

AIM-PROGRESS BENCHMARKING SURVEY

Executive Summary – 2016 Results

The sixth annual AIM-PROGRESS Member Benchmarking Survey report summarizes the responses of 40 member companies. The **participation rate was 98%, with 40 of 41 companies** responding to the survey. This is similar to the participation rate in 2015, which was 95%, with 41 of 43 companies responding.

The document is intended to provide AIM-PROGRESS, as well as individual member companies, with the basis to **identify progress and trends** as well as improvement opportunities and to set targets or goals. Companies may find it a valuable resource to leverage in **internal discussions** and to identify **best practices** to implement.

The 2016 survey marked the first pilot year for **integrating the Responsible Sourcing Journey (RSJ)** into the survey. The new approach tested the use of a common framework to determine a member's maturity level, rather than asking members to self-select a maturity level. The **ambitious nature of the RSJ model** has resulted in **most members remaining at the same level of maturity, but some members decreasing in maturity level**.

2016 survey results continued to **demonstrate members' progress** on responsible sourcing—70% of members cited at least one area of updates to their program in 2016, and the data show **more workers impacted by corrective action** (56% increase), **more in-scope suppliers assessed** (18% increase), and a **5x increase in number of Mutual Recognition (MR) audits recognized**.

More suppliers are being audited, assessed by third-parties, or undertaking self-assessments. In 2016, 51% of in-scope suppliers were assessed by one or more of these approaches compared to 33% in 2015. Only 9 companies report auditing tier 2 suppliers, but about half of companies plan to **expand the scope of tiers or supplier types monitored in 2017**.

Members reported a significant **increase in the number of audits recognized as part of mutual recognition**. The nearly 2,000 MR audits recognized in 2016 generated efficiencies and reduced costs—representing 10% of overall audits conducted by members in 2016 and potentially US\$4.8 million in collective savings, assuming an audit cost of US\$2,500.

More members are actively working to **implement international frameworks** in 2016, including human rights regulations (83%), the Sustainable Development Goals (53%), and the Paris Agreement (30%). Members have been **actively working on forced labor and human trafficking** as key areas of risk in their supply chains. 92% of members now have an approach in place to address forced labor and human trafficking, up 22% from 2015.

These advances are reinforced by **more employees supporting RS and greater senior-level oversight**. Companies reported a 60% increase in overall headcount, with a 95% jump in the number of part-time employees, and a 14% increase in VP level or above oversight of the RS program. Furthermore, **90% of members now have responsible sourcing commitments or targets**, an 18% increase from 2015.

Members continue to derive value from AIM-PROGRESS membership, and particularly mention **best practice sharing** as a significant value-add. Additionally, members appreciate being able to **benchmark** with leading companies, understand **industry and issue trends**, benefit from **trainings and capability building**, and use the **mutual recognition** audit framework. In the future, members would like to have support from AIM-PROGRESS to **greater harmonize** other responsible sourcing efforts, **drive continuous improvement** among mature companies, **discuss emerging or changing issues**, and access more **resources on increasing supplier capability**.