

GEMI Case Study

Supply Chain Sustainability

Harmonization Solutions



These case studies examine why and how companies are using certain supply chain sustainability harmonization solutions to impact business decision-making.

Many companies are seeking ways to better understand the sustainability performance of companies within their supply chains while responding to similar requests from their own customers. While the objectives of such efforts are often similar, the format and content vary. Several industry groups and 3rd party platform providers have developed Supply Chain Sustainability (SCS) solutions that streamline the process for gathering SCS data and provide a common framework for assessing the sustainability performance of suppliers. Through case studies, GEMI seeks to highlight examples of how companies are utilizing some of these supply chain sustainability harmonization solutions (i.e., supplier assessments and surveys) to impact business decision-making, and the extent to which these solutions have reduced fatigue related to data collection and reporting for both buyers and suppliers.

SOLUTION: Sedex
BUYER: Marks & Spencer
SUPPLIER: Omarsa

SCS SOLUTION BACKGROUND

Sedex is a global not-for-profit membership organization that houses and claims to be the largest collaborative platform for sharing responsible sourcing data on supply chains. It is used by more than 40,000 members in over 150 countries. Buyers, suppliers and auditors are able to store, share and report on supply chain information quickly and easily. The platform, Sedex Advance, enables members to access tools such as the Self-Assessment Questionnaire (SAQ), exchange data related to four pillars (Health and Safety, Labor standards, Environment and Business ethics) and utilize the social audit methodology of Sedex Members Ethical Trade Audit (SMETA). Members are encouraged to discuss and exchange best practices through the Sedex Stakeholder Forum.

The SAQ enables suppliers to share information about their ethical practices with multiple customers and avoids duplication saving them time, money and resources. It supports their learning about ethical standards and practices, helps them identify strengths in their business practices and areas to improve, and acts as a pre-audit tool so suppliers can share data with a prospective auditor prior to their inspection. For buyers, the SAQ gives them the flexibility to request only the information they really need from their suppliers, and the SAQ data from suppliers is then fed into the Sedex Risk Assessment Tool to help assess risk in the buyer's supply chain.

SMETA is an audit procedure which is a compilation of ethical audit best practices. It is not a code of conduct or certification process. Using SMETA, a supplier can have one audit conducted and share it with multiple customers, rather than having a different audit conducted for each customer. The Sedex Risk Assessment Tool gives companies a clear indication of the likelihood of risks occurring in their supply chain. Each of the suppliers' sites of employment is given a risk rating of low, medium, or high which helps companies identify and ultimately mitigate risk by engaging with the sites within their supply chain that need the most support. The risk rating is based on a combination of two factors: one, "inherent" risk based on country, product area, sector profile and site function, and two, management proficiency risk based on data from the Sedex SAQ.

Sedex Advance was designed to allow external applications to access a large portion of the data within the platform. Through the Sedex API Service, companies can combine ethical, quality, financial and environmental data, either extracting the information they need from Sedex Advance, or bringing all their data sets into the secure platform. This gives companies an inclusive view of many different elements in the value chain.

BUYER PERSPECTIVE

Marks & Spencer is a British multinational retailer. M&S' Food group has a complex supply chain that includes 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. 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. Through their Plan A initiative, M&S promotes and rewards sustainable behavior within their supply base.

M&S' Food suppliers are asked to join Sedex and complete the SAQ. Most of their suppliers whose peak workforce exceeds 35 people undergo a SMETA audit assessment which will be uploaded onto the Sedex platform. Once the SMETA has been published onto the Sedex platform, M&S evaluates the findings and assigns 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.

Achieving a Silver status is a difficult process that requires suppliers to implement changes that must have genuine positive impacts. For a supplier to qualify for Silver status, no critical issues must be identified during the SMETA audit and any major issues must be resolved. 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 it shows M&S that their products are being made in a more sustainable factory. M&S' Plan A team will validate the findings to ensure that sustainability is fully embedded within the site's operations. By using Sedex to monitor the progress made on all issues identified within its supply chain, M&S is able to work towards their objective of sourcing with integrity and equipping their supply chain to be fit for future business with them.

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.

SUPPLIER PERSPECTIVE

Omarsa is one of Ecuador's top three shrimp exporting companies, supplying shrimp products (under more than 15 brands) to markets in Europe, the United States, Canada and South America. Omarsa has been dedicated to farming, processing and shipping premium quality vannamei shrimp for over 30 years, and their strict quality control and environmental principles have helped ensure long-term sustainability. Omarsa felt that joining Sedex would help them manage their supply chain and share information about their ethical practices and social responsibility with their customers more quickly and effectively.

Sedex membership not only helps Omarsa measure and improve their social and ethical practices, but it helps them reach new markets or customers who are equally interested in meeting legal and ethical requirements. Paul Barreiro, Certifications Coordinator at Omarsa says, "It facilitates business, because we are part of a solid and updated database of important information that's available to our customers and suppliers. It speeds up negotiations, and expands networks of customers with common ethical and social principles. We believe that one of Sedex's strengths is the methodology - completing a self-assessment questionnaire (SAQ), and then verifying our ethical and social practices through the SMETA audit. It offers high levels of reliability for our customers and commercial partners."

Omarsa appreciates that the data they submit using the Sedex platform is available in real-time and is easy to share with multiple customers in a consistent format. This frees up time spent on unnecessary duplication and saves money. The SAQ itself drives awareness and is a unique educational tool in translating high-level standards into practical terms. It also helps a site prepare for an audit. The SMETA helps Omarsa focus on any corrective actions needed and track improvements. The SMETA methodology includes a feedback link in which both buyers and suppliers can provide their feedback on the tool. This is used in addition to the annual survey where feedback is given on Sedex's services.