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**AIM-PROGRESS
Task Force**



**Responsible Sourcing Supplier Forum
18 October 2011
The Coca-Cola Plaza, Nairobi**



Agenda

Welcome, Introduction and Logistics

09:00

Keynote Address – Mr Nathan Kalumbu (President, Coca-Cola Central, East and West Africa)

09:15

Welcome Messages

09:35

AIM Progress Objectives and Mission

09:55

Kenya Association of Manufacturers Presentation

10:30

Panel Discussion / Q+A

11:15

Supplier Testimonial

12:00

Implementing Responsible Sourcing Programmes
• Case Studies and Practical experiences in Kenya

13:00

The Supplier Ethical Data Exchange (SEDEX)

15:20

Wrap Up

15:50

Welcome

Logistics:

- Location of exits, Evacuation routes & procedure
- Location of rest-rooms, food & beverage, etc
- Other security/ safety policies
- Person(s) to see if you have any questions throughout the day

Rules of Engagement:

- Strict adherence to ethical business practices, business integrity and anti-corruption principles
- No discussions of trade agreements, pricing, customer/vendor relationships, or other
- *Information in this presentation was reviewed/ approved by Legal counsel. Legal counsel will be present throughout the meeting to address any questions and ensure compliance business trade laws and principles is maintained*

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**Keynote Address: The Importance of Responsible Sourcing
Mr Nathan Kalumbu, President, Coca-Cola Central, East and
West Africa**





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Welcome Message Mr Seni Adetu (CEO East African Breweries Limited)





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Welcome Message Mrs. Marion Gathoga – MD Kraft Foods Kenya





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Welcome Message Mr. Pierre Trouihat (Head Of Region- Nestle Equatorial African Region)





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AIM Progress – Objectives, Mission and Ways of Working



What is AIM-PROGRESS

- Global forum of consumer goods manufacturers assembled to enable & promote **Responsible Sourcing practices**
- Sponsored by the European Brands Association (AIM) and the Grocery Manufacturers Association (GMA)
- We aim to be recognised as the leading FMCG business forum, improving the sustainability of our supply chains, by collaboratively deploying common tools and building capability through the supply chains
- 23 Companies, representing > USD\$ ½ Trillion annual revenue

Aim-Progress Members



1. AIM-PROGRESS Scope

- To promote **responsible sourcing** through common, or mutually accepted **Supply Chain Standards**:



- Also working towards alignment with other similar initiatives

2. AIM-PROGRESS Objectives

- To promote responsible sourcing through common, or mutually acceptable, supply chain standards:
 - Labour Standards
 - Health and Safety
 - Environmental Management
 - Business Integrity
- To increase efficiency by sharing data
 - “an audit for one is an audit for all”
- To seek convergence with other similar initiatives

3. AIM-PROGRESS - Value Proposition for suppliers

- Meets **multiple** customer requirements in a consistent manner
- Reduces audit fatigue and data complexity
 - “An audit for one, is an audit for all”
- Builds & protects **reputation** with:
 - Consumers, Regulators, Wider society, Investors
- Increases **employee morale** and productivity:
 - Improves retention rates
 - Lower overtime
 - Reduces health and safety incidents
 - Reduces quality incidents

4. Activities of AIM-PROGRESS

➔ *Workstreams to maximize synergies*

Mutual recognition

- Benchmark company assessment protocols
- Sharing best practice
- Audit data exchange

Common data exchange system

- Use of the Sedex system
- Common assessment methods
- Work towards inter-operability

Engaging others

- Promoting supplier awareness

➔ *NOT: to create a new set of codes (respect individual. companies codes of conduct) to create new audit standards*

5. Cross-Industry Alignment

GSCP.....

- is a cross-industry platform which
- aims to develop a consistent and global approach to **labor and environmental conditions** in global supply chains.
- develops **reference tools** to establish **common labor and environmental requirements**
- AIM-PROGRESS recognizes GSCP's work – “they define, we do”



<http://www.gscpnet.com/>

6. Mutual Recognition – Reduce Auditing Fatigue

Purpose:

- Reduce Audit Fatigue through mutual recognition of assessments
- Reduce duplicative costs throughout supply chain
- Align standards and share best practices

Results to date:

- Over half of Aim-Progress companies have signed on to MR
- Common messaging to suppliers
- Suppliers continuing program & upholding 'Mutual Recognition' with their suppliers

MUTUAL RECOGNITION COMMUNICATION.....



7. Responsible Sourcing Standards

➔ Responsible sourcing is the process of purchasing goods & services without causing harm to, or exploiting, humans or the natural environment

Core Responsible Sourcing Principles:

- Legal Compliance
- Forced Labor
- Wages and Benefits
- Hours of Work
- Freedom of Association
- Child Labor
- Discrimination
- Abuse of Labor
- Health and Safety
- Environment
- Bribery and Corruption

Reputations – Hard to Earn, Easy to Lose



SHRM » Legal Issues » Federal Resources

Tyson Agrees to Pay Workers \$500,000 in Overtime Back Wages

6/4/2010

By Allen Smith

Tyson Foods Inc. will pay nearly 3,000 workers at its Blountsville, Ala., facility \$500,000 in overtime back wages for work performed since 2000, the U.S. Department of Labor (DOL) announced June 3, 2010.

Tools

- [Print this page](#)
- [Email to a friend](#)

UNITED STATES: VIOLATIONS IN THE FIELDS OF FLORIDA

Feds raid meat-packing plant in Minnesota

by Mark Stell, Minnesota Public Radio
December 12, 2006

Federal agents raided a southwest Minnesota meatpacking plant on Tuesday, searching for illegal immigrants involved in an identity-theft ring. The action at the Swift and Company plant in Worthington was part of a nationwide investigation. Five other Swift plants in Colorado, Iowa, Nebraska, Texas and Utah were also searched. Federal officials say they don't know yet how many people have been arrested.

Worthington, Minn. — Workers at the Worthington plant say they expected the raid. The Swift plant employees more



Buses from the Department of Security wait to take a raid at the Swift Worthington. (Minn.)

human rights violations against immigrants

debated on the international stage by most
sent the fundamental standards that these



Call center pays \$500K for employing children

By PAUL FOY (AP) — Apr 14, 2010

OREM, Utah — A Utah-based company that operates call centers in seven states has paid \$500,000 in civil penalties for child-labor violations.

8. Supplier Comments

- Supplier comments on the purpose of internal responsible sourcing program:
 - *“To earn the trust of our customers, licensing partners, suppliers, and consumers by manufacturing and purchasing quality products using ethical standards”* Regina O. Edwards, J.D. MWV, Director, Global Supply Chain Compliance
 - *“We believe that companies must take steps to manage their impact on the natural environment. As a consequence we are committed to conducting our business in a manner that is sensitive to the environmental needs of the communities within which we operate. External validation of our activities in this area is key to maintaining our creditability and this validation process is supported by our membership of SEDEX.”* Simon Houghton-Dodd, Head of Quality & Sustainability Tate & Lyle Sugars
- Supplier comments on the benefits of Sedex:
 - *“Over 20 customers have now asked for SEDEX information – All we have to do is go into SEDEX and give access to those companies to view the questionnaire and audit we already completed.”* Givaudan
 - *“SEDEX has been very useful within Doehler as it provides a Group standard for CR across multiple sites. In addition, as SEDEX is recognised by many clients, it has been particularly beneficial in developing customer relationships”* Doehler

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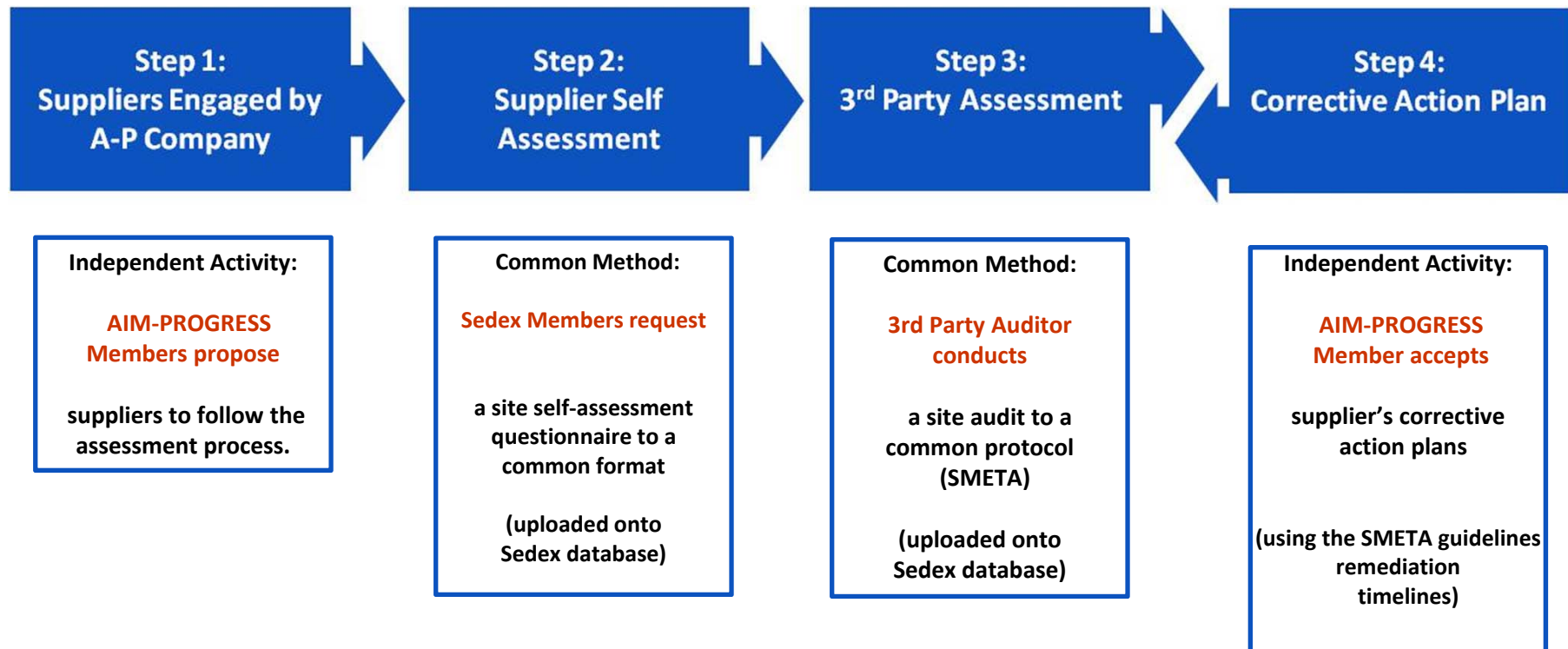
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Demonstrating Compliance



Ways of working with AIM-PROGRESS



➔ **Creates *synergies*: data can be shared among various customers, since AIM-PROGRESS members mutually recognize 3rd Party Assessment to avoid duplication**

Step 2: Supplier Self Assessment

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Common Method

A **self-assessment questionnaire** is a useful tool to help **suppliers** and **buyers** assess overall **capabilities** and ensure **processes** are in place to manage.

The **Sedex self-assessment** covers the following:

- Site Profile
- Labour Policy & Standards
- Health & Safety, Hygienic Assessment
- Business Integrity (anti-corruption)
- Environmental Stewardship

Common Assessment Topics

Legal Compliance

Forced Labor

Wages and Benefits

Hours of Work

Freedom of Association

Child Labor

Discrimination

Abuse of Labor

Health and Safety

Environment

Bribery and Corruption

Step 3: 3rd Party Assessment

Step 3: 3rd Party Assessment

Common Method

Who conducts the audits?

- Audits are conducted by independent, accredited professionals (examples include Intertek, STR, SGS, BV, AfricaNow and LevelWorks)

What is the role of the auditor?

- Auditors are independent and impartial professionals trained to evaluate compliance to laws and responsible sourcing standards.

Who pays for and owns the audit?

- Suppliers pay for the audits as this allows them to own the data and share the reports with multiple customers through AIM PROGRESS

Are other standards acceptable (ISO, OHSAS, etc)?

- There is no comprehensive standard (yet) that covers all the 4 Pillars
- Standards that are relevant to an individual pillar e.g. OHSAS 18001, would be taken into account during the audit process
- Other audit protocols e.g. SA8000, may be acceptable if conducted by an independent 3rd party auditor and within a reasonable timeframe.
- Check with your customer for specifics

SEDEX Associate Auditor Group (AAG)



Level Works



THE REASSURANCE NETWORK LIMITED



Step 3: 3rd Party Assessment

How long does the audit take?

- Assessment duration varies depending on size of facility and scope of production. In general, two auditors spend one –two days in a facility

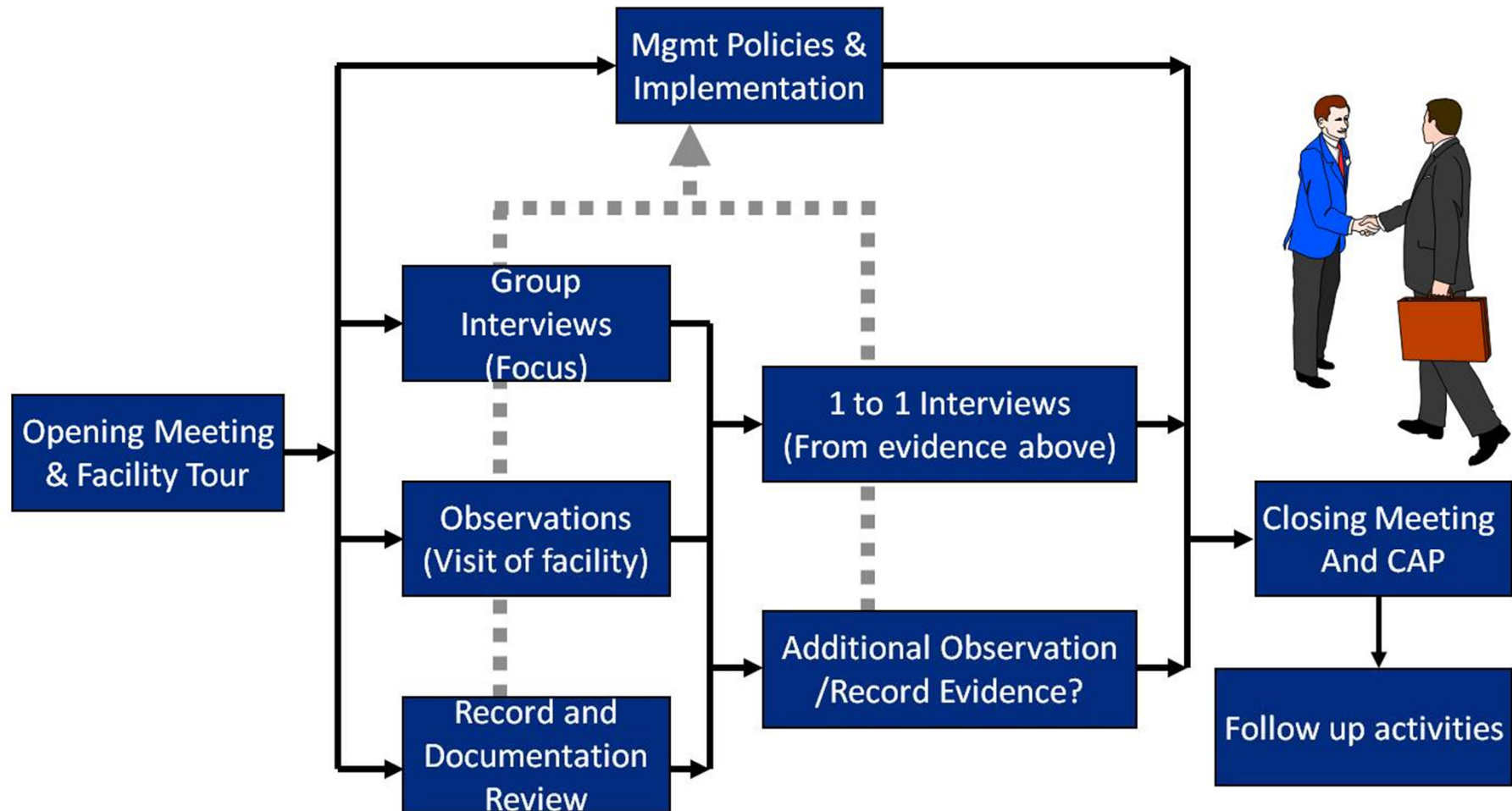
Timetable:

Step 3: 3rd Party Assessment

Common Method

Time	Assessment Process	Key Staff
45 Min	Opening Meeting Explanation of the audit scope, deliverables and process Review of your self-assessment information off SEDEX Review of the document request list Identification of documentation to be prepared for review	Site Manager, HR and EHS Manager
1 hour	Site Inspection: Understanding site areas	Site & EHS Manager
2 hours	Document Review Review of management documentation Review of employee personnel files Review of wages and payroll related information	HR Manager Payroll Clerk EHS Manager
3 hours	Interviews with production employees	Floor Staff only
30 min	Secondary Site Inspection/Misc	None
30 min	Preparation of Onsite Report	None
30 min	Presentation of Onsite Report to Management	Site, HR, EHS Manager

Step 3: 3rd Party Assessment Overview



Step 4: Corrective Action Plan

Step 4: Corrective Action Plan

- Non-compliances identified must be addressed through **Corrective Action Plans**
- **Timeframe** and follow-up **methods** depend on the type of issue and the severity
 - Desk based verification vs. follow-up visit
 - Critical, Major, Minor categorization of issues
- Individual buying companies determine the corrective action plans

Conclusion

Responsible Sourcing is a growing movement and is critical to maintaining a positive reputation and meeting customers demands.

This as an opportunity to grow our business together with our suppliers in a sustainable and responsible manner.

**Noncompliance with Responsible Sourcing exists in Europe
– Compliance is an opportunity that we should embrace**

Next Steps

- Review your customer specific requirements
- Register on Sedex, if it is required by your customer
- Conduct self-assessment to identify areas for improvement, if it is required by your customer
- Schedule assessment and share results with AIM-PROGRESS companies
- Focus on continuous improvement by
 - addressing non-compliances in requested timeframes,
 - leveraging results and remediation across business,
 - engaging suppliers in similar work and requirements

Q&A



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**Services & Opportunities available to Kenyan Based Business
(Damaris Kimilu- Kenya Association of Manufacturers)**



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TEA BREAK

Session will resume at 11:15



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PANEL DISCUSSION



Responsible Sourcing – Panel Discussion

- Damaris Kimilu - Kenya Association of Manufacturers
- Benjamin Gatland – Fairtrade Africa
- Rob Hale – Director, Ethical Audit Services – AfricaNow (UK)
- Alex Thomas – SEDEX (UK)
- Marion Gathoga – Kraft Foods
- Dick Gachanga – AllPack

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Supplier Testimonial Mr Dick Gachanga - Allpack



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LUNCH BREAK

Session resumes at 13:00

