

The AIM-Progress Benchmarking Survey: a clearer picture of progress on Responsible Sourcing in the FMCG sector

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

The AIM-Progress Annual Benchmarking Survey is a snapshot of the state of Responsible Sourcing in the FMCG sector (data 2021). Data is drawn from in-depth surveys of **42** major FMCG companies, and analysis of Responsible Sourcing Journey self-assessments of members of AIM-Progress.

As standards rise, AIM-Progress has reset the key measurement of the benchmarking survey - the Responsible Sourcing Journey. It's now more closely aligned with the UN Guiding Principles, allowing AIM-Progress to raise the bar for what is expected from members' own operations and supply chains responsible sourcing.

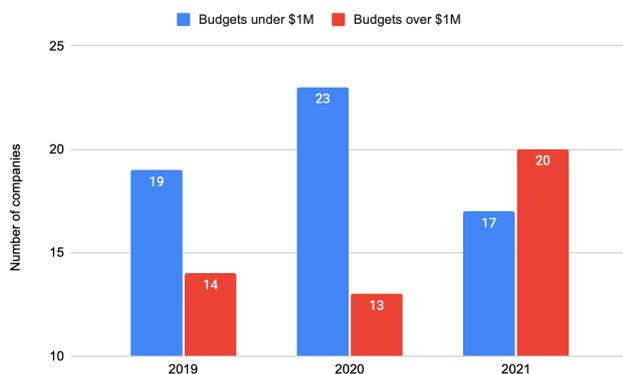
The majority of our member companies - **83%** - have established the foundations for assessing and managing human rights risks. A group of **17%** of members are more advanced and lead the way in embedding human rights into how their companies operate.

→ Crucial for continuous improvement in responsible sourcing

The AIM-Progress Annual Benchmarking Survey provides strong insights into responsible sourcing within our sector and supplier community. The ability to benchmark ourselves against our peers and leverage best practice is crucial for ensuring continuous improvement in our responsible sourcing journey"

Brian Kramer – AIM Progress Co-Chair, PepsiCo

Rising commitment to responsible sourcing



In 2021, members' investment in responsible sourcing activities and headcount grew significantly. **61%** of companies increased their responsible sourcing budget.

The survey identified that businesses are investing more buyer time in responsible sourcing. For around **a quarter** of companies surveyed, buyers are supporting responsible sourcing on a full-time basis.

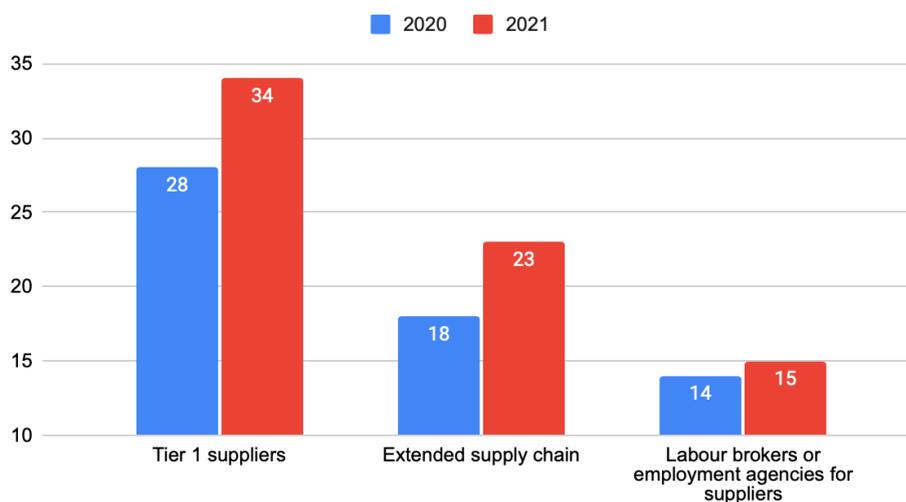
Growing positive impact on workers and suppliers

- **More businesses monitoring their impact** - **30%** of AIM-Progress members are now monitoring their impact on the wellbeing of farmers, workers or smallholders. This is a significant increase from **19%** in 2020. It represents **725,000** workers, smallholders, growers and farmers covered by human rights assessments.
- **Identifying issues in the supply chain** - Finding issues in the supply chain is the first step to fixing them. In 2021, **78%** of members assessed their most important human rights supply chain issues.
- **Fixing problems** - In 2021, 30% more corrective action plans were developed with supplying sites. More than half – **57%** - of corrective action plans were closed successfully.

How businesses are driving improvement – commitments, supplier engagement and action

- **Understanding performance** - 2021 saw substantial growth in supply chain risk assessment and supplier scrutiny. **Activity rose by 56%** as part of AIM-Progress members' growing investment in supply chain due diligence.
- **Engaging with suppliers to drive up standards** - **88%** of members now train their suppliers, compared to **81%** in 2020. **61%** of members reported they subsidised at least one supplier sustainability activity, like rewarding suppliers with more business or longer contracts if they demonstrate continuous improvement. **More than half** of AIM-Progress members now take part in mutually recognised audits - meaning they agree to review supplier audits initiated by other members. This is equivalent to about \$13M in collective savings.
- **Focus on stamping out forced labour** - **93%** of members have taken action to address forced labour in their supply chains, including changing contractual arrangements and increased supplier scrutiny.

More AIM-Progress members taking action on forced labour



- **Committing to a living wage** - Members have begun a positive trend of implementing living wage commitments. Nearly 65% of members have either committed to pay a living wage or have a commitment in progress for their own operations and their supply chains.

Outlook for 2023: opportunities for responsible businesses

FMCG collaboration to positively impact people's lives

- *"AIM-Progress continues to provide an important forum that enables cooperation amongst brands and suppliers in the FMCG sector, aimed at positively impacting people's lives throughout the value chain. Collaboration is essential and we are delighted to support AIM-Progress' commitments for 2023."*

Shannon Hess - AIM-Progress Co-Chair, The Clorox Company

- **Identifying problems** - Identifying problems through effective grievance mechanisms was a missed opportunity in 2021. Grievance mechanisms provide companies with a process for systematically receiving, investigating, and responding to rightsholder complaints. In 2022, the [AIM-Progress Grievance Mechanism Maturity Framework & Guidance](#) was developed through multi-stakeholder engagement and is a publicly available resource for those beginning their journey on this important topic. **In 2023, AIM-Progress's Grievance Mechanism working group will work with members to strengthen direct workplace grievance mechanisms in members' own sites and in suppliers' sites through best practice sharing and direct capacity building.**

- **Resolving human rights issues** – Remediation - resolving a harm - is crucial for workers and can help organisations prevent issues arising in the future. *Working with AIM-Progress members to strengthen remediation policies and implementation will be a central focus for 2023.*
- **Implementing commitments to living wage** - AIM-Progress members have made progress on working towards a living wage. *There are opportunities through the AIM-Progress Living Wage working group for more members to make and implement living wage commitments and measure their impact in 2023.*
- **Creating stronger incentives for responsible sourcing** - Integrating responsible sourcing into the performance measurement and remuneration for procurement teams, as well as into board-level incentives and responsibility, is a major opportunity to drive improvement. *In 2023, the AIM-Progress online Centre of Excellence will support members to build further awareness of human rights within their procurement teams. Best practice tools for building responsible sourcing into supplier pre-qualification, incentives, and performance measurement will motivate improvement.*
- **Making progress on impact measurement** - Leading AIM-Progress members are rolling out impact measures, such as workers moving closer to a living wage or recruitment fees reimbursed. *Our goal in 2023 is to increase the number of members involved in impact measurement, and to gather valuable data that will help us understand the impact and effectiveness of different human rights interventions.*
- **Taking advantage of mutual recognition** - Mutual recognition - where multiple members agree to recognise the same social compliance audit, worker assessment or other means of assessing a supplying site - saves time and money and raises the bar for responsible sourcing practices. *Together, we have an opportunity to increase the number of members using the mutual recognition mechanism and generate huge savings on efforts, money and time while focusing further on supporting improvement and impact on the ground.*
- **Engaging suppliers throughout the value chain** - More members are now engaging with suppliers at all tiers. *Through AIM-Progress supplier capability building events in Asia, Africa and Latin America in 2023, more companies will be able to engage their suppliers, especially those beyond Tier 1.*
- **Giving workers a say** – The effective engagement of rightsholders is a gap we acknowledge in our approach to responsible sourcing. *In 2023, AIM-Progress will work with our members to further build rightsholder perspectives into our joint activities.*

October 2022