



# DRIVE SUSTAINABILITY TRAINING REPORT 2019

Capturing geographical differences raised  
in supplier trainings

# TRAINING COUNTRIES 2018-2019

Capacity building is at the heart of Drive Sustainability's impact-focused approach. Between 2018 and 2019, Drive Sustainability involved a total of 1.470 suppliers in 9 countries\* on how to improve their sustainability performance. In 2019 trainings were provided in Brazil, China, Malaysia, Mexico and South Africa. Trainings in China were organized by Drive Sustainability China in collaboration with GoldenBee CSR Consulting, while in the other four countries, trainings were facilitated by Drive Sustainability and locally implemented by Deloitte.

Based on the results from 2019 training participant polling (here expressed in percentage), the report shows how sustainability concerns vary from country to country.



**Supplier trainings:**  
17 one-day sessions in 2019



**Participants: 820**



**Function groups:**  
HR, EHS, CSR, purchasing, strategy



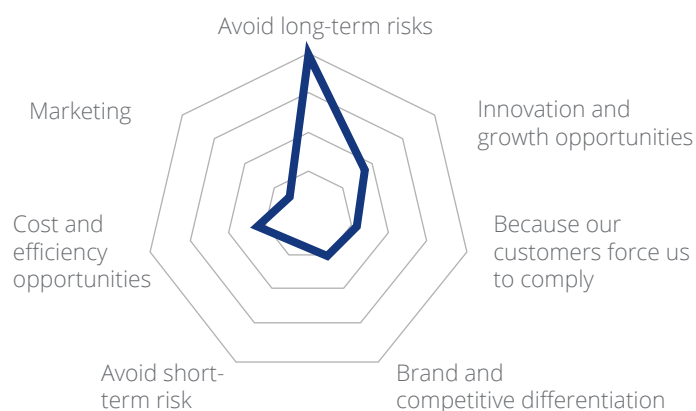
**Connecting on: Environment, EHS, Ethics,  
Human Rights & Working Conditions**

# DRIVE SUSTAINABILITY TRAINING APPROACH

The Drive Sustainability supplier training approach prioritises solution-oriented learning. The training content is based on the Automotive Industry Guiding Principles, a set of common guidelines outlining the expectations that the ten automotive partners of Drive Sustainability hold for suppliers on key responsibility areas such as health & safety, environment, human rights & working conditions and business ethics.

 <h3>LOCALIZED CONTENT</h3> <p>Sustainability challenges are best addressed at local level with local stakeholders - countries have specific issues, legislative contexts and socio-economic contexts. Thus, for each country the training content is tailored to local needs.</p>	 <h3>WORKSHOP STYLE</h3> <p>The trainings take a workshop style approach. Participants are asked to share their challenges and experience in group work exercises, making 'exchange' a key element of the training approach.</p>
 <h3>IMPROVEMENT PLAN EXERCISE</h3> <p>Throughout the training day, participant groups develop improvement plans based on the identification of practical challenges, root causes and corrective and preventive actions under the guidance of local Deloitte consultants.</p>	 <h3>BEST PRACTICES</h3> <p>A key element of the training content are detailed case studies from the automotive industry on how to best address key local sustainability issues.</p>

## Why is sustainability important?



## PARTICIPANT POLLING

During the trainings, polling was conducted with participants on what is the key driver for embedding sustainability and what are the topics of the Guiding Principles which they found most relevant in their daily work. Using a polling application, participants had to allocate 100 points to various categories. The next pages illustrate the country-specific differences per theme. Similar to the results of 2018, the majority of participants identified 'avoiding long-term risk' as the main motivation to embed sustainability in operations.

\*N.B. The trainings in China were conducted by Drive Sustainability's local network and are not represented in this report.

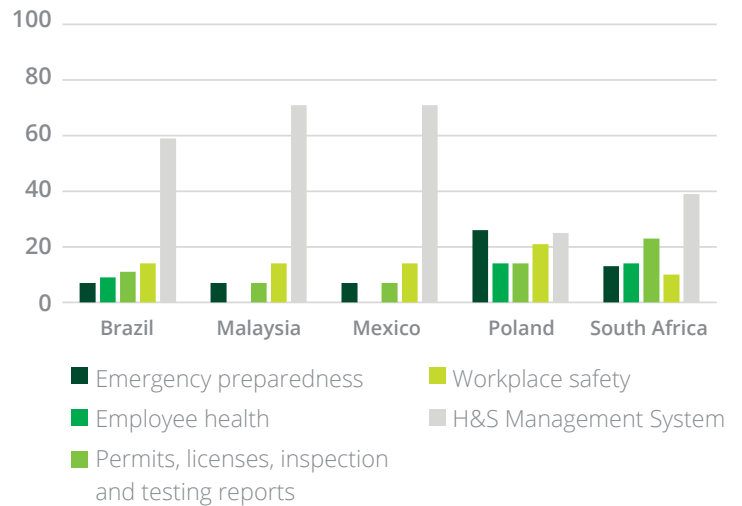
# HEALTH & SAFETY

Health & safety (H&S) is an important aspect in the supply chain of the automotive industry. It relates to safety of day-to-day operations: from the sourcing of materials to the installation of equipment. Consequently, across all countries, health & safety was a recurring topic during the trainings.

## KEY TAKEAWAYS:

In all countries, concerns raised were connected to the **H&S Management Systems** in place. In Brazil, participants perceived that there are few proven management systems that companies can follow or consider as a benchmark. In **Mexico**, there was a general uncertainty on how to ensure that existing H&S systems effectively embed or incorporate national legislation on psychosocial risk factors that include preventive measures. In **Malaysia**, H&S Management systems are considered the foundation for effective H&S systems and most of participants looked at this option as encompassing all the other H&S issues.

## HEALTH AND SAFETY



## HEALTH & SAFETY: LOCAL ISSUES, ROOT CAUSES AND IMPROVEMENT ACTIONS

During the trainings participants identified the following key issues related to health & safety, analyzed their root causes and together developed corrective actions

Country	Issues	Root causes	Actions
Brazil	<ul style="list-style-type: none"> <li>Lack of risk perception and labor liability</li> <li>Proper management of chemical products</li> </ul>	<ul style="list-style-type: none"> <li>Inefficient risk management, leadership not engaged, lack of Personal protective equipment (PPE)</li> <li>Lack of standardization of products, need for control</li> </ul>	<ul style="list-style-type: none"> <li>Apply indices to monitor performance, conduct surveys to monitor employees' perception, establish an enterprise risk management system, implement more rigid controls of working hours</li> <li>Develop trainings for leadership to raise awareness</li> <li>Block the acquisition of chemicals if not compliant with supply processes and safety standards</li> </ul>
Malaysia	<ul style="list-style-type: none"> <li>Use of hazardous chemicals</li> <li>Lack of accident reporting</li> </ul>	<ul style="list-style-type: none"> <li>Lack of awareness, communication channels not clearly established</li> <li>Fear of being investigated by safety committee, fear of being blamed for the accident, fear of contract termination</li> </ul>	<ul style="list-style-type: none"> <li>Arrange awareness trainings and periodic audits to ensure the effectiveness of the training</li> <li>Hold awareness briefings on the importance of reporting and procedures to protect workers who have been involved in an accident</li> </ul>
Mexico	<ul style="list-style-type: none"> <li>Workplace safety and employee health</li> <li>Lack of H&amp;S Management Systems</li> <li>Uncertainty in compliance with new law on psychosocial risk factors at work</li> </ul>	<ul style="list-style-type: none"> <li>Lack of training, incorrect use of personal protective equipment (PPE)</li> <li>Not enough communication channels on safety awareness</li> <li>Lack of investments in H&amp;S awareness and preventive measures</li> </ul>	<ul style="list-style-type: none"> <li>Establish work shifts with adequate hours to avoid accidents due to exhaustion</li> <li>Engage external H&amp;S trainer, provide monthly refresher trainings to talk about safety issues, incentive to report inconsistencies</li> <li>Implement H&amp;S system audit</li> <li>Arrange trainings on health regulations and share best practices (e.g. during Drive Sustainability training)</li> </ul>
Poland	<ul style="list-style-type: none"> <li>Management is not involved in H&amp;S issues</li> <li>Employees' safety at the workplace</li> </ul>	<ul style="list-style-type: none"> <li>Low awareness about financial future advantages, focus on product profits</li> <li>Employees' negligence, lacking knowledge of safety procedures</li> </ul>	<ul style="list-style-type: none"> <li>Arrange trainings for management, using i.e. EU funds for investments</li> <li>Introduce practical H&amp;S code</li> </ul>
South Africa	<ul style="list-style-type: none"> <li>Contractor injuries on site</li> <li>Negligence in complying with the H&amp;S system and rules</li> </ul>	<ul style="list-style-type: none"> <li>Inadequate information in the risk assessment, employees not trained on risk assessment</li> <li>Poor working relationships between management and employees, no consequences for non-compliance</li> </ul>	<ul style="list-style-type: none"> <li>Arrange trainings and bi-annual review of the risk assessment</li> <li>Improve direct communications between top management and employees, arrange regular refresher training</li> </ul>

Environmental topics are at the forefront of sustainability concerns related to the automotive industry and supply chain. Energy consumption, greenhouse gas emissions and waste management are predominant concerns. This is mirrored by the importance these topics are given by automotive suppliers.

## KEY TAKEAWAYS:

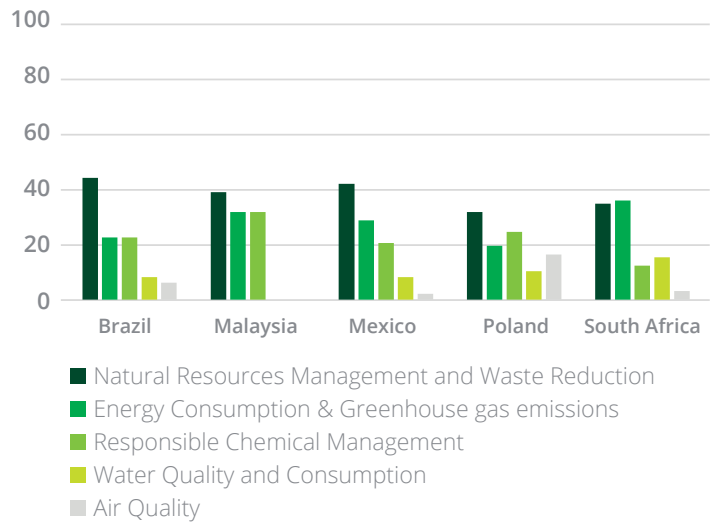
### Natural Resources Management and Waste Reduction

was ranked as the most relevant topic in all the training countries. In Mexico, this related to the general trend towards zero plastic and possible future legislation regarding waste reduction. In South Africa, this interest was triggered by the new Carbon Tax Act as well as by companies looking for opportunities to reduce their waste generation and carbon emissions.

**Responsible Chemical Management** was the second most popular topic in Brazil and Poland. Brazil still lacks a strong policy on chemical management and companies are looking into related good practices. Similarly, in Poland there is the lack of strict regulations on chemical waste management. Penalties for not recycling are considered too low, companies are more inclined to violate the restrictions and be sanctioned rather than to invest in efficient waste-treatment.

## ENVIRONMENT:

On which topic of the Guiding Principles/Practical Guidance would you like to receive more information?



## ENVIRONMENT: LOCAL ISSUES, ROOT CAUSES AND IMPROVEMENT ACTIONS

During the trainings, participants identified the following key issues, root causes and improvement actions related to environment.

Country	Issues	Root causes	Actions
Brazil	<ul style="list-style-type: none"> <li>Proper chemical treatment management</li> <li>Over-consumption of natural resources</li> </ul>	<ul style="list-style-type: none"> <li>Employee qualification</li> <li>Diversity of products</li> <li>Lack of standardization</li> <li>Use of non-renewable sources of energy, inefficient use of energy waste</li> </ul>	<ul style="list-style-type: none"> <li>Establish chemical management principles, train employees accordingly</li> <li>Ensure clear and visible information, block chemical acquisition if not compliant with safety standards</li> <li>Build employee knowledge on waste reduction, review the company's strategic plan and benchmark with other companies</li> </ul>
Malaysia	<ul style="list-style-type: none"> <li>High use of plastic and inefficient disposal of waste material</li> </ul>	<ul style="list-style-type: none"> <li>No provision of alternatives for plastic, lack of awareness on the environmental impact</li> </ul>	<ul style="list-style-type: none"> <li>Promote awareness and provide biodegradable plastic</li> </ul>
Mexico	<ul style="list-style-type: none"> <li>Water quality and consumption</li> <li>Energy consumption and GHG emissions</li> </ul>	<ul style="list-style-type: none"> <li>Water scarcity in certain regions, water pollution causing conflict with the community, high levels of water consumption</li> <li>Energy leaks, insufficient awareness and commitment of employees, lack of knowledge about renewable energy costs</li> </ul>	<ul style="list-style-type: none"> <li>Optimize processes to reduce water consumption, trainings on the importance of responsible water use</li> <li>Identify GHG emissions sources, seek energy-efficient machinery and analyze their cost, arrange personnel training, develop internal audits for emissions</li> </ul>
Poland	<ul style="list-style-type: none"> <li>Water and fuel consumption</li> <li>Waste management and volumes</li> </ul>	<ul style="list-style-type: none"> <li>Lack of incentives to reuse water, inefficient process and equipment</li> <li>Penalty considered too low for non-recycling, lack of defined standards and responsibilities, technical inability to recycle all materials, lack of awareness in terms of waste management</li> </ul>	<ul style="list-style-type: none"> <li>Scan the whole company for best practices on water consumption</li> <li>Train employees on waste management in the company and on legal requirements to avoid penalties</li> </ul>
South Africa	<ul style="list-style-type: none"> <li>Inefficiency of chemical management and local waste management infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>Lack of knowledge, government's lack of interest and compliance, waste management is often customer-expectation driven and not enforced by government/legislation</li> </ul>	<ul style="list-style-type: none"> <li>Organize regular onsite inspections with informal meetings and advice given during the inspections</li> </ul>

# HUMAN RIGHTS & WORKING CONDITIONS

Given growing awareness and regulatory and stakeholder expectations to ensure human rights are supported across global value chains, topics related to human rights & working conditions have become a central consideration in sourcing decisions. Across all training countries, the topics of fair wages, harassment and non-discrimination were widely discussed.

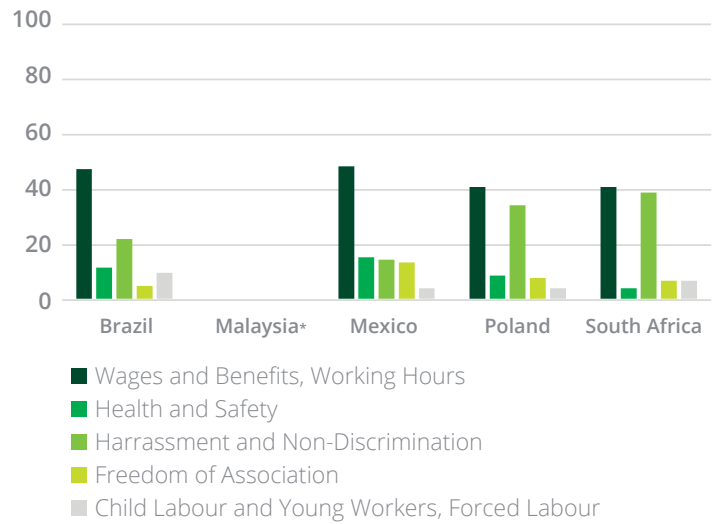
## KEY TAKEAWAYS:

**Wages, benefits and working hours** was the priority topic in all training countries. In Poland, low wages, a large turnover of employees, along with challenging working environments were the main issues raised by participants. In South Africa, the low national minimum wage, low workers' benefits and poor working hour planning clash with fluctuating output targets. In Brazil, companies face difficulties in controlling working hours and this leads to most of the labour lawsuits in the country.

Likewise, **Harassment and Non-Discrimination** received a high score in all countries. In Mexico, many companies do not adopt any code of ethics and lack formal strategies to prevent discrimination and harassment and to report them through effective whistleblowing mechanisms. In Brazil, the issues of harassment and discrimination are increasingly growing.

## HUMAN RIGHTS:

On which topic of the Guiding Principles/Practical Guidance would you like to receive more information?



## HUMAN RIGHTS & WORKING CONDITIONS: LOCAL ISSUES, ROOT CAUSES AND IMPROVEMENT ACTIONS

During the trainings, participants identified amongst others the following key issues, root causes and improvement actions related to human rights and working conditions.

Country	Issues	Root causes	Actions
Brazil	<ul style="list-style-type: none"> <li>Lack of inclusion of women in the workforce and risk of harassment</li> <li>Lack of control on working hours</li> </ul>	<ul style="list-style-type: none"> <li>Abuse of power, lack of disciplinary measures and risk analysis, communication issues, lack of trainings</li> <li>Employees do not know their rights and have no control over working hours</li> </ul>	<ul style="list-style-type: none"> <li>Implement a reporting channel, apply the Code of Conduct, trainings for male employees, build facilities for women such as bathrooms and dressing rooms if not present, implement an external ethics hotline</li> <li>Introduce awareness actions, disciplinary measures, establish a Code of Ethics</li> </ul>
Malaysia	<ul style="list-style-type: none"> <li>Lack of employees' awareness and participation</li> </ul>	<ul style="list-style-type: none"> <li>Lack of commitment from key persons, insufficient training, communication barrier</li> </ul>	<ul style="list-style-type: none"> <li>Use sign boards and native language during the training, establish specific KPIs for key persons, conduct hands-on training, perform evaluation of training</li> </ul>
Mexico	<ul style="list-style-type: none"> <li>Lack of control on working hours</li> <li>Risk of harassment and fear of reporting &amp; retaliation</li> </ul>	<ul style="list-style-type: none"> <li>Lack of anticipated planning on a monthly production basis, unpaid overtime</li> <li>Lack of a code of ethics, lack of a good whistleblowing channel</li> </ul>	<ul style="list-style-type: none"> <li>Perform a better annual planning, pay overtime according to the law</li> <li>Create a robust code of ethics</li> <li>Implement whistleblowing channel F</li> <li>Follow-up of the reports</li> <li>Create an ethics committee</li> <li>Constant and continuous training of all employees</li> <li>Request support of an external consultant</li> </ul>
Poland	<ul style="list-style-type: none"> <li>Low wages and excessive working hours</li> <li>Discrimination</li> </ul>	<ul style="list-style-type: none"> <li>Poland is not considered as a "low-cost country" anymore, but some international headquarters are not permitting to raise local wages, need for overtime work from clients' side</li> <li>Fear from the unknown, especially in small, monoethnic and closed neighborhoods, lack of migrant integration system (even if high number of mainly Ukrainian workers)</li> </ul>	<ul style="list-style-type: none"> <li>Establish dialogue with international headquarters to explain expectations of Polish workers</li> <li>Introduce more non-salary benefits based on employees' needs</li> <li>Arrange anti-discrimination trainings for supervisors and cascade the knowledge to regular workers</li> <li>Investigate each discrimination case</li> </ul>
South Africa	<ul style="list-style-type: none"> <li>Lack of freedom of association</li> <li>Discrimination</li> </ul>	<ul style="list-style-type: none"> <li>Lack of transparency between employers and employees, intimidation, union interaction</li> <li>Lack of tolerance for change</li> </ul>	<ul style="list-style-type: none"> <li>Create suggestion box, open communication channels with trade unions</li> <li>Full disclosure, change management and job rotation</li> </ul>

Fair and just operating business practices across the globe are an important factor in ensuring social, political and economic stability. Supplier companies are expected to uphold the highest standards of integrity and to operate honestly and equitably throughout the supply chain in accordance with local laws.

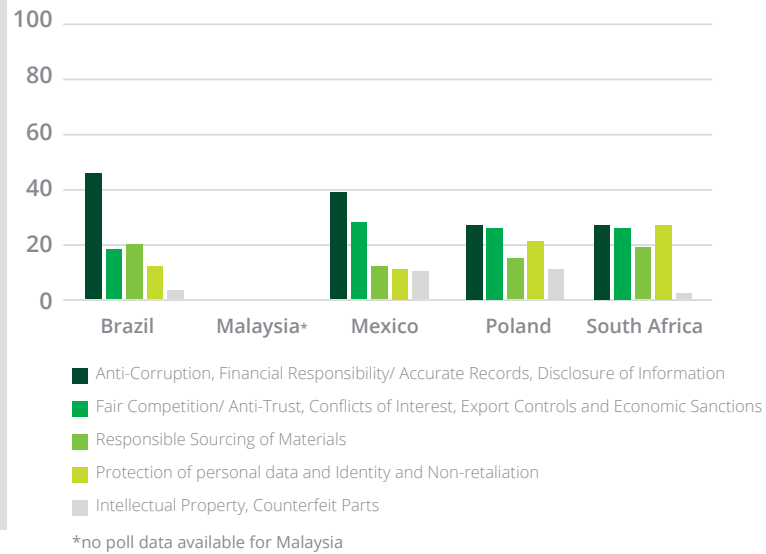
## KEY TAKEAWAYS:

**Anti-corruption** was ranked as the most important topic in Brazil, Mexico and South Africa. Corruption is a challenge in Brazil, especially when it comes to governmental affairs or publicly traded companies. In South Africa, it is one of the main concerns because of the existing **conflicts of interest** or concerns about data protection.

Corruption was one of the main issues raised in **Poland**, where participants highlighted the risk of corporate bribery by for example being asked to do off-contract work.

## BUSINESS ETHICS:

On which topic of the Guiding Principles/Practical Guidance would you like to receive more information?



## BUSINESS ETHICS: LOCAL ISSUES, ROOT CAUSES AND IMPROVEMENT ACTIONS

During the trainings, participants identified amongst others the following key issues, root causes and improvement actions related to business ethics.

Country	Issues	Root causes	Actions
Brazil	<ul style="list-style-type: none"> <li>Lack of policies on sustainability in the supply chain</li> <li>Lack of fair competition/ failure to comply with the Code of Conduct</li> <li>Lack of data</li> </ul>	<ul style="list-style-type: none"> <li>Lack of resources, fluctuation of suppliers, business partners are not monitored</li> <li>Lack of leadership engagement, lack of standards, monitoring and communication channels</li> <li>Lack of protocols and trainings in data protection</li> </ul>	<ul style="list-style-type: none"> <li>Apply contractual terms and disciplinary measures, implement of business risk analysis, adopt a list of approved suppliers, implement a the Code of Ethics, develop awareness actions and trainings</li> <li>Build capacity of management board, implementation of internal auditing</li> <li>Apply specific protocols and monitoring of suppliers' performance in data protection</li> </ul>
Malaysia	<ul style="list-style-type: none"> <li>Inefficient management of business ethics risk assessment</li> </ul>	<ul style="list-style-type: none"> <li>Lack of commitment/accountability</li> <li>Inaccurate selection of representatives</li> <li>Lack of understanding of the assessment's purpose</li> </ul>	<ul style="list-style-type: none"> <li>Establish criteria to select representatives from every department and determine the respective KPIs,</li> <li>Use of software for risk assessment related to business ethics (more systematic and easier to monitor)</li> </ul>
Mexico	<ul style="list-style-type: none"> <li>Conflict of interest</li> </ul>	<ul style="list-style-type: none"> <li>Lack of definition and regulation of conflicts of interest</li> </ul>	<ul style="list-style-type: none"> <li>Include conflicts of interest in the code of ethics, carry out third-part evaluation, disclose top management information, trainings on conflicts of interest</li> </ul>
Poland	<ul style="list-style-type: none"> <li>Corruption</li> </ul>	<ul style="list-style-type: none"> <li>Lack of proper procedures in the company</li> <li>Pressure from the client's side</li> <li>Eagerness to win the contract</li> </ul>	<ul style="list-style-type: none"> <li>Agree with the clients on ban of corruption &amp; to establish a clear and transparent anti-corruption system</li> <li>Communicate transparent tender specifications</li> <li>Establish realistic sales system without tying salary solely to sales scores</li> <li>Install posters with information and transparent tenders' specifications</li> </ul>
South Africa	<ul style="list-style-type: none"> <li>Corruption</li> <li>Lack of responsible sourcing of materials</li> </ul>	<ul style="list-style-type: none"> <li>Lack of consequences for the management board, lack of protection for whistleblowers</li> <li>Education systems and lack of skills</li> </ul>	<ul style="list-style-type: none"> <li>Define penalties for transgressions, awareness trainings, budget for anti-corruption function, contractual protection of whistleblowers</li> <li>Standardize collaboration and partner with suppliers for future decision making</li> <li>Internal training on why responsible sourcing is important</li> </ul>

# WAY FORWARD

These results have the potential to guide automotive buyers' and suppliers' focus on particular sustainability-related topics when engaging with their supply chain in specific countries or regions.

Drive Sustainability will use the results to further improve its capacity building offer for automotive suppliers at various tiers along the supply chain. The launch of an integrated training offer comprising a preparatory eLearning, and revised Face-2-Face training is planned for 2020. Meanwhile, trainings are continuing through 2020 and 2021 with the assistance of Deloitte, involving suppliers in Argentina, France, India and Russia.

To learn more about Drive Sustainability's capacity building activities, visit <https://drivesustainability.org/capacity-building/>.



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