Ethical auditing at M&S

Helen McTaggart
Ethical Trading Manager
Ethical trade video
Why is ethical trade an issue?
Why is this important?

• Trust and reputation

• **Labour is indispensable** to any business – it’s important to look after your workers

• Poor working conditions **often link to poor quality products**

• **M&S is a leader** in supporting its supplier to provide better working conditions for its workers

  Good people management:
  Happy workers make better product more efficiently
Global context

Increased strikes...

Shortage of skilled labour...
D1  see bold in note - not sure what this is
Dionne, 04/09/2013

D2  second bold - i am not sure what point you are trying to make here
Dionne, 04/09/2013
Workers who collected Freedom chickens 'were trafficked and beat'
Gangmasters' licence is revoked and two people are
claimed of debt bondage, poor conditions and violence.

My misery among the migrants' factory frontline
by Antonia Hoyle

Life in a meat-packing factory might not appeal to everyone.
But for Donna Dickinson, the

Slough spy plane uncovers suspected 'sheds with beds'

Foreign meat workers in UK face physical abuse

South Africa: striking workers burn vineyards in protest over 'hunger wages'
Farmer arrested for firing on thousands of demonstrators
add year to spy plane story

also source and timing and background on the story in the picture

Dionne, 04/09/2013
Plan A is all about doing the right thing

We’ve extended Plan A to cover 180 commitments, with the aim of becoming the world’s most sustainable major retailer by 2015. Find out more below.

WE TRACE IT
SO YOU CAN TRUST IT

Find out more →

YOUR
M&S
FARMING FOR THE FUTURE

April 2012

April 2013
What are the issues?

Forced labour
Health & Safety
Child Labour
Discrimination

Wages
Hours
Regularity of work
Harsh treatment
Freedom of Association (communication mechanisms)
What are the issues?

Spotlight on health and safety

Should a worker be hurt or killed making our product?

Every 15 seconds, a worker dies from a work-related accident or disease (globally)

Agriculture has one of the worst fatal accident and occupational ill-health records of any major employment sector.

Over 1,100 people die in Dhaka factory collapse

148 workers killed at work in the UK 2012/13
What are we doing

• Transparent, known supply base
• All sites registered on Sedex
• Ethical audits for:
  o 1st tier labelling/branded packing
  o High risk produce packhouse
  o Audit frequency dependent on country risk
• Farm assurance
• Work with sites to resolve NCs
• Due diligence programme
• NGO and stakeholder management
Awareness Raising
- Conferences
- Supplier Exchange Meetings
- Visits

Creating Tools and Training
- Workbooks
- Case Studies
- Training

Identifying Issues

Monitoring
- Ethical Audits
- Sedex

PlanA DOING THE RIGHT THING
Ethical audits

• Set out in a code of practice
• Commissioned by supplier not by M&S
• List of approved auditors
• Preferred audit methodology – aligned with other retailers
• Semi-announced audit window
• Sedex upload mandatory
SMETA methodology

- Sedex Members Ethical Trade audit
- Management interview
- Site tour
- Worker interviews
- Document review
- Standard report format
- Forced labour
- Child labour
- Wages
- Hours
- H&S
- Discrimination
- Harsh treatment
- Freedom of association
Technologist role

- Most listened to voice
- Influence
- Commercial message – makes it part of the ‘deal’
- Ethics is part of doing business
- Monthly compliance reporting cycle
- Involvement in critical issue resolution
- Keep issues ‘on the pad’
- Communicate new sources of supply
- Use eyes and ears on site visits
What is the benefit of an ethical audit?

✓ Verification meet a standard
✓ Confidence in systems
✓ Identify weakness before they become a failure
✓ Means of maintaining and improving system
✓ Raise importance with owner/CEO
What do Ethical audits fail deliver?

- Identify symptoms, not root causes
- Often fail to identify softer issues
- May not uncover the truth due to audit fraud
- Point to ‘sticking plaster’ solutions
- Recognise sites that are great places to work based only on legal and ETI base code compliance
- Don’t tackle labour challenges employers are facing
Why a compliance audit does not future proof business
What we’re doing
What makes a great place to work and Employer of choice?
How can we measure this?
'Sustainable development seeks to meet the needs and aspirations of the present without compromising the ability to meet those of the future'
Supplier Visits to understand 3 pronged approach to sustainability

Work with NGOS & Stakeholders

Buying teams need to take more ownership

Findings from Audit Programme – 1200 audits a year (Since 1999)

Intelligence from Supplier Exchange Meetings

Need to increase attractiveness of food industry as a place to work

Ethical Model Factory Programme

SUSTAINABILITY FRAMEWORK & SCORECARDS
Sustainability Frameworks: What are they?

- 3 frameworks: lean manufacturing, ethical trading and environment
- Clear building blocks of activity to support real improvements over time
- 4 levels (minimum, bronze, silver, gold)
- Buyers incentivized to drive progress
- Clear evidence higher performance driving business benefits

This approach is moving on from “lean manufacturing” to “people-centric lean manufacturing....treating workers decently actually actually pays. Felicity Laurence, Guardian 24.4.10
A survey of 200 suppliers showed that 95% found the framework useful in driving their environmental performance and 86% stating that the HR framework was useful in driving their HR strategy.

HR managers find the framework empowering, they feel they will be able to use it to get more air time with their bosses. Rosey Hurst Impactt
Tools to help
Encouraging training
Conclusions

• Ethical trade a key supply chain risk
• Auditing is an important tool
• But to really tackle challenges need to go ‘beyond audit’