

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



AB InBev

HERSHEY'S
The Hershey Company 



Sara Lee

DIAGEO

Kellogg's

 **Nestlé**

P&G

Cadbury

 **PEPSICO**

MARS
incorporated


Unilever

Heinz

 **kraft foods**


GENERAL MILLS

BRITVIC
soft drinks

UB

United Biscuits


McCormick

 **ORKLA**

 **Reckitt
Benckiser**

A range of FMCG Brands, with AIM and the GMA



Responsible Sourcing in the Supply Chain



Branded goods manufacturers have high Corporate Social Responsibility (CSR) aspirations, including **Responsible Sourcing**, and need to

- Make sure these are not put at risk by issues such as poor labour standards in our supply chains
- Take active measures to mitigate such risks
- Be efficient and effective in implementing such measures



How do companies implement responsible sourcing in their supply chains?



Via.....

- Supplier Codes
- Supplier Assessments
- Site Audits
- Corrective Actions/Remediation



In which areas?



- **Labour Standards**
 - Defined by relevant ILO Conventions, Global Compact, etc.
- **Health and Safety**
 - Occupational H&S and Process Safety
- **Environmental Management**
 - Concerned with site operations, i.e. water, energy, waste, and emissions controls, etc. (i.e. “the HOW”)
 - Not environmental impact of products (i.e. “the WHAT)
- **Business Integrity**
 - Policies for the mitigation of bribery & corruption, etc.



So, what are the issues?



- 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
 - Leading to unnecessary **duplication** of audits
- Confusing for both suppliers and ourselves



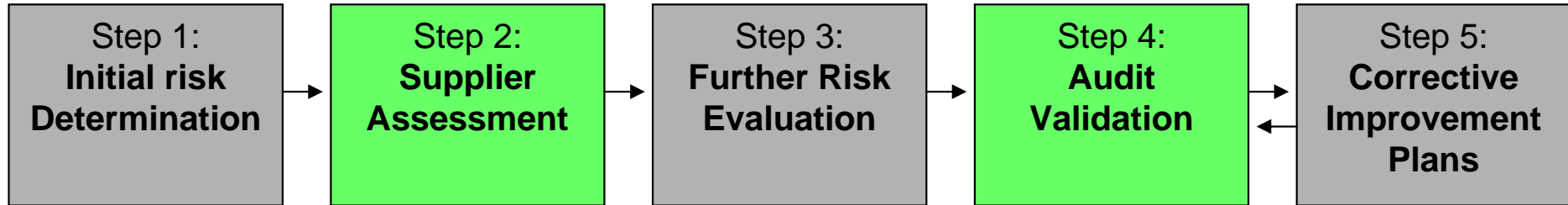
The Objectives of AIM-PROGRESS



- To improve the efficiency and effectiveness of the evaluation process through
 - Deploying a common assessment methodology
 - Enabling exchange of assessment data
- To reduce the burden of audit overload amongst suppliers
- To raise CSR performance within the supply chain



Deployment of common assessment methodologies



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.

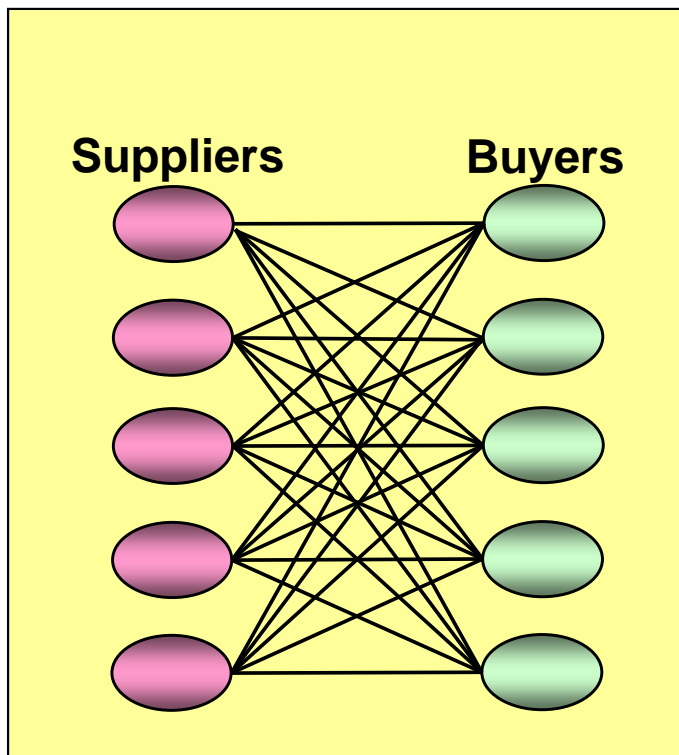
Steps 2 and 4 can be done using the same methodologies



Enabling Data Exchange

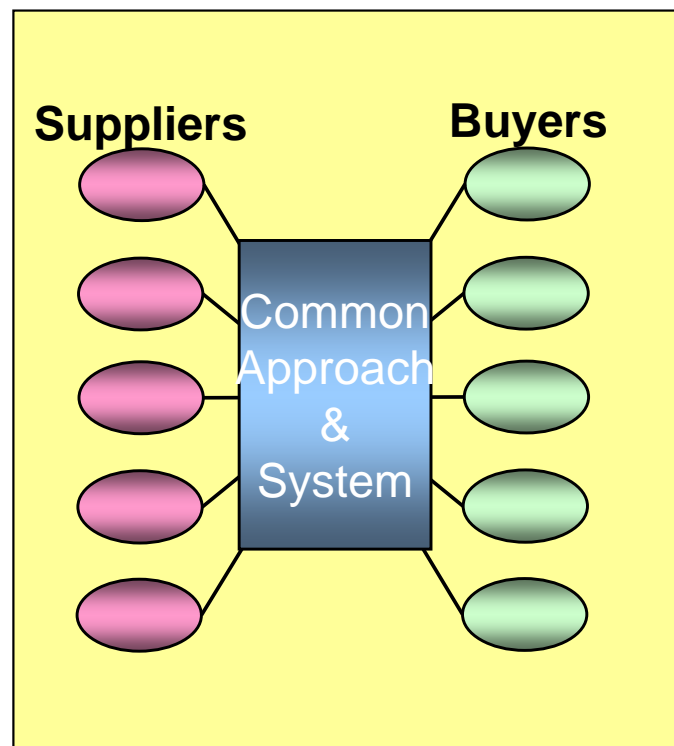


The Problem



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

The Solution



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



AIM-PROGRESS Work Streams



1. Performance Improvement

Benchmarking existing audit protocols; facilitation of audit report exchange; auditor selection criteria; continuous improvement.

2. SEDEX Working Group

To maximise the efficiencies of AIM-PROGRESS members using the SEDEX system and promote consistent approaches to their suppliers

3. Collaborative Opportunities / Convergence

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

4. Sector initiatives (To develop methodologies appropriate to specific sectors)

- Agricultural commodities
- Intermediaries

5. Communications

- supplier awareness and training
- other key stakeholder engagement

6. Remediation (new)

- Recommend guidelines on supplier corrective action



Achievements to date

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- **Performance Improvement**

- 14 companies involved in Mutual Recognition & audit protocols benchmarked
- List of ~ 4000 audited suppliers compiled for sharing (number growing)
- Audit recognition taking place
 - 100 duplicated audits avoided
 - €250,000 savings

- **SEDEX Working Group**

- 11 Companies involved
 - Common use of single database
 - Saving ~ €5 mio
- ~ 5000 supplier registrations in progress
- ~ 1000 supplier self-assessments completed

- **Sector Initiatives**

- Agricultural sector - Engagement with Better Sugar Cane Initiative started
- New Intermediaries assessment questionnaire to be rolled out on Sedex Q4

- **Communications**

- Full day Supplier Awareness Workshop held in Turkey on 3 November 2009 between 6 AIM-PROGRESS members involving 55 supplier companies



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 2010

To be Globally recognised as the FMCG forum for responsible sourcing

Membership : 30 active sector members representing the core of AIM

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: 500 suppliers are engaged through 4 awareness workshops

Sector Initiatives: BSI engaged to align their assessment/accreditation protocols

Collaborative Opportunities: Resolution of the collaborative interests with GSCP



Vision for the Future ?

AIM[®]

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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