

Programme for Responsible Sourcing



AIM-PROGRESS is a forum of consumer goods companies assembled to enable and promote responsible sourcing practices and sustainable production systems. It is a global initiative supported and sponsored by AIM in Europe and the GMA in North America.

Its key objectives include the provision of a forum to exchange views regarding responsible sourcing practices and supporting the effective collaboration and potential convergence with other global initiatives having similar aims or interests.

It aims to develop and promote the use of common evaluation methods to determine CSR performance within the supply chain and drive efficiencies for all companies by collecting, assessing and sharing non-competitive information on supply chain CSR performance.

“Europe depends on powerful brands”
European Commission



Who's involved?

AIM[®]
Association des Industries de Marque
European Brands Association
Europäischer Markenverband

FERRERO

 **COLGATE-PALMOLIVE**

GMA
The Association of Food, Beverage
and Consumer Products Companies



DANONE



BACARDI LIMITED


AB InBev

HERSHEY'S
The Hershey Company 



DIAGEO

P&G

Kellogg's[®]



Nestle

Good Food, Good Life

BDF ●●●●
Beiersdorf

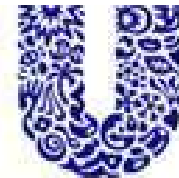
Carlsberg
Group

 **kraft foods**



PEPSICO

MARS
incorporated



Unilever

 **ORKLA**



GENERAL MILLS

McCORMICK

 **Reckitt
Benckiser**

BRITVIC
plc

UB

United Biscuits

A range of FMCG Brands, with AIM and the GMA



Our Opportunity



- As individual companies, we are all asking our suppliers for similar assurances, but...
 - Using **different** words in **questions**,
 - Against **similar**, but different **standards**,
 - On **different systems**,
 - With **different audit** protocols
 - in **isolation**, without finding synergy with like efforts
 - Leading to confusion and complexity and unnecessary **duplication** of audits



In which areas?



- **Human Rights & Labour Standards**
 - Defined by UNHR, ILO Conventions, local law and other norms
 - **Health and Safety**
 - Occupational H&S and Process Safety, as defined by local law and buyer requirements
 - **Environmental Management**
 - Concerned with site operations, i.e. water, energy, waste, and emission controls, etc. (i.e. “the HOW”)
 - Not environmental impact of products (i.e. “the WHAT)
 - **Business Integrity/Practices**
 - Policies for the mitigation of bribery & corruption, etc.
- Aligned to the 10 Principles of the UN Global Compact



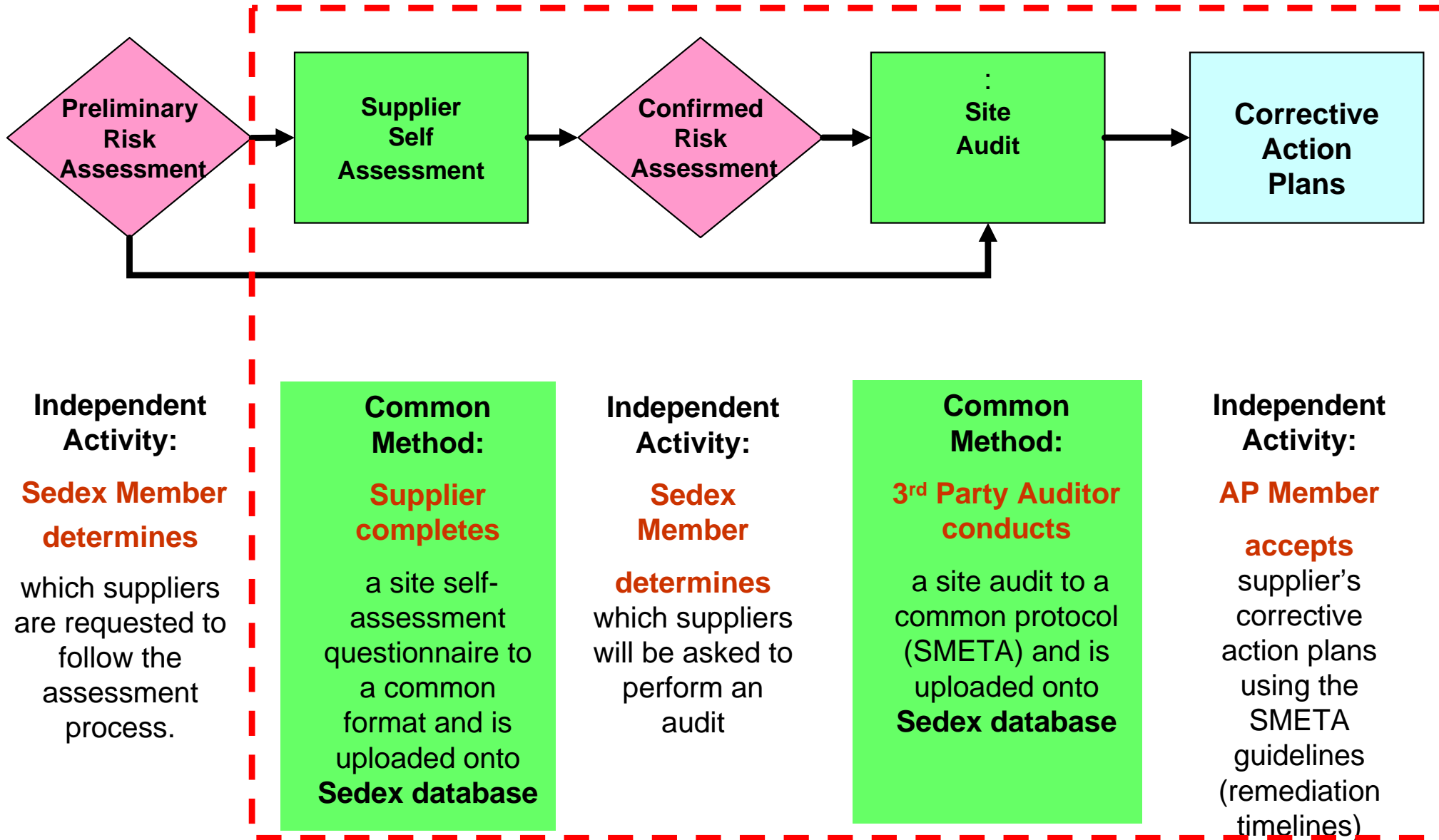
The Objectives of AIM-PROGRESS



- Provide a forum for **developing common viewpoints and positions** regarding responsible sourcing practices.
- Support the effective **collaboration and potential alignment with other global initiatives** having similar aims or interests such as GSCP.
- Develop and promote the use of **common evaluation methods** to determine performance within the supply chain.
- Drive efficiencies by **collecting, assessing and sharing non-competitive information on supply chain performance.**
- **Share learning and pre-competitive information** amongst participating FMCGs within the supply chain and its relevant stakeholders.

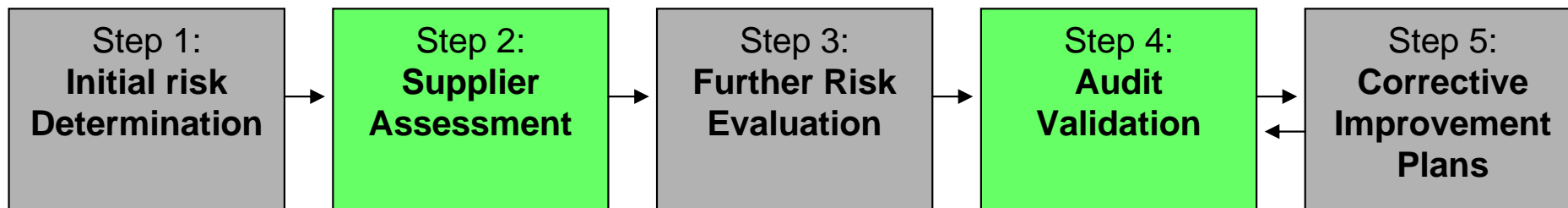


The synergies? Common data...





The synergies? Common data...



Independent Activity:

Individual buying companies determine which suppliers are requested to follow the assessment process.

Common Method:

Supplier completes a site self-assessment questionnaire to a common format

Independent Activity:

Individual buying companies determine which suppliers will be asked to perform an audit

Common Method:

3rd Party Accredited Auditors conduct a site audit to a common protocol and format

Independent Activity:

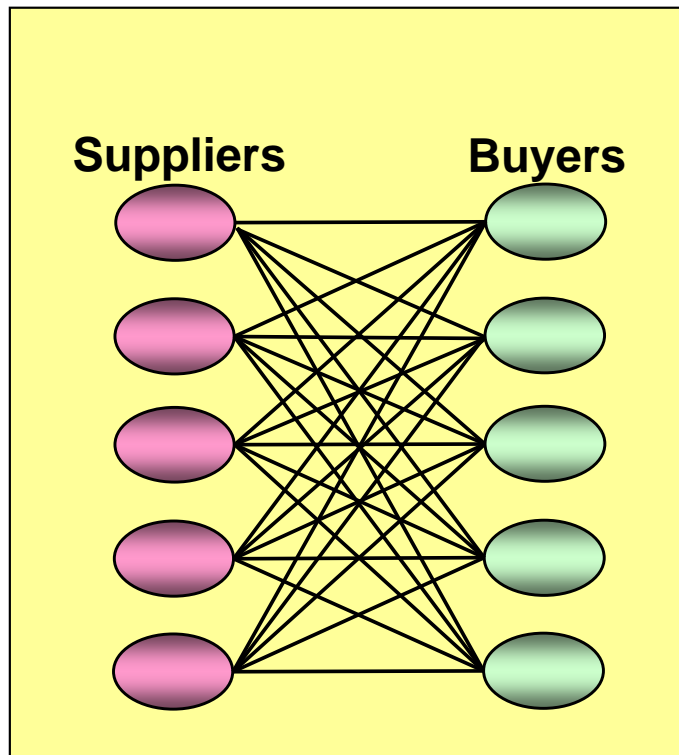
Individual buying companies Determine the corrective improvement plans.

Steps 2 and 4 can be done using the same methodologies



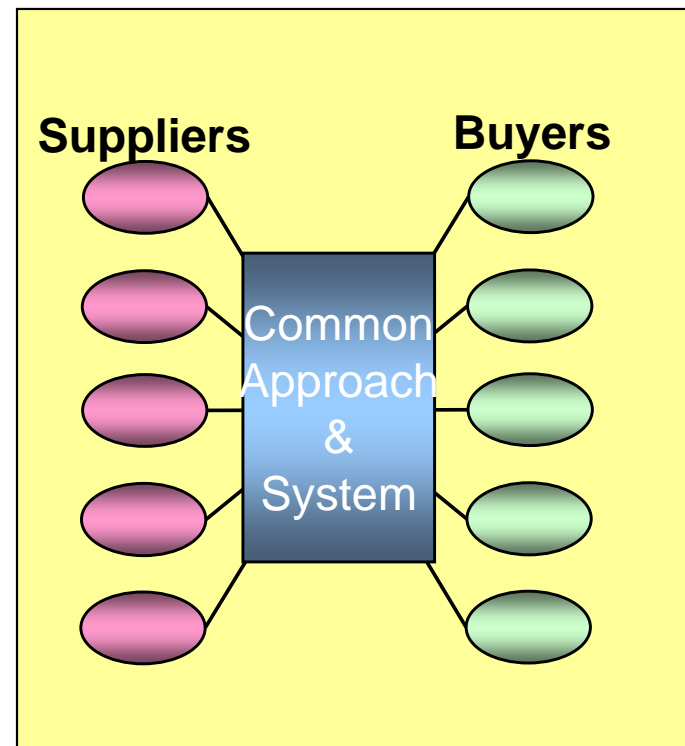
The synergies? Common data, simplified...

The Problem



**Self-Assessment & Audit
Duplication & Fatigue**

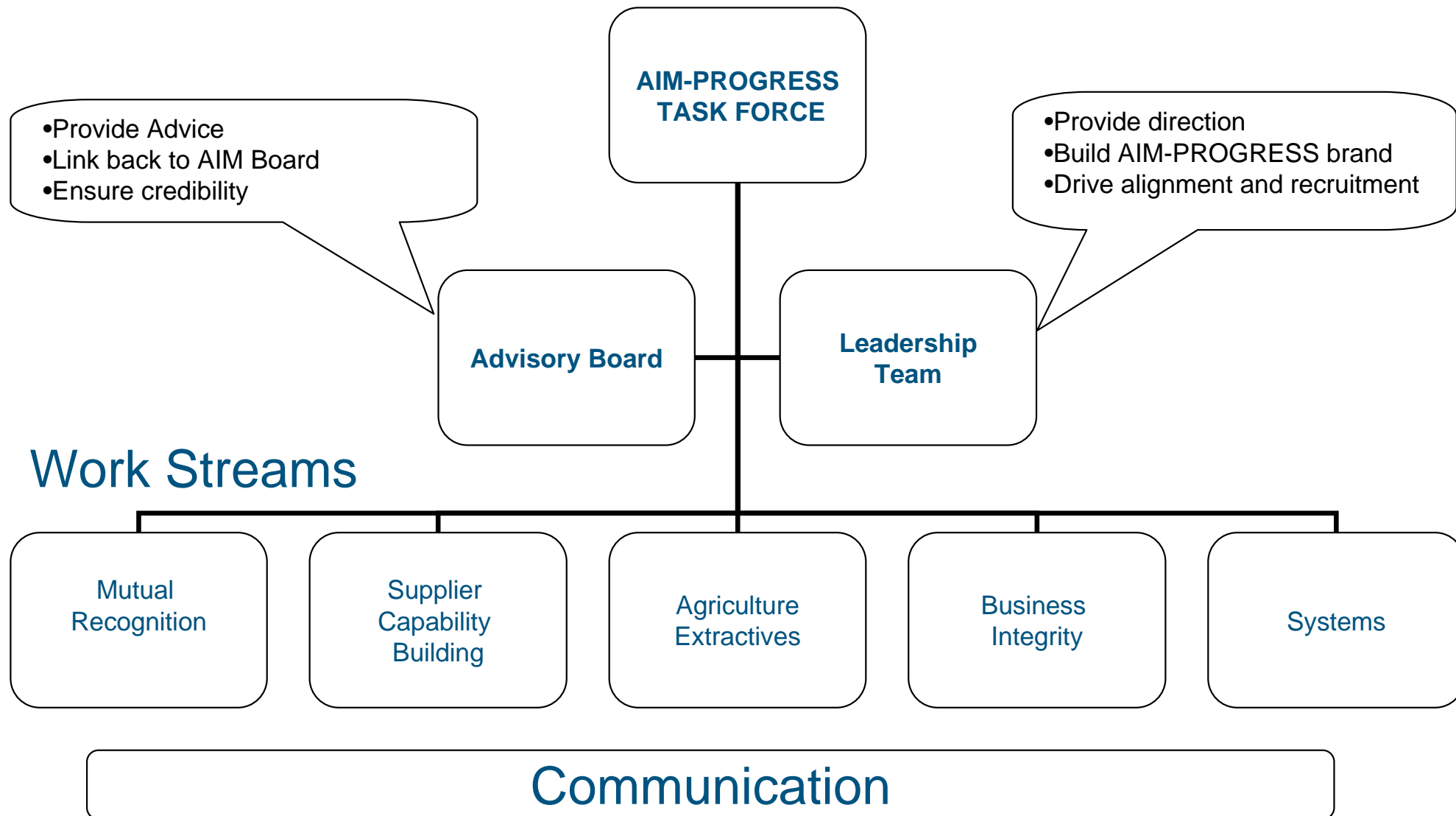
The Solution



**Self-Assessment & Audits
Done once, shared many times**



The Structure of AIM-PROGRESS





AIM-PROGRESS Work Streams



1. Mutual Recognition

“Audit for one is audit for all” → Benchmarking existing audit protocols; facilitation of audit report exchange to reduce cost; continuous improvement through sharing best practices.

2. Supplier Capability building

Awareness and training seminars for the supplier community; help suppliers address **remediation**; audit methodologies & tools for **agents**

3. Systems

Maximise the efficiency of the SEDEX data platform and promote use by members and suppliers; promote interoperability between different data platforms used by members; benchmark various data platforms for alternative options

4. Agricultural commodities & Extractives

Inform on and contribute to specific sector initiatives, e.g. Bonsucro

5. Business Integrity/Practices

Help build this pillar as an integral part of audit protocols

6. Communication

To become globally recognised as leading forum for responsible sourcing in the FMCG/CPG sector

7. Collaborative Opportunities / Convergence

To seek alignment with other industry sector programmes – systems and standards



Membership Criteria



- We are focused on the FMCG sector
- We are open to all AIM and GMA members
- Being inclusive, we are open to any manufacturer and associated company integral to the FMCG manufacturer's supply chain that meets the 'expectations of the members'.
- **Expectations of members**
 - Support the Mission of the Taskforce
 - Attend at least one Taskforce meeting per year
 - Actively participate in at least one Taskforce work stream
 - Share current code or audit protocol details for benchmarking
 - Contribute to shared audited supplier list, where audits exist
 - Have some overlap of suppliers within the supply chain
 - Hold themselves to at least the same standards as they require of their suppliers
 - Be current on Taskforce fees



Achievements to date



- **Performance Improvement through mutual recognition**
 - 16 companies involved in Mutual Recognition & audit protocols benchmarked
 - List of more than 4500 audited suppliers compiled for sharing (number growing)
 - Audit recognition taking place
 - Some members getting as much as 30% of audits done through mutual recognition
 - Every 100 duplicate audits avoided = €250,000 in savings
- **Systems**
 - 12 Companies involved in Sedex
 - Common use of single database / data warehouse
 - ~ 5000 supplier registrations in progress
- **Sector Initiatives**
 - Agricultural sector - Engagement with Bonsucro
- **Supplier Capability Building**
 - Supplier training sessions engaged more than 1000 supplier companies, globally
 - 2011 supplier events scheduled for Africa, Russia, Latin America and China. Webinars for NA and Europe.



Endorsement from a supplier to many AIM-PROGRESS members



- As a supplier to FMCG companies it does make sense for Givaudan to participate in a globally accepted programme, such as Sedex
 - One new customer request every month for ethical performance data
 - Each takes half a day to complete and is different to the others
 - Over 20 customers have now asked for SEDEX information
- It helps us to drive improvements and consistency in our organisation
- The Sedex approach fits well within our own sustainability approach,

Givaudan[®]



Our targets for 2011



*To be globally recognised as the leading FMCG/CPG forum for responsible sourcing:
Improving the sustainability of the businesses and communities with whom we work
by collaboratively deploying leading practices and building ownership throughout the supply chain*

Membership : 30 active FMCG members representing the core of AIM and GMA, as well as a number of suppliers to our membership

Sedex: 2/3 of members choose SEDEX as their database platform

Mutual Recognition: 5000 supplier audits are available for sharing between 2/3 of the participating members

Supplier Awareness: 1500 supplier companies are engaged through physical training seminars and webinars

Business Integrity: contribute to develop as full pillar of CSR audits

Sector Initiatives: Engage with additional initiatives of interest to our community

Collaborative Opportunities: seek convergence with similar efforts around the world, in particular GSCP



Vision for the Future ?

AIM[®]

Association des Industries de Marque
European Brands Association
Europäischer Markenverband

Global Programme

Industry sectors, Brand Manufacturers,
Retailers and Suppliers
all Cooperating

Working to common
Standards and
Methods

With Common or
connected systems

To raise CSR performance in
supply chain