

# Would your company pass an ethical audit?

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Major supermarkets and fast food chains are now insisting their suppliers undergo ethical trading audits – but what exactly are they? And what can you expect?

It is well over a year since the UK's Equality and Human Rights Commission published the findings of its Inquiry into Recruitment and Employment in the Meat and Poultry Processing Sector. The report attracted considerable media coverage and sought to highlight the issues facing temporary workers as a whole and foreign and pregnant workers in particular.

Worker complaints ranged from physical and verbal abuse to refusals for requests to take toilet breaks and unfair pay. Around 70% of those interviewed were migrant workers for whom English was not their mother tongue. Tellingly, many were too scared to speak out against their treatment for fear of losing their jobs.

Rightly or wrongly, we have a tendency to associate maltreatment and a lack of ethics with companies in third world countries, so understandably, the findings of the EHRC report made uncomfortable reading for all involved in this sector, not least for the supermarkets, which purchase 80% of all meat and poultry processed in the UK.

## Global economy

It is important to bear in mind that we are now very much a global economy with up to 70 countries supplying British supermarkets, so whilst the results of the EHRC inquiry relate to the UK, they are applicable throughout the entire global supply chain.

Moreover, today's consumers are becoming more interested in where their provisions originate and how they are produced. This can be seen in the increasing popularity of Fairtrade food and other products. In response, many of the major supermarkets are now insisting that their suppliers conduct ethical audits to ensure that workers are being treated fairly throughout the supply chain.

So, what precisely is an ethical audit? In a

nutshell it is a neutral, third party verifiable process to understand, measure, report on and help improve an organisation's social and environmental performance. It is an assessment of how a company and its facilities compares with local laws and the Ethical Trading Initiative Base Code which advocates respect for workers worldwide.

## Ethical Trading Initiative

The ETI Base Code is founded on the conventions of the International Labour Organisation and is an internationally recognised code of labour practice.

The Code asserts the following:

- Employment is freely chosen.
- Freedom of association and the right to collective bargaining are respected.
- Working conditions are safe and hygienic.
- Child labour shall not be used.
- Living wages are paid.
- Working hours are not excessive.
- No discrimination is practised.
- Regular employment is provided.
- No harsh or inhumane treatment is allowed.

There are, of course, several explanatory sub-clauses to the points above, but these form the basis of an ethical audit. It is important to recognise that an audit is just that – an investigative process to appraise a company's operations at that particular moment in time.

What can you expect from a typical audit? Firstly, any ethical audit will begin with an opening meeting, which should be attended by the audit team, management and a trade union and/or worker representative. The purpose of the meeting is to make sure that all concerned understand the ETI Code and exactly what their facility is being audited against. It will also outline the processes, activities and timescale of the audit. The timescale is dependent upon the number of employees and is either one or two days.

The next step is a site tour. Here the auditor/s will conduct a visual inspection of all areas of the site. They will be looking to see how the company complies in terms of physical conditions and general practices. In particular they will be investigating such elements as health and safety compliance,



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working environment and conditions, personal protective equipment, mechanical, electrical and hazardous materials.

They will also be looking at toilets, sanitation and the availability of potable water, evidence of child labour, canteen and recreational facilities, evacuation plans and unreasonable restrictions on workers' rights or freedoms. In instances where dormitories are provided for workers, the living conditions in terms of cleanliness, physical size, general structural conditions, safety, gender segregation and privacy. Auditors will also review health and safety accident records and worker training records.

The site tour is also an opportunity for an auditor to chat to a random cross section of workers in all areas of the facility about their work.

Following the site tour, there will be a series of interviews with a representative sample of workers. These will take the form of informal group and individual interviews.

The group interviews will give the auditor

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a general consensus of what it is like to work at the facility, what the workers like and dislike and how they feel their facility compares with other similar workplaces in the region. The individual interviews give staff the opportunity to express their personal views in complete confidentiality.

Next is the pre-closing meeting, where the audit team review and discuss amongst themselves their observations, the documentation provided by the management and the worker feedback they have received. Using this evidence, they then assess how the company compares with each clause of the audit. Where the facility falls short, corrective action plans are formulated.

The final part of the audit is the closing meeting, which should be attended by the same representatives as the opening meeting. Here the auditors will discuss any issues they have found and the management is given the opportunity to respond. The auditors and management then agree any corrective actions and the timescales for their implementation.

The results of the audit are then posted onto the secure Sedex (Supplier Ethical Data Exchange) website, where retailers can log-in and see how the company performed on the audit.

It is essential that ethical audits are viewed as a positive process – an opportunity to identify areas which are weak and take

actions to make improvements. As such, if you are confident that your workforce, work environment and work ethics are of a suitable standard, then you should have nothing to fear.

Remember, auditors are not looking to trip you up, they are simply looking for evidence of a happy, healthy, safe and hygienic and fair facility.

## Regular self-assessment

Now that you have an idea of what can be expected on an ethical trade audit, you can take proactive steps to ensure that your site will score highly, should you be asked by a client to undertake an audit. Regular self-assessment should help to guard against and stamp out unethical practices and professional training can help to improve your knowledge and understanding of ethical trading.

As well as undertaking audits ourselves, VWA and other similar companies offer Ethical Trading courses and workshops to help the managers of facilities to prepare for an ethical audit. Such training covers each clause of the ETI Base Code in detail along with some of the common issues you may encounter. We also provide appropriate interpreters so that workers completely understand the questions being asked of them.

Meanwhile there is some hope for temporary workers on the horizon.

An amendment to the National Minimum Wage (NMW) in January this year means that travelling and subsistence expenses eligible for tax relief no longer counts when calculating NMW pay.

Plus, in October, the Agency Worker Directive Regulations will come into force in the UK. Under this, agency workers who have been employed continuously for 12 weeks in a given job will be entitled to the same treatment (basic working and employment conditions) as their permanent equivalents.

In theory this new legislation gives agency workers rights and appropriate protection, but it will be the enforcement of these rights which could prove difficult.

The EHRC acknowledges that the results of the investigation into the meat and poultry industry are no worse than in any other sector, but the very fact that this industry has been singled out for comment means that those with the power to do so should be looking to effect change for the better.

All involved in food production have a responsibility to monitor and manage their supply chains. Price wars within supermarkets drive down the prices they are willing to pay for meat and poultry, but pricing strategies and special offers should never be at the expense of basic human rights and dignity. ■