Case Study: M&S

Winners of the Sedex Best Example of Continuous Improvement Award 2017

This category is designed to showcase how an organisation has made a positive impact within their supply chain throughout a project or programme of continuous improvement.

Awarded for: M&S Food How We Do Business – Silver Validation Scorecard

Key M&S facts

- £10.6bn group revenue
- 85,000 employees worldwide
- 979 UK stores and over 450 International
- 32million customers
- 2,100 global suppliers

Who are M&S?

M&S are an international multi-channel retailer that sell clothing, food, beauty and homeware products, with a turnover split between food (58%) and general merchandise (42%). M&S have always been at the forefront of the food business, offering their customers a range of high-quality, innovative products. Their food development teams who are responsible for identifying upcoming trends and creating M&S’s signature ranges is what sets them apart from their competition. In 2016/17, they introduced 1,600 new food lines, as well as introducing new foods to their customers – from the biancoli, a cross between the cauliflower and broccoli, to new dishes from South East Asia. Understanding their customers’ demands, M&S have made their foods healthier over the past few years – from removing artificial colourings and preservatives, to extending their Eat Well and Made Without ranges.

Sedex member type: Buyer (A)
Sector: Retail (food)
Joined Sedex: Since inception

1884: Founded
1948: Food Technology department launched
1975: First stores opened in continental Europe
2006: Look Behind the Label campaign launched
2007: First Plan A phase launched
2010: Second Plan A phase launched
2014: Third phase, plan 2020, launched
2015: Spark Something Good campaign launched
2017: updated Plan A campaign launched
Their Challenge
M&S Food has a complex supply chain, having direct contracts with around 400 suppliers producing products at over 800 sites in 44 countries. Raw materials and commodities are sourced from more than 70 countries, and M&S estimate around 30,000 farms are used globally.

M&S have always placed their main emphasis on the quality of its food products, with industry experts constantly working to bring their customers the best products. The M&S buying teams work with their suppliers to source unusual and new ingredients, to bring something new and different to their customers. However, as their network continues to expand, in both home and international markets, customers are more concerned with where and how their products are being sourced, made, and delivered.

This global nature of their business means M&S and their supply chain face a number of sustainability challenges. Their customers and employees are increasingly interested in all aspects of their products’ integrity, and expect M&S to engage with their suppliers to ensure fair working conditions and respect for human rights throughout the value chain.

Their Solution
M&S believes a successful business must also be environmentally and socially sustainable. Through their Plan A initiative, M&S promotes and rewards sustainable behaviour within their supply base.

The How We Do Business Scorecard: M&S Food uses a supplier scorecard, with the ‘How We Do Business’ element of the scorecard supported by a sustainability framework that considers the environmental, ethical, and lean manufacturing elements which detail the building blocks to enable change in performance. This framework took 18 months to be developed and is based on: M&S’s Supplier Exchange meetings where suppliers can share their learning and experiences; and from speaking to industry experts from organisations such as the Ethical Trading Initiative (ETI) and the Carbon Trust. Suppliers must complete their scorecards each year and since these are based on this overall framework, multiple sustainability indicators are factored into the overall rating. The supplier will then be assigned a rating of either Bronze, Silver, or Gold, which depicts their overall performance against the mandatory requirements M&S has given them.

The Silver Validation: Even achieving a silver status is a difficult process that requires suppliers to implement changes that must have genuine positive impacts. It is not a rating that is easily given out and the changes these suppliers implement must have genuine positive impacts to their workings. Most of M&S’s suppliers are at Bronze level, and improving to Silver status shows they are performing above the norm in the industry. It takes a supplier an average of two years of continuous work on their environmental, ethical, and lean manufacturing elements to progress from Bronze to Silver status.
Once a supplier has achieved Silver status on all three frameworks (environmental, ethical, and lean manufacturing), it shows M&S that their products are being made in a more sustainable factory. Therefore, all of that supplier’s products qualify for the Plan A certification, helping M&S achieve their improved sourcing and production aims. M&S’ Plan A team will validate the three elements of a supplier to ensure that sustainability is fully embedded within the site’s operations.

Examples of some requirements to help suppliers reach Silver status:

- **Environmental**
  - Environmental targets & achievements are communicated to all staff
  - Site has 1 or 2 step change projects running either in energy, water, waste or carbon
  - Sustainability risk assessment of key raw materials and suppliers

- **Ethical**
  - Well established staff survey with more than 60% response & positivity scores
  - Employee representation via a worker committee/staff forum or trade union
  - No Critical Issues in ETI audit & any Major Issues resolved

- **Lean**
  - Detailed methods for understanding customer value & mapping end to end processes
  - Value stream mapping is used regularly and is in-line with strategy to drive improvement involving employees at all levels
  - A formal used system, frequently used for problem solving across all levels of the business

In addition to meeting all of the Silver status requirements, suppliers must also meet the basic HWDB requirements, which are mandatory for every rating level.

**M&S are aiming to have all of their suppliers at a Silver status by 2020**

**The role of Sedex**

M&S use the Sedex Advance system to help store, track and analyse their supply chain data. All of M&S’s active suppliers are required to register with...
Sedex, so that they can continue to supply to the company. Suppliers set up their own account, complete their **Self-Assessment Questionnaire** (SAQ), and then link themselves to M&S Foods. Furthermore, M&S require that most their suppliers, whose workforce exceeds 35 people, undergo a **SMETA** audit assessment which will be uploaded onto the Sedex platform. M&S can then easily monitor joining suppliers and the overall CSR performance of their supply chain in one, easy-to-use place.

**Suppliers benefit** from this process; the ability to upload their audits in a standardised format and share it with their other customers on Sedex **saves time and reduces unnecessary duplication.**

Once the SMETA has been published onto the Sedex platform, M&S evaluate the findings and assign it a score of either Bronze, Silver, Gold, or Red if there are any critical issues. Where critical issues are found, suppliers are required to take remedial action and have a full SMETA re-audit within 6 months.

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<tr>
<th>Score</th>
<th>Description</th>
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<tr>
<td>Red</td>
<td>Suppliers must have a full re-check within 6 months</td>
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<tr>
<td>Bronze</td>
<td>Suppliers need to demonstrate the progress on Sedex and through a partial follow-up audit.</td>
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<tr>
<td>Silver</td>
<td>Suppliers must demonstrate continuous improvement efforts on Sedex, but M&amp;S identify that there is less risk with these suppliers.</td>
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**Supply chain transparency**
Sedex’s experienced team of multi-lingual supply chain experts has allowed M&S to connect to suppliers deeper in their supply chain. Having a wealth of supplier data available within Sedex has helped M&S to increase their supply chain transparency, becoming one of the first retailers to publish an **interactive supply chain map** which shows where M&S food and household products are made, and includes details of workforce gender and union representation.

**The HWDB Executive Committee** meet every two months to discuss and implement leadership and sustainability strategy across the business. They make sure that M&S continues to mitigate social, environmental and ethical issues in their everyday activities. The **HWDB Operating Committee** meets monthly to discuss and review current projects’ performance and assess the risks in the business that need to be addressed. M&S were founding members of the Sedex Stakeholder Forum (SSF), formally known as the Associate Auditor Groups (AAG). The SSF is made up of working groups that are significantly involved in ethical trade auditing. They operate collaboratively to create responsible sourcing content and methodologies, with the group initially being set-up to reduce the duplication of ethical information.
Outcomes

• Driven by the framework behind the Scorecard scheme, 60% of supplier sites now send no waste to landfill (last year: 48%) and on average show a 31% reduction of waste per tonne of product

• 52% of M&S food suppliers have reduced both their water and energy usage per tonne of product compared to last year, and over 30% have improved energy efficiency by at least 20% on their baseline

• On human resources, 72% of the most recent supplier employee surveys show a satisfaction rating of 65% or more

• M&S’s net carbon emissions from their operations have been ‘zero’ for 4 consecutive years

• Suppliers progressing on the frameworks have seen significant business benefit results, with sites achieving silver and gold growing their business with M&S twice as fast as those without.

• As of 1st February 2017, 92% of M&S’s suppliers (by volume) are participating in the ‘sustainability benchmarking scorecard’ programme. 82 sites have achieved Silver level, and 4 sites have achieved Gold level
M&S continuous sustainability journey

In 2007, M&S launched ‘Plan A’, a five year, sustainable business programme with one hundred commitments to address three significant global challenges; increasing pressure on finite resources, growing social inequality, and the need for healthier, more sustainable lifestyles in more affluent areas of the world. Not only has Plan A played a major role in reducing the company’s environmental and social footprint, but it also acted as a £185m financial source that was reinvested into the company’s sustainable future. 10 years later, Plan A has been one of the most successful ethical programmes launched by a business, and continues to be expanded to create more commitments and bring further positive impact to more areas across the globe.

M&S updated Plan A in June 2017 with a new ambitious Plan – Plan A 2025. As part of this M&S have now committed that by 2025, 50% of all first-tier sites will reach gold and 95% will achieve silver. The scorecard is reviewed & updated on a regular basis and will be reviewed in line with the new Plan A commitments to ensure that M&S’ new ambitious commitments are incorporated. This score card approach is also being rolled out to clothing, home and property suppliers.

To contact Sedex about how to bring transparency to your supply chain please contact our helpdesk on 0207 902 2320.