

Human rights.

Why it matters.

We're committed to respecting and championing internationally recognised human rights standards in our own business and in our supply chain. With the United Nations reporting 50 million people still subject to modern slavery, 28 million of whom are in forced labour¹, there's still a significant and increasing amount of work to do to ensure the rights of people are protected. We aim for all the jobs we create, directly and through our supply chain, to be decent, fair and safe.

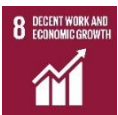
Relevant UN Sustainable Development Goals (SDGs).



SDG 1 No Poverty is focused on ending all forms of poverty. Sustainable livelihoods for workers and smallholder farmers is one of four themes in our human rights strategy. This recognises that although our trade provides opportunities and employment, there is still poverty associated with many different products and supply chains. Our aim is for all the jobs we create to provide those in our supply chain with decent wages and incomes to help people and families prosper.



SDG 5 Gender Equality aims to achieve gender equality and women's empowerment. We believe that women must be fairly represented across our workplace and throughout our supply chain. Working directly with suppliers, we are working towards identifying gender equality issues and taking action to mitigate and remediate these issues.



SDG 8 Decent Work and Economic Growth promotes inclusive and sustainable economic growth, full and productive employment and decent work for all. Our human rights strategy addresses this goal, particularly 8.7 and 8.8, focusing on eradicating human rights abuses and promoting decent, fair and safe environments for all, through our four strategic pillars: sustainable livelihoods, worker representation, forced labour and gender equality.



SDG 17 Partnerships for the Goals aims to strengthen global partnerships for sustainable development. We work in partnership with NGOs, suppliers and the wider industry to progress our commitments and build the resilience and sustainability of our business. Examples of this include leveraging our partnership with the World Banana Forum and IDH, the Sustainable Trading Initiative, enabling us to work with banana suppliers to close living wage gaps as well as our collaboration with ACT stakeholders to address living wage gaps in the garment industry.

Highlights.

Supporting suppliers to meet our ambition for at least 30% of supervisory and management roles in our supply chain to be held by women by the end of 2025.

Made ground-breaking commitments to support banana producers to pay the living wage to workers.

Launched a strategic partnership with IUF² to support workers' rights globally.

¹ ILO

² IUF

Our approach.

In this complex area, we are committed to upholding the highest human rights standards to ensure everyone who works with or for us, is treated with dignity and respect.

We work directly with thousands of suppliers across our global supply chains, and indirectly our work touches on many more people, through our indirect supply chains and their wider communities. We take our responsibilities very seriously, both as an employer and as a member of the community. Human rights issues are often global, systemic and inter-connected (for example, gender inequality in the workplace can also heighten risks of gender-based violence) while at the same time being intensely local, with conditions and considerations specific to individual supply chains and geographies.

Our work on human rights must span both of these lenses. On a global scale, we are a member of the Ethical Trading Initiative (ETI) and are committed to upholding the [ETI Base Code](#) across our global supply chains, along with ensuring our approach is aligned to the [UN Declaration of Human Rights](#), the [International Labour Organization's Core Conventions](#) and the [UN Guiding Principles on Business and Human Rights](#). Likewise, the tools that we use to manage risks include fundamental approaches applied across our supply chains, such as supplier requirements and ethical audits. In our priority areas, these are then combined with initiatives focusing very specifically on conditions of particular supply chains, typically in collaboration with other partners as we seek to find ways to tackle systemic risks. As an example, while we collaborate on sustainable livelihoods through global forums such as the IDH Living Wage Roadmap, we then also work through focused projects in priority supply chains, including tea, bananas and garments – all of which have different considerations, associated with their specific supply chains. The effectiveness of our approach depends on us treating suppliers fairly, building open and trusted relationships and setting clear requirements for our supply chain partners. We do this through our [Code of Business Conduct](#), [Group Human Rights Policy](#) and [supplier requirements](#).

In recent years, the macro environment has undergone significant changes, relating to COVID-19, Brexit, and more recently, the war in Ukraine and impacts on inflation, cost-of-living and supply chain resilience. It is vital that we continue to balance the rigour of our established due diligence framework, with our agility to reassess and respond to actual and potential risks across our supply chains and geographies. While we utilise a wide range of information sources as part of our risk assessment process, the role of our 40 dedicated Responsible Sourcing specialists is key. Based across ten priority sourcing countries, they gather on-the-ground intelligence through direct engagement with suppliers, workers and other relevant stakeholders, and are key to our responsive approach.

Respecting human rights is fundamental to our responsible sourcing approach, which is identified as a Group principal risk. Continued global economic pressures have seen increased risk of worker exploitation, particularly in some key sourcing countries. We continue to implement targeted response strategies including the implementation of innovative monitoring methods to ensure standards are met.



Read more about our approach to assessing human rights [here](#).

Transparency plays a key part in our human rights strategy and allows us to continually improve the way we source our products. It is vital to helping us manage risk in our supply chains, share learnings and enable collaborations for greater impact and mitigation. We are committed to improving transparency across our supply chain and publish our full list of first Tier food and grocery non-food suppliers, including overall supplier names, addresses, countries of origin and workforce numbers. We also publish our tea, seafood (through the Ocean Disclosure Project), and garment supply chain information.



Read more about our Tier 1 food and grocery non-food suppliers [here](#).

Taking action and addressing root cause

Our human rights strategy systemically addresses the root causes that underly labour rights abuses by focusing on four pillars. We seek to work with others where possible to move the dial on these areas of work.

Sustainable livelihoods

Our starting point is for all workers in our supply chains to be paid in accordance with their contracts of employment for all hours they work, that the wages are legally compliant and that there are no unfair deductions. Through our sourcing of certified products, such as Rainforest Alliance, we are also supporting farmers to adopt more efficient farming practices, which can reduce costs and improve incomes. We recognise that in some supply chains, wages and incomes are still too low and we developed our Sustainable Livelihoods strategy as a commitment to supporting workers and small-scale farmers to increase their resilience and prosperity.

Only by working together with suppliers, NGOs, governments, unions and the wider industry can we increase incomes and reduce poverty on a sustainable basis. We focus on six priority products overall. Our work on bananas, tea and clothing is based on ensuring employed workers earn a decent wage; we recognise that for cocoa, rice and coffee, small-scale farmers need to increase their income, in the context of the right community support and infrastructure. Key activities in the year include:

- **Working closely with our banana producers to collect and verify 2021 wage data.** Industry wide challenges such as the capability of suppliers to accurately record complex data and auditors' ability to verify it, has made this a long and complex process. However, our perseverance means that we can explore mechanisms to help make a positive contribution to worker livelihoods including through a financial contribution proportional to the volumes we source.
- **Recognising the importance of working with other buyers in the industry,** we launched a joint commitment with UK retailers to close the living wage gap throughout international banana supply chains by 2027. This will help to align our approaches, improve data collection processes and share learnings.

Modern Slavery

We are committed to taking a leading role in tackling modern slavery in our own operations and in our supply chains. Transparency and collaborative working are cornerstones of our approach in this area and we publish a detailed Modern Slavery Statement each year, including sharing examples of where we have identified issues and the steps we have taken to address these.

Our strategic approach to assessing risk has enabled us to identify four priority regions and supply chains, combining the areas of greatest known risk with Tesco's leverage, through our trading relationships and sourcing volumes. These are: primary sites and poultry sites at tier one and below in Thailand and Malaysia; priority fisheries; roles fulfilled by service providers in our own operations in UK and Central Europe (CE), for example, agency workers in distribution; and UK seasonal produce workers. We're taking action in these areas and using our convening power to advocate for change.

We continue to work collaboratively across the factors that enable an environment for modern slavery. However, we have decided to focus more heavily on responsible recruitment, given that recruitment fees and costs are the most common modern slavery indicator in our business and supply chains, aligning with our broader commitment to provide decent, fair and safe work to all.

Key activities in the year include:

- **A particular focus on the UK Seasonal Worker Scheme (SWS),** which allows the recruitment of temporary, seasonal migrant workers currently vital to supporting UK agriculture. We have concerns that the scheme's current design, operation and enforcement does not do enough to mitigate the risk of illicit recruitment fees being paid in source countries. As well as supporting specific investigations being carried out by the relevant

agencies, we are working with other retailers and industry bodies to drive a collective approach including advocating for scheme design changes which require government intervention. As part of this we have co-funded and led in the development of the Seasonal Worker Taskforce with other retailers, which is focused on tackling these issues.

- **Continuing our proactive work with agency workers in our distribution centres**, reviewing sites and interviewing workers to identify and understand their risk factors to modern slavery. We also continue to embed our approach to modern slavery training across our agencies and distribution centres, as well as weekly monitoring of agency working hours, to ensure they are not excessive.
- **We continue to be an active member of the Seafood Ethics Action Alliance** (SEA Alliance), engaging in collective advocacy with governments around human rights at sea. In 2023, we will be risk assessing our source fisheries based on the risk assessment tool developed by the SEA Alliance to help us identify priority fisheries.
- **Working with suppliers in Thailand and Malaysia** to reimburse USD 442,672 in recruitment fees to workers through our Responsible Recruitment Policy and non-food suppliers to pay USD 186,986 to 1,561 workers for the overtime premiums, minimum wage arrears and unpaid wages they were due.



[Read more in our Modern Slavery Statement here.](#)

Gender equality

With the ongoing impacts of Covid-19 and the cost-of-living crisis serving to deepen pre-existing inequalities faced by women in many of our supply chains, we continue our long-standing work to improve gender equality and empower women. This work spans a range of activities, including promoting women in leadership positions, equal rights, effective grievance mechanisms, women representation in the workplace and tackling gender-based violence in the workplace.

Across our supply chains, we continue to work with our direct suppliers towards the ambition for at least 30% of supervisory and management roles to be occupied by women by the end of 2025. Using international mapping tools, such as the [World Economic Forum Gender Gap Report](#) and the [WomanStats database](#), we have identified a number of priority supply chains; bananas, palm oil, berries and tea.

Key activities in the year include:

- **Developing a gender toolkit in partnership with Oxfam** to support our suppliers in meeting our 30% ambition.
- **Funding and completing a gender sensitive audit pilot.** The learnings have been shared with Sedex to be incorporated into all audits.
- **Partnering with the Anker Living Wage and Income Research Institute** to pilot the gender pay gap framework in a fresh produce supply chain. This is aimed at investigating the root causes behind gender pay gaps including the impact of societal and cultural norms, such as unpaid care work, to develop sustainable solutions for closing those gaps.
- **Continuing to fund and support the Women's Safety Accelerator Fund (WSAF)** which we launched a year ago with IDH and Unilever to address gender-based violence in agricultural supply chains, starting with tea in India. In 2022, the programme reached more than 159,000 workers across 131 tea estates.
- **Ensuring safe workplaces is a key priority for us.** Last year, working through the World Banana Forum, we launched [Guidelines for the healthy and safe employment of women workers in Latin America](#). Discussions to replicate the model across banana producing countries are currently underway.
- Following a BBC documentary detailing allegations of sexual abuse on tea plantations, we are working closely with our tea supplier, Finlay's to ensure a robust investigation is implemented and that workers are safeguarded.

Worker representation

We continue to promote dialogue between trade unions, suppliers, industry organisations, certification and audit companies, and governments to champion workers' rights, as well as their access to effective representation and incident reporting that allows for effective resolution of identified issues. This work has spanned a number of different activities, across multiple regions, including work in the UK, South Africa, and Latin America.

Key activities in the year include:

- Having launched a new strategic partnership in January 2022 with the global federation of trade unions, IUF, we have **developed an agreed action plan and incident reporting process** which we will pilot in a specific high-risk sector in 2023.
- **Working with &Wider in South Africa to understand** how worker voice technology can strengthen our due diligence processes and worker representation across the South African fruit industry. This is a three-year collaboration and will include the use of mobile technology and worker engagement to help build a comprehensive view on working conditions on South African farms.
- **Supporting the development and implementation of online and in-person supplier training** and resources aimed at increasing the number of effective worker committees and effective worker representatives in UK supply chains, coordinated by the Food Network for Ethical Trade (FNET).

Memberships and partnerships.

Here are some examples of our key collaborations on human rights issues:



Read more about our human rights collaborations and multi-stakeholder initiatives [here](#).

Awards and benchmarks.

Oxfam, Behind the Barcodes

We have maintained first position in Oxfam's Behind the Barcodes 2022 supermarket scorecard on human rights in supply chains for the fourth year running. Largely in recognition of our efforts on grievance mechanisms, establishing our IUF partnership and our advocacy work on gender equality, our score increased to 61%.



Corporate Human Rights Benchmark (CHRB)

In 2022 we scored 34.8% in the food and agricultural products benchmark, considerably above the 20% average for the sector.



World Benchmarking Alliance

The Food and Agriculture Benchmark produced bi-annually by the WBA assesses 350 key companies across the entirety of the food system. It covers three dimensions where transformation is needed: nutrition, environment and social inclusion. In the most recent 2021 benchmark we ranked 7th overall and first of the food retailers assessed.



Know the Chain

Know the Chain assesses the 43 largest companies in the food and beverage. The most recent benchmark, completed in 2020, ranked Tesco first out of the 43 companies with a score of 65/100.



Performance.

Our KPIs are a helpful indicator of progress against our commitments and currently focus on our ethical audit programme, which is a key component of our due diligence approach to human rights. However, as set out in Our Approach, audits form only one tool in our much broader approach to human rights. In particular, some of our more proactive and transformative work in our priority supply chains, especially in collaboration with others and in developing collective advocacy approaches, is not necessarily easy to capture in specific performance metrics.

Group data						
Commitment	KPIs	2018/19	2019/20	2020/21	2021/22	2022/23
Respecting human rights across the supply chain	Percentage of high-risk Tier 1 supplier sites with audits in the last year.	98%	97%	97%	95%	95% ^(a)
	Percentage of high-risk Tier 1 supplier sites where critical nonconformances (NCs) have been identified.	63%	62%	39%	34%	35% ^(b)
	Percentage of high-risk Tier 1 supplier sites that have closed out critical NCs within six months.	89%	97%	71%	91%	90% ^(c)

(a) In both food and non-food, there has been no significant change in the percentage of high-risk Tier 1 supplier sites having had audit in the last year. In non-food, there is continuous condensation of the supply base with the total number of high-risk Tier-1 supplier sites reducing from 514 to 416.

(b) In the last year there was an increase in food sites where critical non-conformances have been identified (from 17% to 29%). We believe a factor here is the transition back to pre-pandemic audit practices where we see more on-site audits and fewer virtual audits. On the other hand, our non-food sites have continued to see a small decrease (2%) in the number of critical non-conformances identified. We believe this to be due to our enhanced training targeting high and medium-high risk non-food suppliers helping to improve performance.

(c) For the percentage of high-risk Tier 1 supplier sites that have closed out critical NCs within 6 months, there is little change for either our food or non-food supply bases. In both areas we have robust governance processes. Where critical non-conformances are identified but remain unresolved to our satisfaction, we make the difficult decision to cease working with such sites (either temporarily or permanently depending on the context and issue).

Looking ahead.

The COVID-19 pandemic and labour market changes associated with Brexit, in combination with current geo-political and macro-economic conditions, have impacted our suppliers in many ways. This has exacerbated human rights issues already in place and created new levels of vulnerability for the most at-risk groups, compounding poverty related issues. We will continue to focus on high-risk supply chains, implementing our due diligence approach and seeking to drive transformative change in our priority product areas, to raise standards and protect human rights. In 2023, we will continue to focus on the Seasonal Workers Scheme in the UK, gender issues in tea, implementing our living wage commitment in bananas and supporting suppliers in Thailand and Malaysia on the journey to responsible recruitment.

Modern slavery

We are committed to tackling modern slavery and continuing to work with our suppliers towards zero workers paying for a job in 100% of Tier 1 sites in Thailand and Malaysia. We have also trained more than 40 teams in 2022/23 and prioritised colleagues who are likely to come across potential instances of exploitation within our supply chains.

Commitments and targets

Sustainable Livelihoods

We are committed to identifying living wage and income benchmarks, and targeting action in our priority supply chains. For example, from January 2024, we will only source from banana producers who pay a living wage to all workers.

Methodologies.

How we measure our progress

We track our progress in respecting human rights across the supply chain in a number of ways including audits, supplier and worker engagement, evaluations of the multi-stakeholder initiatives we participate in and independent benchmarks. The three KPIs above track the performance of our high-risk suppliers in meeting our human rights standards. We primarily use the SEDEX Members Ethical Trade Audit (SMETA) to ensure adherence to our standards. SEDEX is a leading online platform for companies to manage and share information aimed at improving working conditions in global supply chains. Enhanced methodology disclosures are included to provide visibility of audit processes.

Tesco uses ethical risk ratings, based on a number of external indices, to identify those sites which are in a high-risk country and require an annual audit. Tesco accepts four types of audits or certifications:

- SMETA audits conducted by Tesco approved auditors employed by Tesco approved or recognised audit providers.
- SA8000 certificates.
- Audits conducted by the in-house Tesco Responsible Sourcing team.
- ICTI Ethical Toys Programme (IETP Certificate).

Percentage of high-risk Tier 1 supplier sites with audits in the last year

Defined by Tier 1 suppliers (those that supply directly to Tesco UK, ROI and CE) operating in countries identified as “high-risk countries” by the Food Network of Ethical Trade (FNET) or other country risk ratings. SEDEX Members Ethical Trade Audits (SMETA) are conducted annually. Suppliers are required to resolve all non-compliances (NCs) outlined in a corrective action plan report to ensure compliance with ETI Base Code and local law. We also make use of the three alternative audits/certifications listed above. Sites with no NCs identified in their last two annual audits may be granted a reduced audit frequency of every two years.

Data is collected monthly as part of the compliance reporting via the SEDEX Advance system for SMETA audit and SA8000 and IETP Certificates. This process covers both food and non-food suppliers.

Percentage of high-risk Tier 1 supplier sites where critical NCs have been identified

Defined by Tier 1 suppliers where critical NCs were identified through the SMETA audit conducted (or other accepted alternative certifications and audits as previously listed). We require critical NCs to be reported immediately and monitor their closure within stipulated timelines, depending on the nature of the non-conformance.

Percentage of high-risk Tier 1 supplier sites that have closed out critical NCs within six months

Defined by Tier 1 suppliers where NCs were addressed within six months of the SMETA audit (or other alternative certifications and audits as previously listed). We exclude sites from our calculations where six months has not elapsed since the audit date, therefore the data relates to sites audited during the first six months of the year. Outside of this calculation, all critical NCs are monitored to ensure they are closed out.

All critical NCs must be addressed as soon as possible, within a maximum of six months. Some should be fixed immediately, such as unblocking fire exit routes, for more complex NCs we require a track record of improvement to be established e.g. a sustained change to working hours. These then need to be independently verified. We therefore apply the six-month remediation of critical NCs as the outer time limit.

Results for these KPI's are rounded, using standard calculation practices.

Read more about our approach

More information

[Human rights overview](#)

[Human rights in the supply chain: Sustainable livelihoods](#)

[Human Rights in the supply chain: Gender equality](#)

[Human Rights in F&F and GM](#)

Policies

[Human Rights policy](#)

[Human Rights Requirements for Food and Grocery Suppliers](#)

[Modern Slavery Statement](#)

Supply chain transparency

[Primary first-tier food suppliers](#)

[Primary first-tier clothing suppliers](#)

[Global tea suppliers](#)
