

Implementation of Sustainable Practices Based on Ecovadis Recommendations In Flavor and Fragrance Raw Material Supply Companies

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ABSTRACT

This research aims to evaluate the sustainability performance of PT XYZ, a company in the flavor & fragrance industry, during the year 2023 by the EcoVadis platform. Data was collected from the company's policy documents, external audits, and sustainability reports, employing a qualitative research methodology for analysis and evaluation. The sustainability performance assessment of PT XYZ was conducted using an external approach, utilizing the EcoVadis platform. EcoVadis provides a dynamic assessment of a company's sustainability performance in four main themes: Environment, Labor & Human Rights, Ethics, and Sustainable Procurement. The assessment results indicate that PT XYZ achieved a silver medal with an overall score of 68, which is among the top 15%. The company has strong policies in place regarding environmental, human rights, ethical, and sustainable procurement practices. External audits confirmed the company's compliance with these policies. Additionally, the company has shown a strong commitment to mitigating environmental impacts, supporting human rights, conducting ethical business practices, and integrating sustainability into its supply chain. The sustainability performance assessment of PT XYZ in 2023 holds significant value in depicting the company's commitment to sustainable business practices in the flavor & fragrance industry. The results provide a clear picture of the extent to which PT XYZ complies with global sustainability standards and how the company performs in environmental, social, and ethical aspects. This research also highlights the importance of platforms like EcoVadis in helping companies communicate their sustainability performance to customers and other stakeholders.

Keywords: ecovadis, sustainability, environment, ethics, labor & human rights, sustainable procurement

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INTRODUCTION

Companies are increasingly required to adopt sustainable practices in response to the world's growing attention to social and environmental impacts. Corporate Sustainability Systems (CSS), as stated by Diez-Cañamero et al. (2020), provide a tool to evaluate the company's sustainable performance that includes ESG (Environment, Social, Governance) criteria and is in accordance with Stakeholder Theory. This theory emphasizes the importance of managing stakeholder needs and expectations in a company's strategy to create shared value. In the context of raw material providers for the flavor and fragrance industry, ESG assessments are increasingly important due to consumer and investor demands for sustainability transparency, as well as the need to ensure environmentally friendly, ethical and sustainable business practices. In line with these trends, the flavor fragrance (F&F) industry, as a provider of raw materials and fragrances to the food, beverage, cosmetics, and pharmaceutical industries, is also facing significant pressure to contribute to global sustainability (Hopkins,

2005). In this context, the implementation of sustainable practices is not only an obligation, but also a strategic key to creating long-term value for stakeholders and maintaining the company's reputation in the midst of increasingly dynamic competition (Diez-Cañamero et al., 2020). Nevertheless, while the increased demand for F&F products has fueled the industry's rapid growth in recent decades, it has been met with complex challenges. These challenges are mainly related to significant environmental impacts as well as inherent social responsibility (Setiadin, 2021).

To meet these challenges, F&F companies are required to meet increasingly stringent environmental, social, and governance (ESG) standards to reduce reputational risk and maintain competitiveness. In addition, pressure from the global market is driving the implementation of more sustainable supply chains, which ultimately forces companies in Indonesia to adapt through the implementation of sustainability-oriented business practices (Gustian & Faisal, 2015). These efforts not only create a positive impact at the local level, but also contribute to global sustainability issues. In the context of modern business, ESG performance is not only an indicator of sustainability but also plays a significant role in reducing business risks. As stated in the research of Chen et al. (2024), good ESG performance helps companies build a responsible image, increase investor confidence, and reduce information asymmetry. In addition, it strengthens the company's internal governance and transparency mechanisms, which effectively lowers agency costs and financing constraints, thereby mitigating business risks (Chen et al., 2024).

One of the assessments of ESG is EcoVadis, which is known as one of the comprehensive and reliable ESG evaluation methods, because it covers various aspects of sustainability such as the environment, labor, ethics, and sustainable procurement. The implementation of recommendations from EcoVadis can be a guide to increase the credibility of the company's sustainability, while supporting its contribution to the Sustainable Development Goals (SDGs) (Firmansyah, Ak, Triastie, & Ak, 2021). Companies can leverage the EcoVadis platform to evaluate sustainability objectively and transparently. The recommendations are important for F&F raw material suppliers to improve supply chain sustainability and mitigate reputational and financial risks from operational impacts both social and environmental. With standardized ESG assessments, EcoVadis supports the identification of superior or high-risk suppliers, enabling companies to make strategic decisions for socially and environmentally responsible supply chain management (Ding, Gamber, Jurcak, & Shook, 2021).

Furthermore, EcoVadis emphasizes the importance of assessment at a level that is relevant to the relationship between the company and business partners. Assessments at the entity level provide a more accurate representation of sustainability practices as well as allow for more effective collaboration for corrective action. For example, if a business partner is directly responsible for purchasing products from a particular region, then region-level assessments become more relevant to understand the sustainability impact. This strategy provides better visibility into the implementation of sustainability programs across the organization while ensuring more targeted management of sustainability risks (Iskandar, 2024).

In this context, the researcher seeks to explore the implementation of sustainable practices by Company XYZ, one of the suppliers of F&F raw materials, based on the recommendations of the EcoVadis assessment, as well as evaluate the effectiveness of the sustainability strategies implemented and the challenges faced by the company. This study aims to explore how F&F raw material suppliers, particularly XYZ Company, implement sustainable practices based on EcoVadis recommendations (Gatzert & Martin, 2015). In addition, the study also aims to provide recommendations for improvements related to data disclosure in the EcoVadis ranking, as well as identify the main challenges faced by companies in implementing sustainable practices. The study focused on Company XYZ that had undergone an EcoVadis evaluation and received related recommendations (Sturm, Hohenstein, Birkel, Kaiser, &

Hartmann, 2022). The research involves in-depth interviews with various parties in the company, including management, sustainability teams, and other stakeholders, to gain a holistic understanding of the implementation of sustainable practices. With this approach, it is hoped that the research can provide comprehensive insights into optimal sustainability strategies and solutions to overcome the challenges faced by companies (Horvey & Ankamah, 2020).

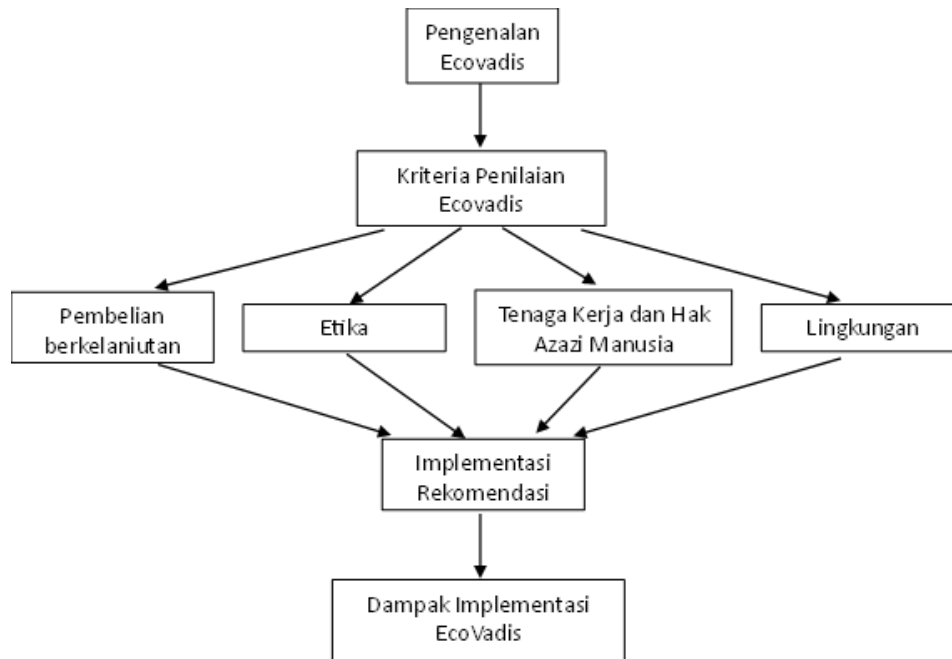


Figure 1. Research Outline

Stakeholder Theory

Stakeholder theory explains that a company not only operates for its internal interests, but is also responsible for providing benefits to stakeholders, which include creditors, suppliers, shareholders, consumers, the community, the government, and other stakeholders. First introduced by the Stanford Research Institute in 1963, the term stakeholder refers to a group that can support the existence of an organization (Harmoni, 2013). This group includes individuals or entities that may influence or be influenced by the achievement of the company's goals. Therefore, this theory emphasizes that corporate responsibility is not only limited to maximizing profits for shareholders, but also includes providing benefits to the community, the environment, and the government as part of the stakeholders.

In the context of sustainability, stakeholders play an important role in determining the survival of the company, as they have control over the resources needed in operational activities. For this reason, companies must maintain good relationships with stakeholders by meeting their needs and desires, especially stakeholders who have a significant influence on operational sustainability, such as workers, customers, and owners (Hörisch, Freeman, & Schaltegger, 2014). This view is relevant to the purpose of this study, which is to understand how flavor & fragrance raw material providers can integrate sustainability practices in line with the expectations of their stakeholders, in particular through the recommendations provided by the EcoVadis assessment.

ESG Rating Theory

ESG ratings have become the backbone of responsible investing, helping companies and investors understand sustainability performance through three key pillars: environmental, social, and corporate governance. ESG assessments are conducted by integrating data from various sources, including company reports, surveys, interviews, and direct observations,

which are then processed by rating agencies to produce an overall score. However, as highlighted by Dimson et al. (2020), there are significant differences in assessment methods between ESG rating agencies, which are caused by variations in the selection of indicators, pillar weights, and incomplete approaches to handling data. For example, Sustainalytics gives balanced weight to environmental, social, and governance pillars, while MSCI can give more weight to one particular pillar depending on the industry. These differences can result in diverse ESG scores for the same company, demonstrating the importance of a deep understanding of each Institution's methodology (Dimson et al., 2020).

ESG ratings serve as an instrument to summarize the complexity of a company's sustainability performance into metrics that can be accessed by investors and stakeholders. However, as stated by Agrawal et al. (2023), the existence of differences in methodologies, indicators, and weights used by various ESG rating providers creates challenges in ensuring alignment of assessments. Additionally, business incentives such as index licensing often influence valuation results, where companies with good stock performance tend to obtain higher ESG ratings. This condition highlights the importance of a standardized approach in ESG evaluation to avoid bias or manipulation in the preparation of sustainability indexes. In the context of EcoVadis, which assesses ESG performance through a data-driven approach and improvement recommendations, the implementation of these recommendations can provide strategic guidance for flavor & fragrance raw material providers to improve sustainable practices in a more measurable and trustworthy manner (Agrawal et al., 2023).

Corporate Strategy

ESG strategies are an important foundation in the company's efforts to realize sustainability and maintain competitiveness in the global market, especially in the flavor and fragrance raw material supply industry. Based on the recommendations of EcoVadis, which serves as a sustainability assessment tool, the implementation of ESG strategies should include a holistic approach that involves transparency, accountability, and proactive engagement with stakeholders. This approach not only increases customer trust and loyalty, but also strengthens the company's reputation and attracts responsible investments. As stated in the literature, the implementation of a strong ESG strategy can provide added value through risk reduction, increased operational efficiency, and the creation of new market opportunities. By integrating EcoVadis' recommendations, companies in the sector can ensure that sustainable practices become an integral part of their business strategy, thereby supporting sustainable growth and contribution to the sustainable development goals (SDGs) (Kulova & Nikolova-Alexieva, 2023).

According to Diez-Cañamero et al. (2020), the assessment of corporate sustainability practices using frameworks like ESG (Environment, Social, Governance) provides a structured method to measure a company's performance in various sustainability aspects. This is essential in industries such as flavor and fragrance raw material supply, where environmental and ethical practices are increasingly scrutinized by stakeholders. Similarly, Chen et al. (2024) highlight that strong ESG performance can help reduce business risks and improve a company's reputation, which is particularly important in the competitive raw material supply industry. Their study underscores how effective ESG practices contribute to long-term business success and stakeholder trust.

The urgency of this research stems from the increasing global demand for sustainability in the flavor and fragrance industry, driven by both consumer expectations and regulatory pressures. As companies in this sector face growing scrutiny on their environmental, social, and governance practices, it is crucial to assess how well they are aligning with international sustainability standards. In particular, EcoVadis assessments play a vital role in providing transparency and guiding companies like PT XYZ in meeting global sustainability goals. This research is essential to understanding how EcoVadis recommendations can enhance the

sustainability practices of raw material suppliers and help mitigate reputational and operational risks.

While there is a substantial body of research on sustainability performance and ESG assessments, few studies have focused specifically on how flavor and fragrance raw material suppliers implement sustainability practices based on EcoVadis recommendations. Additionally, there is limited exploration of the specific challenges faced by these suppliers in adapting to sustainability standards and improving their ESG performance. This research aims to fill this gap by providing an in-depth analysis of PT XYZ's sustainability practices and offering practical recommendations for improvement.

This study introduces a novel approach by focusing on the implementation of EcoVadis sustainability recommendations in the flavor and fragrance raw material supply industry. It not only assesses PT XYZ's sustainability performance across key ESG themes but also evaluates the effectiveness of the strategies and challenges encountered during the implementation process. The research's novelty lies in its case study approach, offering specific insights into how EcoVadis can guide companies in this industry to improve their sustainability efforts and align with international standards.

The primary objective of this research is to evaluate PT XYZ's sustainability performance based on the EcoVadis assessment and identify areas for improvement, particularly in environmental management, labor and human rights, ethics, and sustainable procurement. The study aims to provide actionable recommendations to enhance sustainability practices and address the challenges faced by the company. The benefits of this research include offering practical insights for PT XYZ to strengthen its sustainability strategies, improve ESG performance, and increase its competitiveness in the market. Additionally, the study contributes to the broader understanding of how sustainability assessments like EcoVadis can be effectively used in industries to promote responsible business practices and mitigate risks.

METHOD

This study uses a qualitative method, namely a case study with a multiphase approach in collecting research data from the results of the EcoVadis assessment. Qualitative research is used to understand the phenomenon that occurs in XYZ company. Discussions with the ESG task-force team were also carried out to explore information and validate the data obtained through literature studies. The observation lasted for three months, namely July to October 2024.

RESULTS AND DISCUSSION

PT XYZ, a company engaged in the manufacturing of chemical products, has shown good achievements in the environmental sustainability evaluation by EcoVadis. Based on the available documents, PT XYZ received a score of 68/100, which puts it in the top 15% compared to other companies in its industry. This shows a strong position in managing environmental issues, but there are still opportunities for further improvement. Here is an in-depth review of achievements and aspects that can be improvised based on six key indicators assessed by EcoVadis: policies, endorsements, measures, certification, reporting, and 360° watch.

PT XYZ's Achievements Based on EcoVadis Indicators on the Environment

PT XYZ has implemented a comprehensive environmental policy, covering various aspects such as energy consumption, greenhouse gas (GHG) emissions, water management, and customer safety. This policy not only provides strategic direction but is also complemented by clear quantitative objectives, reflecting the company's commitment to reducing environmental impact. This advantage is a strong foundation for PT XYZ to continue to

develop in the field of environmental sustainability. This supports the theory of Hörisch et al. (2014), which emphasizes that good relationships with significant stakeholders, including communities and the environment, are essential for operational sustainability.

However, while the scope of PT XYZ's environmental policy already covers most of the key risks, there is an opportunity to improve this policy further. One aspect that can be strengthened is more in-depth biodiversity management. In addition, the effectiveness of environmental policies will be better ensured by clear evaluation procedures, such as internal or external audits, as well as periodic reviews by the management team. The assignment of specific responsibilities to specific managers or departments for each aspect of the policy, such as energy efficiency or water conservation, will also strengthen the implementation of this policy.

PT XYZ's involvement with external initiatives is also a significant added value. By supporting the IFRA-IOFI Sustainability Charter and becoming a member of the Union for Ethical BioTrade (UEBT), the company has shown its seriousness in contributing to global sustainability goals. This advantage can be further maximized by exploring involvement in additional global initiatives, such as the Science-Based Targets Initiative (SBTi) or international carbon management programs. This move will expand the company's impact in global sustainability efforts. This step is in line with the theory of Harmony (2013), which states that companies have a responsibility to engage in initiatives that support social and environmental sustainability globally.

PT XYZ has also taken concrete steps to support its sustainability policy. Examples include the implementation of rainwater harvesting systems, the use of environmentally friendly input materials, and leak detection and repair (LDAR) programs to reduce fugitive emissions. This action not only demonstrates compliance with environmental standards but also innovation in the company's operations. However, to go further, companies can consider advanced technologies, such as automation of production processes or the wider use of renewable energy. This effort is consistent with the theory of Dimson et al. (2020), which explains that ESG ratings can be used as a tool to improve sustainability performance through the implementation of innovative technologies and practices.

This success is also demonstrated through the achievement of ISO 14001 certification which covers all company operations. This certification underscores the sustainability of PT XYZ's environmental management system. This supports the view of Agrawal et al. (2024), which emphasizes the importance of sustainability certifications and standards to increase the company's credibility in the eyes of stakeholders. Nonetheless, companies can consider additional certifications such as ISO 50001 for energy management, which will strengthen their commitment to energy efficiency.

In terms of sustainability reporting, PT XYZ has presented quantitative data related to GHG emissions, energy consumption, and waste management in accordance with SASB and GRI reporting standards. This step increases the company's transparency and credibility. This step is in line with the theory of Kulova and Nikolova-Alexieva (2023), which highlights the importance of transparent and data-driven sustainability reporting to improve corporate accountability and credibility. However, more thorough materiality analysis, data reporting over a longer period of time, and the addition of product lifecycle reports can enrich information and provide added value for stakeholders.

The company's reputation monitoring mechanism through EcoVadis further strengthens PT XYZ's position as a business person committed to sustainability. This supports the theory of Dimson et al. (2020), which states that recommendations from institutions such as EcoVadis can be used to improve sustainability strategies and manage company reputation risks. Although no negative notes were found, companies can be more proactive in managing potential risks from public news. Additionally, the regular publication of social and

environmental impact reports can help create a positive narrative about a company's sustainability efforts.

Although it has shown many achievements, there are some areas that still need more attention. Policies related to biodiversity and impacts on environmentally sensitive areas need to be implemented more comprehensively. In addition, the reduction of dust, VOC, and other particle emissions through advanced technology can be the focus of improvement. More in-depth materiality reporting will also help PT XYZ to be more transparent and strategic.

Overall, PT XYZ demonstrated outstanding performance in environmental sustainability management based on EcoVadis' assessment. By strengthening areas that need improvement and continuing to innovate in technology and policy, companies have great potential to become leaders in sustainability in their industry. Strategic measures such as expanding reporting, adding certifications, and involving additional global initiatives will further enhance PT XYZ's reputation and impact in global sustainability.

Here is PT XYZ's assessment for the environmental theme:

Policy	Endorsements	Measureme	Certification	Coverage	Report7	360° Watch
75/100	100/100	nt100/100	100/100	-	5/100	75/100

PT XYZ's Achievements Based on the EcoVadis Indicator on Labour & Human Rights

PT XYZ managed to achieve an overall score of 68/100, which puts the company in the top 15% in the industry. This achievement reflects that the management of labor and human rights issues at PT XYZ is at a more advanced level than other companies. Some of the key achievements that support this score include comprehensive policies related to human rights, employee development programs such as skills training, and a living wage analysis to ensure employee well-being. This is relevant to the Stakeholder Theory as proposed by Hörisch et al. (2014), which emphasizes the importance of companies meeting the needs of significant stakeholders for operational sustainability, including the workforce.

In terms of policy, PT XYZ scored 75/100, demonstrating the company's commitment to integrating qualitative and quantitative goals in labor and human rights issues. These policies cover important areas such as the prevention of forced labor, discrimination, and the provision of a living wage. However, companies have the opportunity to expand the scope of the policy to more specific aspects, such as remediation mechanisms for human rights violations and the active involvement of employees in policy formulation. This step will increase the overall relevance and effectiveness of the policy. This is in line with the view of Hörisch et al. (2014), that maintaining good relationships with stakeholders through inclusive policies can strengthen the survival of the company.

This commitment is further strengthened by the adoption of sustainability charters from external organizations such as the IFRA-IOFI Sustainability Charter, which helped PT XYZ score 75/100 in related indicators. To improve this score, companies can establish broader collaborations with other institutions focused on human rights or employment. In addition, the publication of a broader sustainability report will help strengthen the company's transparency and sustainability image. This approach is consistent with the ESG Rating theory described by Dimson et al. (2020), where transparency through sustainability reports contributes to better ESG assessments.

A high score of 75/100 was also achieved in the strategic program implementation indicators. Several initiatives such as mentorship programs for women, employee satisfaction surveys, and occupational health and safety training have shown positive results. However, there is room to strengthen these initiatives, such as providing awareness training on discrimination, developing a grievance mechanism for rights violations, and strengthening occupational risk mitigation. These measures will help create a more inclusive and safe work environment. This is relevant to the ESG Rating theory (Dimson et al., 2020), which highlights

the importance of implementing strategic programs to improve the company's sustainability performance holistically.

Despite scoring well in several indicators, PT XYZ only got a score of 50/100 for the certification aspect. At present, the company has adopted ISO 45001 for occupational safety and health management. However, adding other certifications such as SA8000 or B Corp certification can strengthen the legitimacy of the company's commitment to sustainability and social justice. This will also increase the competitiveness of the company at the global level. This condition is in line with the view of Dimson et al. (2020), that globally recognized sustainability certification can help improve ESG scores while strengthening the company's competitiveness.

On the reporting indicators, the company scored 25/100, which indicates that there is significant room for improvement. PT XYZ has not fully documented quantitative data such as the compensation ratio between the highest and median levels, as well as reports related to living wages and diversity. Increased transparency through more thorough KPI reporting, in line with standards such as GRI or SASB, will go a long way in increasing stakeholder trust. This is in line with the ESG Rating theory revealed by Dimson et al. (2020), that data disclosure and comprehensive reporting are important elements in ensuring the alignment of ESG assessments.

In the 360° Watch indicator, PT XYZ scored 75/100. While there is no negative news regarding the company's sustainability management, there is an opportunity to improve the company's reputation through the publication of sustainability initiatives in external media. This step can strengthen the public image and increase awareness about the company's contribution to sustainability. This approach is relevant to the ESG Rating theory (Dimson et al., 2020), which emphasizes the importance of external publications to reinforce positive perceptions of a company's sustainability performance.

Overall, despite having a high score in many areas, there are still some opportunities for improvement. PT XYZ can expand the scope of training to cover more human rights issues, add sustainability certifications, as well as improve the quality of reporting and expand reported KPIs. Compared to the industry average, companies have exceeded standards in policies and actions, but still lag behind in the reporting aspect. This strategy is relevant to the ESG Rating theory by Agrawal et al. (2024), which highlights the importance of a standardized approach in ESG evaluation to avoid bias and strengthen stakeholder trust.

By strengthening the reporting and certification area, PT XYZ can strengthen its position as an industry leader. The company's performance in the Labour & Human Rights module has been excellent, but there is room for improvement particularly in reporting and more active involvement in international certification. With this strategic move, the company has a great opportunity to significantly improve the score on the next EcoVadis assessment.

The following is PT XYZ's assessment for the theme of labour and human rights:

Policy	Endorsements	75/100	50/100	Coverage	Report	360°
75/100	75/100	Measurements	Certification	-	25/100	Watch
						75/100

PT XYZ's Achievements Based on EcoVadis Indicators on Ethics

In the Ethics module, PT XYZ's score shows the performance of "Medium Impact" with coverage in six main indicators: policies, public commitments, measures, certifications, reporting, and 360° watch. Among these indicators, PT XYZ achieved the highest in endorsements (75/100) and measures (75/100), but recorded a low score in the reporting area, which was only 25/100. This shows that there is an imbalance between strong commitment and reporting that has not been maximized. This is relevant to the view of Dimson et al. (2020), who stated that differences in certain indicators or weights in ESG ratings can create imbalances in sustainability performance, including in the reporting aspect.

In terms of policies, PT XYZ achieved a score of 50/100, which shows recognition of the anti-corruption and information security policies that the company has adopted. However, there are some drawbacks, such as a lack of documentation regarding fraud risks, conflicts of interest, and money laundering. To remedy this, companies need to develop more detailed and measurable policies, which include important elements in the overall management of ethical risks. This recommendation is in line with the stakeholder theory put forward by Hörisch et al. (2014), which emphasizes the importance of companies in meeting stakeholder needs through an approach that includes transparency and accountability.

In addition to internal policies, PT XYZ has shown its commitment through support for the IFRA-IOFI Sustainability Charter. With an endorsement score of 75/100, the company has demonstrated compliance with third-party sustainability principles. However, this step can be strengthened by expanding the scope of commitments to other global initiatives, such as the UN Global Compact. This will not only increase the company's credibility but also expand the resulting sustainability impact. This increase reflects the importance of a holistic approach in ESG strategies as emphasized by Kulova & Nikolova-Alexieva (2023), which shows that the integration of sustainability practices in a company's strategy can strengthen stakeholder reputation and loyalty.

In the measures indicator, PT XYZ scored a high score of 75/100 thanks to measures such as sensitive transaction verification procedures and periodic audits of compliance mechanisms. However, this area still needs further attention, especially in anti-corruption awareness training and information security management. The implementation of mandatory training for employees and the provision of secure reporting channels can strengthen the company's actions in ensuring ethical compliance. This step is in accordance with the stakeholder theory by Harmoni (2013), which states that companies are responsible for providing benefits not only to capital owners but also to society and labor through ethical and sustainable practices.

On the contrary, the certification area is one of the main weaknesses with a score of only 25/100. The lack of relevant formal certifications, such as ISO 37001 (anti-bribery management systems), indicates a huge opportunity for companies to improve their credibility in ethical practices. Obtaining this certification will not only improve the score but also reinforce the company's commitment to global ethical standards. This is relevant to the view of Agrawal et al. (2024), which shows that integrated standards and certification can help create a more measurable and trustworthy approach to ESG evaluation.

The reporting area is another weak point with a score of 25/100, which reflects a lack of transparency in the reporting of quantitative indicators such as the number of corruption incidents or the percentage of employees who have attended ethics-related training. The materiality analysis that has been carried out must be translated into an adequate sustainability report, according to SASB or GRI standards. By doing so, companies can strengthen stakeholder trust through increased transparency. Dimson et al. (2020) also highlighted the importance of transparency in reporting to ensure credibility and accountability in ESG ratings, which can affect stakeholder perceptions of a company's sustainability.

On the 360° watch indicator, PT XYZ achieved a high score of 75/100, which reflects thorough monitoring by third parties of public news related to the company. However, even if these results are positive, companies should continue to monitor their reputation through risk databases to ensure there are no adverse incidents. This proactive approach will help maintain the company's reputation in the eyes of the public.

Overall, PT XYZ can strengthen its ethics policy by including elements such as a clear allocation of responsibilities and a periodic review mechanism. In addition, aligning reporting with the Sustainable Development Goals (SDGs) can strengthen the strategic sustainability narrative. Obtaining ethics-related certifications will provide additional legitimacy, while anti-

corruption and information security training with periodic evaluations will ensure that all employees understand and implement policies consistently.

Although PT XYZ has shown good performance in several ethical aspects, the room for improvement is still significant, especially in reporting, policy, and certification. With strategic improvements in these areas, the company has a great opportunity to solidify its position as a leader in ethical business practices. This will be a strong foundation for the long-term sustainability of companies in their industry.

The following is PT XYZ's assessment for the Ethics theme:

Policy	Endorsements	75/100	Certification	Coverage	Report	360° Watch
50/100	75/100	Measurements	25/100	-	25/100	75/100

PT XYZ's Achievements Based on EcoVadis Indicators in Sustainable Procurement

PT XYZ showed significant strength in endorsement indicators (100/100) and measures (100/100). This achievement reflects the company's strong commitment to sustainability policies, including the success of integrating diversity in the supply chain as well as incorporating social and environmental clauses into supplier contracts. This supports the ESG Rating theory explained by Agrawal et al. (2024), which emphasizes the importance of transparency and accountability in sustainability management, especially through an approach that involves data-based improvement recommendations. However, other indicators such as policies (50/100) and certifications (50/100) indicate that there is room for further development, especially in setting more comprehensive standards.

In terms of policy indicators, PT XYZ already has formal documents related to sustainable procurement, which include environmental and human rights issues. However, the document does not include clear quantitative targets, such as reducing greenhouse gas emissions in the supply chain. This is in line with the view of Dimson et al. (2020), who underlined that the clarity of quantitative targets can improve policy effectiveness and provide a more measurable strategic direction. Setting specific targets will not only increase the effectiveness of the policy, but also provide a more measurable strategic direction for the company's sustainability.

PT XYZ's success in the endorsement indicator stems from its involvement in global initiatives such as the IFRA-IOFI Sustainability Charter. This is relevant to the Stakeholder theory explained by Harmoni (2013), which states that companies are responsible for providing benefits to stakeholders, including society and the environment. This shows the company's strategic position in international sustainability forums. To expand the impact, companies can consider collaborating with local initiatives that focus on empowering local communities, providing direct benefits to stakeholders at both the regional and national levels.

On the other hand, the steps that PT XYZ has taken, such as supplier training and the integration of sustainability clauses in contracts, show significant progress. as supported by Hörisch et al. (2014), which emphasizes the importance of proactive engagement with stakeholders to achieve operational continuity. However, to ensure internal alignment, the company can develop additional training programs for internal buyers that focus on sustainability issues. This effort will strengthen the understanding and involvement of all parts of the company in supporting the sustainability vision.

Certification indicators are an area that needs more attention. Although PT XYZ already has important certifications such as ISO 14001, there is a great opportunity to strengthen its legitimacy by adding other certifications that are more relevant to the supply chain, such as SA8000 or B Corp certification.

PT XYZ's achievement in the reporting indicator (75/100) reflects the company's seriousness in delivering sustainability data transparently. However, to further enhance credibility, aligning the report with international standards such as GRI or SASB could be a

strategic move. This alignment will help companies ensure that the reports presented are in line with global expectations and accessible to international stakeholders.

In addition, on the 360° watch indicator, PT XYZ obtained a high score of 75/100, which shows the company's active efforts in monitoring its reputation through the media and public databases. However, to strengthen supply chain oversight, companies may consider adopting more sophisticated digital mechanisms. This technology will provide deeper insights in line with the holistic approach described by Kulova & Nikolova-Alexieva (2023) on risks and opportunities in the supply chain.

Overall, to improve its overall score and strengthen its position as a leader in sustainable procurement practices, PT XYZ can take the following strategic steps:

1. Develop quantitative targets for sustainability policies to be more measurable and evaluable.
2. Develop an internal buyer training program related to sustainability to ensure consistency in policy implementation.
3. Adopt additional certifications relevant to social and environmental issues to strengthen the company's legitimacy.

PT XYZ's achievements in the Sustainable Procurement module have shown the company's commitment to sustainability. However, with strategic investments in policies, in-house training, and certification, the company has a great opportunity to solidify its position as an industry leader in supply chain sustainability. This supports Harmoni's (2013) view of corporate responsibility to a wider range of stakeholders.

Here is PT XYZ's assessment for the theme of Sustainable Buying:

Policy 50/100	Endorsements 100/100	100/100 Measurement	50/100 Certification	Coverage -	Report 75/100	360° Watch 75/100
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CONCLUSION

PT XYZ managed to record significant achievements in environmental sustainability, with a score of 68/100 which puts it in the top 15% in the industry according to EcoVadis. Key advantages include the implementation of comprehensive environmental policies, support for global initiatives such as the IFRA-IOFI Sustainability Charter, and the implementation of proactive measures such as rainwater harvesting and waste management. However, there is still room for improvement, especially in the integration of biodiversity aspects, strengthening internal audits, and the use of advanced technologies for energy efficiency and emission reduction. Increased sustainability reporting and the adoption of additional certifications such as ISO 50001 are also strategic focuses that can be optimized.

In terms of employment and human rights, PT XYZ showed good performance with policies that support employee welfare and a score of 68/100. Training programs, living wage analysis, and ISO 45001 certification are in the spotlight. However, companies still need to improve quantitative reporting on diversity, add certifications such as SA8000, and expand the scope of training for discrimination and human rights issues. An emphasis on transparency through more detailed KPI reports and collaboration with external institutions can strengthen a company's performance in this area.

The Sustainable Procurement and Ethics module also recorded successes, particularly in endorsements and measures, with perfect scores on several indicators. PT XYZ has integrated social and environmental clauses in supplier contracts and supported international sustainability initiatives. However, quantitative policy targets, internal training for buyers, and additional certifications such as SA8000 or B Corp need to be improved. Overall, PT XYZ has a strong foundation to continue to grow in sustainability, with strategic measures such as

increased reporting, expanded collaboration, and policy innovation to strengthen its position as an industry leader.

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