

SABMiller Procurement Social Compliance & Human Rights

A practical guide to SABMiller's Social
Compliance and Human Rights program



Introduction

SABMiller is one of the world's largest beverage companies with operations across six continents and presence in over 75 countries. We want to continue to grow our business and recognize that to do this we must operate in a sustainable manner that respects the rights of people throughout our value chain and drives economic growth in the communities that we touch.

SABMiller's new sustainable development ambition, [Prosper](#), identifies five shared imperatives that are critical to the success of our business. One of those shared imperatives is 'Accelerating growth and social development through our value chains', this is based on our belief that when our business does well, so do the local communities, economies and environment around us. When they prosper, so do we.

To achieve this sustainable growth we must work side-by-side with our suppliers as partners. SABMiller has made the decision to choose to work with suppliers that share our ambition and values; we feel strongly that this will deliver mutual benefits to us, our suppliers and those workers and communities that we touch.

To explain what our values are we have developed a Supplier Code of Conduct which lists each of our principles and provides an explanation on what we mean by those principles and how suppliers can meet them. Our principles can be divided into four main categories:

- Labour standards
- Health & safety
- Environment
- Business Integrity

We want to work with you, our supplier, in an open and transparent way so that we can grow our businesses together sustainably.

We want to make sure that you fully understand what we mean by our principles and how we want to work with you, our Practical Guide provides you with more information.

We look forward to working with you on this.

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1. Working with SABMiller

SABMiller has chosen to work with suppliers that share the same principles as we do.

Before we enter into any business agreement, we assess all our suppliers on 3 areas:

- Financial stability
- Business integrity
- Social compliance & Human Rights

All our commercial accreditation requirements must be completed before we can sign any contracts with suppliers.



For suppliers that manufacture packaging and brewing materials, SABMiller also requires technical assessments to ensure that products meet our requirements.

The guidance document will help you to understand the Social Compliance & Human Rights pillar of accreditation in more detail. If you require more information on how we assess financial stability and business integrity please contact sustainable.procurement@sabmiller.com

2. Our Supplier Code of Conduct

The SABMiller Supplier Code of Conduct is the basis for our Social Compliance and Human Rights pillar within supplier accreditation.

Our Code helps us to explain what our values and principles are, these are our minimum requirements for suppliers and we expect suppliers to comply with them.

Our Code covers:

- Establishing fair and competitive wages and working hours
- Abolition of child labour
- Freedom of Association and recognition of the right of collective bargaining
- Prohibition of forced and compulsory labour
- Land rights
- Intolerance of discrimination
- Grievance mechanisms
- Employees are treated with dignity and respect
- Working conditions
- Safe and decent accommodation
- Hazardous materials
- Emergency management
- Business integrity
- Environmental sustainability

Our Supplier Code of Conduct can be downloaded from: <http://www.sabmiller.com/about-us/supplier-portal/sustainable-procurement>

2.1 Which suppliers does the SABMiller Supplier Code of Conduct apply to?

Our Supplier Code of Conduct applies to all our suppliers globally and we expect these standards to be applied at all supplier locations.

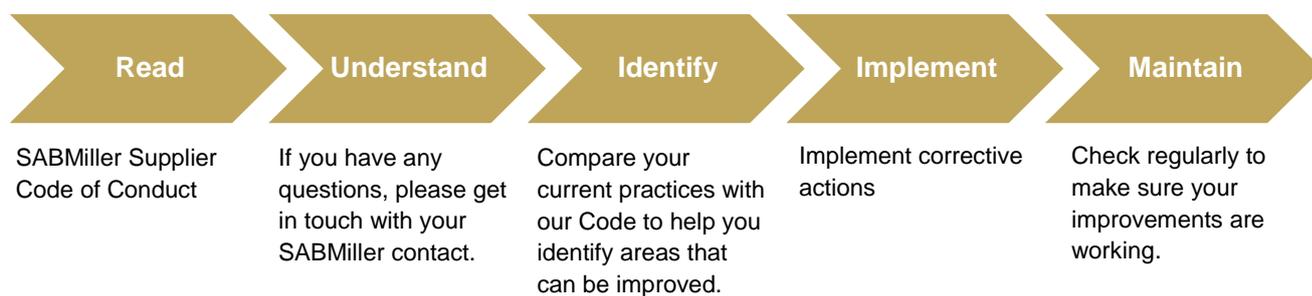
Some operations, due to their nature, have a higher risk of not meeting our standards for example sites where manufacturing takes place and requires large numbers of unskilled workers or where production is inherently hazardous. SABMiller has adopted a risk based approach for our social compliance & human rights programme so we focus on production sites that represent a higher risk for social compliance.

3. What to do with our Code of Conduct

We invite you to take a pro-active approach and start to look at your site and whether the practices that you currently have in place will enable you to meet the standards in our Code. If you identify any gaps we expect you to put improvements in place and maintain those improvements throughout our business relationship.

The Sedex SAQ can be a useful tool to help you to consider what you already have in place and where you may want to consider introducing improvements.

Route to compliance



3.1 Signing up to the SABMiller Supplier Code of Conduct

We have referred to our Code in our supplier contracts, by agreeing to work with us and signing the contract you also agree to work to the standards explained in our Code.

If we make changes to our Code we will inform you of the changes.

3.2 How do we assess suppliers against the SABMiller Supplier Code of Conduct?

Before we work with suppliers, we perform an accreditation, this looks at three different areas:

- Financial stability
- Business Integrity
- Social compliance & human rights

Our Code is focused on Social Compliance and Human Rights and this is the base that we use for our assessments. We may ask you to complete a self-assessment questionnaire on areas covered by our Code and/or a 4-pillar ethical audit.

This guidance document will explain in more detail the process that we use to assess our suppliers.

4. Business benefits of meeting our Code standards

We want to work in a collaborative and open way with our suppliers, we understand that there might be some gaps between our Code and the daily practices at supplier sites, we are committed to working with our suppliers to implement improvements and believe that there are real benefits not only for SABMiller but also for our suppliers. These benefits include:

- Cost savings
- Lower absentee rates
- Helps you to create a safer working environment with fewer accidents
- Find out if your site meets local laws and international standards
- Identify areas where you could benefit from improved efficiency and productivity
- Receive guidance on the remediation of any findings
- Improved labour relations which can reduce worker turnover
- Ensuring you have a strong responsible sourcing practices in place will help you to become a preferred SABMiller supplier
- Build reputation
- Preferred supplier for customers
- Increased worker retention
- Increased productivity
- Compliance with the law
- It's the right thing to do

5. Mutual Recognition | Accepting audits from other customers

We understand that other companies are concerned about social compliance and human rights and that our suppliers may receive multiple requests for ethical audit information. In order to reduce audit fatigue, SABMiller has made a commitment to support suppliers by agreeing to review audit reports conducted on behalf of other companies. SABMiller has signed up to the AIM-PROGRESS Mutual Recognition initiative and joined Sedex in order to facilitate the sharing of ethical audit information.

Ethical audits need to meet SABMiller's internal requirements which are listed below:

- The full audit must have been conducted in the last 3 years
- The audit must cover each of the 4 pillars of social compliance: labour standards, health & safety, business integrity and the environment
- Sample sizes for worker interviews and document reviews must be aligned with [SMETA](#) best practice
- The audit must be conducted by a competent, independent, third party auditor
- The audit must consist of management interviews, confidential worker interviews, site walk around and a documentation review

If your recent ethical audit meets all these requirements, make sure that SABMiller have access to the report preferably through Sedex or by sending documentation to Sustainable.Procurement@sabmiller.com.

If an audit is accepted by SABMiller under the Mutual Recognition initiative or through Sedex, the audit process will be the same as for any other audit. If there were any non-compliances identified we expect these to be closed and if verification cannot be provided we may require a full follow-up assessment.

6. SABMiller supplier assessments

There are several stages in the journey to reaching compliance to the SABMiller Code of Conduct. We have developed our program to help build your understanding of social compliance and to support you working towards compliance.

This is the outline of SABMiller's social compliance & human rights process:



6.1 Sedex self-assessment questionnaire (SAQ)

We ask our suppliers to join Sedex, link with us and complete the Sedex Self-Assessment Questionnaire (SAQ) to help us to understand more about how you are managing social compliance & human rights at your site. We also find that this is a useful tool for suppliers to use ahead of the ethical audit.

The SAQ covers many of the areas that the audit will assess so you can use this as a way of helping you identify issues that you might want more information on or where you might want to implement improvements.

If you haven't updated your SAQ for over 6 months or have made some changes to your practices, make sure that you update your answers to the relevant questions in the SAQ. This will help SABMiller and other customers see what you are doing to mitigate risk at your site.

These assessments can also be a helpful tool to identify gaps yourself and put your own corrective actions in place. The questions in these questionnaires will look at similar issues as an ethical audit so use it to your advantage!

6.2 Scheduling your ethical audit



If an ethical audit is required by SABMiller we will contact you to inform you of any next steps and ask if you have been ethically audited in the past 3 years. If you have been audited then you should contact us and make sure that you send the relevant documents. This will allow us to check the information and confirm if it will meet our requirements.

If you have not been audited or we are unable to accept a previous audit then we will need to arrange a new one. We will pass your contact details to one of our audit service providers and they will contact you directly in order to arrange a suitable date.

The audit company will send you an application form requiring certain details from you including the address of site, number of workers, size of the site and contact information. The audit company will use this to calculate costs and check when they have auditors available to conduct the audit.

Once the auditors have this information they will return to you an agreement including how much the audit will cost, this must be signed and returned to them. When the auditors have the signed agreement they can confirm the date they will be visiting your site.

Requirement: Make sure that the audit takes place on a normal operating day

The site must be operating on the assessment day in order for the audit to take place and it is preferable that the site is producing the type of product it supplies to SABMiller.

6.3 Ethical audit preparation



Audit preparation is really important, making sure that you understand what the process will include, who needs to be aware of it, who should be there on the day, what resources are needed and the documents that will be required will help the audit to go smoothly and help our auditors get a better picture of what your site is like.

The auditor will send you a pre-audit pack that includes information on who needs to know about the audit, which documents you will need to make available and a sample communication that you can use for workers. Make sure that you read through the information and if you have any questions contact either the auditor or SABMiller.

Things to think about...

As you plan for your audit there are some additional things you may need to consider:

- Do the auditors require any PPE (personal protective equipment) to be able to enter any areas of the site?
- Do you need to issue the auditors with any security clearances to be able to enter the site?

6.4 Ethical audit



We use the [SMETA](#) 4-Pillar audit protocol that must be conducted by an independent third party that we recognise, and must include the elements shown in the diagram below:



6.5 Corrective action plan implementation



The best way to implement your corrective action plan is to make sure that you understand the information that the auditor has given you. There is a lot of information and things you need to think about during the audit process, so if you have any questions afterwards contact your SABMiller contact or the auditor directly.

How you implement the plan will depend on what the issue is and how you think your management team, supervisors and workers will respond best. Once non-compliances have been identified then you will have a corrective action plan with timeframes for implementing the improvements that will need to be checked by an auditor.

There are two ways of being able to verify improvements:

Desktop review – you can send evidence e.g. photos, documents to the auditors by email or by uploading to Sedex

Follow up audit – when an auditor needs to go back to the site and review information from several sources, for example a document review and worker interviews.

It is your responsibility to make sure that you submit and book any follow up assessments with the auditor to meet the timeframes

ROUTE TO COMPLIANCE



6.6 Becoming a fully compliant SABMiller supplier

Once you have completed your social compliance & human rights assessments and successfully implemented any corrective actions you will become a compliant SABMiller supplier. This means you will be a supplier of preference for us.

SABMiller expects you maintain these standards throughout the duration of our business relationship, we audit on a 3-year cycle and may contact you again regarding assessments.

7. Frequently Asked Questions (FAQ)

Q: Our local laws have higher requirements than your Code, would we still be assessed?

A: When we perform assessments on supplier sites, we also take into consideration local law. If the local law is higher than our Code mentions then we will refer to your local law – whichever offers greater protection.

A self-assessment or ethical audit will not only take into account what local laws exist in your country, but also how you are implementing those laws, so we may still ask for an assessment if your countries has a lot of laws.

Q: I have been audited by another customer, can I send you that report?

A: Yes, please send us a copy of your audit. As members of the AIM-PROGRESS mutual recognition initiative, we have agreed to review audits done by other members to see if they also meet our requirements. Our requirements include the audit being completed within the last 3 years and must cover each of the 4 pillars of social compliance: labour standards, health & safety, business integrity and the environment. If your audit doesn't meet our requirements we will request a new ethical audit.

[Please also see our section on Mutual Recognition.](#)

Q: Who pays for the ethical audit?

A: We ask suppliers to pay for the ethical audit. This means that you own the information and can share the report with multiple customers. The average cost of an ethical audit is \$2,000USD.

If an onsite follow-up assessment is required to demonstrate the improvements you have made our successful, the audit company will advise you of the cost of this assessment.

Q: If there are problems at my site will you still work with us?

A: SABMiller Procurement has made a commitment to continuous improvement, if there are any problems at supplier sites then you will be given a timeframe and guidance on the improvements needed. The most important thing for us is that our suppliers commit to making improvements and take action on those commitments.

We want our suppliers to be open and honest about the challenges faced at sites, if there are difficulties it is important that you talk to us about them as early as possible.

If a supplier refuses to implement improvements then we would have to review the business relationship.

Q: Can I use any auditing company?

A: If you have already been audited by another company then please send us a copy of the report and we will see if the auditing company meets our requirements.

If you have been asked by SABMiller to conduct an audit, we have one auditing partner in Africa – Partner Africa and for the rest of the world we work with Bureau Veritas. We will send them your contact details directly and they will be in touch with you to arrange the audit.

Q: Who can I contact if I need more information?

A: If you need more information on SABMiller's social compliance and human rights programme, you can talk to your SABMiller contact or you can email sustainable.procurement@sabmiller.com.