tax assessors during efforts to import or export raw materials or finished products. Additionally, risks can surface when companies operate manufacturing facilities in foreign countries, which requires frequent interaction with hosts of foreign officials ranging from maintaining utility service to paying local taxes and securing police protection. To minimize corruption risks, companies should implement a risk-based due diligence procedure to identify opportunities or situations where corrupt transactions are possible. It is important that companies identify anti-corruption training needs in order to keep employees abreast on the regional or sector environment that exposes them to potential risks. Lastly, companies must document and maintain detailed records of all due diligence measures in order to minimize liability in the event that the company is implicated in corruption investigations involving internal employees or third-party relationships.

Medium	Anticompetitive Practices

Definition

Deals with anti-competitive practices including among others: bid-rigging, price fixing, dumping, predatory, pricing, coercive monopoly, dividing territories, product tying, limit pricing, and the non respect of intellectual property.

Industry issues

Industry cartel behavior harms a wide range of stakeholders. When companies form cartels, market dominance prevents smaller businessmen from accessing and competing in markets, and consumers are unable to freely select the quality and variety of goods and services they desire. Buyers working in a cartelized sector are also subjected to higher prices that ultimately cut into the company's bottom line. Antitrust enforcement has received greater attention from US, EU and global law enforcement agencies in recent years. The electronics sector has been subjected to enhanced antitrust scrutiny due to large cartel settlements, most notably in the components sector: the cathode ray tube cartel in 2006, involving major market players such as Samsung, Philips, LG Electronics and Panasonic was even described as a textbook case (251). As part of their compliance systems, companies in the electronics sector should implement internal controls to prevent employees and business partners from engaging in anti-competitive practices. Employees should be adequately trained in the market impacts caused by such behaviors. Providing clear and detailed competitor interaction guidelines is one effective way to raise awareness among key employees. Lastly, companies should have an effective whistleblower procedure allowing employees to confidentially report collusion concerns without retaliation by employers.

Medium　　　　Responsible Information Management

Definition

Deals with third-party data protection and privacy which encompasses the protection of customer personal identification information (PII) and third party intellectual property rights.

Industry issues

Breaches of stakeholder data, including proprietary intellectual property, trade secrets and consumer PII expose companies to operational seizures, financial and reputational impacts caused by stakeholder lawsuits. According to PWC's 2016 Global State of Information Security Survey, the theft of hard intellectual property increased 56% in 2015 (31), indicating that cyber criminals have identified the value that successful attacks can yield. The financial impacts of information security breaches can be both immediate and drawn out over several years, due to possible litigation action by parties who lost confidentiality of their information entrusted to the breached company. It may also result in investor divestment, which ultimately could lead to lower share prices. Regulatory violations remain severe. The Ponemon Institute estimates the global average cost of a cyber-attack to be US$4 million (32). Beyond direct regulatory and financial penalties, breaches in a company' information management system can cause long term distrust in the company's information security management. The electronics industry is directly exposed to high information security risks, as it manufactures the very products storing sensitive data. Electronics companies should implement a privacy-by-design approach, in which data privacy considerations are taken into account from the very beginning of the product development process. In case privacy features were not implemented in the earlier development stages, later changes to the product design can be very costly. It is therefore vital to treat information security as a central business issue, rather than a mere IT problem. Appropriate risk mitigation actions include a thorough risk assessment of information security issues, adequate training of employees and regular audits of internal controls. Finally, implementing adequate incident response plans is crucial to prevent the spread of breaches to business partners and customers. The plan should appoint a cross-functional response team, establish clear roles and outline precise escalation procedures and communication protocols.

🔗 Sustainable Procurement

Importance	Sustainability issue
High	Supplier Environmental Practices

Definition

Deals with environmental issues within the supply chain i.e. environmental impacts generated from the suppliers and subcontractors own operations and products.

Industry issues

Fast-changing preference of consumers gives rise to high demand for brand-new devices. There is an exponential need of minerals and metals, given the fact that at least 35 different minerals are required for manufacturing of electronics. Meanwhile, unethical mining and production practice is not rare, especially in developing countries, posing destructible harm to the environment. Abandoned mine waste including toxic metals and acid from waste ore could also pollutes the water surrounding, killing marine organisms and contaminating drinking water. Nowadays, sustainable extraction and processing of raw materials in electronic manufacturing industry is under great concern. Different stakeholders in society consent that private sector should bear the responsibility in managing supply chains more sustainably. Yet, the complexity and enormous scale in nature make it very difficult. The Responsible Business Alliance (RBA) and the Global e-Sustainability Initiative (GeSI) are two international initiatives in supporting global electronics and ICT supply chain sustainability and promote effective industry actions around the globe. Initiatives such as the Responsible Raw Materials Initiative by RBA and GeSi could help companies to understand the best practices among the industry and develop appropriate and suitable way to assess their risk in raw materials supply chain (26). Environmental issues in the supply chain of companies in the electronics sector can be effectively addressed through a variety of due diligence management activities. This may start with developing a supplier code of conduct, contract clauses or a risk analysis of the supplier base. Once expectations with regard to environmental factors are set, further monitoring, evaluation or capacity building should follow, which may lead to long-term partnerships with suppliers to address major environmental concerns along the value chain.

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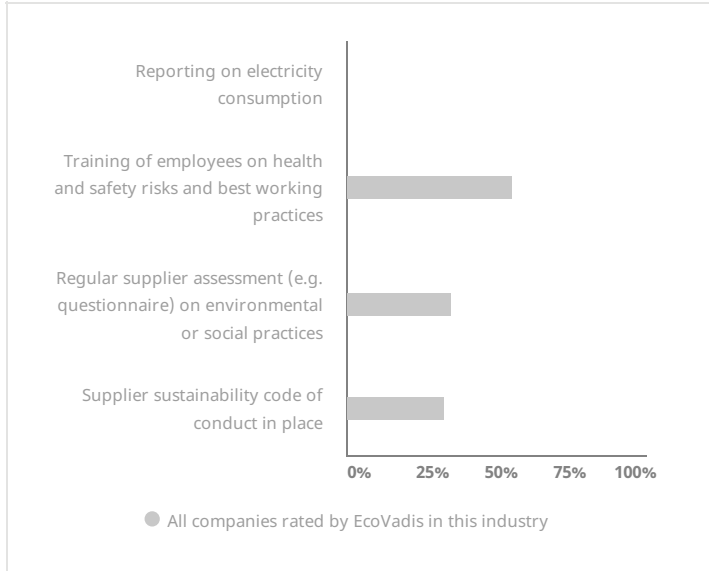High　　　　　Supplier Social Practices

Definition

Deals with labor practices and human rights issues within the supply chain i.e. labor practices and human rights issues generated from the suppliers and subcontractors own operations or products.
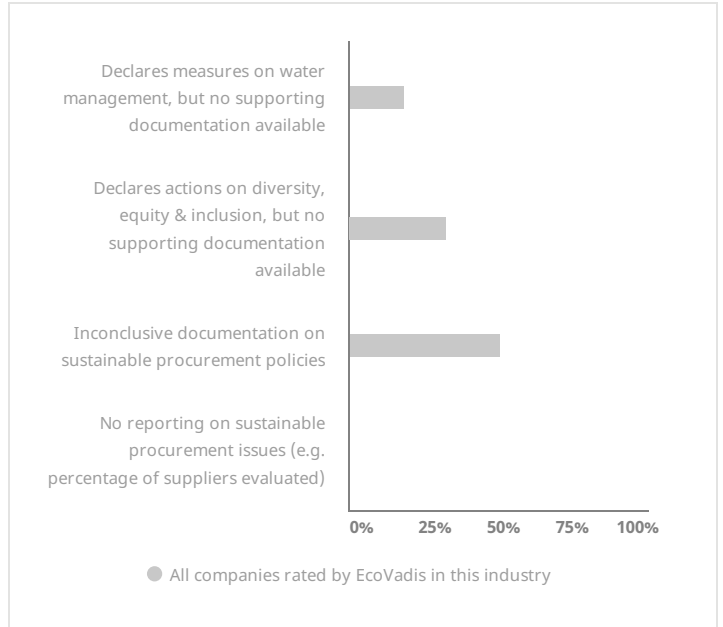
Industry issues

To prevent supply disruptions and potentially costly litigation, companies should work to embed their human rights and labor practices commitments throughout their supply chain in order to address operational impacts on stakeholders. Companies must ensure that subcontractors are covered by at least standard social measures, especially relating to health and safety conditions. Furthermore, conflict minerals is one of the most important, timely issues for the electronics sector; they are defined as natural resources whose systematic exploitation and trade in the context of conflict contribute to, benefit from, or result in the commission of serious violations of human rights, violations of international humanitarian law, or violations amounting to crimes under international law. Companies sourcing from these conflict zones, especially in African countries like the Congo, can face a number of specific human rights risks, as these minerals are known to directly or indirectly benefit armed groups in the covered countries. As defined by the US legislation, conflict minerals currently include the metals tantalum, tin, tungsten and gold, which are the derivatives of the minerals cassiterite, columbite-tantalite and wolframite, respectively. Downstream companies often refer to the derivatives of these minerals as 3TG (27). As a result of increasing importance on extended supply chain responsibility beyond the first or second tier suppliers, these companies are increasingly acknowledging that the mining phase is part of their supply chain (28). Governmental, industry-focused and social issue-focused groups such as the US Government Accountability Office, the Organization for Economic Co-operation and Development (OECD), the Responsible Minerals Initiative (RMI), and the Global e-Sustainability Initiative (GeSI) have been working to raise awareness and bring about change. On 21 July 2010, in response to these concerns, the United States Congress enacted legislation that requires certain public companies to provide disclosures about the use of specified conflict minerals emanating from the Democratic Republic of Congo (DRC) and nine adjoining countries (29). In 2017, the European Union has also passed its own conflict minerals regulation, requiring large EU importers of 3TG to perform due diligence on their suppliers worldwide (30). To minimize social liability deriving from the supply chain, companies should develop a supplier risk-based due diligence procedure to identify high-risk suppliers, establish a supply chain mapping, engage suppliers through training and on-site audits, and integrate whistle-blowing procedures on the supplier's behalf.

Key industry Strengths

Reporting on electricity consumption

Training of employees on health and safety risks and best working practices

Regular supplier assessment (e.g. questionnaire) on environmental or social practices

Supplier sustainability code of conduct in place

0% 25% 50% 75% 100%

⬤ All companies rated by EcoVadis in this industry

Key industry Improvement Areas

Declares measures on water management, but no supporting documentation available

Declares actions on diversity, equity & inclusion, but no supporting documentation available

Inconclusive documentation on sustainable procurement policies

No reporting on sustainable procurement issues (e.g. percentage of suppliers evaluated)

0% 25% 50% 75% 100%

⬤ All companies rated by EcoVadis in this industry

Sustainability KPIs Overview

KPI	All companies rated by EcoVadis in this industry
Active whistleblowing procedure in place	29%
Audit or assessment of suppliers on CSR issues	33%
Carbon disclosure project (CDP) respondent	8%
Global Compact Signatory	12%
ISO 14001 certified (at least one operational site)	32%
OHSAS 18001/ISO 45001 certification or equivalent (at least one operational site)	20%
Policy on sustainable procurement issues	20%
Reporting on energy consumption or GHGs	33%
Reporting on health & safety indicators	24%

Main Regulations and Initiatives

Certification 80 PLUS

http://www.80plus.org/

80 PLUS is an electric utility-funded incentive program to integrate more energy-efficient power supplies into desktop computers and servers.

🍃 **Environment**

Décret de droit français relatif aux équipements électriques et électroniques

http://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000000810278&dateTexte=

⚖️ Regulatory

Décret n° 2005-829 du 20 juillet 2005 relatif à la composition des équipements électriques et électroniques et à l'élimination des déchets issus de ces équipements

🍃 **Environment**

EU directive EuP (Energy using Products)

http://ec.europa.eu/enterprise/eco_design/index_en.htm

⚖️ Regulatory

The directive 2005/32/EC became law in the European Union on August 2005. The EuP Directive focus on the design phase to improve energy efficiency of energy using products.

🍃 **Environment**

EU directive RoHS (Restriction of Hazardous Substances)

http://www.rohs.eu/english/index.html

⚖️ Regulatory

The RoHS directive restricts the use of six hazardous materials in the manufacture of various types of electronic and electrical equipment.

🍃 **Environment**

EU directive WEEE (waste electrical and electronic equipment)

http://ec.europa.eu/environment/waste/weee/legis_en.htm

⚖️ Regulatory

The WEEE directive sets collection, recycling and recovery targets for all types of electrical goods. It imposes the responsibility for the disposal of waste electrical and electronic equipment on the manufacturers of such equipment.

🍃 **Environment**

Label Energy Star

http://www.energystar.gov/

Energy star is a voluntary labeling program designed to identify and promote energy efficient products. It was first created as a United States government program, but Australia, Canada, Japan, New Zealand, Taiwan and the European Union have also adopted the program.

🍃 **Environment**

Standard ISO 14000 (International Standard Organisation)

http://www.iso.org/iso/iso_14000_essentials

The ISO 14000 family addresses various aspects of environmental management

🍃 **Environment**

Universal Declaration of Human Rights

http://www.un.org/Overview/rights.html

⚖️ Regulatory

The Universal Declaration of Human Rights (UDHR) is an advisory declaration adopted by the United Nations General Assembly (10 December 1948)

👥 **Labor & Human Rights**

International Labor Organization's Fundamental Conventions

http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_095895.pdf

⚖️ Regulatory

The Governing Body of the International Labour Office has identified eight Conventions as fundamental to the rights of human beings at work. These rights are a precondition for 12 the others in that they provide a necessary framework from which to strive freely for the improvement of individual and collective conditions of work.

👥 **Labor & Human Rights**

Standard OHSAS 18001 (Occupational Health and Safety Assessment Series)

http://www.ohsas-18001-occupational-health-and-safety.com/index.htm

OHSAS 18000 is an international occupational health and safety management system specification.

👥 **Labor & Human Rights**

Foreign Corrupt Practices Act of 1977

http://www.usdoj.gov/criminal/fraud/fcpa/

⚖ Regulatory

The Foreign Corrupt Practices Act of 1977 (FCPA) prohibits payments, gifts, or Practices Act contributions to officials or employees of any foreign government or government-owned business for the purpose of getting or retaining business.

⚖ **Ethics**

United Nations Global Compact (10 principles)

http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html

The Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of ten principles in the areas of human rights, labour standards, the environment, and anti-corruption:

🍃 👥 ⚖ 🔗 **All themes**

Standard Global Reporting Initiative's (GRI)

http://www.globalreporting.org/Home

The GRI is a network-based organization, that has set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance.

🍃 👥 ⚖ 🔗 **All themes**

Carbon disclosure project

https://www.cdp.net

CDP is an international, not-for-profit organization providing the only global system for companies and cities to measure, disclose, manage and share vital environmental information.

🍃 **Environment**

United Nations Convention against Corruption (UNCAC)

http://www.unodc.org/unodc/en/treaties/CAC/index.html

⚖ Regulatory

The UNCAC is the first leg12y binding international anti-corruption instrument. In its 8 Chapters and 71 Articles, the UNCAC obliges its States Parties to implement a wide and detailed range of anti-corruption measures affecting their laws, institutions and practices.

⚖ **Ethics**

OECD guidelines for multinational enterprises

http://www.oecd.org/about/0,2337,en_2649_34889_1_1_1_1,00.html

The Guidelines are recommendations addressed by governments to multinational enterprises operating in or from adhering countries. They provide voluntary principles and standards for responsible business conduct in a variety of areas including employment and industrial relations, human rights, environment, information disclosure, combating bribery, consumer interests, science and technology, competition, and taxation.

🍃 👥 ⚖ 🔗 **All themes**

Standard ISO 26000 (International Standard Organisation)

http://www.iso.org/iso/pressrelease.htm?refid=Ref972

The future International Standard ISO 26000, Guidance on social responsibility, will provide harmonized, glob12y relevant guidance based on international consensus among expert representatives of the main stakeholder groups and so encourage the implementation of best practice in social responsibility worldwide.

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