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## Contents

<b>Introduction</b> .....	2
<b>Critical Evaluation of the Evolution and Current ESG Practices of M&amp;S</b> .....	3
<b>Issues in the Reporting of ESG and the Role of Directors</b> .....	6
<b>Critical Evaluation of the CSR Practices at M&amp;S</b> .....	7
<b>Critical Evaluation of the Sustainability Practices of M&amp;S</b> .....	8
<b>Ethical Issues at Mordeca Inc.</b> .....	9
<b>The Courses of Action and the Decision-Making Process for Milne Considering the Ethical Problems of Mordeca Inc.</b> .....	9
<b>Recommendations for The Overhaul of Mordeca Inc.</b> .....	11
<b>Conclusion</b> .....	12
<b>References</b> .....	13

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**Introduction**

Marks & Spencer is a British brand founded in 1884 and has grown immensely during the 140 years of its existence having turned into a multinational operator headquartered in London. The store started as a stall at Kirkgate Market in Leeds which was launched by Michael Marks responsible for the invention of the motto of the brand based around low-price high-quality products (Our History 2024). Fast forward to 2023, M&S observed its greatest year in terms of revenue. According to Statista, M&S registered an annual revenue of £12B in 2023 which topped its revenue of £11B in 2022 which was also a record year at the time (Smith 2024). The success of M&S has relied on various factors over the years which include strategy, innovation, and an undying drive to exceed. However, what stands out for the brand is its ability to adapt to evolving situations. The company has adapted effortlessly to emerging trends of environment social and governance (ESG) which has helped the company grow their brand image while also increasing their efficiency and financial getaways. Although an old-school brand, M&S has also redirected its efforts toward corporate social responsibility which has propelled the company to stay true to the environment that they are operating in and their consumers through their governance and operations. The sustainability practices of M&S have also evolved ever since the onus on environmental protection has increased.

Moderna Inc. is a financial company which has established itself around the payment of loans and mortgages. While Marcus Milne had started working at the company as an accountant in a bid to support his family and grow quickly on the job considering the high employee turnover, he soon started seeing ethical problems with the companies. The company is based around lending last resort payments to the poor. This means that they trap the poor and the minorities into debt traps while they can find other ways to get out of situations. The dilemma faced by Milne here is whether he should keep working at the company despite these ethical considerations or leave the company to sacrifice his financial freedom and family's happiness. Such a situation requires Milne to leave the job despite it being a tough call considering his financial status since there is no way to change the company. This paper will discuss and critically evaluate the ESG, CSR, and sustainability practices of M&S while also weighing in on the ethical dilemma faced by Milne.

**Critical Evaluation of the Evolution and Current ESG Practices of M&S**

M&S has shown a considerable change in its attitude toward different aspects of ESG which has been driven by the evolution of modern business practices. This has also been inflicted by the expectations of the consumers for the businesses to operate in a certain way. When it comes to ESG, M&S started its upswing in 2007 through the launch of its Plan A that was aimed toward making the business more sustainable. While the sustainability aspect would be later discussed, Plan A helped M&S in ESG areas immensely.

### Environment

The environmental aspects in the clothing industry are mostly associated with the procurement of the material that is supportive to the environment. Various materials can cause serious damages to the environment which also means that the brands acquiring them for the production of clothing are responsible for the damages they cause to the environment. M&S sources 100% cotton from sustainable sources that are better for the environment (Our approach to sustainable fashion). The Better Cotton Initiative was started to ensure that cotton is produced through best practices that keep in mind the environmental threats and resort to sustainable practices. Today, 2.2 million farmers have been trained in sustainable farming with a quarter of the world's cotton being produced under the umbrella of this initiative (2030 Strategy). The Better Cotton Initiative ensures that the farmers adopt practices that do not harm the environment while they are remunerated accordingly to help them achieve this goal (2030 Strategy). The association of M&S with this cause is revolutionary considering the damages that farming which does not account for environmental factors can cause.

While M&S have worked immensely on their supply chain ensuring that they meet environmental standards and do not damage it, they have also curated their production stage to counter environmental concerns. This discussion is based in the clothing sector with more information to come on the food and other sectors that the brand operates in. The brand finds itself in a collaboration with Jeanologia which is a leader in clothing finishing technologies (Our approach to sustainable fashion). This is brought about by the commitment of the company to reduce their water usage during the finishing stage. This has also brought about significant results since M&S denim jeans are now made with 86% less water compared to the industrial standards of denim jeans (Our approach to sustainable fashion). A report by the US Cotton Trust showed that the fashion industry in the US uses approximately as much water in its processes as to meet the needs of five million people annually (Holtmeier 2023). The World

Wildlife reports have indicated that by 2030, nearly half the world's population will be living in water stress areas (Holtmeier 2023). Therefore, the decision by M&S to tackle the issue in its supply chain was revolutionary and the execution of it was seamless which is likely to bring a profound impact in the industry considering the influence of the company.

M&S has also adapted to using cleaner alternatives to its indigo dyes that can be harmful to the environment. The problem with indigo dyes is that they are not natural no matter how much brands claim them to be natural (Al-Rubeyi 2017). This comes down to the fact that they are reduced using special reducing agents such as hydrosulphates which are aimed at changing the chemical structure of these dyes (Al-Rubeyi 2017). The changed chemical structure is highly hazardous for the environment. Therefore, the initiative by M&S to switch to a cleaner alternative is a welcome one and not one adopted by many retailers due to the facility they find in manufacturing through indigo dyes.

In the food business that M&S operates, the company has committed itself to take care of the depleting fish resources. In 2010, M&S became the first UK company to sign the WWF's Global Seafood Charter according to which the company pledged itself to work with WWF to protect seafood resources (Marks & Spencer- WWF-UK). The company has also pledged itself to the Seafood Jurisdictional initiative launched by WWF according to which there are rules set out for the protection of fish and the prevention of their overhunting (Marks & Spencer- WWF-UK). M&S has also utilized its vast influence in this regard to shape governmental policies and acts. Therefore, the initiatives taken by M&S in the environmental aspect have set it as an industry leader in the UK in the clothing sector and significantly elevated its brand image.

### Social

With the operations of M&S spread out in so many different countries, it remains important for the brand to be mindful of its social practices and initiatives. The brand describes itself as a propeller of diversity and inclusion since it works in so many areas (M&S People Principles 2019). Moreover, the company concedes to its mindfulness of different UN charter and agreements that define human rights and best social practices (M&S People Principles 2019).

An example of a social initiative started by M&S is Shwopping that may also fall under the CSR category.

The Shwopping platform allows M&S customers to sell out or swap their used items with other items (Marks & Spencer CSR Campaign – ‘Shwopping’: A Sustainable Fashion Revolution 2023). This initiative fulfills various causes but from a social viewpoint, the partnership of M&S with Oxfam stands out as a charity organization since the profits earned from this platform are also dedicated to giving clothes to disabled children.

Besides this, M&S has also started to focus on its social media presence as part of its evolution since the brand recognizes the scope of digital platforms in the modern era. An example is the successful 2021 campaign of the brand where they collaborated with TikTokers as part of their ‘not just any’ campaign on Valentine's Day and it generated 18.5 million impressions on TikTok (Gilliland 2023). The brand has also focused immensely on its employee welfare. Their first ever autumn pay review in 2023 saw two separate pay increases for the employees since the company is focused on offering benefits to whoever is serving them (M&S Sustainability Report 2023). Therefore, the brand continues to engage customers through evolving to modern trends and associating itself with social causes.

### Governance

The governance framework of M&S relies on a Chairman, CEO, Executive Directors, and the Board committees. While the Chairman, CEO, and the director have defined powers, the board committees are given great priority in the company. The board is responsible for setting out the strategic goals of the company and ensuring that the company is on the pathway for the achievement of those goals (Corporate Governance Statement 2024). The CEO is responsible for the overall management and performance of the group where he/she tracks the activities of the employees on a particular project and advises the Executive Directors to act a certain way on a day-to-day basis to achieve maximum results (Governance Framework). The governance framework of M&S devises role clarity. Moreover, the governance style advocated in the organization is that which allows for dialogue and innovation rather than placing a lid on innovation through closeted leadership.

### **Issues in the Reporting of ESG and the Role of Directors**

The reporting of ESG holds immense importance for any country due to the associated stakeholders and increasing the trust of these stakeholders in the company. By stating initiatives and achievements of the company, the trust of the investors, sponsors, collaborators, suppliers, advertisers, and customers take a huge leap. Nevertheless, some issues can be encountered during this process. The main issue is the privacy of the company. By stating the company ESG goals and initiatives, personal information can be passed which can impact the company. In such a situation, the directors can play a key role since they oversee the completion of projects and initiatives. The directors must be actively involved in ESG reporting as this may come directly from the directors or any sort of information must be passed through them.

### **Critical Evaluation of the CSR Practices at M&S**

CSR remains at the heart of any big business organization since it decides the relationship of the company with the masses through the causes that it associates itself with and the initiatives that it undertakes. CSR requires a company to be mindful of its environmental and social responsibilities and not piggyback them while hunting for huge profits. M&S has been known for upholding its CSR which has been visible through various initiatives in the past. The Shwopping initiative is just one example where the company fulfills its CSR by donating clothing to disabled children while also associating itself with various other causes that help in fighting environmental damages.

In 2021, M&S was one of the first companies to sign a Call to Action on the human right abuses happening in the Uighur region of China (Corporate Social Responsibility Timeline). This is an example of the fulfillment of ethical responsibility which is a key bracket falling under CSR. It showed the commitment of the brand to sacrifice financial gains to ensure that they do not breach ethical considerations. The brand also showed great support to the healthcare care staff and played its role in charity in during the Covid-19 pandemic. In 2020, M&S donated 1000s of t-shirts for NHS Nightingale London, clothing for patients, and 4,000+ pyjama sets used as scrubs to NHS Derbyshire (Corporate Social Responsibility Timeline). The brand also donated to the NHS Charities Together Covid-19 Urgent Appeal and ran a free food delivery mechanism for the NHS workers (Corporate Social Responsibility Timeline). These examples come together to show the efforts of M&S to fulfill its CSR responsibility.

In 2023, M&S entered into a collaboration with Young Minds which was aimed at raising awareness about the importance of the mental health of the youth. This project started with a donation of £1 million on the part of M&S and they had pledged to raise £3 million over the next 3 years (Corporate Social Responsibility Timeline). The extent of this issue and the importance of this partnership can be outlined through the fact that 65% of the young people in the UK do not ask for help when suffering from mental health and 33% of those said that they felt too embarrassed to ask for help (M&S and YoungMinds launch charity partnership). 61% of these people had stopped attending work, school, college, or university which shows the extent of these mental health problems (M&S and YoungMinds launch charity partnership). The previous section highlighted how M&S fulfills its environmental responsibility. The examples from this section demonstrate how the brand fulfills its economic, philanthropic, and ethical responsibilities to cumulatively serve its CSR excellently by recognizing key issues existent in the society and addressing them.

### **Critical Evaluation of the Sustainability Practices of M&S**

The shift of M&S toward sustainability has been visible from their changes in attitude, supply chain, operations, and mechanisms. The environmental aspect of the business has evolved significantly making it a sustainable business. This has been proven through the association of the brand with the Better Cotton Initiative and other key charters with WWF in the food industry. An initiative of M&S worth appreciating is the Click & Collect. The Click & Collect initiative requires the customers to bring their own bags when collecting items from M&S which is projected to save 10 million plastic pieces annually (M&S Sustainability Report 2023). The company has also adopted the freeze defrost method according to which the delivery of items is achieved through low carbon transport (M&S Sustainability Report 2023) which is a major reason for environmental degradation. These and many other examples highlight M&S' transition into a sustainable business.

From an operational and financial viewpoint, the company has shown a desire to achieve more efficiency. As a result, the food waste in 2023 reduced 24% compared to the last year (M&S Sustainability Report 2023). Although the general conception is that the transition to sustainable practices is only a tactic to curate a sound brand image and would have financially



been detrimental for M&S. However, it is a thinking totally based around general conceptions holding no weight since a green footprint makes a company financially sustainable. By shifting to the Plan A and Net Zero projects, M&S has benefited big time. In the first five years of Plan A, M&S saved £185M in net costs (McGeehan 2017). The company also cut down on its water usage by 18% which is associated with huge costs (McGeehan 2017). Similar trends were observed in energy consumption, food waste, and packaging. Therefore, through shifting to a low carbon mechanism, M&S has also achieved a more robust operating system and reduced costs which has ultimately added to its financial sustainability in addition to the environmental sustainability.

### **Ethical Issues at Mordeca Inc.**

Before the assessment of what needs to be done if a company is found to have ethical loopholes, it remains important to first identify the ethical problems persistent with the company. A key ethical problem which persists with Mordeca Inc. is their eagerness to debt trap the poor. The company sets up its offices in poor neighborhoods where people are more likely to acquire loans and mortgages. Through this, there are a lot of last resort loans offered by the company to customers. The lenders of last resort loans often encourage risk behavior and morally inaccurate choices (Lenders of Last Resort). The targeting of the poor and the minorities by Mordeca Inc. is an unethical policy leading to long-term implications in the form of economic inequality and disproportions. Besides the operability, the workplace environment of Mordeca Inc. is highly toxic which makes it an undesirable place for people to work in. The high employee turnover mentioned in the description along with a lack of discipline highlight this problem. Moreover, a lack of boundaries is also demonstrated through the development of personal relationships as in the case of a female subordinate who was transferred to another branch due to this reason. Therefore, these reasons must be kept in mind before discussing the course of action for Milne.

### **The Courses of Action and the Decision-Making Process for Milne Considering the Ethical Problems of Mordeca Inc.**

There are various steps that must be taken by an employee when they discover about the unethical activities of the company that they are working in. In the case of Milne, when he discovers that the company is involved in unethical behavior, his first step should be investigating the extent of these unethical activities. The second step in this process is to carry out an analysis of the options that they have in this situation. This remains a highly critical aspect of the decision-making process. After weighing up the options, the employee must conduct a risk analysis to discover what will be the repercussions or the consequences of each action that they undertake. In the risk analysis, the employee must also consider the consequences of what could happen if they indulge in unethical or illegal activities i.e being arrested (Lucas 2022). After following all of these steps, the employee must take the action that is best suited to them according to the analysis that they conducted.

When it comes to the case of Milne, he faces various dilemmas which makes it a highly complex case. In the case of Milne, there are various variables involved which can influence the decision-making process of Milne. Given that he has seen a tough time throughout his career and hasn't seen a highly successful professional experience, the decision to quit instantly would be tough for him. This would impact the livelihood of his family who are somewhat living a comfortable life which is propelled by the job of Milne. In such a situation, Milne should not begin by taking a highly drastic or emotional measure. On the contrary, Milne should be concentrated on starting things off on a lighter note by discussing the reservations that he has with his immediate manager. In the case of an unsatisfactory response, Milne has the option to climb up the hierarchy and make his point clear.

Given the situation of the organization, it seems unlikely that the arguments presented by Milne or any reservations made by him would lead to anybody batting an eyelid. With the employee turnover in the company being already so high, it wouldn't be a far-fetched move for the company to fire Milne if he starts making problems through his job which is accountancy. With this possibility, the only option that Milne has left is dialogue which is unlikely to make any impact and bring about a change in the organization. The question which arises in this aspect is whether Milne can continue working in the company and does not involve in these unethical activities.

There are a few considerations that must be made to get the answer to this question. The first consideration is the basis of the organization. The primary basis of this organization is on

unethical activities. Mordeca Inc. strives on giving loans and mortgages to poor people and the minorities which is a debt entrapment tactic. This makes it the primary basis of the organization which is the first point why Milne cannot keep operating in the environment and not be involved in these activities. The second consideration that needs to be made in this regard is the position that Milne holds in the organization. Being an accountant, it becomes nearly impossible to refuse from indulging in certain activities. This is the second reason why Milne cannot consider the possibility of keeping his job and conscience intact simultaneously. The consequences of this proposition are just too huge where Milne can also end up in handcuffs (Lucas 2022). The third reason is the work culture of the organization. With what has been established regarding the toxicity of the organization, the hierarchy is likely to force Milne on what they want and being their employee, he won't be in a position to refuse them. Therefore, there is no way that Milne can keep on operating in this environment without indulging in unethical activities and while leaving the job will have serious implications for Milne and his family, this will be the only way out for Milne.

#### **Recommendations for The Overhaul of Mordeca Inc.**

The changes in Mordeca Inc. can be brought about by forcing an overhaul of the existing system. With how the current system is operating and how devoid of business ethics it is, there is no other way than to create a mindset shift. All of the big companies that are successful have all the employees working toward a common goal and that cannot be possible without an ethical roadmap (Expert 2020). An ethical organizational environment must be created for the employees to understand what is required for them to act on it (Expert 2020). The mindset shift must be backed by mechanisms that support this mindset. The current financial system of Mordeca Inc. is based around debt entrapment of the poor. After the mindset shift, it must be followed by proper and ethical financial measures to eliminate the financial system that the company currently bases itself on. The next remedy for the organization is to create a better workplace environment. The ways to create a healthy workplace environment is the incorporating open communication, taking care of the employees, giving them space to innovate, understanding the employees, and maintaining a professional environment (How to create a positive work environment 2023). All of these changes will revolutionize the company. Nevertheless, huge efforts and a focused head is required to bring about these changes.

## Conclusion

M&S is one of the leading clothing brands globally which is due to the ability of the brand to adapt to evolving trends. The brand has showcased brilliant ESG initiatives which has helped the brand stay relevant to the modern times. In the environmental field, the brand has overhauled its whole mojo. The social and governance aspects have also been aligned with the brand goals to achieve coherence in the image. M&S has also given due importance to its CSR initiatives and sustainable practices which has helped in gaining customer attraction and achieving financial sustainability. The case of Mordeca Inc. presents a complex case of business ethics. Mordeca Inc. has various ethical problems that make it difficult for the employees to adjust despite having a conscience. While the first course of action for Milne in this situation is to initiate dialogue and try making a change, this is unlikely to bring a change. The question in this situation is whether Milne can keep operating without indulging in these activities which is not possible. According to business ethics, the only option Milne has is to leave which is a hard pill to swallow. The revolution of Mordeca Inc. is hard but can be achieved through big changes in the shape of mindset and mechanisms along with a better workplace environment.

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