

IAEG Sustainability Assessments Engagement Kit - IAEG & EcoVadis

An Overview for Prospective Members

Assessments made...

- Reusable
- Responsible
- Sustainable

Industry Voluntary Supplier ESG Assessment Initiative Powered by **ecovadis**

Executive Summary



International Aerospace Environmental Group (IAEG) has been the leading environmental global aerospace and defense (A&D) forum for sharing good practices concerning key issues and developing consensus standards. Created to collaborate on and share innovative environmental solutions for the industry, IAEG and the industry members are expanding the organization's scope to drive a harmonized voluntary A&D industry supplier sustainability assessment, sector level sustainability performance data, and supply base sustainability stewardship engagement cadence with a recognized industry leader.

2020: IAEG evaluated over 100 solution providers which led to sending a Request for Information (RFI) to a subset in March 2021.

2022: Request for Proposal (RFP) was issued by IAEG that included technical assessment, offering demonstration, Q&A sessions, reference calls and pricing analysis. In October 2022, the RFP effort resulted in EcoVadis being selected as the solution provider for IAEG's voluntary program to enable a sectoral approach while also meeting the needs of individual IAEG member companies.

2023: Reached having 10 IAEG member companies join the initiative and reached the first 1,000 supplier scorecard.

The remainder of this document provides an overview of the EcoVadis core offering for IAEG and its members that choose to engage in this voluntary sectoral approach to supplier sustainability assessments and supply base sustainability performance analysis. IAEG member participation in this sector initiative is voluntary and governed by IAEG's compliance policies. Each participating company needs to independently assess the value with respect to efficiencies gained via a sectoral approach and contribution toward their respective compliance obligations (e.g., supply chain duty of care laws), corporate sustainability reporting objectives and fit within their responsible sourcing practices.

For more information and contacts please refer to the last slide

Aerospace & Defense Sector Initiative

Solid Governance, Strategic Guidance, Voluntary Standard

- IAEG Legal counsel led **antitrust compliance guidance** and initiative review
- **Secure technology platform** with appropriate data privacy controls
- **Supplier sharing pool** with sources anonymized to avoid antitrust concerns
- **Onboarding for new aerospace and defense companies** joining the sector initiative
- **Industry group program management** and governance jointly conducted by a dedicated EcoVadis Initiative Program Manager and IAEG Working Group 11 governance workstream leader
- **Quarterly initiative program reviews** and execution of resulting actions
- **IAEG to ensure proper governance** and regular representation of members in key meetings

Solid governance
Strategic guidance
Voluntary standard



Reusable, Responsible, Sustainable

- Initiative **data mining and dashboard** for supply base sustainability performance analysis, longitudinal trends, cross industries benchmarking, and identification of sustainability topics to focus supply base engagement
- **Analysis** of relevant **sustainability topics** in the procurement categories
- Summaries of global supply chain **duty of care compliance obligations and awareness** on how the sector initiative may support member company compliance approaches
- **Supply base sustainability engagement** via white paper (1 per year), impact workstreams (up to 3 in parallel) and capability building webinars (up to 4 per year)



IAEG Sustainability Assessments

Powered by EcoVadis

1. Reusable

Participating IAEG Members recognize the voluntary standard
"Wasted effort eliminated"

2. Responsible

Sector Initiative benchmarking
Due Diligence building block

3. Sustainable

"Sector Materiality Assessment"
Data driven Sector Improvement initiatives

IAEG Reusable Sustainability Assessments

IAEG

Member

Supplier

Assessor

Supplier

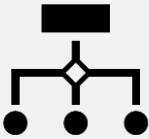
Member

IAEG



Develop ESG Requirements

Iterative improvement process



Set goals



Answer survey



Load evidence



Desktop audit



Third party evidence
validated by EcoVadis Experts



Learning Resources



Supplier
Dashboards



Customer
Dashboards



Sector
Dashboards



Tailored Risk Management



ESG Maturity Improvement Actions



Define Campaign

Objectives & scope of
Supply Chain to be assessed

Assessment

Using existing standards &
data wherever possible

Verify & Coach

Desktop audit & third party
evidence review

ecovadis

Designed to Reduce Assessment Fatigue: a Mutual Value for IAEG Members & Suppliers

Rating Companies - IAEG Members

- ✗ Difficulty scaling
- ✗ Limited visibility of partners' practices
- ✗ Lack of standardized data and metrics
- ✗ Lack of reliable validated documentation
- ✗ Difficulty keeping partners engaged

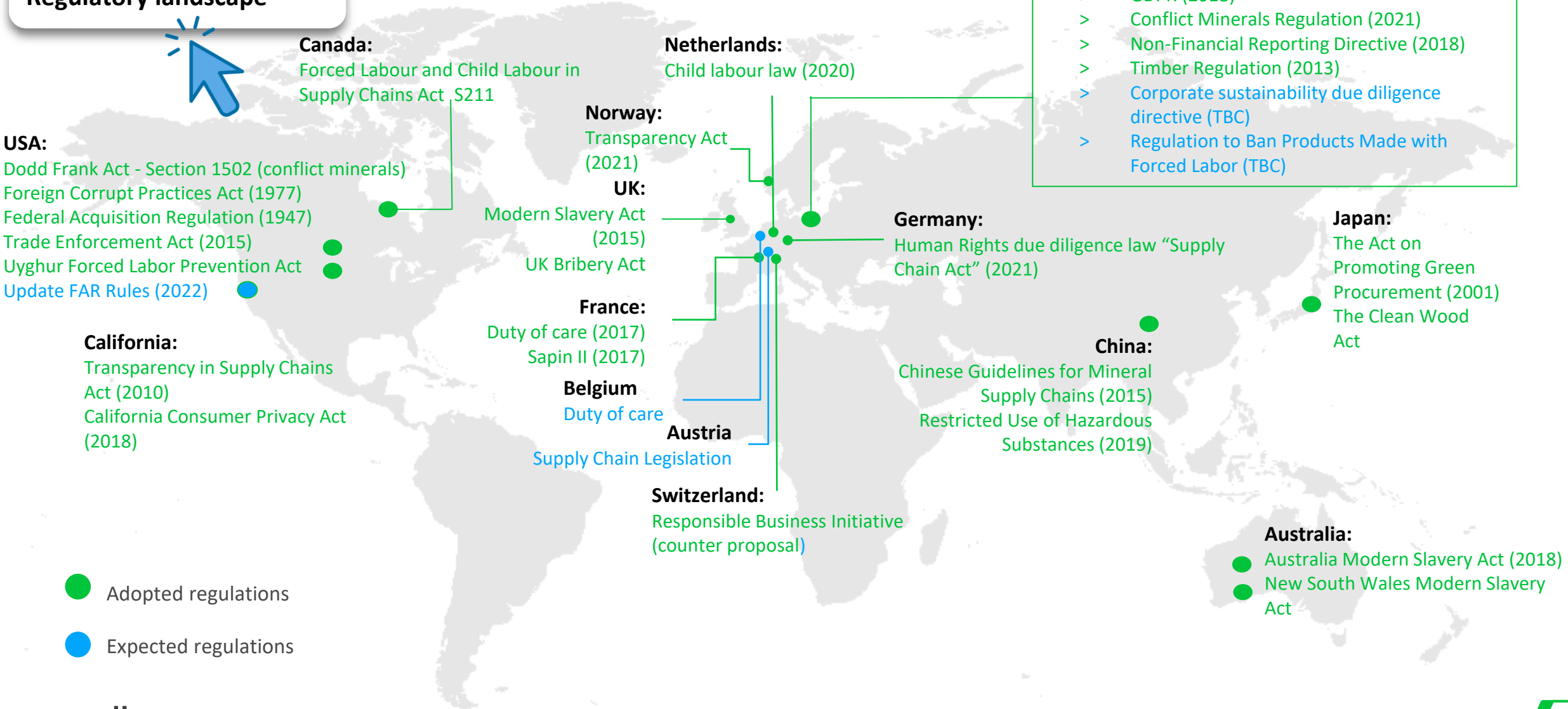


Rated Companies

- ✗ Duplicate efforts
- ✗ Skill and knowledge gaps
- ✗ Difficulty calculating metrics and sharing data
- ✗ Rapidly changing robust reporting standards
- ✗ Little feedback for improvement

Designed to help respond to Increased Supply Chain Due Diligence Regulations

Increasingly dense
Regulatory landscape



- European Union:**
- > GDPR (2018)
 - > Conflict Minerals Regulation (2021)
 - > Non-Financial Reporting Directive (2018)
 - > Timber Regulation (2013)
 - > Corporate sustainability due diligence directive (TBC)
 - > Regulation to Ban Products Made with Forced Labor (TBC)

- Adopted regulations
- Expected regulations

The EcoVadis Sustainability Intelligence Suite enables impact at scale

The core solution of the **A&D ESG Insights Sector View**



Member Level Supplier Sustainability Ratings Reporting & Benchmarking




IAEG
Aerospace & Defense ESG Insights powered by ecovadis

IAEG Aerospace & Defense Industry Level Reporting & Benchmarking

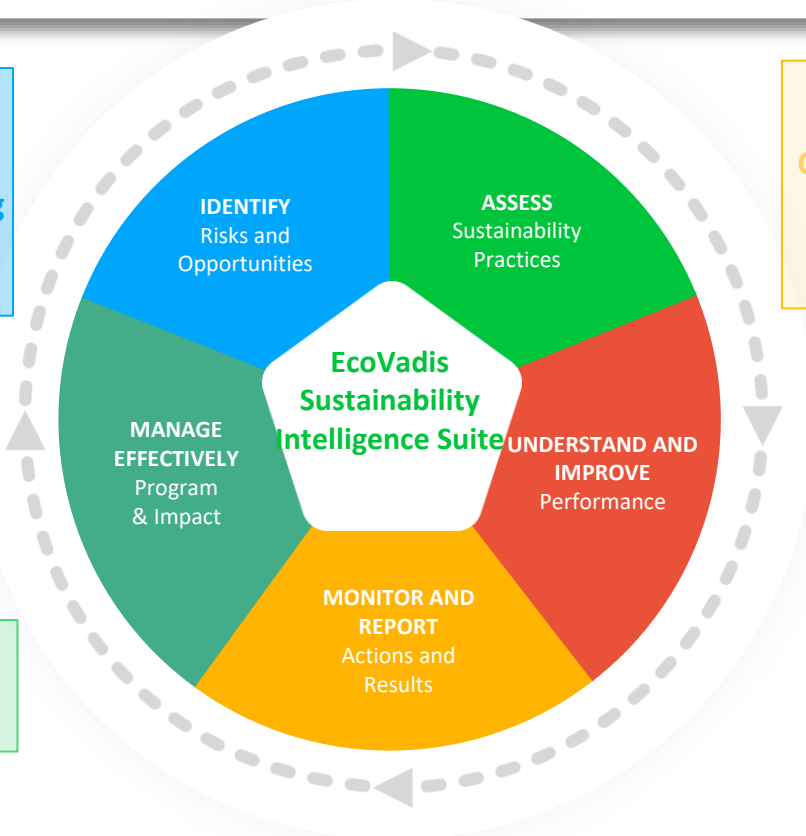


IQ Plus Risk Mapping (Optional)


Carbon Action Module (Optional)




Program Management
(Options Available, e.g. Multi BU or Regional Program Management)



EcoVadis Academy



Global Network | Proven Methodology | Insights and Expertise

Methodology Focusing on ESG Priorities



21 Sustainability Criteria Covered in Four Theme Areas



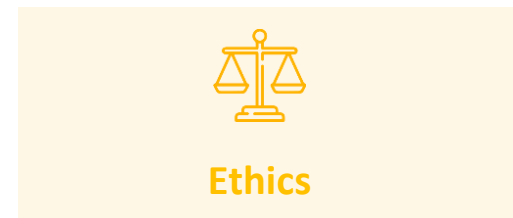
Environment

- Energy Consumption & GHGs
- Water
- Biodiversity
- Local & Accidental Pollution
- Materials, Chemicals, & Waste
- Product Use
- Product End-of-Life
- Customer Health & Safety
- Environmental Services & Advocacy



Labor & Human Rights

- Employee Health & Safety
- Working Conditions
- Social Dialogue
- Career Management & Training
- Child Labor, Forced Labor & Human Trafficking
- Diversity, Discrimination & Harassment
- External Stakeholder Human Rights



Ethics

- Corruption
- Anticompetitive Practices
- Responsible Information Management



Sustainable Procurement

- Supplier Environmental Practices
- Supplier Social Practices

Based on recognized international standards



Policies Actions Results



Assessments are adapted to each company and based on validated evidence and third-party data



Industry Sector

Countries

Size

Materiality Based Questionnaires
Questionnaires adapted to suppliers industry, location and size

Third-Party Inputs
-Site audits
-Proprietary databases

Company Management Systems Data
-Policies
-Actions -Results

360 Watch
-AI scan of 100k+ sources of news & information

International Organization for Standardization
ISO 9000
Quality Management

Assessment
-Analysis by hundreds of sustainability experts -Evidence-based
-Verification

Key Value of EcoVadis for A&D Due Diligence: all evidence is verified following a certified ISO 9001 process

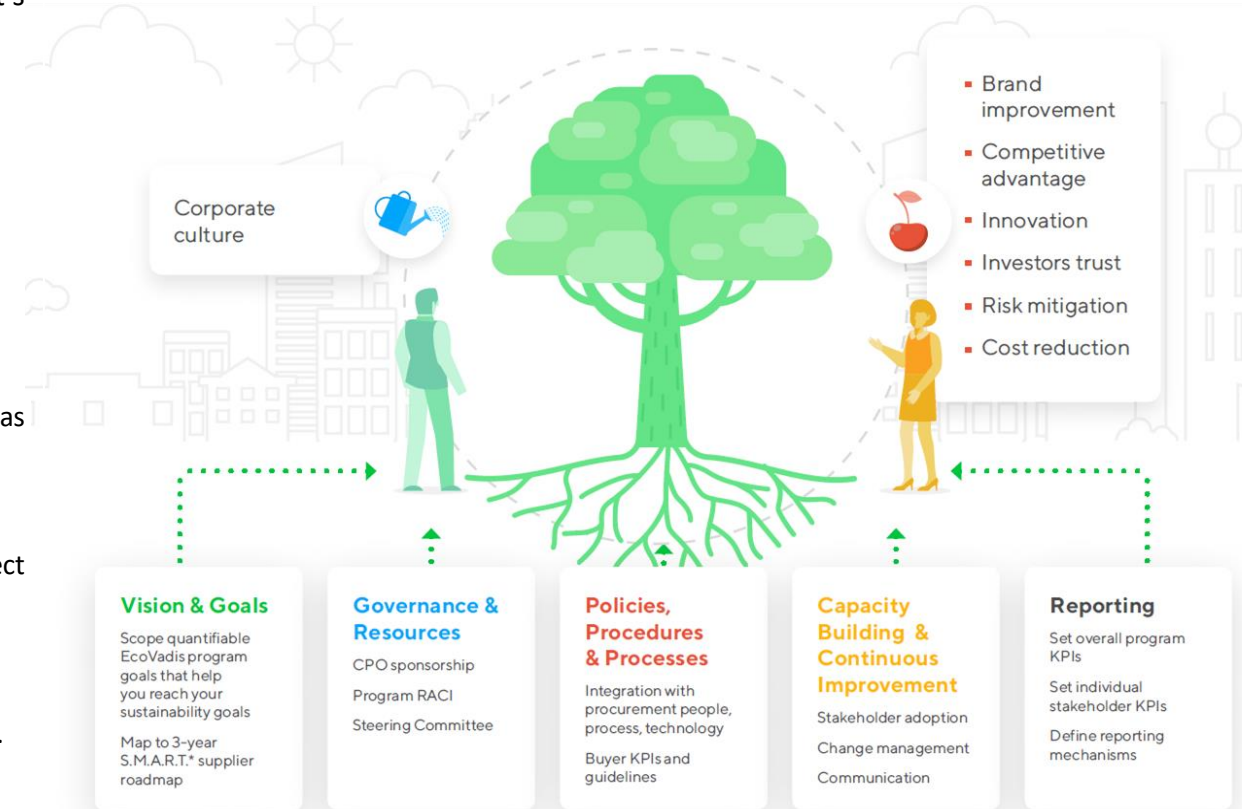
Scorecard
-Ratings
-Benchmarks
-Strengths & improvement areas
-Live news Monitoring /Adverse Media

Program Management - Alignment w/ Each Members Goals & IAEG Goals

Client Success Management - Included with IAEG Core Offer

EcoVadis will assign a Customer Success Manager team to manage and scale the Client's program.

- **Client Onboarding**
 - Accelerating program deployment & laying the foundation for long term success.
- **Sustainable Procurement Maturity Analysis**
 - Annual review of Client's program to evaluate the strengths, gaps and progress.
- **Stakeholder Engagement**
 - Training and results debrief of Client's objectives, buyers' roles and responsibilities as well as Ecovadis processes and tools.
- **Program Management and Tracking**
 - Regular meetings between EcoVadis Customer Success Manager and Client project manager to facilitate successful execution of the program.
- **Reporting Tools**
 - Supplier scorecards, user tailorable supply chain reporting, A&D Sector level reporting.
- **Global Steering Committee meeting**
 - Periodic strategic reviews with Client's project team and executive sponsor.
- **A&D Sector Specific capabilities**
 - IAEG driven workstreams, industry level SaaS module with reporting & benchmarking, governance support, A&D sector driven supplier communications.



For more information...

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Contact EcoVadis

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