

Modern Slavery Statement.

2023/24



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Background

The UK Modern Slavery Act 2015 (the 'Act') requires businesses to state the actions they have taken during the financial year to ensure modern slavery is not taking place in their operations and supply chains.

This statement refers to the financial year ending 29th February 2024 and sets out the steps taken by our business, where we have operations in the UK, Republic of Ireland, Central Europe and relevant subsidiaries to prevent modern slavery and human trafficking in our own operations and supply chains. Due to the nature of their businesses, Tesco Bank, Tesco Mobile, dunnhumby, One Stop and Booker publish separate Modern Slavery Statements.

Introduction from our Group CEO.

Modern slavery has no place either within our business or supply chain and we take a zero-tolerance approach towards it. We're fully committed to playing our part in eradicating modern slavery and as a business with far-reaching and complex supply chains, we recognise the important role we play.

Our statement sets out the steps we've taken to manage the risks of modern slavery and outlines how we diligently check both our own internal operations and supply chains, ensuring robust processes are in place to minimise and eliminate issues in this area. We always aim to share the full story on our progress and areas for development, and firmly support the need for transparency and collaboration to fully eliminate the risks in this area.

As we have continued to develop our human rights work, we have gained greater insight into risks and trends relating to modern slavery, which has enabled us to strengthen our approach. We continue to work together with our suppliers and other retailers, participating in schemes such as the Food Network for Ethical Trade (FNET) which has highlighted the growing risks posed within UK seasonal labour and emerging issues brought to light through changing international recruitment trends.

I'm proud of our achievements and for being recognised by Modern Slavery Benchmarks, such as KnowTheChain, for our work in this area. But we acknowledge there's still much more to be done. In the next 12 months we will continue to strengthen our approach and ensure our strategy is responsive to changing risks. This work will include continuing to roll out our Human Rights Blueprint across key business units.

This statement was approved by the Board of Tesco PLC.



A handwritten signature in black ink that reads "Ken".

Ken Murphy
Group Chief Executive Officer

9 April 2024¹

Our key achievements in 2023/24

Within our full year 2023/24 we have:

- Been recognised for our leadership in tackling modern slavery in KnowTheChain and Churches, Charities and Local Authorities (CCLA) Modern Slavery Benchmarks.
- Developed enhanced Responsible Recruitment training in partnership with consultancy Impactt, which we have delivered face-to-face to suppliers in Thailand.
- Worked with all of our poultry suppliers in Thailand to ensure they are aligned in covering all recruitment fees and costs as defined by the International Labour Organisation (ILO), including passport costs.
- Supported suppliers in Thailand and Malaysia to reimburse to workers or pay for over USD 3.6million in recruitment fees and costs.
- Initiated the repayment of over USD 3.6 million in missing wages and overtime to workers in our non-food supply chain.
- Continued funding and participation in the Seasonal Worker Scheme (SWS) Taskforce and engaged suppliers to promote the Just Good Work App.
- Continued to support the development and growth of the Modern Slavery Intelligence Network (MSIN).
- Began development of a Human Rights Blueprint to establish standard policies and practices for human rights risks across key business units in the Tesco Group and provided modern slavery training to key People teams.

(1) Entities required to publish a statement under the Modern Slavery Act and therefore covered by this Group Statement include: The Tesco Atrato Limited Partnership, The Tesco Passaic Limited Partnership, The Tesco Navona Limited Partnership, The Tesco Property Limited Partnership, Tesco Stores Limited, Tesco Distribution Limited, Tesco Maintenance Limited, Tesco Freetime Limited, Tesco Ireland Limited, Tesco Mobile Ireland Limited, Tesco Franchise Stores CR s.r.o., Tesco International Clothing Brand s.r.o., Tesco Stores CR a.s., Tesco Stores SR, a.s., Tesco-Global Aruhazak Zrt, Tesco Bengaluru Private Limited, Tesco Family Dining Limited, Tesco Corporate Treasury Services PLC.

Our business and supply chains.

Tesco is one of the world's leading multinational retailers. Our largest operations are in the UK, where we have over 3,700 stores. We also have businesses in the Republic of Ireland, Czech Republic, Hungary and Slovakia.

Across the Group, over 330,000 colleagues serve millions of customers per week in-store and online, united in our core purpose of serving our customers, communities, and planet a little better every day. Our purpose is underpinned by three values:

- 1 No one tries harder for customers
- 2 We treat people how they want to be treated
- 3 Every little help makes a big difference

This means we're keeping customers at the heart of what we do, while also reflecting our responsibilities to the communities we serve, source from, and to society more broadly. To learn more about our purpose, [see here](#).

We want everyone who works for or with Tesco to have their human rights respected and we know our customers, colleagues and suppliers want the same. We believe that our trade with people across the countries we source from should have a positive impact, creating jobs and opportunities for people all over the world. Our human rights strategy, which includes addressing modern slavery, delivers against our value to treat people how they want to be treated. As part of this, we have committed to:

- Respecting international human rights standards throughout our supply chains.
- Focus on the most serious risks to supply chain workers, collaborating transparently with NGOs, unions and others to identify and address these risks.

We have thousands of direct and indirect suppliers who grow, make and move raw materials and finished products across global supply chains. These suppliers range from large agriculture businesses to smallholders and manufacturing companies. We also work with other partners who help run our distribution centres, keep our offices and stores clean and secure, and much more.

Our human rights agenda covers both our own business operations and supply chains. We work to identify actual or potential risks of modern slavery and help ensure remediation where cases are identified.



Our approach to human rights.



Our approach to human rights is based on a number of important internationally recognised declarations, standards and codes. These are the foundations for how we work across the Tesco Group, and include:



[The United Nations \(UN\) Universal Declaration of Human Rights](#)



United Nations
Global Compact

[The UN Global Compact](#)



[The UN Guiding Principles on Business and Human Rights](#)



International
Labour
Organization

[The International Labour Organization \(ILO\) Declaration on Fundamental Principles and Rights at Work](#)



[The Base Code of the Ethical Trading Initiative \(ETI\)](#)

Our human rights approach, including tackling modern slavery, is supported by our [Code of Business Conduct](#) and [Human Rights Policy](#) which set out our obligations to customers, colleagues and communities in our own operations and supply chains. We take any allegation of a breach of our policies extremely seriously. We provide independent and confidential [‘Protector Lines’](#), communication channels that enable our colleagues, suppliers and their workers around the world to raise concerns.

Governance.

Overall governance and progress monitoring of our human rights work, for all markets and subsidiaries, sits with the Board's Sustainability Committee, which meets four times during the year. Read more about the work of the Sustainability Committee in our [Annual Report and Financial Statements 2024](#).

“Responsible Sourcing” is highlighted as a principal risk within our business-wide risk assessment and is also reported within our Annual Report. Exploitation of workers and human rights breaches remain the key drivers of this risk. We update on current and future risks, progress and performance, and breaches of our policies, to the Group Risk and Compliance Committee, chaired by the Group CEO, plus the business unit Risk and Compliance committees, on at least an annual basis.

The Group Human Rights Director is accountable for our human rights strategy and chairs an internal modern slavery working group. This group is made up of colleagues from Human Rights and Group Security, meeting bi-annually at a minimum to monitor progress against our [Group modern slavery strategy](#) and review actions on alleged breaches.



Due diligence.

We follow a risk-based approach to due diligence in line with the UN Guiding Principles on Business and Human Rights, and in consultation with internal and external stakeholders.

Our due diligence framework has five stages:

1.

Establish a broad perspective beyond our immediate business and the first tier of our supply chain.

We assess the potential modern slavery risks within our own operations and supply chains by considering the country of origin of the products, raw materials or services we source. We also consider the type of labour being used, whether skilled, semi-skilled or un-skilled, and whether seasonal, permanent, agency or migrant labour.

We use the [Food Network for Ethical Trade \(FNET\)](#) risk ratings to inform this, combined with our own understanding of labour rights and modern slavery risks in our key sourcing sectors. We gather intelligence about emerging risks through our regional human rights specialists and strong relationships with local groups, NGOs and organisations such as ETI, FNET and the Consumer Goods Forum. Campaigners, whistle-blowers, human rights defenders and activists can also play an important role in helping us identify where some of the biggest risks lie.

2.

Determine priorities based on areas of highest risk and through intelligence gathering.

With 38 dedicated human rights specialists, based across 11 key sourcing countries, we are well-placed to gather on the ground intelligence through direct engagement with suppliers and other relevant stakeholders.

We continuously review priority areas within our own operations to identify emerging risks. In 2023, for example, we conducted due diligence on our refrigeration supply chain to ensure there are no links to banned sourcing regions. We are committed to ongoing due diligence across our distribution network. A key part of this includes assurance visits, conducted by independent experts, with a focus on direct worker engagement and interviews.

3.

Identify the process of avoiding or mitigating risk.

4.

Define method for rectifying abuses and remediating any victims.

Where we do not have on the ground capacity, we work with a range of experienced partners, including consultants and NGOs, who are supported by our commercial buying and quality teams. In 2024, we plan to expand our team to increase regional specialist resource in priority countries.

We use the information gathered to continually reassess and respond to the potential and actual risks in our business and supply chains. Our human rights strategy was developed in 2018 through consultation with 25 key stakeholders, including suppliers, academics, NGOs, trade unions and internal stakeholders. It outlines human rights focus areas which address the most salient human rights risks in our supply chain. We continuously review our strategy and update our approach as needed.

5.

Develop learning strategy allowing us to consider new information.

Human Rights Strategy



Prohibited and restricted sourcing regions

Our policy for Prohibited and Restricted Sourcing regions includes guidance for Tesco colleagues and suppliers on sourcing from countries or regions that are conflict-affected, occupied, or disputed, as well as areas that are characterised by widespread human rights abuses and violations of national or international law. In these situations, the relevant Human Rights, Technical and Commercial colleagues (from both Tesco and the supplier) are required to perform case-by-case reviews that approve sourcing, deferring to UK government guidance where available.

Human Rights Audits

For the supply chains of Tesco UK stores, we require all primary supplier sites (known as ‘tier 1’ sites) in high-risk countries to have an independent human rights audit from a Tesco approved auditor before they start supplying Tesco, and then on an annual basis. This represents around 34% of our total tier 1 suppliers. These audits are conducted against best practice international labour standards as set out in the Base Code of the ETI. Our audit programme is a key part of our assurance around supplier implementation of relevant ethical policies. In addition, we require audits end-to-end of key supply chains where there are high risks of human rights issues. For example, fruit and vegetable sites are audited to the farm level in high-risk countries. We also require all primary suppliers to link to Tesco through Sedex, a platform for suppliers and retailers to share ethical data and audit records, giving us full visibility of their ethical audit performance.

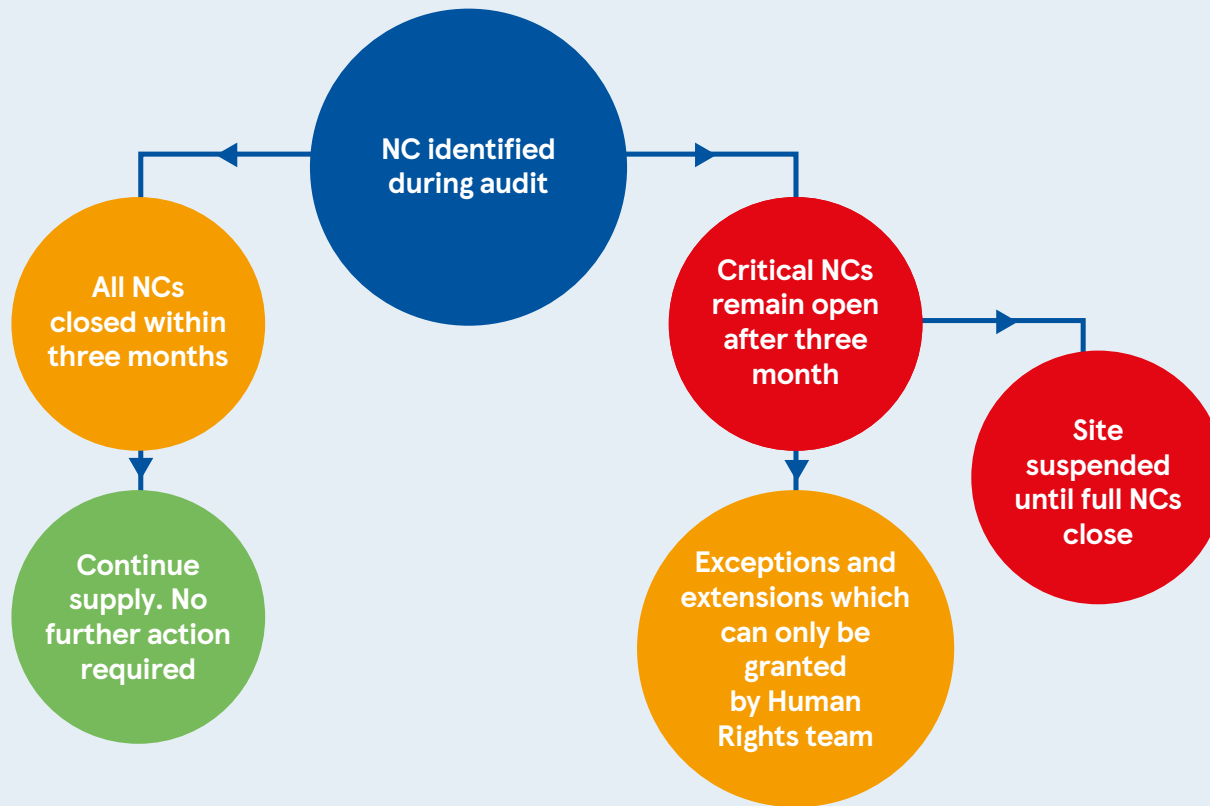
Independent auditors, following approval by Tesco, visit high-risk supplier sites to conduct an in-depth audit once a year, and we reserve the right to audit on an ad-hoc basis in response to any raised. We monitor the effectiveness and service quality of the audit companies we use on an ongoing basis. In 2023, as part of our ongoing monitoring, we delisted 19 auditors for failing to identify critical issues that our own in-house specialists later identified.

In 2023 we conducted a consultation and review of our approved Audit Service Providers and as a result have consolidated this to ensure sustained high performance and effectiveness of our ethical audit programme.

During the audit closing meeting with suppliers, all non-compliances with the ETI Base Code are discussed and a Corrective Action Plan Report (CAPR) is agreed between the supplier and the auditor. We categorise non-compliances as critical, major, or minor, as defined by the SMETA ethical audit methodology. If any critical non-compliances are found, the audit company notifies us directly. In 2023 critical non-compliances, related to any human rights breach including modern slavery, were identified at 48% of primary high-risk supplier sites. The most common of these were excessive working hours, inadequate health and safety practices, and payment of wages, which is a continuing trend to previous years.

In 2023/24, 95% of sites have either closed out the non-conformances or are on track to do so within the required required six month timeframe. For further details, please see our [Human Rights Factsheet](#). Our approach to resolving modern slavery non-compliances follows this same process. For the small number of remaining sites, we manage the process closely to ensure non-compliances are closed as swiftly as possible.

Non-Compliance (NC) closure process



Time periods are agreed by our team, who consider reasonable adjustments, mitigating factors, or ongoing investigations. We continue to work with sites to close issues quickly, as long as they demonstrate commitment and capability to do so. Our first aim is always to ensure issues are remediated for workers and practices put in place to avoid recurrence. However, if we believe sustained improvement will not be achieved, we will seek to responsibly exit the site. In the last year, we temporarily suspended eight sites as a result of human rights breaches.

Beyond our ethical audit programme, we seek to improve working conditions by increasing access to trusted communication channels where individuals are able to safely put forward their viewpoints. In 2023 we took part in a pilot being run by Sedex and Diginex, a ‘worker voice’ technology solution, at a small number of our supplier sites in Thailand and Malaysia. This programme utilised routine SMETA audits at high-risk sites to build trust with workers and incorporate a multi-lingual worker voice tool to improve our understanding of worker experience. The feedback we provided from this pilot will help inform Sedex’s future approach to building worker voice into the audit process, improving audit accuracy and providing workers with further opportunity to share their working experiences.



Investigating modern slavery allegations

Where any human rights issues are identified, including modern slavery, we work to an established internal incident management and escalation process to ensure that we receive all relevant information and act quickly and effectively. This process includes:

- **Receiving details of an allegation.** We have clear procedures to make senior colleagues aware of incidents, and the appropriate actions being taken. Allegations are managed by Human Rights and Group Security teams, as well as colleagues with a range of expertise and experience, including former law enforcement officers and investigators.
- **Convening relevant stakeholders appropriate to the details of the case.** When we receive intelligence through ethical audits, our own site visits, Protector Line, NGO or media reports, we always review and investigate if appropriate. Where our suppliers identify possible indicators of modern slavery within their own operations, we support and monitor their investigations.
- **Investigating and reporting to relevant authorities.** We continue to engage proactively with the authorities and relevant experts to better understand risks and address issues identified. We are committed to sharing information that will help stop or prevent the exploitation or abuse of workers, whilst ensuring that this information is handled sensitively and within data protection requirements.
- **Collaborating cross-industry, including intelligence sharing in line with legal frameworks.**
- **Developing a remediation plan for substantiated allegations, in line with the UN Guiding Principles on human rights.** Where cases of modern slavery or other Human Rights abuses are identified, we work to ensure remediation, partnering with charities and NGOs as required. In 2023 the majority of allegations have related to industry-wide challenges; our focus therefore remains

on supporting ongoing collaborative efforts to address those specific concerns raised, and to address underlying root causes. In cases where the Human Rights team are not satisfied with the remediation actions taken, we will consider suspending sourcing and may move to exit relationships.

In the past 12 months, we have identified 31 allegations containing some indicators of either labour abuse or modern slavery. Ten of these were within our own operations and 21 within our supply chains. Two instances of exploitation were confirmed within our own operations, with two partially substantiated, and 15 within our supply chain. 11 of these cases in our supply chain relate to the UK Seasonal Worker Scheme and we have sufficient evidence to suggest these claims are at least partially substantiated. See more details of our response to the Seasonal Worker Scheme on page 17.

Grievance mechanisms

We know that effective grievance mechanisms are often key to identifying human rights allegations. As part of our broader human rights strategy, in line with the UN Guiding Principles, we continue to ensure access to grievance mechanisms within our supply chains and own operations. More detail on our approach to grievance mechanisms can be found [here](#).

In 2023 we have continued working with &Wider in South Africa to understand how worker voice technology solutions can strengthen our due diligence processes across the South African fruit industry. Workers engage in surveys through mobile technology to help build a comprehensive view on working conditions on farms. Workers on participating farms are currently completing their first survey cycle. The results will be analysed to develop appropriate remediation responses.

In 2023 we have encouraged targeted tier 1 suppliers to implement the grievance mechanism toolkit we helped develop in partnership with Reckitt and Oxfam. Reckitt, a key supplier, initially commissioned the practical toolkit to support companies to improve their grievance mechanisms, enabling workers to raise grievances in a safe, trusted and transparent manner. We partnered with them to increase the scope of the pilot to include flowers, produce and packaged foods. The toolkit is now publicly available on the [Oxfam website](#) and provides best practice guidance on the effective implementation of operational grievance mechanisms. In addition, we have also been engaging with Oxfam to roll out the toolkit in non-food supply chains, and will continue this into 2024.

Worker interviews are an important tool for identifying issues. Tesco has significant expertise in conducting ad-hoc visits and worker interviews at both our own and supplier sites. Worker interviews are conducted with a focus on workers' needs and are always voluntary.

We participate in the ETI's Grievance Mechanism in Agriculture project which draws upon our collective experience in establishing effective grievance mechanisms in an agricultural context. See further detail of this work on Page 22.

In 2023 we participated in a research consultation with the University of Nottingham Rights Lab, considering the potential creation of a grievance mechanism specific for the UK Seasonal Worker Scheme. We shared our learnings of implementing worker-led mechanisms in a range of settings, including our work developing the Oxfam toolkit.



Tackling modern slavery risks.

Our approach to preventing, identifying and mitigating modern slavery is based on the leading factors which are acknowledged by the ILO as root causes of modern slavery in supply chains, such as:

- Recruitment fees (leading to debt bondage)
- Cultural isolation
- Restricted movement
- Working conditions

It is important that we address all root causes, and we work collaboratively to drive progress across each of them. However, we will continue to focus on recruitment fees and costs, which can lead to debt bondage and exploitation, and are the most common modern slavery risk indicator in our business and supply chains. We also believe this is one of the areas in which we can best apply our leverage to have the greatest impact in reducing workers' vulnerability to exploitation.

Strategy

Our current modern slavery strategy focuses on the following priority geographies and products within both our own operations and supply chains:

- UK Distribution
- Central Europe Distribution
- Thailand and Malaysia
- Fish and Seafood
- UK seasonal workers
- Non-food sourcing and manufacture across East and Southeast Asia

Details of our approach and progress in the last year on each of these areas are below.

Our operations

Business purchasing practices can directly affect human rights and we're currently monitoring how our policies may impact supplier behaviour. In 2023, we began reviewing our purchasing practices with the aim of identifying improvements which support high human rights standards in our supply chains and procurement processes. We've consulted with external experts and identified a common framework to guide this ongoing review throughout 2024.

The majority of our colleagues are employed on permanent contracts. Workers most at risk of modern slavery are those not in permanent employment or employed through labour agencies.

Our focus areas in our business operations are:

- Agency workers in our distribution and fulfilment centres
- Workers providing retail labour services, such as security and cleaning for our offices, stores and distribution centres
- Workers in car washes located within the car parks of our stores
- Workers in the construction industry who build, maintain and fit-out our stores
- Goods not for resale manufactured in high-risk countries.
- Couriers working for rapid delivery partners





In addition to our due diligence, identified high risk suppliers are required by our policy to undertake robust mitigating steps, such as:

- Independent ethical audits, which include a review of the supplier's management systems to ensure they are adhering to the ETI Base Code, worker interviews and analysis of how worker recruitment is managed.
- Attend tailored modern slavery training hosted by [Stronger Together](#). This is a UK based multi-stakeholder initiative aiming to reduce modern slavery through guidance and training. Across all areas of Group Procurement, 58% of suppliers have completed Stronger Together modern slavery training, and 100% of suppliers have registered

for the [Responsible Recruitment Toolkit](#). Completion sometimes falls below 100% where new suppliers are onboarded. In 2023/24, we worked to increase transparency of our goods not for resale suppliers, and as such Stronger Together completion rate is temporarily lower whilst we work with new suppliers to complete this.

- Complete the [Self Assessment Questionnaire](#) within Sedex.
- Attend bi-annual meetings with the Tesco human rights team to strengthen and coordinate our approach to identifying and mitigating risks of modern slavery. This is also included as a key aspect of ongoing supplier performance reviews carried out in conjunction with our commercial teams.

UK distribution centres

In 2023, we conducted site visits and worker interviews together with an expert human rights consultancy at high-risk centres.

This year we conducted assessments within our Customer Fulfilment Centres (CFCs) for the first time, where there is a small contingency of agency labour. Our independent expert assessed half of all our centres in 2023 for human rights and worker welfare standards. We identified challenges along similar themes to our distribution centres, with no identified cases of modern slavery, and are working with our colleagues and agency partners to implement improved training and awareness of grievance mechanisms. We have begun promoting the independent [Modern Slavery & Exploitation Helpline](#) across all of our CFCs. We also identified good practice where agency colleagues reported being treated with respect and flexibility in their role and enjoying their working life, which highlighted the importance of workplace culture.

An additional benefit of our approach to uncovering modern slavery is that we are able to also identify human rights issues beyond modern slavery. We were alerted to three cases relating to potential labour abuse in our distribution and fulfilment network in 2023:

- Report of agency colleague mistreatment by a supervisor. This was investigated thoroughly by both Tesco and agency colleagues, who engaged directly with the whistleblower. This issue was resolved and provided an opportunity to refresh colleagues on the grievance mechanisms available.

- Report of sexual harassment at a distribution site. This report was consistent with concerns raised through our due diligence in 2022 which we have been working to address as per below. This report was thoroughly investigated by our People and Group Security teams and affected individuals consulted. The substantiated elements of this report were addressed in line with our policies.
- Report of agency colleagues being treated poorly, pressured into overtime and working when sick at a CFC. We worked closely with our agency partner and acted quickly to address these concerns through enhanced worker welfare training, greater visibility of grievance mechanisms and more regular engagement with management.

Alongside these reports, our assurance visits uncovered isolated instances of:

- Verbal mistreatment by a supervisor
- High performance pressures around picking targets
- Insufficient shift hours
- One instance of historic recruitment fees
- One instance of sexual harassment

All of these instances were investigated in line with our policies and resolved to the worker's satisfaction. These findings highlight the importance of regular site visits and worker engagement by trained colleagues and independent experts, which we commit to continuing into 2024 and beyond. We work closely with our distribution colleagues and labour providers to implement corrective actions where individual occurrences are raised and encourage workers to continue raising issues.



We promote our confidential Protector Line and the independent Modern Slavery & Exploitation Helpline across all our distribution centres.

This year we also provided foundational modern slavery training to our distribution teams within head office to further drive awareness and best practice.

After uncovering reports of sexual harassment at a small number of sites in 2022, in 2023 we developed and rolled out a comprehensive programme 'Women in Distribution at Tesco', aimed at building capacity around appropriate workplace behaviour and colleague respect. Although not directly linked to modern slavery, this highlights the importance of our broader ongoing human rights and worker welfare due diligence across our distribution network.

We closely monitor weekly working hours of all our agency distribution colleagues to keep within the acceptable limits of the ETI Base Code. We meet regularly with our labour providers to ensure worker welfare is maintained while flexing to business needs.

As part of our work with the Consumer Goods Forum Human Rights Coalition and Fair Labor Association on our own operations, this year we took part in an in-depth evaluation of our own operations programme. In the coming year we will shift our focus within the Coalition to focus on responsible recruitment.

Central Europe: Human Rights Blueprint

In our 2022/23 Modern Slavery Statement we disclosed the independent assessments we had conducted with Achilles Consulting and the findings of those, including a need to consolidate the number of labour agencies and provide modern slavery awareness training.

In 2023 we started developing and implementing a Human Rights Blueprint to align human rights standards and due diligence practices across Tesco business units, including our business in Central Europe. The findings from the independent assessments conducted in Central Europe, including the areas at higher risk for labour exploitation or modern slavery, have been incorporated into this. New local and group governance processes, put in place alongside the Blueprint, are ensuring specific recommendations from the assessment are being implemented in Central Europe.

Our supply chains

Thailand and Malaysia

We continue to prioritise Thailand and Malaysia as high-risk regions for modern slavery, with a particular focus on responsible recruitment. Since the post-Covid-19 re-opening of migrant worker recruitment routes in 2022, we have been able to recommence regular site visits and face-to-face engagement with key sites as restrictions have eased.

Our human rights specialist in Thailand maintains close relationships with our primary suppliers and poultry sites in Thailand and Malaysia to ensure our ethical standards are met and the risks of modern slavery are managed. We partner with NGO Issara Institute, who specialise in tackling forced labour across South and Southeast Asia. Issara monitors our supply chains in Thailand and provides workers with independent grievance channels. The key focus of Issara is enabling workers to raise concerns, ensuring they are addressed and strengthening supplier systems. They implement site level grievance mechanisms, including helplines, which encourage workers to report recruitment fees or other concerns.

Grievances raised by workers are monitored by Issara's dashboard, ensuring our response supports the worker experience and empowers migrant workers who are more vulnerable to exploitation. Our partnership with Issara assures that worker grievances are addressed with a victim-centric approach.

In 2023, our key focus has been building on the progress suppliers have made towards compliance with our Human Rights Requirements for sites in Thailand and Malaysia. Launched in March 2020, we require all primary food sites and poultry sites at tier 1 and below to implement the Employer

Pays Principle, in line with the ILO definition of recruitment fees and costs. In 2021, we expanded this requirement to all non-food sites supplying into the UK and ROI. This imposes a timebound requirement for all primary suppliers to implement a zero fees recruitment model for migrant workers in line with the Employer Pays Principle.

In 2023, 100% of food sites completed recruitment fee assessments, with one non-food and one not-for-resale supplier having begun the process with Issara. We work closely with suppliers to implement site-level responsible recruitment policies, which has been completed at 100% of food and not-for-resale sites, with one non-food site yet to meet this milestone. Compared to the data we reported last year, where these figures were at 94% and 71% respectively, our suppliers have demonstrated good progress towards a sustainable Employer Pays recruitment model. In addition, all of our Thai poultry suppliers have now broadened their responsible recruitment policies to take responsibility for all worker related costs as defined by the ILO, including passport cost and renewal.

In 2023, we worked with human rights consultancy Impactt to develop three modules of enhanced responsible recruitment training specifically aimed at Thai and Malaysian suppliers, which we began delivering to teams face-to-face this year. Over the year colleagues from our Human Rights, Commercial and Technical teams have visited key suppliers in Thailand to further drive progress against these commitments. This work has equipped sites to understand how to develop stronger requirements with recruitment agents and practices which support the implementation of their zero-fee policies. This has facilitated the progress made to our overall compliance with the policies and the reimbursement made.

In 2023, a total of USD 3,637,408 represents the amount of recruitment fees and costs our suppliers have either reimbursed to workers or paid on their behalf. This is in addition to USD 442,672 in 2022. Ongoing reimbursement work is continuing throughout our implementation of this policy, and we will continue to monitor and report fees reimbursed annually. In 2023 we supported the International Organisation of Migration's (IOM) IRIS ethical recruitment programme by feeding into programme guidance, drawing on our first-hand support of implementing a responsible recruitment programme in South-East Asia.





Our ability to engage with supplier sites directly in Thailand and Malaysia has been key to achieving the progress made to date, and the effectiveness of this approach is encouraging further industry engagement on responsible recruitment.

Nevertheless, progress has been slow due to a number of challenges. In 2023 we achieved full compliance at 27% of food sites, although all sites have hit at least one of the key milestones outlined below.

Engaging suppliers through our approach has helped us to better understand the impacts of three main challenges that have made progress slow:

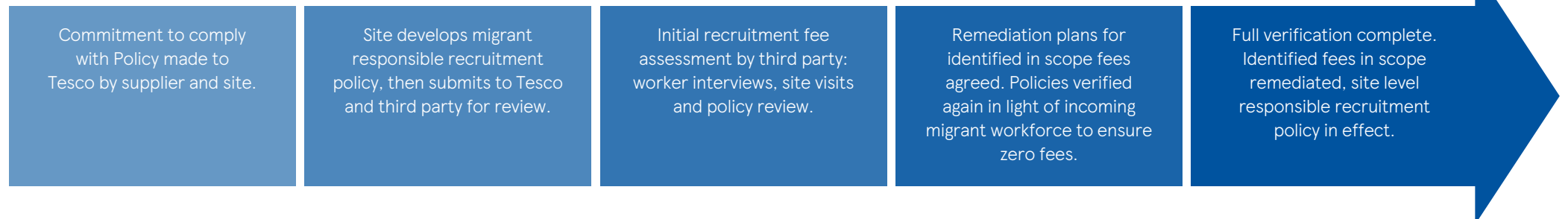
- **Covid-19:** Border closures during the pandemic meant that no migrant workers were entering these countries, delaying assessments of suppliers against the policy requirements, and restricting our ability to visit sites in person. Borders slowly re-opened in 2022 but further Covid-19 waves have at times continued to impact access to sites.
- **A need to build greater awareness and understanding:** These requirements have not been implemented by a UK retailer before, and as we work through this, we realise that verification cannot happen as quickly as we had anticipated.

While suppliers broadly support the policy, there is a need for ongoing support in implementing the policy and adopting the Employer Pays Principle within their companies. Some individual sites have been reluctant, partly due to the local normalisation of some types of recruitment fees and costs typically expected to be covered by a worker.

- **Limited leverage:** We need the rest of the industry to give the same messages to the supply chain so we can collectively improve on these issues. Where we have engaged but not seen the required commitment and support from supplier sites to improve, we have sought to responsibly exit.

We will continue to refine our approach to build greater awareness and understanding on responsible recruitment with suppliers, seeking their full compliance through continuous improvement, and with industry peers, seeking their collective support and alignment in implementing the Employer Pays Principle.

Responsible recruitment assessment and verification process



Fish and seafood

The details of Tesco's seafood sourcing are publicly available as part of the [Ocean Disclosure Project](#), as are our policy requirements for fish suppliers, including transparency to fleet level. The fishing sector presents significant challenges which heighten the risk of modern slavery and make it difficult to carry out effective due diligence. These challenges include:

- Relative lack of traceability and visibility of issues in the sector.
- Difficulty in replicating or adapting certain due diligence practices or techniques, including audits.
- Lack of worker organisation, awareness of labour rights, and effective grievance mechanisms.

- Historic loopholes in legislation which make workers more vulnerable to exploitation (flags of convenience, transit visas, exceptions to mandatory regulation of working hours and rest).

Our objectives for this sector are to improve visibility of modern slavery risks, improve due diligence with sector-specific considerations for 'beyond audit' practices, and mitigate the risk of migrant worker exploitation. In 2023, we worked towards these objectives by increasing our engagement in the Seafood Ethics Action Alliance (SEA Alliance). Tesco has been an active member of the SEA Alliance since its inception and, in February 2023, it became a Steering Committee Member.

The SEA Alliance is a pre-competitive collaboration of 34 member companies (retailers and seafood businesses), as well as industry and retail trade bodies, aiming to strengthen human rights due diligence carried out in the global seafood supply chain.

In 2023, Tesco contributed to the SEA Alliance's objectives of increased alignment in the seafood industry and effective due diligence processes, as well as increased implementation of approaches. Through the SEA Alliance we have continued government advocacy efforts, focused on improving regulation and enforcement of labour standards for migrant workers.

In 2023 Tesco funded elements of work carried out by Stella Maris and the International Transport Worker's Federation (ITF) to increase fishers' awareness of their rights, offer support and guidance, and gather testimonies from workers to inform the development of Worker Driven Social Responsibility initiatives.

We are also participating in a research project led by Dr Jessica Sparks (Tufts University) into how supply chain economics influence fishers' wages and debt, increasing their vulnerability to modern slavery. This research will assess the systemic impacts of several variables at different stages of the supply chain, including fuel price fluctuations, costs of production, purchasing practices, and efficiency of vessels. The project will continue in 2024.

This year, we commissioned ethical reviews of priority fish and seafood sourcing areas. This included reviewing working conditions in the Northern Irish Nephrops sector, the monitoring of working hours in the Alaskan Salmon sector, and recruitment practices in key supply chains, including examples of good practices in Northeast Scotland.

In 2024, we will update our fish and seafood sourcing requirements and expand human rights due diligence in these supply chains.



UK seasonal workers

The well-documented risks within the Seasonal Worker Scheme remain a key priority in our modern slavery approach. We have identified that the scheme brings higher risks of modern slavery, particularly through recruitment fees, discrimination, and poor accommodation standards, among other forms of labour abuse. The design of the government scheme is not aligned with the Employer Pays Principle, due to the requirement for workers to cover costs for their own visas and travel.

In 2023, we continued to see compounded risks as brought to widescale attention in 2022. This includes the ongoing conflict in Ukraine and scheme operators recruiting in geographies where they did not have established operations. This continues to lead to reports of debt bondage and exploitation.

Our greatest concern remains the vulnerability of workers entering the scheme and the risk of them becoming significantly indebted in the process. This is our focus as we have continued to drive improvements directly as Tesco and through our participation in the multi-stakeholder Seasonal Worker Scheme Taskforce.

In response to this industry-wide challenge, in 2023 we:

- Continued funding and active participation in the Seasonal Worker Scheme Taskforce to address root cause issues and improve worker experience in the immediate term.
- Engaged directly with migrant workers who have participated in the scheme, hearing their experiences and insights into what improvements are needed to the scheme from a worker's perspective.
- Fed into DEFRA's worker survey to encourage authentic worker testimony.
- Provided feedback via the British Retail Consortium (BRC) into the Migration Advisory Committee's (MAC) seasonal worker scheme enquiry, advocating for the need for scheme reform.



- Supported grower capacity building through national supplier roadshows.
- Supported the Taskforce's development of a Responsible Recruitment Progress Assessment for scheme operators.
- Took part in a roundtable coordinated by the Ethical Trade Initiative (ETI).
- Pursued our Seasonal Worker Scheme government advocacy at all opportunities, including at a meeting between our former UK CEO Jason Tarry and the DEFRA minister in November 2023.
- Participated in third-sector research into the scheme and how businesses are collaboratively responding to worker welfare breaches.

We continue to promote the SWS version of the Just Good Work app, which we co-funded the development of in 2022. Just Good Work is a mobile app that provides workers with critical information and access to help at every stage of their recruitment and employment journey. The platform provides workers with consistent guidance, and a channel to report their concerns, in their native language.

For the year ending 31 December 2023, there were 33,946 jobseekers and workers using the app, which included 33% of all scheme users. A total of 146,000 people have been reached with key SWS messaging through Just Good Work's social media outreach. In 2024, Just Good Work will continue working closely with scheme operators to continuously improve the reach and usefulness of the app.

As a result of the above, the severity of seasonal worker-related issues in our supply chain in the past year has been mitigated in comparison with 2022. We will continue to build on this work in 2024. Whilst it is vital the industry continues this work at pace, we believe there are fundamental design changes required to the scheme which requires government intervention. We have continued to engage government around our three policy asks, which we see as vital to achieving long-term human rights improvements:

1. Recruit from fewer, less risky countries
2. No fees contractual requirement guarantees from licensed scheme operators
 - a. Government and industry support must enable and enforce this
 - b. This will result in higher costs that will need to be shared across the supply chain
3. Clarify and enforce accountability for worker welfare
 - a. Through every step of worker engagement within the scheme
 - b. Include governance and remediation when issues are identified



Non-food

Our human rights programme for clothing and home supply chains includes human rights audits, which are required on an annual basis for primary supplier sites in high-risk countries, and a broad range of support programmes to drive further improvements. The risks of modern slavery and labour exploitation most salient to our non-food supply chains include:

- Forced overtime and prohibited leave
- Withholding of identity documents and wages
- Restriction of movement, particularly in worker accommodation
- Excessive working hours
- Recruitment fees

Our approach focuses on targeted action in our key sourcing regions: Bangladesh, China, India, Thailand, Malaysia and the UK. This includes our approach in cotton, actions beyond tier 1, building grievance mechanisms, enabling worker voice and capacity building.

In 2023, we continued to evolve the following existing initiatives focused on modern slavery.

[Enhanced Due Diligence](#)

In 2023, we arranged upskill training for 65 auditors from audit service providers who are approved to conduct ethical audits on our behalf. We conducted shadow audits to understand their performance and delisted 19 auditors for failing to identify critical issues that our own in-house specialists later identified.

We also arranged trainings for 79 auditors to raise their awareness on gender and worker transport safety during ethical audits.

All critical and major non-compliances require remediation, whether related to modern slavery or other human rights breaches. Evidence that corrective actions have been completed are reviewed to the satisfaction of our approved auditors and our human rights specialists. We provide guidance and support to suppliers to complete the corrective actions.

In cases where non-compliances remain overdue without meaningful progress, we suspend new orders, and shipment of existing orders would be allowed for a maximum of three months. In 2023, we terminated business relationships with 11 supplier sites for serious human rights violations and failure to implement corrective actions.

[Beyond tier 1](#)

Our due diligence has identified that there is greater risk of modern slavery in the lower tiers of our supply chain. We continue to map our clothing and textile supply chain, including spinning mills, fabric mills and processing sites.

All our direct suppliers, factories and mills have been offered training on our minimum requirements, the Employer Pays Principle and responsible recruitment.

To further mitigate and remediate risks, in 2023 we have:

- Assessed the working conditions of 155 fabric mills, 11 spinning mills and 19 weavers used by our clothing suppliers. We ensured critical non-compliances were resolved
- Continued to work in collaboration with the ETI to ensure the prevention of modern slavery in the Tirupur region in India, where workers are recruited through contractors and can have restrictions placed on their movement.



In 2023, we continued to work towards our Approved Mills Ambition to ensure that 100% of the yarn and fabrics we choose to make our products with will be sourced responsibly and sustainably by 2025. A robust workplan for this project includes minimum ethical requirements for mills. Beyond 2025, we will only work with mills that meet these requirements.

To address the issues related to migrant workers, we collaborated with the ETI, the Tirupur Exporter Association (TEA), trade unions, and other retailers, to revive the Tirupur Stakeholders Forum (TSF). The initial revival event took place in 2023 and we continue to support the ETI's work to form issue-based working committees.

In 2024 we will expand our human rights monitoring programme to tier 2 and tier 3, where secondary production processes are undertaken for our own label products.

RESPECT Programme, Bangladesh

Since 2018 we have been implementing our 'RESPECT: Create A Workplace Culture of Respect' programme in partnership with a local NGO, SHEVA. The ambition of the programme is to ensure a harassment free workplace through encouraging management culture change, sustainable management systems, and embedding worker voice. Our training programme, directed at on-site supervisors, has now been implemented across all tier 1 supplying sites in Bangladesh. 8,832 supervisors have received training and 360 have become master trainers across 73 factories. Following the training, many factories have introduced management practices to incentivise the respectful behaviour and disciplinary procedures, and measures have been taken to enhance their grievance mechanisms.

Following an independent review of the programme by the ETI in 2022, 97% of surveyed workers reported visible positive changes in supervisors' behaviour. All of these workers mentioned that since the training, their supervisors listen to their issues sincerely and try to resolve issues with empathy.

Cotton

Cotton remains a priority under our human rights strategy, as a commodity with associated human rights risks, including modern slavery. In 2017, we signed the “Sustainable Cotton Communique”, otherwise known as the 2025 Sustainable Cotton Challenge (2025 SCC) to source 100% sustainable cotton by 2025. Through more sustainable cotton programmes such as Global Organic Textile Standard (GOTS), Global Recycled Standard, US Cotton Trust Protocol and Better Cotton, we are on track to achieve this ambition. More information on our work in cotton and our F&F sustainability approach [here](#).

Payment of wages and recruitment fees

Debt bondage significantly increases a worker’s risk of modern slavery. As such, we monitor particularly closely in key sourcing countries that wages are paid on time, and in full for all hours worked, including overtime premiums where relevant. Through our own checks, we occasionally find cases where wages are not paid on time or in full. Where we identify a shortfall in payment, we require suppliers to pay back any missed wages. In the rare occurrence that suppliers do not agree, we exit our relationship with them in a responsible way.

In 2023 we identified and resolved 36 cases, affecting 4,965 workers, where payments had fallen short of what should have been paid. This included premiums for overtime, minimum wage arrears, recruitment fees, illegal deduction, and termination compensation. These were subsequently addressed with USD 362,837 repaid to workers as result.



Where it was identified that a site in Malaysia had required workers to pay recruitment fees in their home countries to get a job in the past year, we worked with the site to reimburse fees to 134 workers, totalling USD 81,135. In 2023 we received a complaint from workers at a clothing supplier in Bangladesh

about not receiving repayment for their unutilised annual leave. Our investigation substantiated the violation, and we worked with the factory to repay 619 workers a total of USD 16,470. We verified evidence of bank transfer records and confirmed with workers that reimbursement was completed.

Industry collaboration and partnerships.

We play an important role in improving working conditions for workers, including reducing the risk of modern slavery, through collaboration with suppliers, NGOs, industry bodies and government.

Over the past 12 months, we have continued to engage in a number of multi-stakeholder initiatives to tackle systemic issues. We continue to prioritise initiatives that align with our strategy and where we have meaningful leverage.

Benchmarks

We were pleased to receive a high score in [2023's KnowTheChain](#), a resource and benchmark focused on the ways business are tackling forced labour in their supply chains. Tesco ranked 2nd out of the 60 companies benchmarked.

Whilst this recognition is important, we also welcome the opportunity the benchmark scoring provides us to consider where we can continuously improve. For example, the feedback that we can do more to demonstrate how we approach remedy, and how we are working to better align our purchasing practices to our human rights approach. More details of how we are working on these issues can be found on pages 9 and 11 respectively.

We were also ranked in Tier 1 of companies 'leading on human rights innovation' in the newly-launched Modern Slavery Benchmark of the CCLA, an investment management company. This benchmark provides a reflection on how we can continue refine our approach to remedy, more details of which can be found on page 9-11.

Consumer Goods Forum

As part of our membership of the Consumer Goods Forum (CGF), we helped to develop and strongly support the CGF's Priority Industry Principles. These principles have underpinned the development of our modern slavery strategy, and we are one of the leading companies supporting collaborative efforts to combat forced labour in the consumer goods sector. Such collaboration is particularly important in lower tiers of supply chains where we do not have direct commercial relationships.

EVERY WORKER SHOULD HAVE FREEDOM OF MOVEMENT >>>>
NO WORKER SHOULD PAY FOR A JOB
NO WORKER SHOULD BE INDEBITED OR COERCED TO WORK

We continue to participate in the (CGF) Human Rights Coalition – Working to End Forced Labour, which brings together retailers and manufacturers to drive meaningful sector-wide change. For the past two years we have participated in the own operations working group. This year, we assessed that we have reached an appropriate level of maturity to shift our focus and have been participating in the working group focused on responsible recruitment. In 2023 this included work to adopt principles for remediation. We will continue working with the group on this focus in the coming year.



Clear Voice Interpreting

Many workers, both within our own operations and supply chains, do not speak English proficiently and may feel more comfortable discussing their working conditions in their native language. Clear Voice Interpreting is the trading arm of the NGO Migrant Help, which provides vital interpreting services to those in the UK. Informed by their experience of interpreting needs, Clear Voice Interpreting provides an on-demand phone service and pre-booked virtual interpretation services to those in need. We have worked with Clear Voice Interpreting since 2022 to access independent, professional interpreters adept at working with survivors of abuse when conducting worker engagement and human rights assessments.

In 2023, Clear Voice provided us with:

- 680 minutes of phone interpreting, supporting human rights interviews
- Interpretation in 9 languages: Lithuanian, Chinese, Cantonese, Hindi, Italian, Nepali, Romanian, Russian, Bulgarian, Ukrainian

Ethical Trading Initiative – Grievance Mechanisms in Agriculture (GMA)

In January 2023, the Ethical Trading Initiative (ETI) launched 'Grievance Mechanisms in Agriculture', funded by the UK Government's Modern Slavery Innovation Fund. Bringing together a group of 19 retailers and suppliers, the initiative focuses on improving access to grievance mechanisms for vulnerable agricultural workers in Spain and Italy.

To understand the key factors affecting the availability, awareness, accessibility, and use of operational grievance mechanisms, the initiative commissioned research to be carried out in Italy, Spain, Tunisia, Morocco, Guinea, and Senegal. In 2023, more than 100 stakeholders (employers, expert organisations, and academics) and over 200 agricultural workers were interviewed, either individually or in moderated roundtable discussions. A set of recommendations for UK and European businesses, will be disseminated in early 2024.

Based on the findings and learning from the research, in 2024 the initiative will pilot effective grievance mechanisms at selected producer sites in Italy and Spain. It will continue to support the newly established transnational network of civil society organisations in Côte d'Ivoire, Morocco, and Tunisia, to share and disseminate accurate information about the reality of irregular migration to North Africa and Europe.

Food Network for Ethical Trade (FNET)

Together with our suppliers and other retailers, we continue to participate in FNET, a network developed to support collaboration throughout supply chains, including addressing priority risks such as modern slavery. Tesco supports the mission of this cross-industry initiative by sitting on the Board of Directors for FNET, contributing to the strategy of FNET in 2024 and beyond.

This year FNET has continued bi-monthly calls to serve as a forum for members to share knowledge on emerging risks around modern slavery and broader ethical challenges. We co-lead FNET's Responsible Recruitment working group. In 2023, focus continued to be given to the growing risks posed within UK seasonal labour and highlighting emerging issues brought to light through changing international recruitment trends.



IUF Partnership

We have had a strategic with the global federation of trade unions, IUF (International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers Association) since 2022. We support IUF in their mission to address the challenges faced by workers in global food supply chains, including workers exercising their rights to be in a trade union and to negotiate collectively. The joint commitment outlines how Tesco and IUF will work together to support workers' rights globally, with a specific focus on how women in global food supply chains can benefit from effective grievance mechanisms, freedom of association and trade union representation. Through the partnership we aim to:

- Work collaboratively to support workers to access effective representation.
- Jointly create a process for incident reporting that allows for effective resolution of identified issues.
- Identify opportunities to reduce women workers' vulnerability and increase women's voices and representation in the workplace.

The incident reporting tool has now been finalised and will be trialled with suppliers in key sourcing countries. Priorities for the year ahead have also been finalised at IUF's regional African committee meeting in December 2023.

Leadership Group for Responsible Recruitment (IHRB)

As a member of the Responsible Recruitment Leadership Group, an initiative of the Institute for Human Rights and Business, we actively support the Employer Pays Principle that ‘No worker should pay for a job – the costs of recruitment should be borne not by the worker, but by the employer.’

It is a policy requirement that all suppliers of food, non-food, and goods and services not for resale into Tesco UK align with the Employer Pays Principle. We remain committed to rolling out this requirement, recognising that for many suppliers the transition to ‘no fees’ recruitment will take time, due to the difficulty in addressing the complex challenges associated with the root causes, including recruitment fees being endemic cultural norms.

Modern Slavery Intelligence Network

The Modern Slavery Intelligence Network (MSIN) is a non-profit collaboration in the UK food sector created in response to the findings of Operation Fort, the UK’s largest ever modern slavery investigation. We have taken leading roles in the legal and external stakeholder workstreams of MSIN, sit on the Board of Directors, and are active participants.. Information generated by the network is used to detect, prevent and disrupt modern slavery and labour exploitation in the food industry, protecting workers and improving outcomes for those directly impacted.

In 2023 we began live intelligence sharing, including one piece of intelligence which enabled another member to investigate a related incident within their supply chain. Through our



membership of the (MSIN), this year the risk of exploitation of Ukrainian workers who are living in the UK under the ‘Homes for Ukraine’ scheme was highlighted to us. We adapted our due diligence to do enhanced welfare checks on any Ukrainian colleagues in distribution centres and found no instance of this type of abuse in our own operations.

We were pleased to host the annual MSIN Conference 2023, with keynote speeches given by Rt Hon Theresa May MP and Caroline Haughey OBE KC. The conference was an important opportunity for current and prospective members across the food industry to take stock of our collective responsibility to disrupting forced labour and accelerating collaboration.

Spanish Ethical Trade Forums

The Spanish Ethical Trade Forums were established in 2015 as a collaborative initiative to address ongoing human rights risks and promote better working conditions within the agri-food sector in Spain. The Forums improve the wellbeing of workers by embedding sustainable and ethical good practice. We participate in the Forums and Governance Group, along with 10 supermarket brands and almost 100 associate members, including importers and producers.

In 2023 we supported the Forums as a “Canal Foros” specific sponsor; this is a grievance mechanism project launched with the aim of providing a common grievance channel to all workers in the Spanish fresh food industry. In November 2023, the Forums started the implementation of the pilot, focused on training producers and workers. The forums are collaborating with the ETI GMA project described on page 22 to create alignment and avoid duplication. Achievements during the pilot stage to date include:

- Five companies have trained workers trained and activated the mechanism.
- 261 workers have been trained directly by the Forums.
- 23 Internal trainers have been trained by the Forums.
- 730 Workers are covered by the grievance mechanism overall.

After the pilot experience, the mechanism will be widely launched to companies and cooperatives across the sector.

In 2023 the Forums delivered seven online seminars, three regional events and two international events, reaching almost 800 sector representatives. The forums have also delivered three in-person trainings to management and worker representatives to tackle issues related with poor social dialogue, management systems, leadership skills, and remedying modern slavery cases. These trainings are delivered by experienced trainers selected by the Forums who adapt

and prepare each session, focusing on the company characteristics and common challenges.

Unseen

Since 2019 we have supported with the anti-slavery charity Unseen, who run the UK’s 24/7 independent and confidential Modern Slavery & Exploitation Helpline. The Helpline’s trained advisors support potential victims of modern slavery as well as offer a way for businesses and the public to raise concerns, complementing our own Protector Line. Real-time translation is available in over 180 languages. We encourage our primary



supplying sites in the UK to promote the Helpline, enabling us to continue to raise awareness of modern slavery.

Through the Unseen business portal, which provides us with information about concerns reported to the Helpline, we have gained visibility of five potential cases relating to our own operations and four linked to our supply chains in 2023. Where these issues are brought to our attention by Unseen, we work closely with them on the investigation and remedial actions, ensuring that they are rights-informed and satisfactory to impacted workers.

Waves

The car wash sector in the UK is widely acknowledged as being high risk for modern slavery. We collaborate with our sole car wash provider, Waves, to drive strong ethical and employment compliance standards across the network.

Waves recognises the impacts of the cost-of-living crisis and the effects this could have upon the network. As such, Waves continues to audit the network, addressing findings through Waves processes and retraining franchise partners on best practise for worker welfare, employment rights and compliance related matters. Waves continues to work with anti-slavery charity Unseen and the Modern Slavery & Exploitation Helpline, to prevent and detect potential exploitation and modern slavery across the network. Extensive training is given to all Waves employees on spotting the signs of modern slavery. Furthermore, all franchise partners have received additional training on the changes in legislation for right to work, to ensure delivery of the required checks. This year, our human rights team will shadow Waves ethical audits to ensure alignment with our approach.

In the financial year 2024/25, Waves will be re-training all team members on the signs of modern slavery, as well as reviewing changes in legislation on modern slavery and immigration laws, to ensure best practice is delivered across the network.

Awareness raising and capacity building.

Raising awareness of modern slavery, both within our business and our supply chains, is an important part of our strategy. We know that identifying potential and actual cases requires training for colleagues and suppliers to understand the drivers and possible indicators of modern slavery.

This year we continued to train colleagues in our business who have direct contact with workers in our own operations and supply chains, including:

- Modern slavery e-learning for new starters in key supplier-facing roles.
- Modern slavery training for key colleagues working within our People team supporting business areas at high-risk to modern slavery.
- Continued ad-hoc basic awareness training and upskilling for colleagues within distribution, colleague relations and group procurement.
- Provided upskilling training for 65 auditors who are approved to conduct ethical audits on our behalf in our non-food supply chain.

We continue to require all Tesco suppliers based in the UK, including service providers such as labour agencies, to attend Stronger Together training on tackling modern slavery once every three years. This requirement also includes the second tier of our key UK food suppliers. Over the past seven years,

3,240 representatives from our supply chains have attended this training. This is an increase from 2,815 in 2022/23.

We sponsor Stronger Together's South Africa programme, and we strongly encourage all fruit and wine producers to attend Stronger Together training in South Africa, with 2,010 individuals trained to date, compared to 1,440 individuals in 2022/23.

In 2021, we mandated the completion of the Stronger Together Progress Reporting Tool for all UK based suppliers. Using this online self-assessment, companies can track the progress they have made in addressing modern slavery risks and identify the next steps for their businesses and supply chains, to ensure their approach continues to evolve. 234 suppliers have completed the Progress Reporting Tool to date, compared to 179 suppliers in 2022/23.

Recognising that dedicated ethical resources at supplier level lead to better working conditions, we established the Tesco Ethical Change-Makers (TSEC) programme within our non-food supplier base. TSEC participants complete a comprehensive training programme which includes in-depth discussion regarding our values and standards as well as operational skills. In addition to driving compliance with our responsible sourcing standards, the TSEC programme offers an opportunity for participants to share their experiences of best practice.

In last 12 months, 275 participants have been certified as TSEC and 160 of them successfully renewed their TSEC qualification at supplying sites in Bangladesh, China, Central Europe, India, Pakistan, Sri Lanka, SEA, Turkey and the UK.



Impact and monitoring.

We use the following Key Performance Indicators to track progress:

| By end of | Target | Measure | Status |
|-----------|---|--|--|
| 2023 | 100% of colleagues in relevant People teams trained to spot the signs of forced labour. | % of in-scope Tesco colleagues trained on modern slavery, which includes forced labour. | 100% of in-scope colleagues (representing 75 People colleagues). |
| 2022 | Zero workers pay for a job in 100% of primary sites in Thailand and Malaysia. | % of in-scope sites compliant with the Responsible Recruitment Requirements – Thailand and Malaysia. | Although 100% of in scope sites are committed to complying with this policy, and 100% of food sites have completed the verification process, to date 27% of food sites have completed all steps to be fully compliant. In the remainder of sites yet to reach full compliance, this is due to the length of time needed to sustainably implement change to complex recruitment See pages 14 and 15 for further details. We will continue driving for compliance in 2024. |

New targets for 2024/25:

| Within | Target | Measure |
|---------|--|---|
| 2024/25 | Provide enhanced modern slavery training to Tesco Distribution managers and supervisors. | % of in scope Tesco colleagues trained on modern slavery. |

We will continue to report annually within this statement on the below additional metrics and measures of success:

| Measure | Status 2023/24 | Progress ² |
|---|---|-----------------------|
| Number of primary suppliers in the UK trained on modern slavery | 674, as compared to 572 in 2022/23 | |
| Number of Tesco colleagues trained on modern slavery | 374 Colleagues total 75 People Colleagues 299 Product Colleagues (new in role since 2023) | |
| Number of cases with modern slavery indicators identified in own-operations and supply chains | 13 | |
| Number of cases with labour abuse indicators identified in own-operations and supply chains | 18 | |
| Number of modern slavery cases successfully remediated | 9 | |
| Amount of recruitment fees remediated in our supply chains | USD 3,637,408 | |

(2) Ratings are based on the following: Green – Action fully completed, Amber – Action partly completed, Red – Less than 50% of the action completed.

We also monitor progress against the commitments we make within our Modern Slavery Statement each year.

| Measure | Status 2023/24 | Progress |
|---|--|----------|
| Continue regular third-party human rights assurance visits across our UK distribution network | We have conducted further assessments at our five highest-risk distribution sites this year and completed assessments at three out of six customer fulfilment centres for the first time. Further detail on Page 12. | |
| Continue monitoring of weekly working hours of distribution agency colleagues. | We continue to closely monitor agency working hours each week to ensure they remain within acceptable limits of the ETI base code. | |
| Analyse outputs of Central Europe human rights findings and develop recommended strategy. | This has been completed and incorporated into the rollout of the Human Rights Blueprint in Central Europe. See Page 13 for more detail. | |
| Provide modern slavery training to Tesco People Team and advanced training to priority Distribution colleagues. | This has been completed. See further detail on Page 25. | |
| Conduct a review of Tesco purchasing practices to understand potential improvements to support human rights standards within our supply chains and procurement processes. | After conducting an initial assessment of high-risk areas, we have consulted with internal and external colleagues to develop the scope for a deeper assessment of the human rights impacts of our purchasing practices, which will continue in 2024. See Page 11 for more detail. | |
| Create consistent human rights standards across Tesco Group, including Central Europe, ROI, Booker and OneStop. | This work has been ongoing throughout the year as the development of our Human Rights Blueprint, as per Page 13. | |
| Drive 100% compliance with our Responsible Recruitment Requirements in Thailand and Malaysia | There has been significant progress against this target in 2023, with 100% of food sites having completed the full verification process. See more detail on Pages 14 and 15 for how we will continue working towards 100% compliance in 2024. | |
| Fund and contribute to targeted workstream projects to advance improvements UK Seasonal Worker Scheme in 2023 and beyond. | This work has remained a priority for Tesco in the past year and will remain so in 2024. See Page 17 for more detail on our activity on this issue in the past year. | |

| Measure | Status 2023/24 | Progress |
|--|---|----------|
| Continue engagement with UK Government on Seasonal Worker Scheme policy asks. | We have increased our engagement with government on Seasonal Worker Scheme issues in 2023, in particular with key departments such as DEFRA. We will continue this engagement in 2024. See Page 17 for more detail. | |
| Continue supporting further development of the Just Good Work app and disseminating throughout our produce supply chains. | The Just Good Work app reached 34% of all scheme users in 2023 and we will continue promoting it throughout our supply chains in 2024. See Page 17 for further detail. | |
| Disseminate Oxfam grievance mechanism toolkit across our relevant supplier base. | We have been engaging with Oxfam to roll out the toolkit in non-food supply chains and will continue this into 2024. | |
| Continue leadership within MSIN | Tesco sits on the Board of MSIN and has continued leadership within the network in 2023, including hosting their annual conference. We will continue this into 2024. See Page 23 for more. | |
| Analyse outputs of Sedex/Diginex worker voice pilot. | We completed this in 2023 as part of Sedex' pilot for incorporating worker voice surveys into the audit process, as per Page 8. We will continue to support this discussion in 2024. | |
| Continue final year of work in Heriot Watt fishery pilot. Assess outputs to consider how to expand further. This work is reviewing working conditions in priority areas such as the Northern Irish Nephrops sector and the Alaskan Salmon sector | We have continued to support this work, which is still ongoing. We will assess outputs once the pilot is complete. | |
| Work with apparel suppliers in Bangladesh to further implement our Culture of Respect Programme. | This work continued in 2023 with a total of 8,832 supervisors trained to date. See Page 19 for more detail. | |
| Promote the Modern Slavery & Exploitation Helpline to all UK produce sites end-to-end. | We continue to support Unseen's Modern Slavery & Exploitation Helpline and promote it across our own operations and supply chains. In 2023, Unseen joined the Seasonal Worker Scheme Taskforce to lend their expertise to the critical work being done to address abuses within the scheme. We will continue to support and promote the Helpline. | |
| Continue to co-lead FNET Responsible Recruitment Working Group and deliver working group objectives, including % of members working to adopt the Employer Pays Principle. | We continue to co-lead this working group. In 2023 80% of working group members had a public commitment to adopting the Employer Pays Principle. | |

Plans for 2024/25.

In the next 12 months we will continue to strengthen our approach to managing the risk of modern slavery within our business and supply chains and ensure our strategy is responsive to changing risks.

Own business and operations

- Continue work to conduct a human rights review of our purchasing practices to understand opportunities for improvement.
- Continue site-level human rights due diligence across our distribution network, supported by independent experts.
- Provide modern slavery training to colleagues where required.
- Continue rollout of Human Rights Blueprint.
- Expand our resource of human rights colleagues in key sourcing regions.

Our supply chains

- Analyse outputs of Tuft's University research into sustainable livelihoods in seafood, to identify opportunities to tackle financial insecurity as a key driver of modern slavery.
- Update our fish and seafood sourcing requirements and expand the extent of its human rights due diligence in these supply chains.

- Continue to build on the progress of the Seasonal Worker Scheme Taskforce to improve conditions for scheme participants, including continued support and promotion of the Just Good Work app.
- Continue pursuing advocacy opportunities with government for reform of the Seasonal Worker Scheme.
- Continue supporting and promotion of Unseen and the Modern Slavery & Exploitation Helpline.
- Continue work on FNET's board of directors, including strategy development to support progress against members' modern slavery aims, and continue co-leading the Responsible Recruitment working group.
- Drive 100% compliance with our Responsible Recruitment Requirements in Thailand and Malaysia.
- Continue participation in the ETI Grievance Mechanism in Agriculture project to drive improved access to grievance mechanisms for migrant workers in key produce supply chains.
- Continue our partnership with the IUF, including trialling the incident reporting tool in priority countries.
- Work with Oxfam to disseminate the grievance mechanism toolkit to non-food suppliers.
- Expand our non-food ethical monitoring programme to tier 2 and tier 3 of our supply chain.



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