



The Fast-Moving Consumer Goods Sector’s Steady Progress on Responsible Sourcing

2023 AIM-Progress Annual Benchmarking Survey Results

12 years of tracking FMCG companies’ responsible sourcing approaches

AIM-Progress is a global forum of fast-moving consumer goods (FMCG) companies and common suppliers, joining forces to drive positive change in their supply chains¹.

The 2023 AIM-Progress Annual Benchmarking Survey is a snapshot of the state of Responsible Sourcing in the FMCG industry. Data is drawn from in-depth surveys of **39 member companies** (2022 data).

Our 12th member survey results demonstrate continued efforts by the membership to **promote responsible sourcing practices** and enable positive impact through **sustained investment in resources and supplier engagement**. This trend is bound to increase against the background of surging responsible business conduct legislation.

Summary of members’ reported performance

- **62% of members reported increased responsible sourcing budgets** (vs. 61% in 2021).
- Members are **outperforming the industry** in commitments to **living wage and living income** and access to **grievance mechanisms**.
- **Buyers are directly involved** in nearly all members’ responsible sourcing efforts.
- **90% of members** have carried out **capability building of their supplier base**, with an intensification of on-the-ground training (+20pts).
- Over **half the members carried out capability building for smallholders/farmers** on beyond compliance / transformative initiatives (+15pts).
- The share of members **rewarding suppliers with longer term contracts or premium price** for their responsible sourcing efforts **has doubled**.
- There is a **37% growth** in desktop assessment of suppliers.
- **Compliance** by suppliers with customer expectations **increased by 15%**.

Highlights and opportunities at a glance

Highlights	Opportunities
Step change from compliance to partnership in collaborating with suppliers to cease, prevent and mitigate adverse impacts.	Informing due diligence with the perspective of rightsholders .
Focus maintained on human rights by enabling responsible recruitment, living wage and living income and promoting grievance mechanisms in the supply chain.	Leveraging suppliers’ grievance mechanisms to drive positive change.
Responsible Sourcing boundaries pushed beyond traditional scope .	Monitoring and reporting on impact on people .

¹ AIM-Progress membership is open to:

- Companies predominantly producing and/or distributing Fast Moving Consumer Goods* who:
 - Share international supply chains and human rights issues with existing members;
 - Demonstrate a commitment to ensuring respect for human rights.
- Suppliers of products, packaging, ingredients, raw materials and product-related services to those companies, who can demonstrate their commitment to ensuring respect for human rights.

* with the exception of companies in the arms and tobacco sector. For more details contact info@aim-progress.com

More on the key highlights from this year's report:

1. A step change in collaborating with suppliers to cease, prevent and mitigate adverse impacts

Members are **further strengthening and leveraging supplier relationships** to drive positive change. We are seeing this step change from **compliance to partnership**, particularly in the way companies are translating their responsible sourcing commitments into **meaningful supplier engagement to cease, prevent and mitigate adverse impacts**. This evolution is driven by three enablers:

1. **Fostering continuous supplier improvement:** 81% of AIM-Progress members (+20pts) **support their suppliers' responsible sourcing activities**, including through commercial arrangements. **The share of members rewarding suppliers with longer term contracts or premium price for their RS efforts has doubled.** 70% more members than previously are engaging with suppliers on critical issue mitigation, supported by more training to suppliers on addressing non-conformances (+ 22pts). As a result, the **success rate in closing corrective action** climbed to 72% in 2022 (+15pts).
2. **Strong investment in capability building:** 90% of members have carried out **capability building of their supplier base**, with an intensification of on-the-ground training (+20pts).
3. **More collaboration across the extended supply chain:** 80% of members are mapping, training or assessing tier 2 suppliers and beyond. For instance, over **half the members carried out capability building for smallholders/farmers** on beyond compliance / transformative initiatives (+15pts).

2. Focus maintained on key human rights priorities: Living Wage/ Living Income, Forced Labour/ Responsible Recruitment and Grievance Mechanisms

1. More than half of AIM-Progress members report that they are **actively working on an approach to enable the payment of Living Wages and Living Incomes** in their own operations and supply chains. 46% have a clear commitment and 20% are working towards a commitment on the payment of Living Wages in own operations, which is considerably higher than the average 4% of companies reported in the [World Benchmarking Alliance 2022 Social Transformation Baseline Assessment](#) For Living Wages in supply chains, 27% of members have a commitment and 30% are working towards one, which is higher than the 13% reported for the food and beverage industry in the [KTC Benchmark 2023 report](#). AIM-Progress members are also eager to advance Living Incomes in their supply chains to improve the lives of farmers, in particular smallholders, with 22% having a commitment and 53% engaged in working towards such commitment.
2. **Companies are taking meaningful action to combat forced labour** by more frequently engaging with suppliers and labour providers on **prevention and remediation** beyond assessment and contractual arrangements, such as enabling repayment of recruitment fees (26% of members, more than twice as high than the numbers disclosed in the [KTC 2023 report](#)), supporting suppliers' human resource capability (+12pts) and paying a fair price to labour providers (+9pts).
3. **Progress in framing grievance mechanisms in the supply chain:** Nearly all members (95%) now have an approach to **enabling complaints in their supply chains** (+17pts). Again, this is higher than the 66% reported by the [World Benchmarking Alliance](#).

3. Responsible Sourcing extended beyond the traditional scope

1. **Greater integration of Responsible Sourcing into other functions: Training to company employees beyond procurement/sourcing/buyers** is now the second most frequent internal capability building exercise undertaken by AIM-Progress members.
2. **Interconnection between environmental impacts and human rights** is acknowledged as **climate/water risks** are identified among **top human rights risks** in member companies' supply chains (42% of members).

Three opportunities for stepping up AIM-Progress collaborative efforts in 2024

1. Informing due diligence with the perspective of rightsholders, beyond suppliers and their workers

87% of our members have not yet mapped their rightsholders or established an approach to rightsholder engagement. As described in the [World Benchmarking Alliance's Social Transformation Baseline Report 2022](#): *"Affected and potentially affected stakeholders must be a priority for engagement. If companies fail to consult those affected by their operations, products or services when they are conducting risk assessments or designing mitigation or remediation plans, even with the best intentions, they are likely to get it wrong"*.

In 2024, we will work with members to "get it right" and close the gaps on rightsholder mapping and engagement through working with rightsholder organisations, bringing in relevant expertise, sharing best practice and providing guidance.

2. Leveraging suppliers' grievance mechanisms to drive positive change

Few AIM-Progress members set Key Performance Indicators to monitor and assess the performance of their suppliers' grievance mechanisms (22%) or analyse grievance data received from key suppliers (14%). More needs to be done to **support suppliers in their implementation of grievance mechanisms and measuring their effectiveness**.

Our dedicated capability building activities and working group will continue to support members in 2024 to strengthen their approach and provide relevant resources.

3. Monitoring and reporting impact

Whilst nearly half of the membership (46%) reported monitoring impact, **few members provide data on how their human rights interventions are leading to better lives for suppliers and farmers in their supply chains**.

Our goal in 2024 is to increase the number of members undertaking impact measurement and gather data to help us understand the effectiveness of different human rights interventions.

Outlook – reflections from AIM-Progress Executive Director Louise Herring

"We are proud to see our brand and supplier members making steady progress on human rights through responsible sourcing, often outperforming the industry as a whole. This is encouraging and, we hope, a confirmation that collaborative industry initiatives, such as AIM-Progress, are helping companies navigate in the right direction.

At the same time, there are ample opportunities for the industry to do better by engaging with rightsholders and helping their suppliers do better for the overall sustainability of our supply chains, the planet and the people. In today's challenging economic and financial environment, in an unstable geopolitical context, with the planet, its resources and humanity at risk, responsible companies need to take a leadership role and continue to evolve their way of working in order to have a positive impact on the people in their supply chains."

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