



# AIM-PROGRESS 2021 ANNUAL BENCHMARKING SURVEY

(2020 DATA)



**AIM  
PROGRESS**

Collaborating for positive impact  
through responsible sourcing



**RESponsible SOURCING  
SOLUTIONS**



**MBL**  
SUSTAINABILITY

June 2021

# Welcome!

## AGENDA

1. Summary
2. Background
3. Key insights
4. Summary results

- Maturity
- Budget & headcount
- Procurement processes
- Assessments & findings
- Stakeholder management
- Capability building
- Support to suppliers
- Human Rights
- Response to Covid

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# SUMMARY

In 2020 the AIM-Progress membership demonstrated a high level of resilience and continued to grow their responsible sourcing programmes and address systemic issues despite the Covid pandemic context.

The RSJ assessment results show a continuous maturity progression that is mirrored by consistent improvements across many of the benchmarking parameters, with 40% of members now in the Leadership maturity range.

Members consolidated the foundations of their RS programmes during the period, with an increase in supplier assessments and in successful remediation, and greater engagement with the extended supply chain. At the same time members strengthened their action on Human Rights with further investment in combatting forced labour in the supply chain.

Most members reported active engagement with suppliers to protect workers' health & wellbeing during the pandemic and adapted their capability building approach.

Opportunities identified in the 2020 survey such as (i) measuring and monitoring the impacts of responsible sourcing initiatives on workers' wellbeing and (ii) grievance mechanism support continue to be a challenge for most members, with driving living wage in the supply chain emerging as an area of focus.

Nearly all members reported using the RSJ framework to drive their responsible sourcing programme, but in light of the increasingly higher maturity scores, AIM-Progress needs to evolve the RSJ to continue to support all members effectively and push the floor and the ceiling for responsible sourcing ceiling,

A large crowd of diverse people, including men, women, and children of various ethnicities and ages, are arranged to form the shape of the letter 'A'. The people are wearing a variety of colorful clothing, and their shadows are cast on the light gray ground. The overall composition is centered and symmetrical.

# INTRODUCTION & BACKGROUND

# SURVEY PURPOSE AND METHODOLOGY

- How did AIM-Progress members position and drive their responsible sourcing programmes in 2020?
- What are the industry trends and companies' approaches to salient issues?
- How did AIM-Progress members address Human Rights in their supply chains?
- What are the best practices identified to enable sharing?
- Where are the key opportunities for collaboration?
- What are the learnings from the Covid crisis management?

- 33 questions
- Responses administered on line & in line with competition law
- Key changes include:
  - Continued enhancement of the Human Rights chapter with Living Wage/Income chapter
  - Replacement of the SDG section by a Covid management section

# KEY INSIGHTS



# SURVEY SCOPE



**39 AIM-Progress  
member companies –  
93% participation**



**USD 700 billion  
companies revenue**



**Over USD 325 billion  
procurement spend**



**44,000 supplier sites  
in scope**



**757 responsible  
sourcing professionals**



**24,000 assessments  
conducted**

# KEY SUCCESSES

**90% of members are now at Integrated or Leadership maturity level, overall score 69.** 12 members increased maturity level in 2020.

**10% increase in assessments conducted with 1/3 of members using virtual audits.** Improved success in closing non compliance.

**Responsible sourcing budgets and headcounts continued to grow.** The most common budget is now the \$500,000- \$1 million range.

**81% of members held on to supplier RS training.** Most frequent supplier capability building activities now online best practice sharing and webinars.

**Solid progress on all RSJ modules.** Greatest improvement on "Setting the tone", internal stakeholder engagement and sourcing requirements.

**Strengthened engagement with extended supply chain.** 73% of members reported they engaged with tier 2.

**Further investment in combatting forced labour in the supply chain.** 89% of members have taken action.

**Strong Covid response from the membership.** 78% of members engaged with suppliers to protect workers' health & wellbeing.

# KEY OPPORTUNITIES

**Measuring and monitoring the impacts of responsible sourcing initiatives on workers' wellbeing remains a challenge.** Only 2 members reported the number of workers positively impacted.

**Grievance mechanism support and governance remains low.** Few members track and monitor the results of their suppliers' GM.

**Take full advantage of the mutual recognition mechanism.** Half the members who conducted audits did not leverage the MR mechanism.

**Support members driving living wage in their supply chain.** 8 members have a commitment on promoting LW in their supply chain and 13 more members reported planning such commitment.

**To continue to support all members effectively, an evolution of the RSJ framework is necessary.** Nearly all members (92%) use the RSJ framework to drive their responsible sourcing programme but 40% have already reached Leadership maturity level, with higher score reaching 98/100.



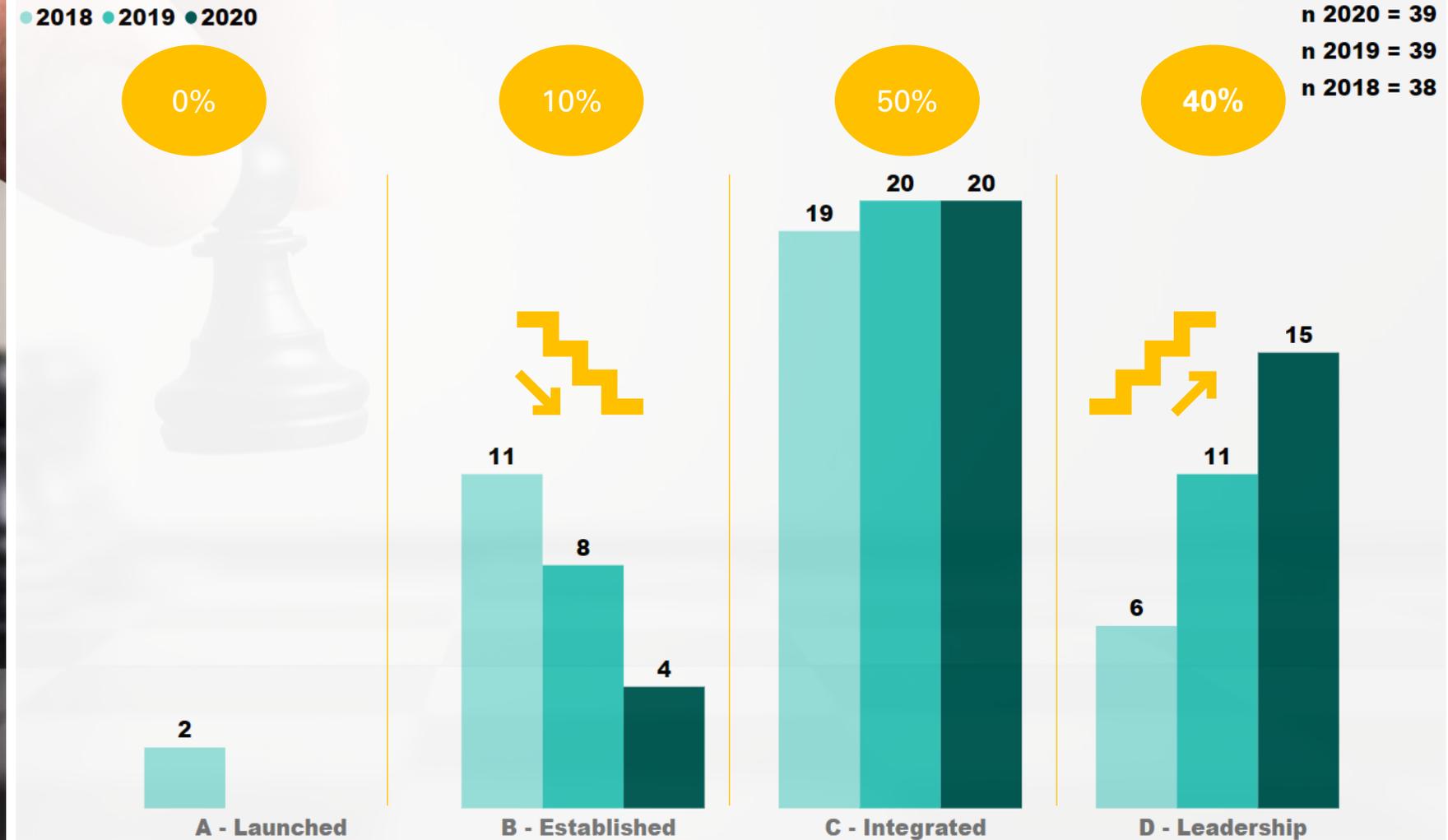
# SUMMARY RESULTS

Maturity  
Budget & headcount  
Procurement processes  
Assessments & findings  
Stakeholder management  
Capability building  
Support to suppliers  
Human Rights  
Covid management

# MATURITY OVER TIME 2018 - 2020

**Remarkable increase in overall maturity level for 2020 with 90% of members (35 of 39) now either “Integrated” or “Leadership” (+13 % vs. 2019).**

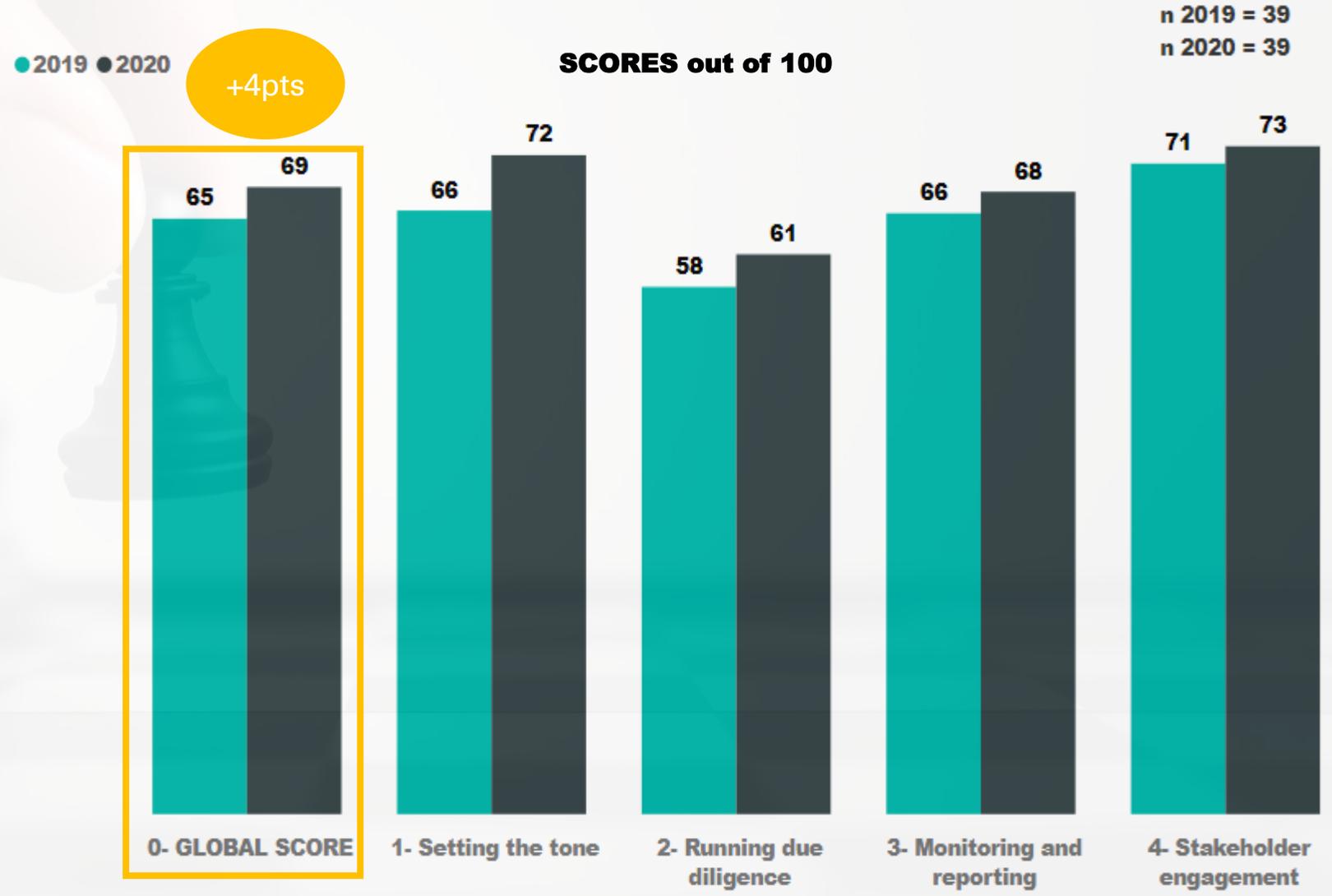
- 40% of members (16 of 39) have a leadership maturity level against 30% in 2019 and 16% in 2018.
- Individual scores are distributed across the scale from a **lower score of 39** (28 in 2019) to a **higher score of 98** (91 in 2019).



# PROGRAMME MATURITY BY MODULE

Average global score progressed 4 pts from 65 in 2019 to 69 in 2020, and remains within the “Integrated” maturity range:

- Improvement on all the modules
- “Setting the tone” made most progress (+6 pts), particularly ‘internal stakeholder engagement’ and ‘sourcing requirements’.
- “Running due diligence” the least mature but progressed (+3pts).
- “Engaging stakeholders”, remains the highest score module.



# INDIVIDUAL SCORE COMPARISON

- 12 members (32%) reported a higher maturity level for 2020 than for 2019, with 7 of 12 moving into the Leadership maturity level
- 22 companies (59%) had the same maturity level in both years.
- 3 companies (7%) moved to a lower maturity level.



# RESPONSIBLE SOURCING MANAGEMENT

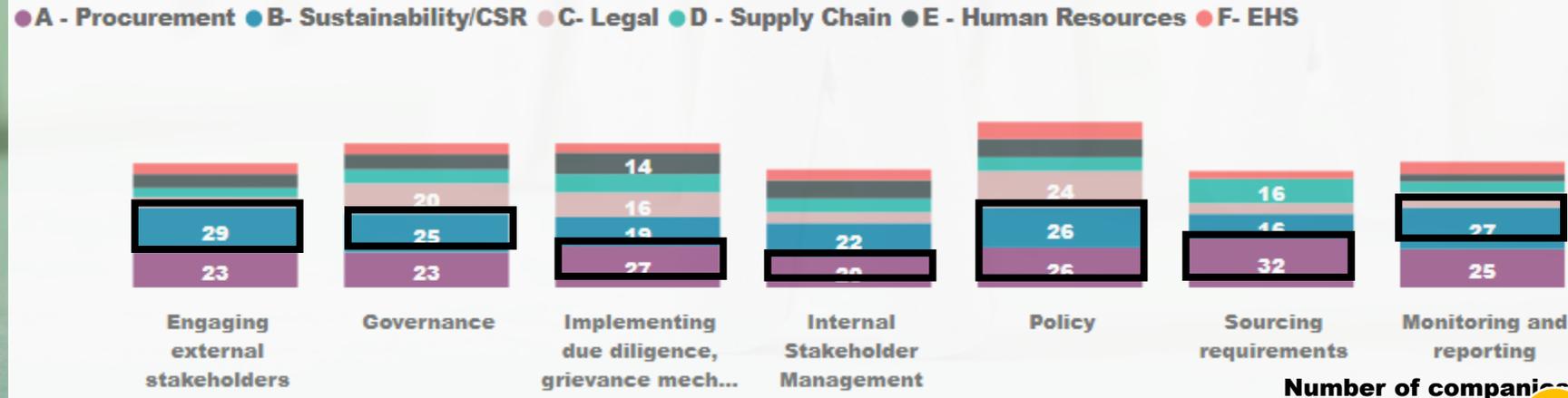
Continued predominance of "Procurement" to lead RS, working in collaboration with other functions:

- All the members reported a cross-functional approach to responsible sourcing activities, compared to 92% in 2019.
- As previous years, procurement and CSR take the lead on most RS activities. Other functions are involved when a corporate approach or technical skills are required.

## Responsible Sourcing Management



## Functions involved by activities



# RESPONSIBLE SOURCING BUDGET

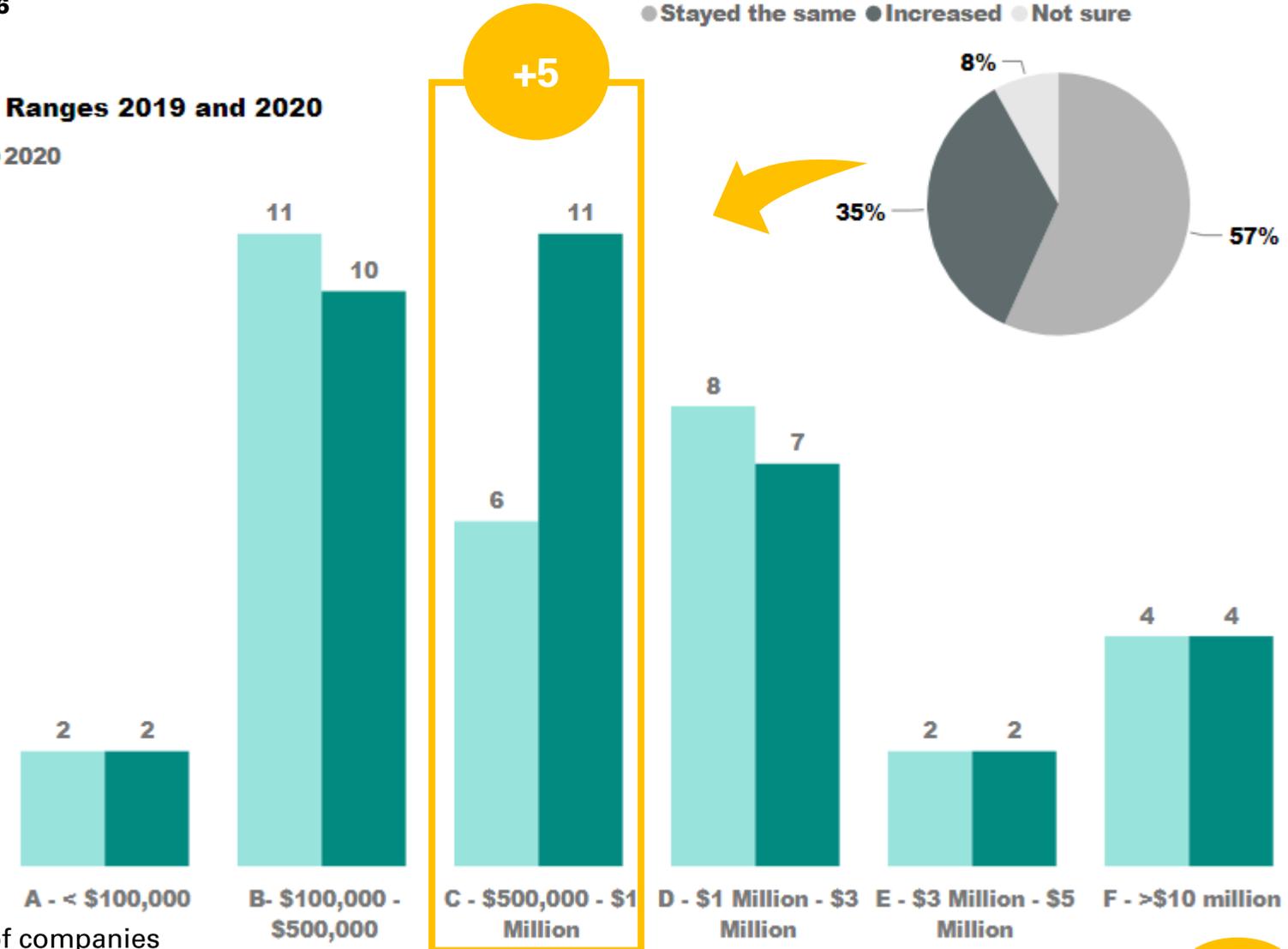
## Members continued to invest in RS in 2020:

- 35% of members increased their RS budget. No member reported a budget decrease from 2019 to 2020.
- The most common budget range is now \$500,000-\$1 million. It was \$100,000-\$500,000 in 2018 and 2019.
- There is a direct correlation between responsible sourcing budget sizes, company revenue and maturity.

n 2019 = 33  
n 2020 = 36

### Budget Ranges 2019 and 2020

● 2019 ● 2020



# BUDGET SPEND

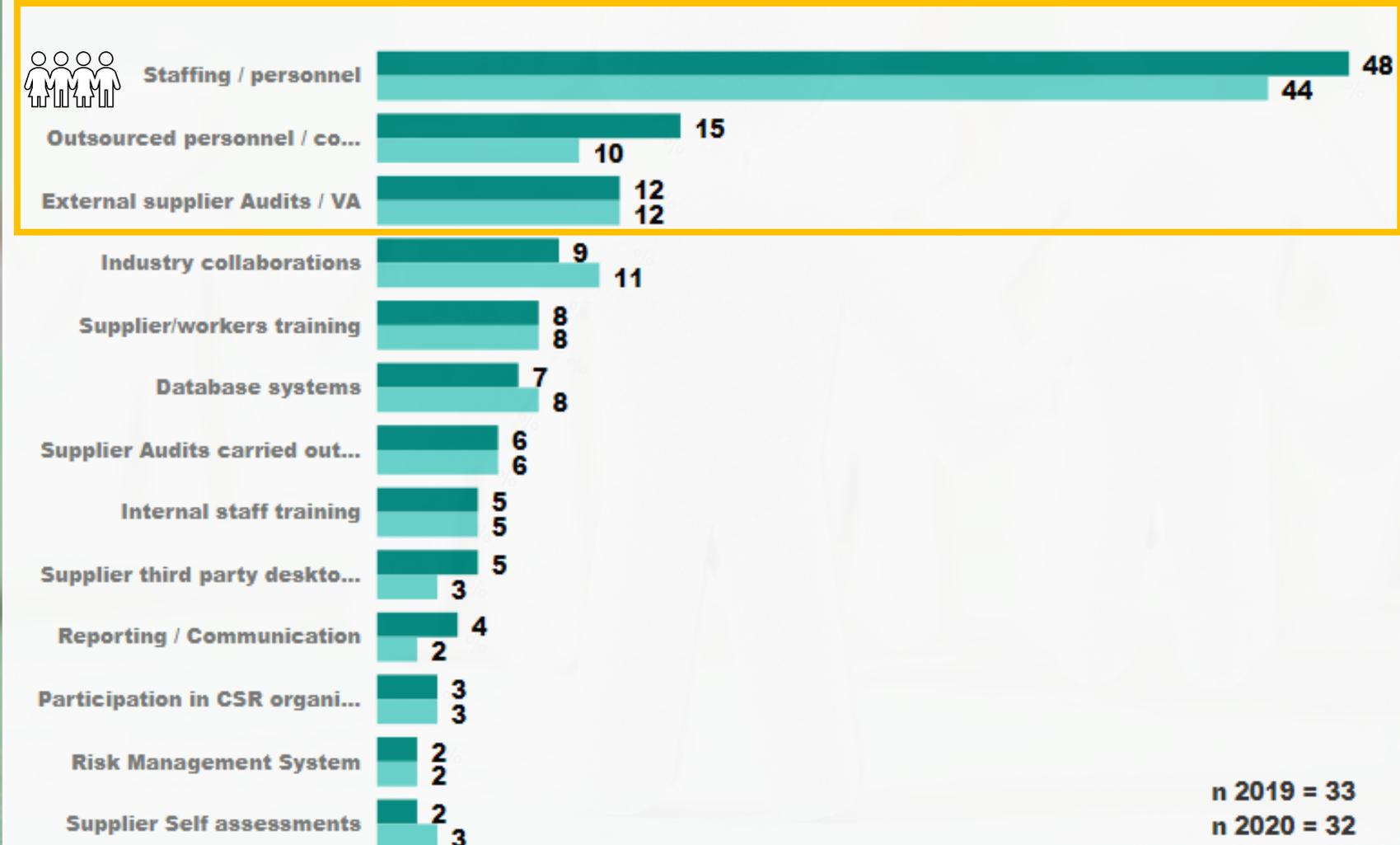
Members continued to invest significantly in personnel whilst other spend categories remain fairly stable:

- Share of staffing (internal plus external e.g. outsourced) accounted for over 60% member budgets.
- Top 3 spend categories represented 75% of overall budget, with spend on supplier assessment overall consistent with LY.
- Budget allocation varied by budget size.

## Budget Spend 2019 and 2020

Percentage of companies' budget

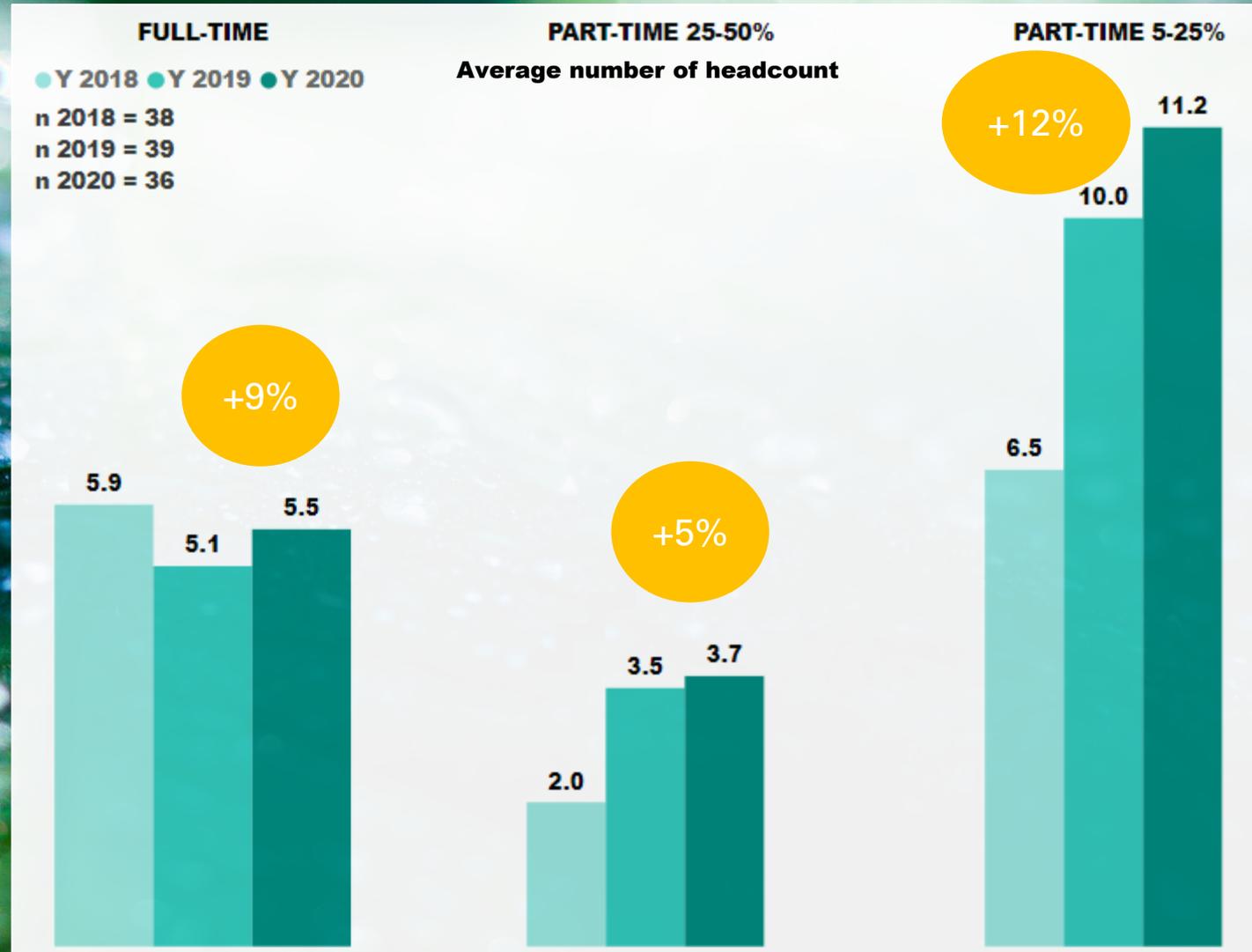
● 2020 ● 2019



# RESPONSIBLE SOURCING HEADCOUNT

Aggregated headcount increased by 5% from 724 to 757:

- Overall trend is marked by a light increase in the number of FTE and PTE, particularly 5-25%.
- 38% of members reported they had an increase in their responsible sourcing headcount against 40% in 2019.
- Mature members are more likely to have a greater number of headcount, irrespective of the type of headcount (FTE or PTE).



# ASSESSMENT SCOPE

The membership increased assessment activities by 10% in 2020, with improved success rate in closing corrective action, from 82% in 2019 to 89% in 2020.

Members reported a reduction in the number of corrective actions taken, possibly due to difficulties in identifying non-compliance during the pandemic.

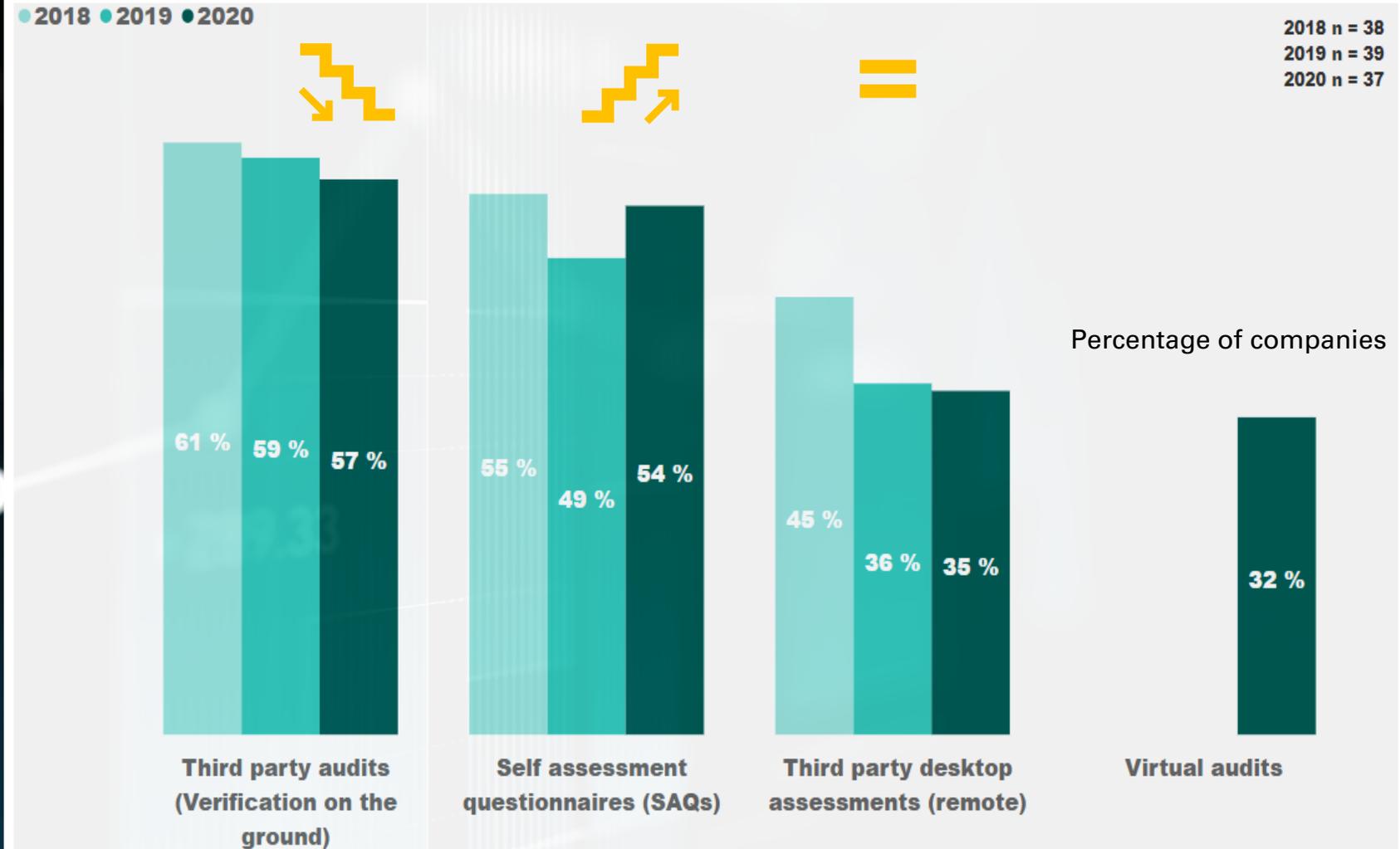
Whilst compliance rate increased by 39% versus 36% in 2019, the ratio is impacted by a reduction in suppliers in scope, mainly driven by one particular member.

	2020	vs. 2019 Like-for-like (number)	
<b>ASSESSMENTS</b>			
# SAQs (n=20)	12,000	+ 5%	<b>10% increase</b>
# DESKTOP ASSESSMENTS (n=11)	3,816	+ 10%	
# AUDITS (n=21)	7,196	+ 6%	
# VIRTUAL AUDITS (n=11)	834	NA	
<b>REMEDIATION</b>			
# CORRECTIVE ACTIONS PLANS (n=21)	3,405	- 17%	<b>89% success rate</b>
# CLOSED CORRECTIVE PLANS (n=21)	3,021	- 2%	
<b>COMPLIANCE</b>			
# COMPLIANT SITES (n=22)	16,926	-10%	<b>39% compliance rate</b>
<b>SUPPLIERS IN SCOPE</b>			
# SUPPLIER SITES IN SCOPE (n=27)	43,766	- 40%	

# ASSESSMENT TYPES

Continued increase in the percentage of members assessing suppliers, from 76% in 2019 to 83% in 2020 (+7 pts):

- Despite the COVID-19 pandemic, a large proportion of members continued to conduct **3rd party audits (only 2pts reduction)**
- Greater percentage of members conducted SAQs in 2020
- **Nearly 1/3 members conducted virtual audits**

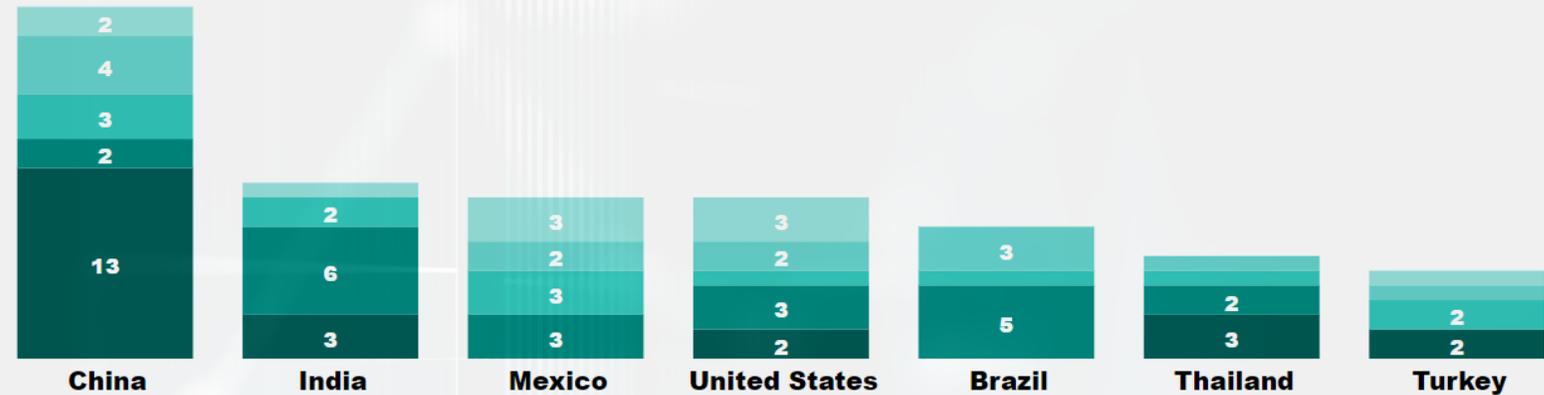


# ASSESSMENT FINDINGS

- Half of the respondents mentioned packaging supply chain and 85% of respondents identified China as a top country for non-compliance findings in 2020.
- 50% of the respondents mentioned packaging as top risk. Followed by raw materials and contract manufacturing.

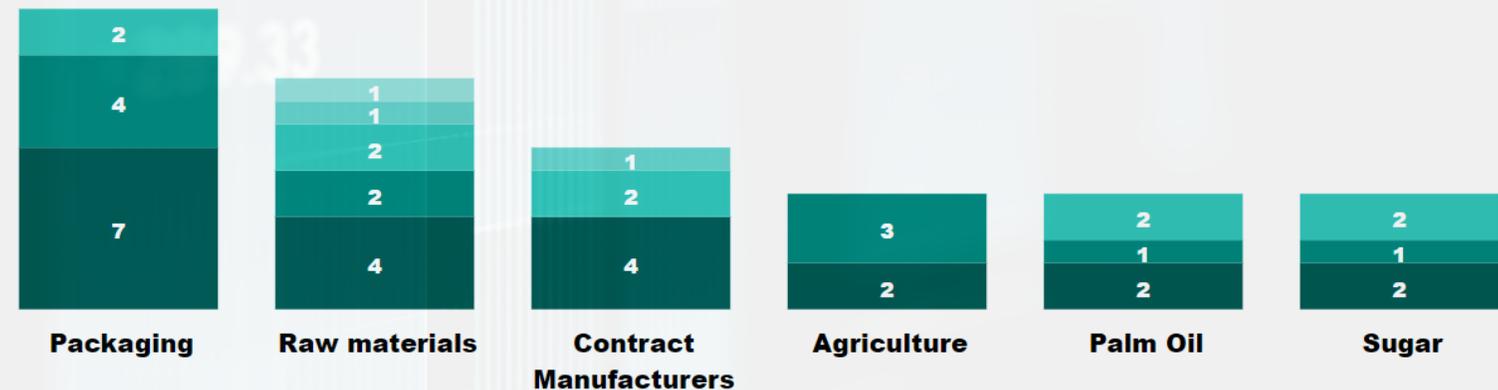
● Country #1 ● Country #2 ● Country #3 ● Country #4 ● Country #5

n = 28



● SupplyChain #1 ● SupplyChain #2 ● SupplyChain #3 ● SupplyChain #4 ● SupplyChain #5

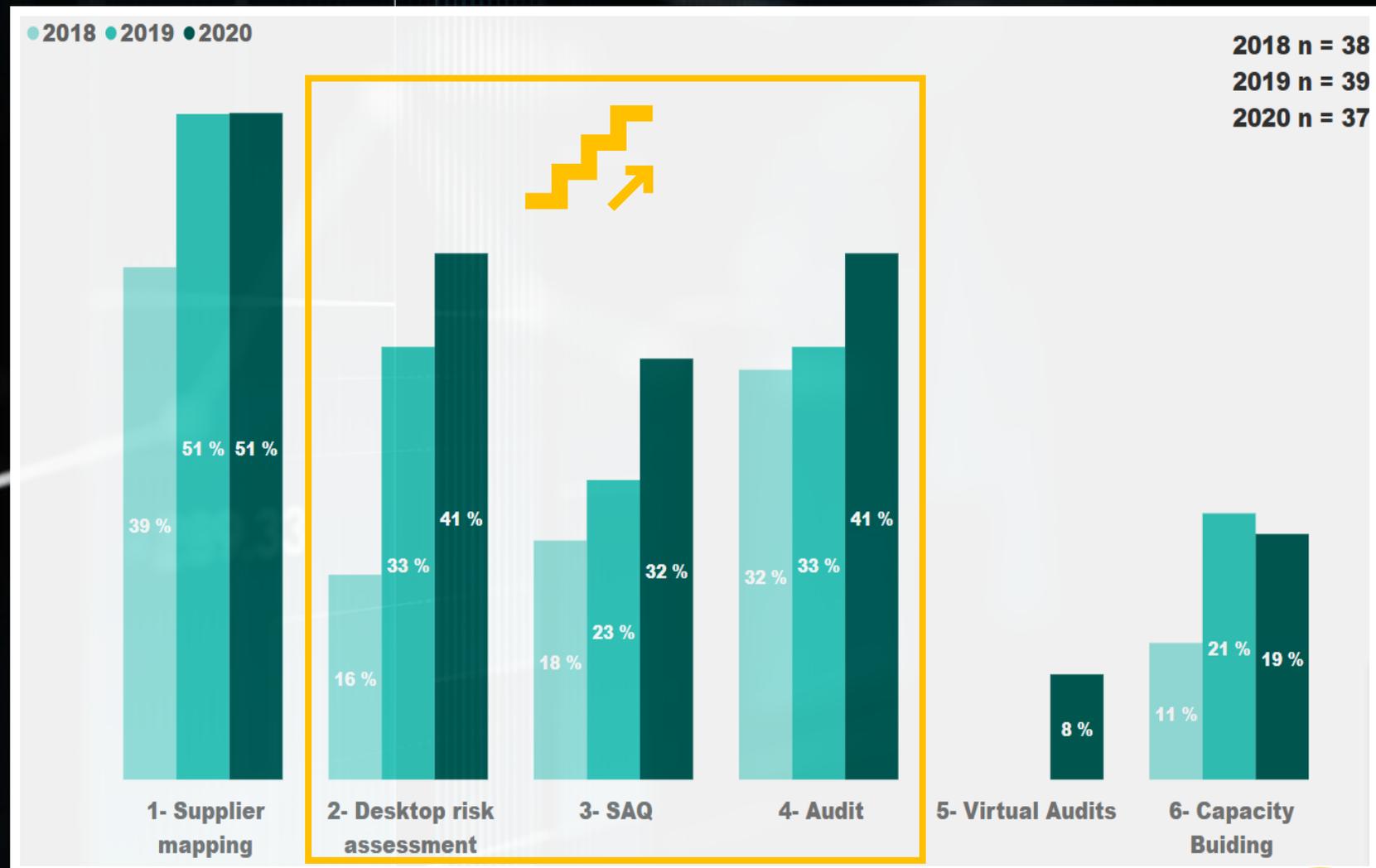
n = 26



# TIER 2 ENGAGEMENT

Companies have increased their engagement activities with tier 2 suppliers.

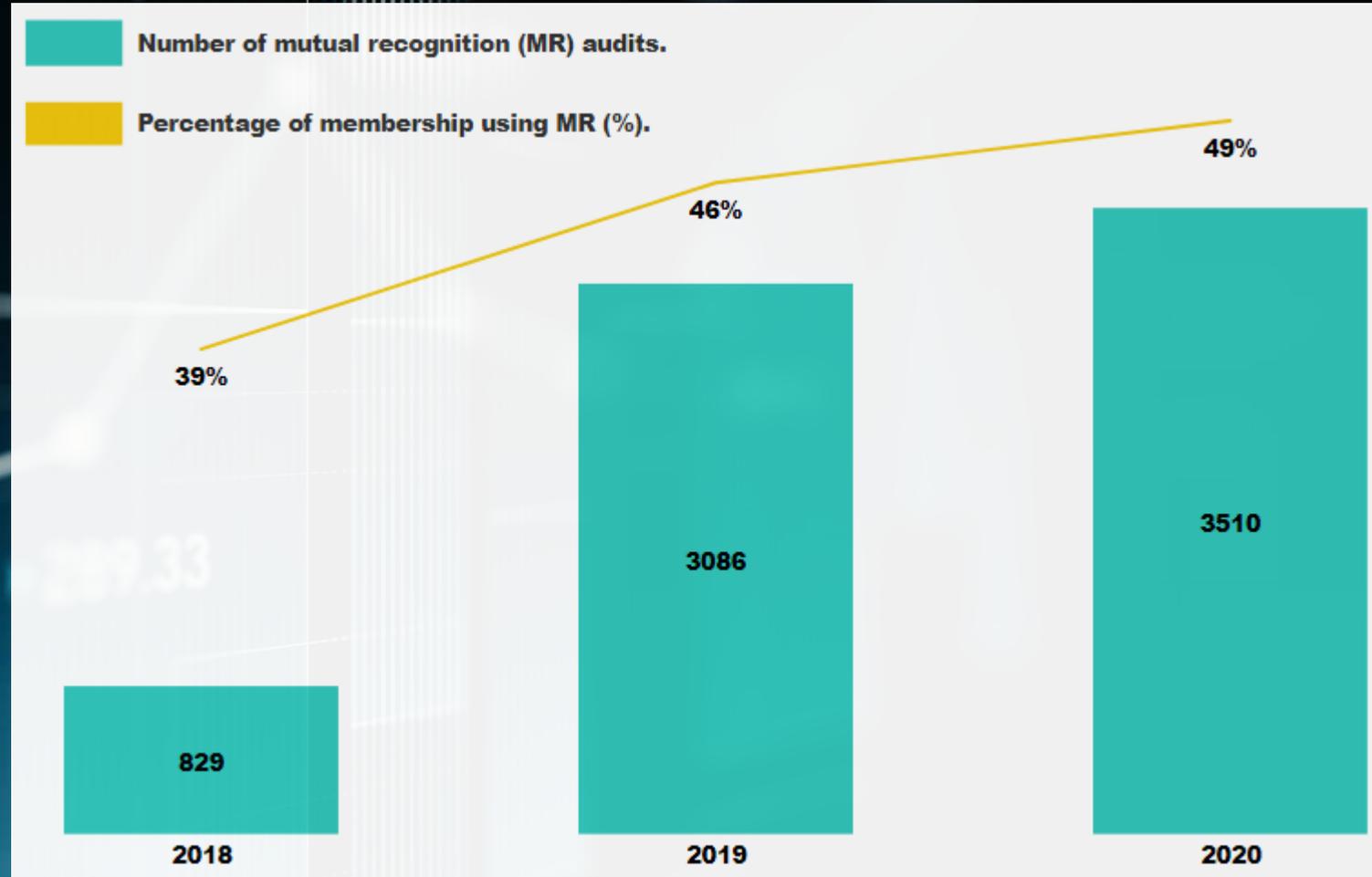
- 73% of members reported they engaged with tier 2 suppliers in 2020 (+6 pts vs 2019).
- Greater participation in most engagement types in 2020.
- 41% of companies reported assessing their tier 2 suppliers via audits (+7pts vs. 2019) - (e.g. chain of custody standards such as Bonsucro, Fairtrade, Rainforest Alliance/UTZ, RSPO or proprietary Sustainable Agriculture Code.)



# MUTUAL RECOGNITION

Members participation to MR is increasing YOY:

- 49% of members mutually recognised audits in 2020 versus 46% in 2019
- 13% more audits were recognised, that is about **USD 10.5 million** in collective savings (audit cost of USD 3000).
- There is still an opportunity for members to better leverage mutual recognition.



<b>50% AUDITS AVOIDED</b>	<b># AUDITS CONDUCTED</b>	<b>7196</b>
	<b># MUTUALLY RECOGNISED AUDITS</b>	<b>3510</b>

# RESPONSIBLE SOURCING IN PROCUREMENT

- Level of RS integration into the procurement processes remains stable versus 2019 in terms of supplier pre-qualification and supplier contracts. 76% of members have RS integrated into supplier pre-qualification and 92% have RS integrated into contracts
- RS integration into buyer incentives has leaped from 13% in 2019 to 54% in 2020.
- RS integration into supplier incentives however has declined from 44% in 2019 to 19% in 2020.
- As previous years, more mature members were more likely to include responsible sourcing expectations in their standard procurement processes.



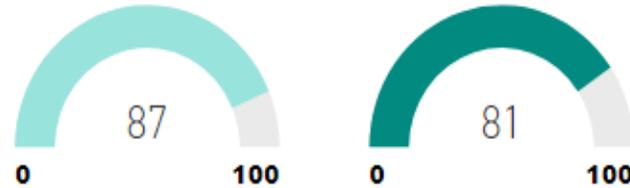
# SUPPLIER CAPABILITY BUILDING

The membership held on to capability building in 2020 with 81% of members training their suppliers at any level of the supply chain, versus 87% in 2019:

- An equal number of members built capability of tier one suppliers versus 2019.
- 4 more members trained their extended supply chain.

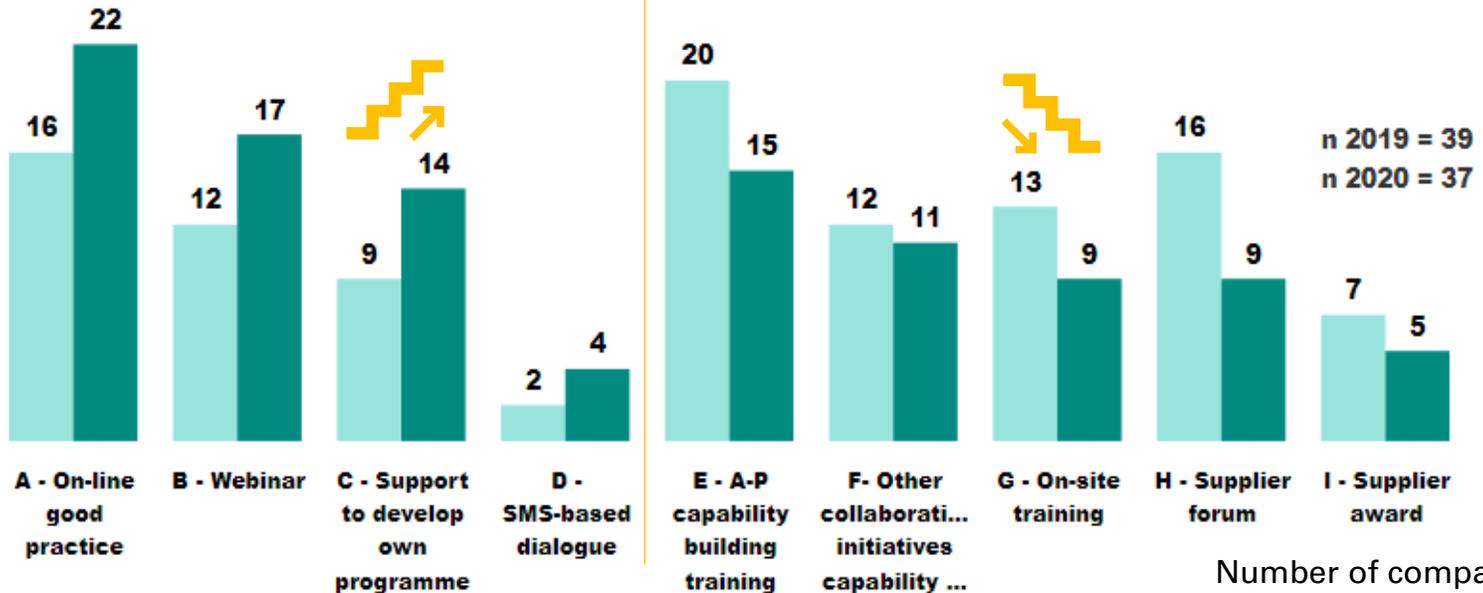
Most frequent supplier capability building activities shifted to online best practice sharing and webinars vs. A-P capability building in 2019.

Supplier Training 2019 (% of members)    Supplier Training 2020 (% of members)



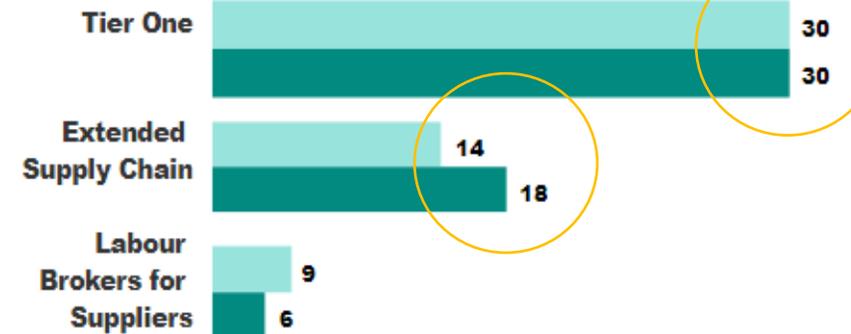
Supplier Capability Building 2019 vs 2020

● Y 2019 ● Y 2020



Companies conducted supplier training

● Y 2019 ● Y 2020



Number of companies

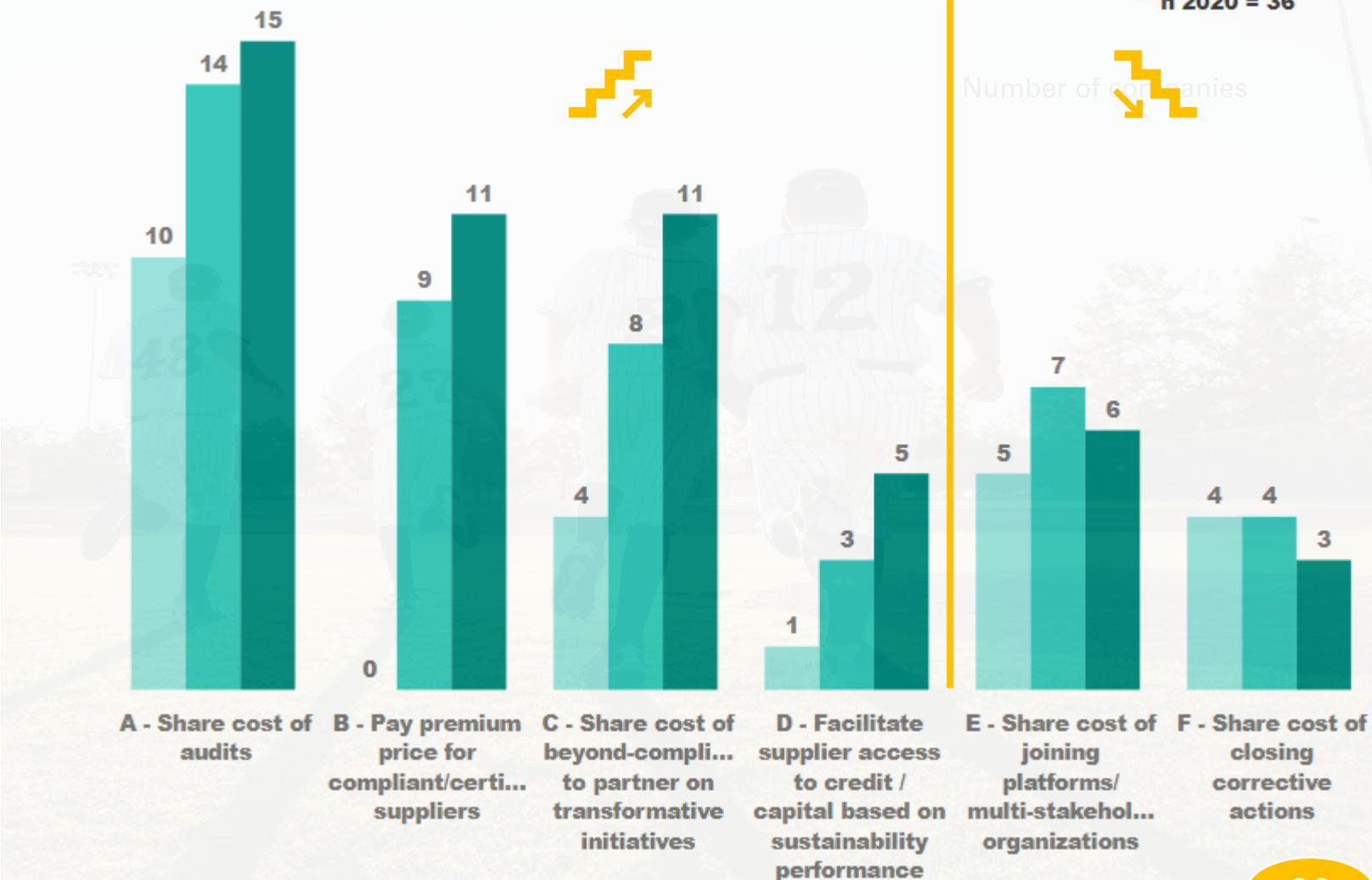
# SUPPLIER SUPPORT

The membership continued to invest in supplier support overall in 2020:

- **61% of members reported they subsidised at least one supplier sustainability activity** versus 59% in 2019 and 26% in 2018.
- There was an **increased participation across most subsidised activities** with a gap on joining platforms and closing corrective actions potentially linked to a lower number of respondents.
- **31% of members reported they would agree to pay premiums for compliant/certified suppliers** (new question in the 2020 survey) versus 23% in 2019.

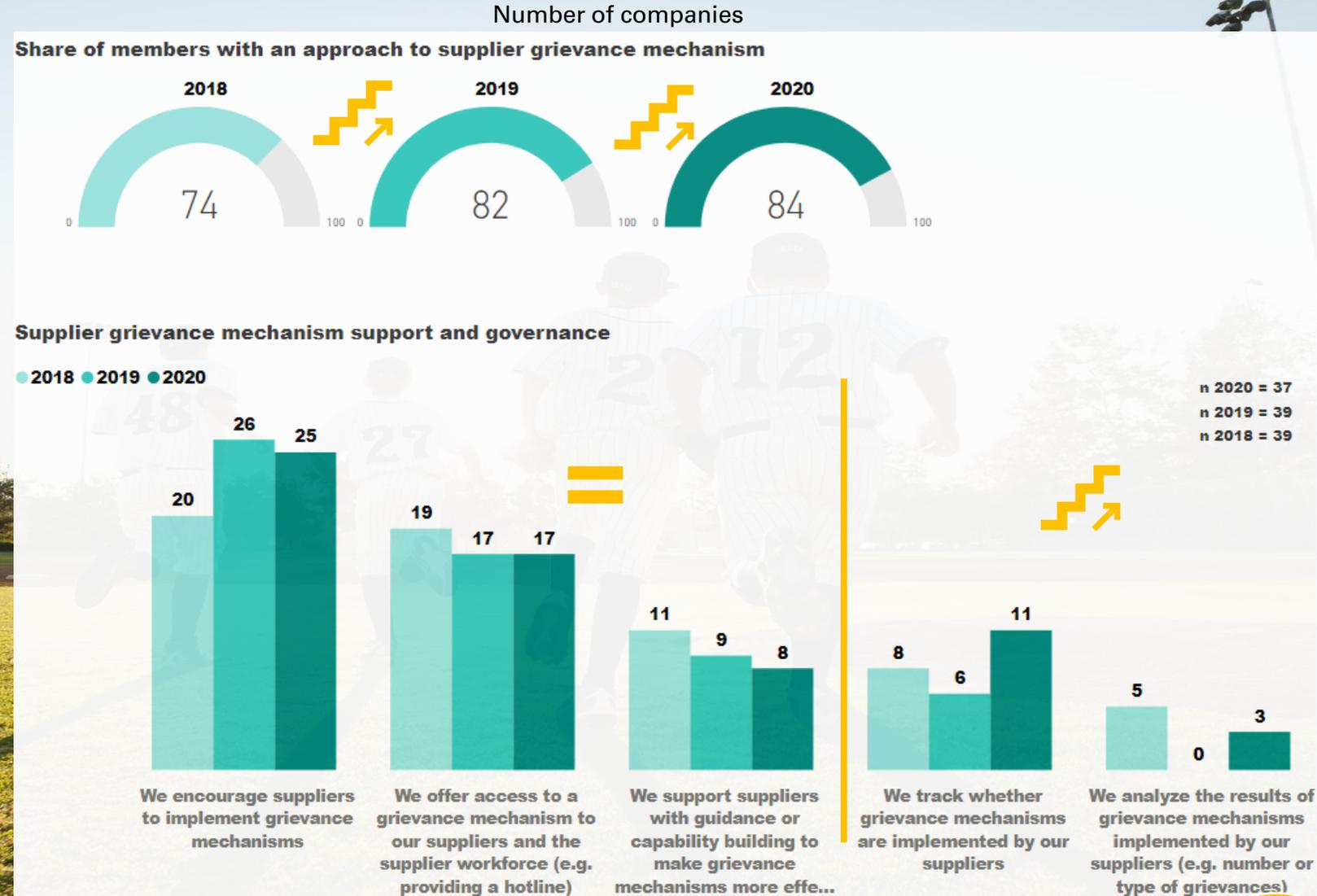
Supplier support - 2018 vs 2019 vs 2020

● Y 2018 ● Y 2019 ● Y 2020



# SUPPLIER GRIEVANCE MECHANISM

- The share of members who have an approach to providing or supporting grievance mechanisms for their suppliers and the suppliers' workforce has slightly improved versus 2019 from 82% to 84%.
- Engaging suppliers on having or improving a grievance mechanism continues to be an area of opportunity for AIM-Progress members, as previous years.
- Governance on tracking and monitoring of supplier grievance mechanism has improved but remains low.



# ADDRESSING HUMAN RIGHTS

- 29 members (78%) identified salient Human Rights issues in their supply chain versus 85% in 2019. Health and Safety issues were the most frequently identified with the other top issues less frequently identified.
- Auditing, NGO input/campaign and Human Rights impact assessments remain the 3 most frequent methodologies to identify these issues.
- 7 members (19%) monitored the impact of their responsible sourcing programmes on suppliers' workers' wellbeing and among them 3 companies (8%) used the AIM-Progress/Sedex Worker Wellbeing assessment (only one did in 2019).
- 2 members (5%) provided insights on the number of workers experiencing positive impact (none did in 2019).

## Salient Human Rights Issues Identified (top 5)

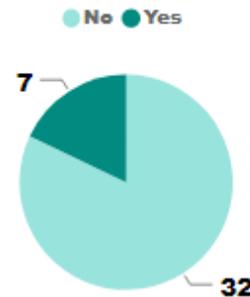
Year ● 2019 ● 2020

n 2019 = 33

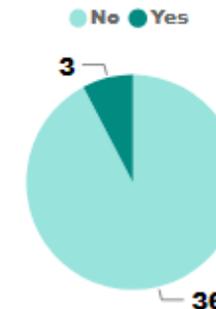
n 2020 = 29



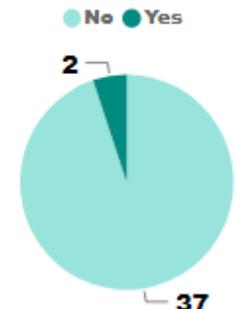
## Impact on workers monitored



## WBA used



## Impact on workers reported



# FORCED LABOUR DEEP DIVE

Members have further invested in combatting forced labour in their supply chains in 2020:

- **78% of members have issued a formal public statement** committing their support for the elimination of forced labour (in addition to regulatory disclosure requirements), **up from 67% in 2019.**
- **89% of members have taken action** to tackle forced labour in their supply chains, at any tier level, against **82% in 2019.**
- **As last year, most frequently reported actions are contractual arrangements , auditing and involving suppliers in industry events on forced labour, but with increased participation from the membership.**
- **89% of members reported requiring their suppliers to have procedures in place to identify, prevent or address risks or incidences of forced labour, against 86% in 2019.**

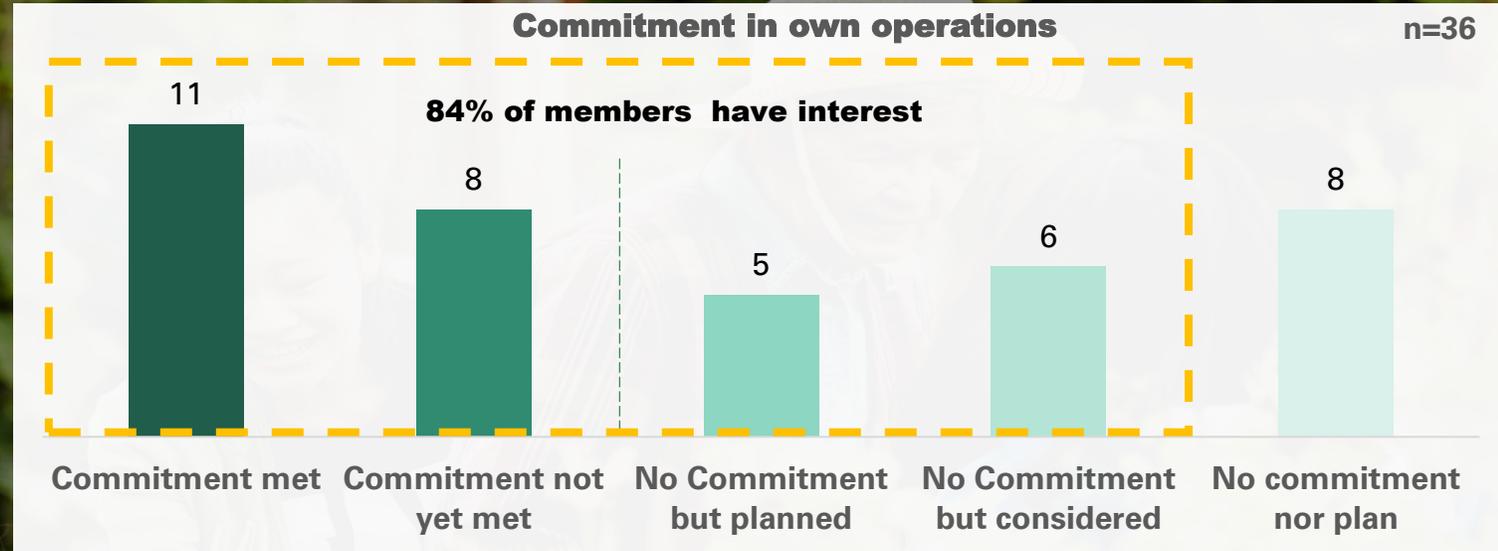
## Actions taken to embed forced labour commitment in the supply chain 2019 vs 2020



# LIVING WAGE/INCOME DEEP DIVE

- 17 members have a commitment to be paying a living wage/income to their direct employees in their own operations. Out of the 19 members who do not have such commitment, 11 are either planning or considering making such commitment in the near future.

- 8 members have a commitment to work with their suppliers on promoting a living wage. Out of the 28 members who do not have such commitment in place yet, 13 reported either planning or considering making such commitment in the near future.



# COVID – SUPPLIER MANAGEMENT

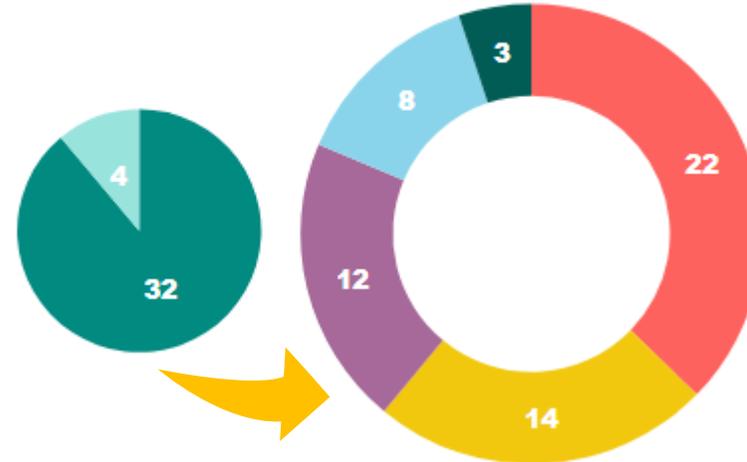
## Commercial Management

- 32 members (89%) adjusted the commercial supplier management terms during COVID.
- Most members accepted delays without penalty.

## COVID - Commercial Management Adjustments

n=36

Yes No



### Adjustments to Supplier Commercial Management

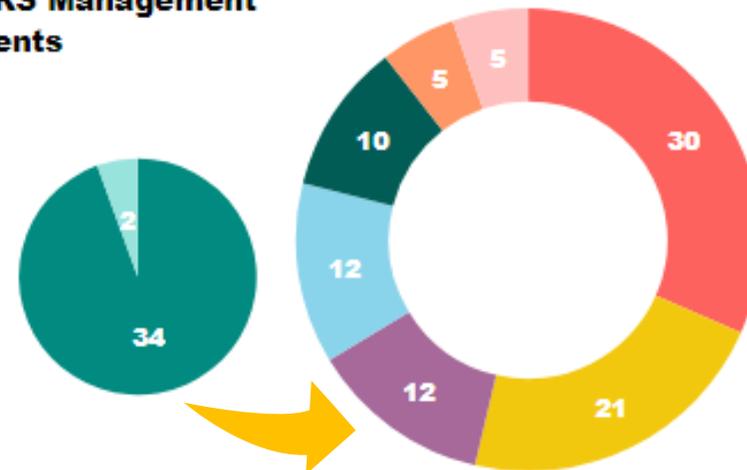
- Accepted delays without imposing penalties
- Adjusted payment terms.
- Financial assistance e.g. transport costs covered or loans.
- Other
- Termination of orders or contracts invoking Force Majeure clause.

## Responsible Sourcing Management

- 34 members (94%) adjusted their RSDD as a response to the COVID crisis with the most frequent response being stopping or reducing traditional assessments.
- More mature members reported introducing new or alternative verification, virtual audit being the most mentioned.

## COVID - RS Management Adjustments

Yes No



### Adjustments to Responsible Sourcing Management

- Allowed contingency suppliers without verification.
- Carried out a risk assessment and identified supply chains with vulnerable groups of workers
- Implemented new/alternative verification or supplier assessments methodology/approach (e.g. virtual assessment)
- Other
- Stopped/delayed SAQs.
- Stopped/delayed audits.
- Stopped/delayed third party desktop supplier assessments.

# COVID – SUPPLIER ENGAGEMENT AND LEARNINGS

## Supplier engagement

- 29 members (78%) engaged with their suppliers to ensure Human Rights and workers' health & wellbeing were being respected during the Covid crisis.
- Issuing guidelines and best practice materials were the approaches most frequently mentioned.

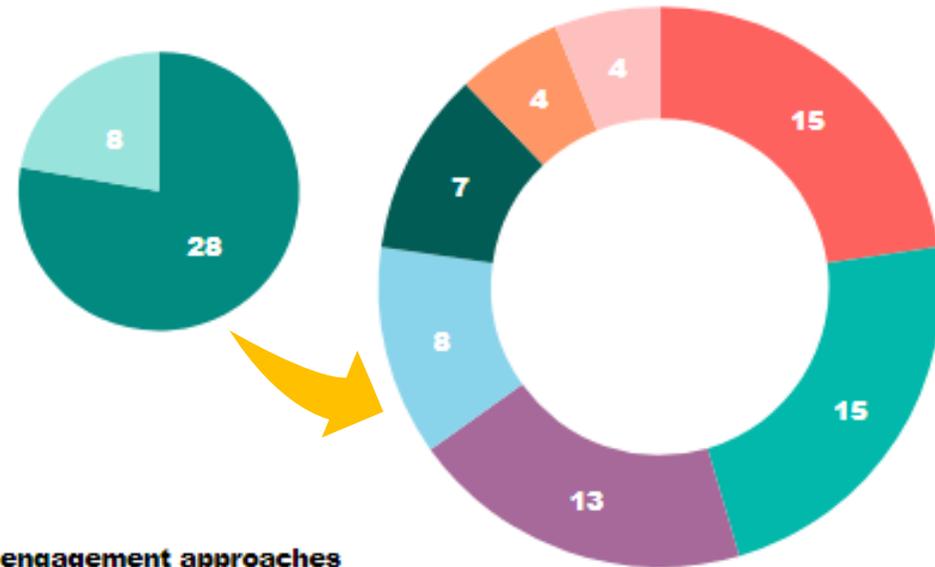
## Key learnings

- Members reported planning greater emphasis on supplier collaboration, worker health & wellbeing programmes and grievance mechanisms, with a focus on vulnerable workers.
- Many members reported that the **alternative supplier assessment methodologies** introduced during the crisis will become part of their standard RS approach.

## COVID - Supplier Engagement

n=36

● Yes ● No



### Supplier engagement approaches

- Issued company guidelines to suppliers about protecting workforce and coping with crisis.
- Other
- Shared best practice and training materials about protecting workforce and coping with crisis.
- Worked with suppliers to identify and protect the livelihood of the most vulnerable workers (e.g. paid sick leave, financial support to workers who cannot work, encouraged suppliers to consider redundancies as a last resort, retraining of redundant workers, etc..)
- Worked with suppliers to protect workers'health, (e.g. remote working, physical distancing protocols and/ or PPE and hand-washing facilities, etc..)
- worked with suppliers to monitor levels of workers' Covid-19 sickness and self-isolation.
- worked with your suppliers to ensure that workers have access to a grievance mechanism(s)/channel(s) through which they can raise Covid-19 related complaints.

A large crowd of diverse people, including men, women, and children of various ethnicities and ages, are arranged to form the shape of a question mark. The people are wearing a wide variety of colorful clothing, and their shadows are cast on the white background. The text 'QUESTIONS & DISCUSSION' is overlaid on the left side of the question mark shape.

# QUESTIONS & DISCUSSION

# THANK YOU



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*MBL Sustainability* and *CC Responsible Sourcing Solutions* are two individual consultancy firms who have partnered to deliver the **AIM-Progress 2021 annual benchmarking survey report**.

**Mickael Blais heads *MBL Sustainability***. He began his career in research and consulting before joining Givaudan, a world leader in the fragrances and flavours industry, where he was responsible for their global sustainability programme. Mickael is engaged with multiple collaborative organisations such as the French Alliance for sustainable Palm oil and the NRSC.

**Christel Costagli heads *CC Responsible Sourcing Solutions***. She is a senior advisor on sustainable supply chain with 20 years' experience driving operational excellence and managing responsible sourcing programmes in procurement operations for FTSE 100 and Fortune 500 multinationals in Europe and Asia. During her tenure as Director of Procurement Sustainability for SABMiller (now ABInBev), she also held a Member Director role with Sedex.