

# M&S Response to Covid-19: Workers in Supply Chains

## Introduction

Covid-19 has caused unprecedented disruption and change on a global scale. The impact of the pandemic has been deeply felt by retailers, suppliers, and the hundreds of thousands of workers within our extensive supply chains.

Since the start of the pandemic in March 2020, we have been in regular communication with our suppliers to ensure that we are fully supporting the needs of workers within our supply chains, as well as managing our supply so that we have a viable business on the other side of the pandemic. We have made significant decisions and put in place major actions to respond efficiently to the constantly changing situation. This has meant ensuring we honour commitments to our suppliers and continue our commitment to support fair wages for workers, listening and engaging with workers across our supply base, carefully monitoring key safety and compliance issues, working collaboratively with others and supporting suppliers in managing local outbreaks.

Our approach to ensuring we support our Food and Clothing and Home Supply Chains and workers is outlined below.

## Human Rights Governance

At M&S, we are very proud to hold strong long-term relationships with all suppliers. It has always been a priority to respect human rights and to stand up for our workers across the UK and our global supply chains, and throughout Covid-19 has been no exception.

We have clear roles and responsibilities for respecting human rights at all levels of our business, which have remained consistent during the pandemic. Our CEO, Steve Rowe, oversees our Human Rights area of work and approves the M&S Human Rights Policy. He is supported by the M&S Board and Executive Committee who are responsible for ensuring that every part of our business is clear about the responsibility to respect human rights. Human rights is a standing agenda item on scheduled Executive Committee meetings. [Click here to find out more about how we manage Human Rights, including human rights risk and impacts.](#)

## Covid-19 Response

The Board has led the business's Covid-19 response – it has directed senior leadership to consider all scenarios associated with the pandemic, reviewed and considered potential response options, and set expectations for M&S's approach with each of its stakeholders and the community at large.

During Covid-19 we instigated additional Covid-19 specific response teams focused on four central issues: Colleagues; Customers and Business Continuity; Supply & Demand; and Balance Sheet Resilience.

[For full information on the accountabilities of our Covid-19 response teams, please read page 50 of our M&S 2020 Annual Report.](#)

We have continued to follow our standard Grievance procedures through the pandemic and encourage our employees and individuals within our supply chains and wider communities to report any wrongdoing without fear of retribution. Our internal Business Continuity team have implemented specific procedures to be able to effectively deal and respond to any potential grievances in relation to Covid-19. To understand more about M&S Grievance Channels and Mechanisms, please refer to our [Human Rights page](#).

## Supplier Standards: Worker Rights

Our [Global Sourcing Principles](#) set out our minimum global supplier ethical and environmental standards, and our expectation on suppliers to adhere to these terms has remained consistent throughout Covid-19. This includes ensuring that the people working for our suppliers are treated with respect and that their health, safety, and basic human rights must be protected and promoted. Each supplier must strive to comply with all relevant local and national law and regulations and its obligations in the Principles particularly with regard to:

- HR Management Systems and Processes
- Labour Standards and Human Rights
- No Discrimination and Equal Opportunities
- Decent Working Conditions
- Health and Safety
- Terms of Employment
- Working Hours and Wages
- Avoidance of Modern Slavery and Forced Labour

We are committed to taking appropriate steps to safeguard the welfare of workers in our supply chain. We are mindful that decisions to cease production or close a factory could have negative consequences particularly if such action happens quite abruptly, as with Covid-19. The approach to closure and disengagement of factories/workers should be made, with clear rules, policies and commitments based on:

- Compliance – with national laws, international labour standards and the terms of any collective bargaining agreements that are in place
- Consultation between all key internal and external stakeholders

We encourage all parties to work together to mitigate the negative consequences. For example, workers should be paid their legal entitlements including social security, pensions, and severance.

## Our Approach to Supporting Food Suppliers through Covid-19

### Identifying and supporting workers facing variable demand

At M&S, we have a long-standing history of supporting British farmers, which we have continued through Covid-19. In response to the challenges faced by farmers, we have liaised with our suppliers, industry bodies and the Government to ensure we offer support and guidance to those facing variable demand.

In April we wrote to major farming unions and Government departments. Our letter encouraged the industry challenges on milk volumes and labour supply in produce to be addressed and outlined our commitments and plans to support the agricultural sector.

Ahead of the summer season, we were in weekly communication with our UK Fresh product suppliers to understand their provision of labour. This included working with major recruitment agencies and other industry bodies, as well as supporting in writing the AHDB guidance with the Food Network for Ethical Trade (FNET) for best practice management on farms.

To support farmers facing challenges in decreased demand we have taken several actions, including the examples below:

- Extended our funding platform for our smaller food suppliers to access immediate payments
- Launched a 'Supporting British Farmers' campaign in the Spring to support and highlight our commitments to our family of 10,000 British farmers. This involved introducing new initiatives to tackle the problems faced across the agricultural sector, and reminding customers of the incredible food British farmers produce.
- Honoured our Milk Pledge, to continue a guaranteed leading and fair price to Dairy farmers.
- Increased promotions on beef products and invested in new product development, to support increased volume for Beef farmers.
- Launched an online flower & plants delivery solution, supporting suppliers to close the gap in demand.
- In Food manufacturing we adapted ranges and recipes to support suppliers in their management of Covid-19 in the factory.

### Listening and engaging with workers

Throughout Covid-19, it has been more important than ever to listen and engage with our workers. From the start of the pandemic, and as the situation has progressed, we have made sure to keep in regular contact with our suppliers so that we could understand the impact of what they faced and could respond and support as was necessary.

Below are some examples of actions we took to make sure we listened to workers directly, and to ensure they felt our appreciation:

- At the start of the pandemic we scheduled 1-1 calls with suppliers to understand how they are managing labour, health and safety and working hours on site. We provided information to support them throughout Covid-19, sharing best practice and understanding where the risks would be.
- From doing that, we were able to produce a UK and International Supplier Update to share best practices and case studies to support factories and farms on ways they can improve their sites during the pandemic.
- We used the nCaje tool with protein suppliers, so that we could directly hear workers speaking about their experience of working in factories during the pandemic and the questions they had in relation to Covid-19. We were able to use this technology to engage with 32 of our sites and were able to connect with 2,580 workers across the UK and Ireland. Due to the success of using the tool, this is now being rolled out to other sites.
- To thank our supplies for the key contribution they have played in 'Feeding the Nations', we created and sent out 'Thank you' Posters to show our appreciation. These posters were designed in multiple languages and were well received by our workers, who told us that they appreciated our gesture.
- To support workers in raising any concerns they may have, our suppliers are expected to have their own grievance mechanisms in place and must prohibit retaliation against workers or other stakeholders (including those that represent them) for raising concerns, in line with our [Global Sourcing Principles](#).

## Monitoring safety and compliance

To ensure we are fully monitoring the safety and compliance of our suppliers during Covid-19, we have been taking the following actions:

- Engaging with suppliers to understand risk, mitigations and responses to the evolving situation from the outset, including putting provisions in place for vulnerable workers (e.g. migrant, seasonal and agency workers) and monitoring absence and self-isolation of staff members. We have shared best practice where appropriate and developed and maintained regular communication to give visibility of where we could support and maintain visibility of the evolving situation.
- Sourcing and supplying visors for sites and depots as requested by our suppliers.
- Communicating constantly with suppliers, including weekly calls requesting information and providing where requested photographic evidence of measures in place.
- Providing clear guidance to suppliers ensuring that they continue to be proactive in managing the health and safety in factories, packhouses and farmers and continue to monitor and follow government guidelines as these evolve. We expect our supplier partners to adhere to all government guidance and continually evolve your measures to ensure best practice. We do not have our own guidelines as the situation continues to evolve but have always signposted government one.
- Sharing best practise between suppliers to highlight initiatives that can further support Health & Safety beyond minimal standards
- Engaged with major LPS (Labour Providers) on their protocols and requirements

- Holding virtual audits covering Health & Safety elements in place of usual food safety audits. Ethical audits have not taken place, due to audits not being able to take place virtually.

## **Ethical Audit programme**

With travel restrictions and safeguarding measures in place, from April to September we transitioned our audit program to encompass a 'self' risk- assessment questionnaire. As a result of this sites are assessed to be either low or high risk. We select 40 questions linked to the ETI base code and reviewed them against our standards.

During the Covid-19 period, we reviewed 145 sites worldwide of which 72 were based in the UK. We have continued to review audits since the beginning of the pandemic, and within this time 48 have been conducted in Europe and Asia. As of September, we have reverted to our standard ethical audit programme.

## **Our Approach to Supporting Clothing & Home Suppliers through Covid-19**

### **Honouring supplier commitments and supporting workers' wages**

To support meeting our commitments to clothing and home suppliers, and to ensure we manage our supply so that we have a viable business on the other side of the pandemic, we worked through the following plan with our suppliers:

- We paid for all shipped product before production was temporarily halted.
- We paid for all made garments that could not be shipped. Across all our partners we aim to ensure that no fabric goes to waste.
- Whilst our previous standard payment terms (75 days) have been extended to 120 days in response to Covid-19, we are continuing to offer vendor finance and letters of credit meaning suppliers get early access to cash regardless of payment terms
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### **Identifying and supporting workers facing variable demand**

As a result of the pandemic, we have been working closely with the Better Cotton Initiative via our representation on the Board to make sure we are aware and supporting the impact of Covid-19 on cotton producers. This has resulted in the following actions:

- We remain committed to supporting cotton farming communities and have been working with BCI to help promote resiliency within those communities through the Covid-19 crisis.
- We have continued to support The Better Cotton Growth and Innovation Fund (Better Cotton GIF) which makes strategic investments into Better Cotton and is

governed by the BCI Council, in partnership with BCI Retailer and Brand Members, Civil Society Members and government bodies.

- BCI have set up a Covid-19 Hub with up-to-date information about how BCI Farmers around the world have been impacted by the pandemic and what additional efforts BCI and their partners are taking to support them (<https://bettercotton.org/covid-19-hub/>).
- In response to this situation, IDH, The Sustainable Trade Initiative (an important funder and strategic partner of BCI) and the Better Cotton Growth and Innovation Fund manager have funded insurance to provide income security to BCI Farmers during the Covid-19 pandemic.

## Listening to workers

Throughout Covid-19, it has been more important than ever to listen and engage with our workers. From the start of the pandemic, and as the situation has progressed, we have made sure to keep in regular contact with our suppliers so that we could understand the impact of what they faced and could respond and support as was necessary.

Below are some examples of actions we took with our Clothing & Home suppliers:

- Our Regional compliance teams have been conducting virtual audits and worker interviews during the time of factory closure and gradual re-opening.
- We have been in partnership with Microfinance Opportunities to carry out worker interviews in Bangladesh, to understand more about Covid-19 impacts
- To support suppliers to create effective mechanisms we continue to implement our workplace communications toolkit in clothing and home.
- Where local and site-based mechanisms fail, an individual or organisation can raise a complaint with us. They must be either directly affected by the issue or have a mandate to represent individuals or communities directly affected.
- During audits, our independent auditors also leave calling cards with confidential phone numbers for workers to use to allow concerns to be raised after the audit has taken place.
- Concerns may also be reported via an independent and external facility. This facility is managed by Safecall and reporting can be done online in multiple languages via Safecall's secure web reporting facility.
- Our suppliers are also expected to have their own grievance mechanisms in place and must prohibit retaliation against workers or other stakeholders (including those that represent them) for raising concerns, in line with our [Global Sourcing Principles](#). Our global offices have been available since the start of the outbreak to support suppliers and workers in respect to the varying nature of Covid-19 related grievances, if required. To understand more about M&S Grievance Channels and Mechanisms, please refer to our [Human Rights page](#).

## Monitoring safety and compliance

To ensure we are fully monitoring the safety and compliance of our suppliers during Covid-19, we have been taking the following actions:

- Our regional compliance teams have monitored Covid-19 cases in our factories and are regularly liaising with all global suppliers and supporting any province/region and local lockdowns accordingly to the country law.
- Our regional compliance teams are continuing to monitor local safeguarding and to ensure local health and safety requirements are being met in factories and sites as they re-open and start production.
- This involves ensuring adherence to country Government and Employers Association Guidelines for safeguarding workers in the factory environment, including temperature checking, fogging, hand sanitising and social distancing as well as wearing masks.
- To support vulnerable workers in our supply chains, we work with the ILO who are facilitating the coordination and distribution of emergency relief funds, supporting safe working where manufacturing continues and co-ordinating an industry-wide response.

In Clothing and Home audits were suspended where 3<sup>rd</sup> party audit companies were not able to visit sites. Our regional compliance teams maintained communication with factory management to assess the localised lockdown and closing of factories and the gradual re-opening of sites in line with safeguarding measures.

As 3<sup>rd</sup> party audit companies are now re-commencing in person audits, we have started to audit our sites as required according to their annual audit date.

## Collaboration with others

As the pandemic has progressed, our Foods and Clothing & Home teams have worked in collaboration with the retail sector and key industry bodies to ensure we are collectively tackling major issues head on.

This has included:

- Industry Guidance Webinars: At the start of the pandemic, in collaboration with 9 other UK Food retailers, we sponsored 8 supplier capacity webinars to discuss and provide guidance on the key issues facing retailers and their supply base as a result of Covid-19. The webinars were attended by over 2,700 participants.
- Covid-19 Winter Response Project: We have sponsored and been on the project management group of the Covid-19 Winter Response Project - a collaboration to develop guidance for food, horticulture, and agriculture. The project delivers free to access pragmatic guidance, tools, webinars, and regular updates through the winter period. The site offers a wide range of good practice and will be updated every 2 weeks until the end of the year. It does not replace government legal or expert guidance.

- Food Network for Ethical Trade: In our role as a Board member of FNET, we have actively supported FNET in liaising with its members in providing support during Covid-19 – many which are M&S suppliers. This has included weekly provision of information to members, fortnightly conference calls and provision of guidance.
- DFID Covid-19 Vulnerable Supply Chains Facility (VSCF): As a business, we submitted 2 proposals to DFID's Vulnerable Supply Chains Facility (VSCF) programme. This focuses on forming partnerships that support and respond to challenges that Covid-19 has presented within DFID-priority countries and ensures that the most vulnerable workers and suppliers are prepared for anticipated economic and social shocks. In Foods, we have been successful in 1 bid related to improving Resilience in Kenyan flower supply chains with Fairtrade Foundation. In Clothing & Home we have been successful in 2 programmes for clothing in Bangladesh – the first with CARE International to extend our successful Halow+ health programme and the second with the ETI to deliver mobile training on Covid-19 health & safety to workers.
- International Labour Organisation (ILO) Call to Action: We endorsed the International Labour Organisation's call to action in response to the pandemic to establish a mechanism to distribute \$millions donor funding to communities and workers to rebuild industries where no social protection exists. Our local representatives in India and Bangladesh are on the 'in country working parties'. The Call to Action has now set up National Working Parties in each of the ILO priority countries and donor funding distribution mechanisms are being investigated.
- Ethical Trading Initiative (ETI): We continue to fully support the Ethical Trading Initiative.