



## SABMiller Supplier Code of Conduct

*Living Sustainable Procurement*

October 2014

Applicable to all SABMiller Procurement Suppliers



*prosper*

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# About SABMiller

SABMiller is in the beer and soft drinks business, bringing refreshment and sociability to millions of people all over the world who enjoy our drinks. Through our local businesses we work in a way that improves livelihoods and builds communities. We are local beer experts, producing more than 200 local beers as well as global flagship brands. SABMiller operates in more than 80 countries with around 70,000 employees. We are the world's second largest brewer and every minute of every day, more than 140,000 bottles of SABMiller beer are sold.

## Foreword



**Tony Van Kralingen**  
Group Director: Integrated Supply and Human Resources, SABMiller Plc

*“SABMiller Procurement, our globally integrated procurement function, sources the goods and services our local businesses need to produce and sell our beer and soft drinks. Our procurement team interacts with thousands of local, regional and global suppliers. When selecting our suppliers, we aim at achieving excellence in service, consistency in quality standards and access to innovation, and at increasing value for SABMiller. Equally, we are committed to engaging and working with our suppliers to continuously raise the sustainability standards in our supply chain.*

*We recognise that the long term sustainable development of our suppliers is critical to our joint success, and that our supply chain partners share many of the same risks and opportunities as we do. By working with our suppliers and their communities, we believe we can address those risks and develop shared opportunities to the benefit of all. We are committed to developing long term value relationships with our suppliers, and actively select and favour those who share our values and sustainability commitments, outlined in Prosper, our SABMiller sustainable development ambition.*



a thriving world



a sociable world



a resilient world



a clean world



a productive world

*In Procurement, we believe we have a key role to play to accelerate growth and social development in our supply chain, reduce carbon and waste across the value chain to deliver financial and environmental value, and encourage responsible sustainable use of land for our brewing crops. This will be underpinned by demanding core standards on issues such as human rights and labour standards and transparency and ethics.*

# Our Supplier Code of Conduct

The minimum compliance requirements we expect from our suppliers form the SABMiller Supplier Code of Conduct. As such, our approach is not just about monitoring compliance but also about working to understand challenges, encourage improvements, and empower suppliers to take ownership throughout the value chain. Equally, we are considerate of local factors and challenges faced by our suppliers in the different parts of the world where we operate and procure. The minimum standards that are set out in this document will be enforced contractually and we expect our suppliers to constantly monitor their own and their suppliers' compliance.

The Supplier Code of Conduct is complemented by Responsible Sourcing Guidelines which help suppliers to:

- Improve practices for our key materials and move beyond minimum compliance.
- Work with us on our five shared imperatives in pursuit of value for our businesses and for society.

## Scope and application

### Application

The SABMiller Supplier Code of Conduct defines the non-negotiable minimum standards that we require our suppliers to adhere to, wherever they produce materials or perform services for SABMiller. It does not prevent our suppliers from exceeding these standards. Suppliers applying this code are expected to comply with national and other applicable law and, where the provision of law and this Code address the same subject, to apply the provision that affords the greater protection. This code is an extension of the SABMiller Code of Business Conduct and Ethics and the SABMiller Human Rights Policy.

### Promoting the Supplier Code of Conduct principles down the supply chain

Suppliers contracting with SABMiller are expected to promote these principles in their own supply chain and ensure they are respected. Suppliers such as traders and agents shall ensure that supplying manufacturers and farmers become fully aware of the principles; the provisions stated therein, their meaning and implications for their manufacturing or farming practice.

Service suppliers are also expected to drive similar sustainable development commitments from organisations comprising their own supply chain.



## **Demonstration of Compliance**

Acknowledgement of the Code is a pre-requisite in every SABMiller contract for supply. Through the signature of the contract and acceptance of the purchase order, the supplier commits that its operations are subject to the provisions contained in this Code. Suppliers must be able to demonstrate compliance with the code at the request and satisfaction of SABMiller. SABMiller routinely utilises independent auditors to assess supplier compliance with the Code. These assessments generally include confidential interviews with workers on site. In case SABMiller becomes aware of any actions or conditions not in compliance with the Code, SABMiller will demand corrective measures. When contracting with agents or traders, SABMiller may request to have their manufacturing or farming suppliers assessed for compliance. SABMiller reserves the right to terminate an agreement with any supplier who cannot demonstrate they comply with the code.

## **Human rights and labour standards**

SABMiller is committed to implementing the United Nations Framework and Guiding Principles on Business and Human Rights and to have these fundamental principles upheld within our supply chain. We recognise a number of conventions, including the UN Global Compact to which SABMiller is a signatory. We are also committed to conducting our business in line with the Universal Declaration on Human Rights and the OECD Guidelines for Multinational Enterprises, the UN Women's Empowerment Principles, the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy and the ILO Core Conventions on Labour Standards. We encourage our suppliers to embrace these international standards and we expect them to respect the human rights of their employees in the workplace, and to promote human rights within their value chain. Those principles designed to cover employees also apply to contract workers and any workers without a formal contract of employment.

### **Establishing fair and competitive wages and working hours**

Suppliers must provide employees with fair wages and benefits that comply at least with minimum wage legislation and other applicable wage and working time laws or collective bargaining agreements.

#### Guidance:

In countries where the legislated minimum wage is set below a level that is consistent with a decent standard of living for a worker and family, the supplier should aim to pay a wage that is at least sufficient to meet the basic needs of workers and their families. All workers should be provided with understandable information about their employment conditions before they enter employment. Workers must be provided with clear, understandable information on how their wages are calculated for each time they are paid. Deductions from wages as a disciplinary measure shall not be permitted nor shall any deductions from wages not provided by the national law be permitted without the expressed permission of the worker concerned. All disciplinary measures should be recorded. Suppliers should ensure that working hours comply with national laws and benchmarked industry standards, whichever affords greater protection. In any event, workers shall not be required to work a regular work week of over 60 hours, unless there are exceptional circumstances (which do not include predictable seasonal variations). Workers must be provided with at least one day off in every seven, overtime work must be voluntary and compensated at a premium rate.

### **Abolition of child labour**

Suppliers must strictly prohibit the use of child labour. Child labour, as defined by the ILO, refers to work that is mentally, physically, socially or morally harmful to children; or work that interferes with their schooling.

#### Guidance:

Suppliers must adhere to minimum age provisions of national labour laws and regulations, and, where national law is insufficient, take account of international standards. The ILO Convention 138 stipulates that young people under 18 must not be employed at night or in hazardous conditions. In addition, suppliers must use adequate and verifiable mechanisms for age verification in recruitment procedures. Child work is acceptable in defined circumstances, within the limits of national law and ILO conventions. Children's or adolescents' participation in work that does not affect their health and personal development, or interfere with their schooling, is acceptable and can contribute positively to skills development.

### **Freedom of association and recognition of the right of collective bargaining**

Suppliers must respect the rights of their employees to choose to associate or not with a legally recognised labour union, without fear of intimidation, reprisal or external pressure.

#### Guidance:

Where the right to freedom of association and collective bargaining is restricted under law, the supplier must facilitate the development of parallel means for independent and free association and bargaining.

### **Prohibition of forced and compulsory labour**

Suppliers must prohibit all forms of forced labour, whether in the form of prison labour, indentured labour, bonded labour, slave labour or any kind of non-voluntary labour.

#### Guidance:

Suppliers must have appropriate and effective management systems in place to ensure lawful compliance. Workers must not be required to lodge deposits or their identity papers and be free to leave employment after reasonable notice. To every extent possible work should be performed on the basis of a recognised employment relationship established through national law and practice.

### **Land rights**

Suppliers must respect the land rights of people and communities in their supply chain and operations.

#### Guidance:

Suppliers who own, acquire or control land are required to respect land rights by: (a) demonstrating legal or customary ownership or land use rights (b) obtaining the free, prior and informed consent of all affected communities before acquiring or developing land (c) putting in place a grievance mechanism to resolve any dispute over land ownership when acquiring a significant area of land of over 100 hectares.



### **Intolerance of discrimination**

Suppliers must create an inclusive work environment free of discrimination with respect to race, gender, colour, caste, national origin, religion, age, disability, marital status, sexual orientation, political opinion, union membership, social origin, HIV/Aids status or any other arbitrary means.

#### Guidance:

Suppliers should not discriminate on any of these grounds in decision on hiring, compensations, access to training, promotion, or termination.

### **Grievance mechanisms**

Suppliers must have systems in place to enable anonymous grievance, reporting and management.

#### Guidance:

Grievance mechanisms must be continuously monitored, records maintained and appropriate actions taken in a confidential manner. Workers must be informed of how to access grievance mechanisms.

### **Employees are treated with dignity and respect**

Suppliers should not permit any harsh or inhumane treatment of employees.

#### Guidance:

Physical abuse or discipline, the threat of physical abuse, sexual or other harassment, verbal abuse and all forms of intimidation should be prohibited by the suppliers.

## **Health and safety**

SABMiller expects its suppliers to provide a safe and healthy work environment for their employees.

### **Working conditions**

At a minimum, suppliers' policies and procedures for health and safety must meet legal requirements. Wherever these do not exist, the supplier must ensure that risks of accidents, injury, and exposure to health risks are minimised, adopting the prevailing knowledge of the industry.

#### Guidance:

Suppliers' facilities must be constructed and maintained in accordance with the standards set by applicable law and regulations. Workers must receive regular and recorded health and safety training, and this training shall be repeated for new or re-assigned workers. Potable drinking water, personal protective equipment and adequate lighting, sanitation and ventilation must be provided.

### **Safe and decent accommodation**

When suppliers provide accommodation to their employees, it must be clean, safe and meet the basic needs of the workers.

#### Guidance:

Workers should be free to enter and leave dormitory buildings. Facilities must be constructed and maintained in accordance with the standards set by applicable laws and regulations. Accommodation must be segregated from the factory's production area.

### **Hazardous materials**

Suppliers must identify hazardous materials and chemicals, and ensure their safe handling, movement, storage, recycling, reuse and disposal in compliance with applicable laws and regulations.

### **Emergency management**

Suppliers must ensure they have policies and procedures to deal with emergency situations.

#### Guidance:

Suppliers must assign responsibility of health and safety to a senior management representative and ensure that workers and facilities are prepared for emergency situations. This includes having in place, at a minimum, evacuation procedures, fire detection, adequate emergency exits and regular emergency drills.



## **Business integrity**

High standards of ethical behaviour and transparency are fundamental to SABMiller. We have our own Code of Business Conduct and Ethics which applies to all employees across the group as well as to third parties acting on behalf of SABMiller. The Code of Business Conduct and Ethics is available on our website ([www.sabmiller.com](http://www.sabmiller.com)) and sets the minimum standard of behaviour and conduct expected. We want to extend these standards throughout our supply chain by including Transparency and Business Ethics in our Supplier's Code of Conduct.

### **Fair, ethical and compliant business conduct**

Suppliers must act ethically and with integrity at all times and comply with local, national and international laws and regulations.

### **Conflict of interests, gifts and entertainment**

Suppliers must not engage in any improper payments, make or receive direct or indirect offers, or solicitations to our employees. Suppliers should avoid situations where a conflict of interest may occur, and must immediately disclose to SABMiller any conflict of interest that do arise.

SABMiller Procurement does not accept gifts or offers of entertainment from current or prospective suppliers.

## Anti-corruption

SABMiller is fully committed to eradicate corruption from all business transactions. Suppliers must not engage in corruption such as bribery or any form of improper or unlawful payment under any circumstances including financial fraud, money laundering, extortion or facilitation payments. Further information can be found in the SABMiller Anti-Bribery Policy for Suppliers which is available on our website ([www.sabmiller.com](http://www.sabmiller.com)), which details how we expect our suppliers to act to ensure that our high anti-corruption standards are continually achieved and that best practice is followed.

## Origin transparency

Suppliers must be able to disclose to SABMiller sources of primary origin (including the country of origin) associated with the materials supplied to SABMiller. SABMiller may request suppliers of selected materials to map their supply chain back to origin to facilitate assessment of upstream supply chain compliance.

## Environmental sustainability

SABMiller requires that at a minimum, its suppliers comply with all relevant national environmental legislation, and conduct business in a way which protects and preserves the environment.

### Environmental management system

The supplier should have policies, procedures and relevant environmental management systems to identify, control and mitigate significant environmental impact.

#### Guidance:

Suppliers must assign responsibility for environmental impact to a senior management representative. Suppliers must report any inspection from local government bodies, along with details of any official complaint, legal action or

recommendation. All required environmental permits and registrations must be legally compliant at any time.

### Waste, resource consumption and pollution reduction

Suppliers must ensure they optimise the consumption of natural resources, and implement and demonstrate sound measures to prevent pollution; reduce the use of water; reduce the energy and carbon foot print; re-use and recycle packaging and reduce waste to landfill and post-consumer waste.

## Working with our suppliers on meeting the Supplier Code standards

We expect our suppliers to be transparent about their social, environmental and economic sustainability practices and actively engage in our policies and processes. We regularly monitor our suppliers and ask about their business practices through questionnaires to help us identify and assess potential ethical and social risks. We further reserve the right to verify compliance and to conduct supplier audits as part of our ongoing compliance monitoring at any point during the contractual relationship. In case of non-compliance we will work with our suppliers to address the findings through remedial actions. In case of prolonged or excessive non-compliance, SABMiller reserves the right to review business with our supplier.



We actively engage with our suppliers at a very early stage in our procurement activities to ensure the Code is put into practice and is continuously tracked. This is done through SABMiller's **Supplier Accreditation Process** which takes place prior to supply commencing for our core materials and services.

As part of this process, we require our suppliers to disclose how they manage human rights and labour risk, health and safety, business integrity and environmental sustainability at each of their sites.

Suppliers will be asked to register with Sedex, the Supplier Ethical Data Exchange, and complete an online questionnaire which covers the four pillars of the SABMiller Supplier Code. Existing suppliers are required to review and submit any updates to their questionnaire on a regular basis.

Sedex offers a simple and effective way of monitoring ethical and responsible practices by allowing suppliers to securely report, share and store information on their ways of working. By using Sedex, we aim to reduce reporting fatigue for our suppliers. Suppliers with multiple customers who are Sedex members only need to complete questionnaires once and are audited on the same standards.

According to the supplier site risk profile, we may also request suppliers to have an ethical audit performed by an independent approved third party.



SABMiller is also a member of AIM-PROGRESS, a forum for leading FMCG companies, manufacturers and suppliers who share best practice and work together to promote responsible sourcing practices.

By promoting mutual recognition of supplier audits conducted by another AIM PROGRESS company, the forum also reduces the burden of repeated ethical auditing.



Our suppliers' performance on human rights, labour, health and safety, business integrity and environmental sustainability is reported as part of our supplier scorecards, and progress is tracked for improvement. This assessment forms an integral part of how we measure our suppliers' commitment. Ultimately our aim is to offer a platform for awareness and best practice sharing.

## Contacting us

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