# Mondelez International remains committed to responsible production and sourcing practices

- Cadbury and Kraft Foods were founding members of AIM-PROGRESS, an industry forum dedicated to improving practices in the Fast Moving Consumer Goods industry
- The AIM-PROGRESS initiative supports a common set of Corporate Social Responsibility (CSR) standards and drives for efficiencies on performance improvement
- Currently there are (35) A-P member companies representing a total of over ½ trillion USD in annual turnover
- Going forward, we will continue to leverage the independent 3<sup>rd</sup> party Supplier Ethical Data Exchange (SEDEX) organization to empower and improve the supply chain
- reduces the need for multiple CSR assessments and audits for suppliers

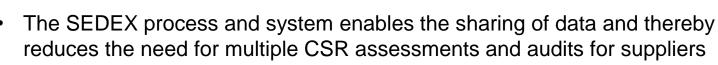






Kimberly-Clark

Kraft

















## **SEDEX Process Flow**



## **Supplier On-Boarding**

- Buyers engage Suppliers to register in the third party SEDEX database
- Suppliers link their manufacturing sites to Mondelēz International
- Cost to the Supplier ~\$55 USD/Site annually

## **Supplier Site SAQ**

- Suppliers complete a SAQ: Self
   Assessment Questionnaire in SEDEX
   for each manufacturing site
   supplying to Mondelēz International
- A SAQ can be risk assessed when it is 95% or more complete

The Self Assessment Questionnaire (SAQ) covers four areas of CSR:

- Labor
- · Health and Safety
- Environmental
- Business Integrity



#### **Risk Assessment**

- The SEDEX system automatically assigns a HIGH/MEDIUM/LOW risk rating to each completed SAQ
- Assessments are reviewed with the suppliers as necessary to understand factors driving high risk ratings

# 3<sup>rd</sup> party Audits

- **1.Buyers** communicate the audit requirement to **Suppliers**
- **2.Suppliers** schedule and engage with <u>approved</u> third party auditors
- 3.Auditors upload results into the SEDEX system
- **4.Suppliers** are to inform Buyers upon completion and share results
- Suppliers pay for all audits.
   Typical cost: ~\$2-3M USD/audit

#### **Corrective Action**

- Suppliers work with Auditors to address identified issues.
   Re-audits are scheduled by suppliers as needed
- Unresolved audit nonconformances are escalated by the Buyers to business or category teams and are managed as red risk suppliers

