



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

D2

D1

Global context

Increased strikes...



Shortage of skilled labour...



Slide 5

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

**THE HORSEMEAT SCANDAL
MUST GO BEYOND FOOD
SAFETY – OUR FOOD SHOULD
ALSO BE SLAVERY-FREE**



Workers who collected Freedom chickens 'were trafficked and be
Gangmasters' licence is revoked and two people are
claims of debt bondage, poor conditions and violence

My misery among the migrants on Britain's factory frontline

by **Antonia Hoyle**

though a woman collapsed to the ground and died.

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

I T IS only a few months since the Equalities and Human Rights Commission found that some firms are turning to migrant workers because they are easier to exploit and less



'Slough spy plane uncovers suspected 'sheds with bed



Foreign meat workers in UK face physical abuse

© David Parker

South Africa: striking workers burn vineyards in protest over 'hunger wages'
Farmer arrested for firing on thousands of demonstrators



Slide 6

D3

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.

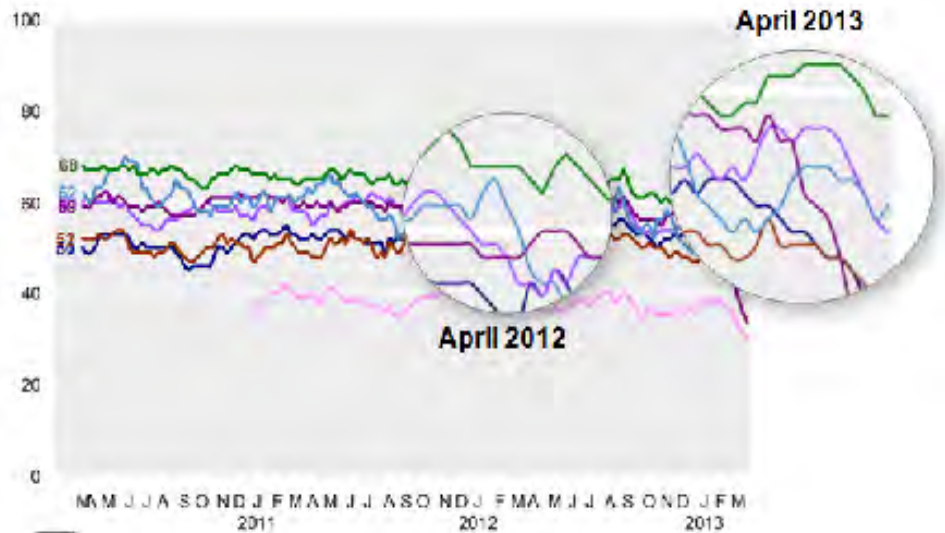


WE TRACE IT SO YOU CAN TRUST IT

Find out more >



YOUR
V&S
FARMING
FOR THE
FUTURE



What are the issues?

Forced
labour

Regularity of
work

Health & Safety
Hours

Harsh treatment

Child Labour

Wages

Discrimination

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:
 - 1st tier labelling/branded packing
 - High risk produce packhouse
 - Audit frequency dependent on country risk
- Farm assurance
- Work with sites to resolve NCs
- Due diligence programme
- NGO and stakeholder management



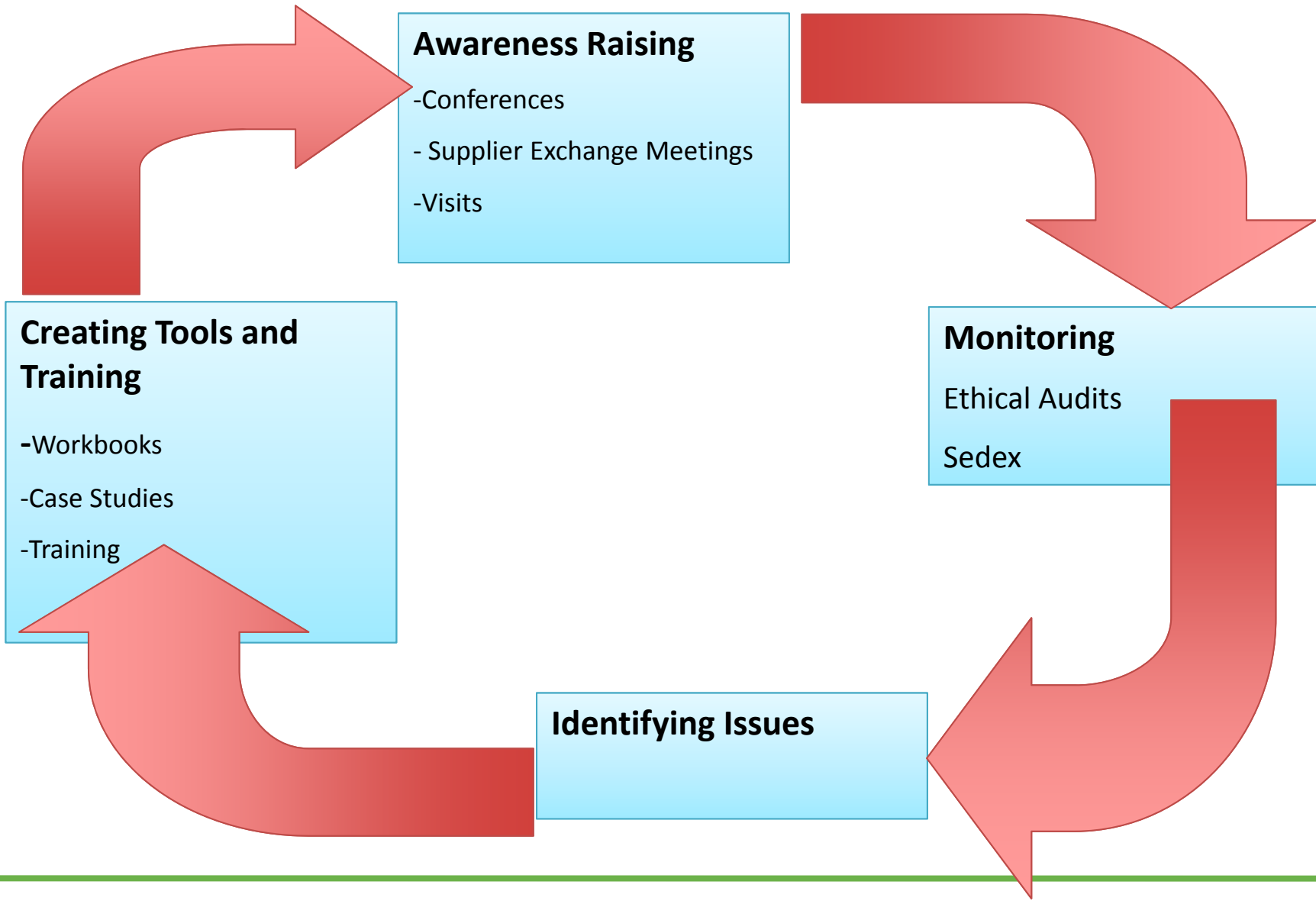
Sedex Members Ethical Trade Audit (SMETA) Report

Version 4.0 May 2012, 2/4 Pillar Audit, replaces version 2.4, Sept 2010

Supplier name:	TONKINS VIETNAM
Site country:	Vietnam
Site name:	CHOLIMEX FOOD JOINT STOCK COMPANY
SMETA Audit Type:	<input checked="" type="checkbox"/> 2-Pillar <input type="checkbox"/> 4-Pillar

Audit Content:

(1) A SMETA audit was conducted which included some or all of Labour Standards, Health and Safety, Business Practices and Environment. The SMETA Best Practice Methodology v4.0 May 2012 was applied. Any deviations from the SMETA methodology are stated (with reasons for deviation) in the SMETA Declaration.



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

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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

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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?

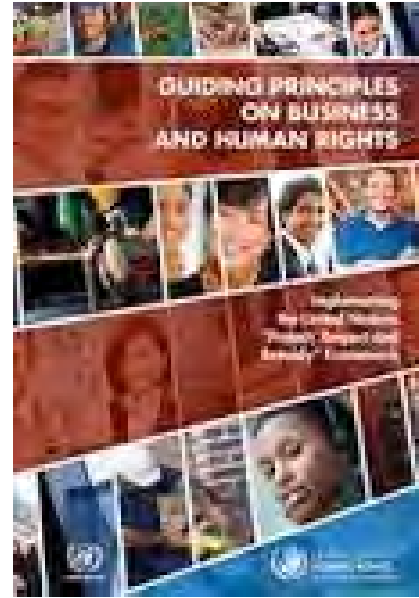
- × Identify symptoms, not root causes
- × Often fail to identify softer issues
- × May not uncover the truth due to audit fraud
- × Point to 'sticking plaster' solutions
- × Recognise sites that are great places to work based only on legal and ETI base code compliance
- × Don't tackle labour challenges employers are facing

symptoms



root causes

Why a compliance audit does not future proof business



What we're doing



STEP Programme in Africa
Marks & Spencer's Africa-wide Supplier Training & Education Programme

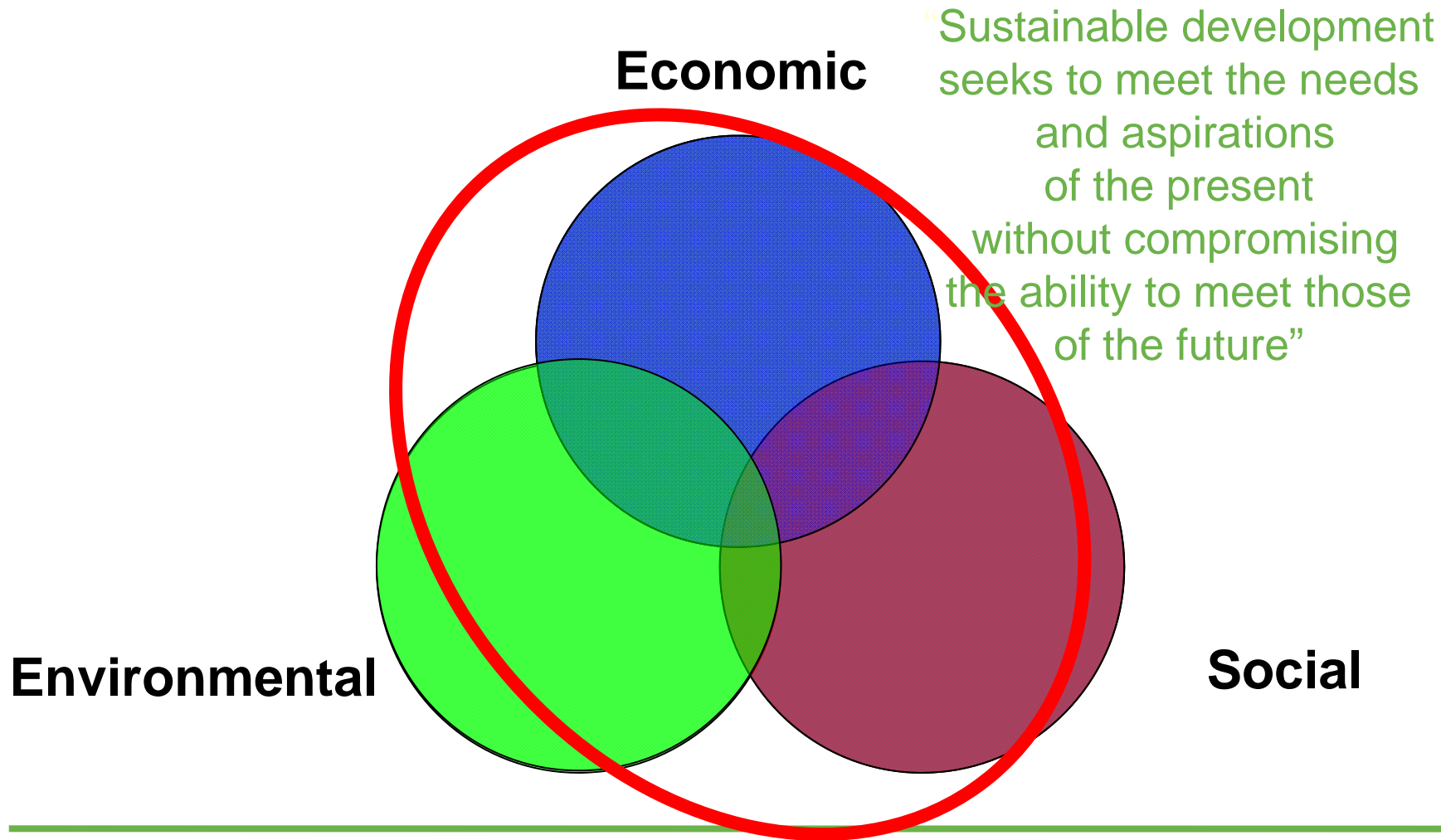
What makes a great place to work and Employer of choice ?



How can we measure this?



The Framework for a Model Factory



Supplier Visits to understand 3 pronged approach to sustainability

Work with NGOs & Stakeholders

Buying teams need to take more ownership

SUSTAINABILITY FRAMEWORK & SCORECARDS

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 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

Get Assessment

COMPANY EVALUATION ETHICAL

PILLAR	SECTION	SECTION TOPIC	Awarded
Ethical	1	Management Systems	None
Ethical	2	Employee Relations/Freedom of Association	None
Ethical	3	Freedom of Employment	None
Ethical	4	Equal Opportunities/Discrimination	None
Ethical	5	Regular Employment & Management of Agency Labour	None
Ethical	6	Training and Great Place to Work	None
Ethical	7	Great Place to Work	None
Ethical	8	Health & Safety	None
Ethical	9	Living wage	None
Ethical	10	Working Hours	None
Ethical	11	Child Labour & Young Workers	None
Ethical	12	Discipline	None
OVERALL LEVEL			Minimum

Summary Assessment 1. Man.m Syst. 2. FoA 3. F of Empl.m 4. Equal Opp.s 5. Reg er

This approach is moving on from “lean manufacturing” to “people-centric lean manufacturing....treating workers decently actually pays.
Felicity Laurence, Guardian 24.4.10

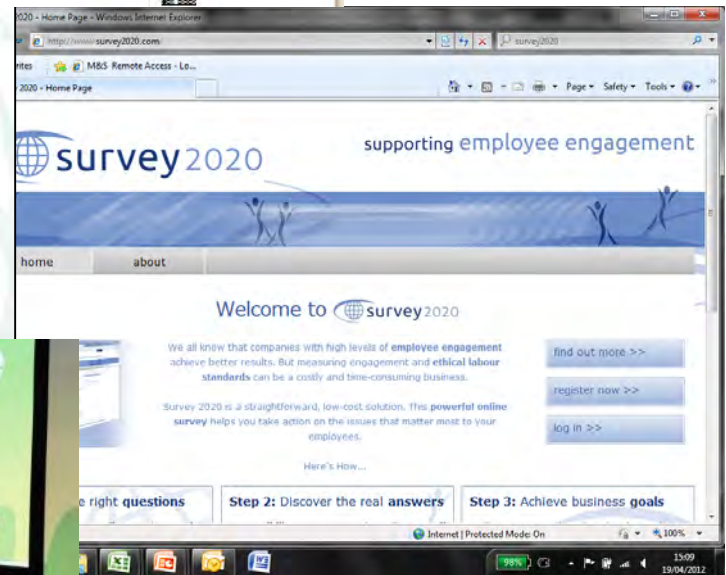
Section 6: TRAINING /- LEARNING & DEVELOPMENT

Requirement	Actual	
TRA0.1	The site meets local and national legislation and GSP	no
Minimum Standard - Meet all of the above		
TRA1.1	The site has assigned responsibility to promote and support learning to a senior manager or has appointed an external training provider	no
TRA1.2	Supervisors receive training on their role, responsibilities and acceptable management behaviour	no
Bronze Award - Meet all of the above		
TRA2.1	The site sets clear objectives for managers and senior staff. The site reviews the performance of managers and senior staff annually and has detailed training plans for them.	no
TRA2.2	The site has a basic level of appraisal for 'shop-floor workers' to encourage development and improvement	no
TRA2.3	The site has a clear training matrix in place for all workers	no
TRA2.4	The site has training capability across all shifts.	no
TRA2.5	Prior to developing and delivering any training, the site assesses capability of workforce in terms of language level, numeracy, literacy and oral capability and adapts training to ensure effectiveness. Training programmes also take into account an understanding of different learning styles	no
TRA2.6	Employees have the opportunity to learn and develop additional skills	no
Silver Award - Meet all of the above		
TRA3.1	There is a learning centre/ learning opportunities open to all employees.	no
TRA3.2	Life skills training is available to workers through the learning centre	no
TRA3.3	The site is a leader in promoting and providing training.	no
TRA3.4	Every worker has the opportunity to develop skills and experience to progress and where appropriate externally recognised qualifications	no

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



Plan A
DOING THE
RIGHT THING

YOUR M&S

Encouraging training

THE SUPPLIER TRAINING & EDUCATION PROGRAMME
TRAINING
STEP



STEP Programme in Africa
Marks & Spencer's Africa-wide Supplier Training & Education Programme

Conclusions

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