



## The state of responsible sourcing in AIM-Progress member companies

## Executive summary

The 2018 survey results revealed a strong maturity leap of AIM-Progress member companies on their Responsible Sourcing Journey (RSJ). It was not clear at the time what portion of this maturity leap was due to true progress or due to framework changes, as the rest of the 2018 benchmarking survey data did not necessarily reflect a proportional maturity increase. **The 2019 survey results confirmed the progress observed in 2018 and removed this ambiguity: the analysis of the RSJ assessment results show a continuous maturity progression that is mirrored by consistent improvements across the vast majority of benchmarking facts and figures.**

- **Overall maturity level progression:** The AIM-Progress membership increased its overall maturity level in 2019 with a remarkable 28% rise in the number of members with “Integrated” or “Leadership” programmes (top 2 levels). 13 members (33%) increased their maturity in 2019. The strong correlation between company revenue and maturity level reported in the previous year no longer exists as “Integrated” or “Leadership” programmes are now reported in all revenue brackets, demonstrating that smaller companies are also successfully establishing a mature approach to responsible sourcing. A strong adoption of the [AIM-Progress RSJ framework](#) and the related self-assessment tracker was noted as **74% of members indicated driving their responsible sourcing programmes on the basis of the RSJ framework.**
- **Stakeholder engagement has become the strongest pillar of members’ responsible sourcing programmes:** The membership has significantly invested in stakeholder engagement (RSJ module 4) activities over the last 12 months. Whilst this module was the least mature in 2018, it was reported as the most mature through the RSJ assessment trackers in 2019. This scoring is consistent with the data reported in the rest of the benchmarking: **92% of members stated they have a strategy for stakeholder engagement**, and all respondents reported engaging with stakeholders at some stage of their responsible sourcing programme cycle. **AIM-Progress members have understood how pivotal effective stakeholder engagement is in the design and operation of their responsible sourcing programmes** as the most frequent stakeholder engagement activity was about seeking input on strategy. The fact that **“Reputational risk/benefit” has taken the lead as top rationale for responsible sourcing in 2019**, with 95% of members listing it as one of their top 3, reinforces this focus on stakeholder management and members’ aspiration to provide better visibility and transparency on their supply chains and protect brand value.
- **Strong increase in assessments conducted in 2019:** AIM-Progress members reported a **30 % increase in the aggregated number of assessments conducted versus 2018**. Whilst on-site physical audits remain year-on-year the most widespread assessment type with 95% of AIM-Progress members conducting them in 2019, the increase in assessments was particularly driven by a rise in the number of SAQs and third-party desktop assessments conducted. Despite a significant increase in the number of supplier sites requiring corrective action as a result of more assessments being conducted, the membership’s overall success rate in closing suppliers’ corrective actions improved in 2019 by 10 percentage points versus 2018, demonstrating **an improved effectiveness in the AIM-Progress members’ due diligence and remediation programmes**. Whilst the percentage of companies engaging with Tier 2 suppliers remained fairly stable with 67% of members, companies used a greater combination of actions in 2019 to engage their Tier 2 suppliers, and **the number of audits conducted on Tier 2 suppliers in 2019 increased by 43%**, indicating increased focus on suppliers beyond Tier 1.
- **Members continued to grow their responsible sourcing departments at a higher rate in 2019 than the previous year:** 40% of members reported an increase in their responsible sourcing headcount in 2019. The overall trend is marked by a substantial rise in the number of **part-time headcounts** compared to 2018.

- **AIM-Progress members have invested further in building capability and supplier relationships:** AIM-Progress members continued to invest in responsible sourcing training with increased participation versus 2018. All members but one conducted at least one responsible sourcing training event in 2019, either internal or external. “Training for suppliers on general responsible sourcing topics” was the most frequent type of external training conducted, with nearly twice as many companies conducting such training versus 2018. As last year, the most common type of supplier capability building is joint AIM-Progress capability building training. The more mature members are, the more diverse engagements they have overall with Tier 1 and extended supply chain suppliers, covering a wider scope of engagement types. **Further investment in supplier relationships also materialises through increased frequency and more types of sustainability activities subsidized to achieve shared objectives.** More than half of the companies reported they subsidized at least one supplier sustainability activity during the year, a steep increase versus 2018.
- **Progress in addressing Human Rights:** Members continued to make significant progress in integrating Human Rights in their responsible sourcing policies and commitments. All member companies now address Human Rights either in a stand-alone policy or in their supplier code of conduct/responsible sourcing policy. Members adopted multiple approaches to advance respect for Human Rights in their supply chains, demonstrating **increased effort in applying necessary due diligence.** As a result, the number of members who identified salient Human Rights issues in their supply chains in 2019 significantly increased versus last year. The types of Human Rights issues that members have come across in their supply chains has also expanded. Members address Human Rights issues by implementing a range of initiatives, typically associating “addressing the issue locally/involving local teams” with” joining industry/issue specific collaboration group/multi-stakeholder initiatives”. **74% of members reported publicly on Human Rights and the number of companies who publish a stand-alone Human Rights report has increased versus last year.** A vast majority of members (82%) reported they have an approach to provide or support grievance mechanisms for their suppliers and the suppliers’ workforce, an improvement versus last year. Most members have already issued a formal public statement committing their support of the **elimination of forced labour**, in addition to their regulatory disclosure requirements, and most of them have issued a formal public statement referring explicitly to the Consumer Goods Forum (CGF) resolution on eradicating forced labour and its priority industry principles. Over 80% of members reported they had taken action in the last 12 months to tackle forced labour in their supply chains, at any tier level. Members reported they planned to further expand their actions to tackle forced labour.
- **Strong level of adoption of the SDGs.** 92% of AIM-Progress members aim at impacting at least one SDG through their responsible sourcing programmes, and 86% of members stated they were either mapping or currently integrating the SDGs into their responsible sourcing strategies. Over half of the respondents reported using the SDGs as a framework to report and communicate their responsible sourcing impacts.

The survey results also highlighted areas where **more work and collaboration is required by the membership to collectively raise the bar on responsible sourcing:**

- **Overcome difficulties in monitoring outcomes/impacts of responsible sourcing initiatives on salient Human Right issues or the SDGs:** there is no consistent approach among members on how to measure Human Rights and SDG impacts; hence impact measurement remains a key area for AIM-Progress to build capability. Similarly, very few members monitor the impact of their responsible sourcing programmes on suppliers’ workers’ wellbeing. Members also encountered severe challenges to translate the SDGs into measurable and actionable responsible sourcing goals linked to business KPIs. Whilst it is encouraging to see more members reporting they used the SDGs as a way of framing and reporting their impacts, few members fully understand their contribution to the SDGs. These difficulties are

illustrated by the fact that most members reported that their responsible sourcing objectives in 2019 continued to focus mostly on risk management and compliance, demonstrating that the **transition from compliance to impact has not yet materialised into formal goals for most members.**

- **Support suppliers with grievance mechanisms and follow-up:** whilst a vast majority of members reported they had an approach to provide or support grievance mechanisms for their suppliers and the suppliers' workforce, few members actually supported their suppliers with guidance on the ground and monitored the effectiveness of their suppliers' grievance mechanisms. This continues to be an area of opportunity for AIM-Progress.
- **Enable members to take full advantage of the mutual recognition mechanism:** only half the members reported mutually recognising audits in 2019 whilst 95% of the membership reported auditing. Whilst the 1272 mutually recognised audits represented 20% of the audits commissioned in 2019 and approximately USD 3.2 million in collective savings, there is an opportunity for members to better leverage the mutual recognition tool to grow their programmes and benefit from these collective savings.

*Note: the annual membership benchmarking survey was conducted before the Covid-19 pandemic affected AIM-Progress members' supply chains and supplier engagement activities.*



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Collaborating for positive impact<sup>y</sup>  
through responsible sourcing