

Modern Slavery Statement.

2019/20

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Introduction.

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. Tesco is fully committed to playing our part in eradicating modern slavery. We firmly support transparency and collaboration to eliminate the risks of modern slavery.

This statement refers to the financial year ending 29 February 2020 and sets out the steps taken by Tesco UK Stores and other relevant UK subsidiaries¹ 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, Dunhumby and Booker publish separate Modern Slavery Statements.

Since we published our first statement in May 2017, we have gained greater insight into risk and trends relating to modern slavery that have enabled us to strengthen our approach. Over the past 12 months we have:

- Equipped more of our colleagues and suppliers with the necessary training and tools to identify and take action to prevent the risk of modern slavery
- Enhanced our due diligence within our UK stores, distribution centres and offices in collaboration with our key service providers
- Undertaken a review of human rights risks in support of our Thai and Malaysian businesses
- Obtained greater visibility of where recruitment fees are currently being paid by workers in our supply chains, launching a new policy to address this.

In the year ahead we will continue to develop our approach to managing the risk of modern day slavery within our business and supply chains and ensure our strategy responds to changing risks.

¹Entities required to publish a statement under the Modern Slavery Act and therefore covered by this Group Statement include: The Tesco Property Limited Partnership, Tesco Food Sourcing Limited, Tesco Family Dining Limited, The Tesco Navona Limited Partnership, Tesco Maintenance Limited, The Tesco Atrato Limited Partnership, The Tesco Passaic Limited Partnership, The Tesco Aqua Limited Partnership, Tesco Property Holdings Limited, Tesco Distribution Limited, Tesco Stores Limited, Tesco Freetime Limited, Tesco Corporate Treasury Services PLC, Ek-Chai Distribution System Co.,Ltd, Dunhumby Limited, Tesco Polska sp. z o.o., 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 Stores (Malaysia) Sdn Bhd



Photo credit: Ethical Tea Partnership/UNICEF/Avani Rai

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 3,000 stores. We also have businesses in the Republic of Ireland, Czech Republic, Hungary, Poland, Slovakia, Malaysia and Thailand.

Across the Tesco Group, more than 400,000 colleagues serve nearly 80 million customers every week online and in-store. At the heart of everything our colleagues do is our core purpose – to serve customers a little better every day.

This purpose is underpinned by our 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

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 commitment to human rights is embedded in the Tesco Little Helps Plan, which we launched in October 2017. The Plan builds on the work we have been doing over many years and is about running our business in a way that makes a positive contribution to our colleagues, customers and communities. This year we undertook a review of the Little Helps Plan and as a result, our human rights strategy, which covers the most serious labour challenges to workers, has moved to the Plan's People pillar that focuses on delivering against our value to treat people how they want to be treated. Through our human rights strategy, we have committed to:

- Ensure international human rights standards are respected at all our suppliers' sites
- Focus on the most serious risks to workers throughout our supply chains, working transparently with NGOs, unions and others to identify and address them
- Support sourcing communities facing complex social and environmental challenges.

The scale of our supply chains gives us the opportunity and responsibility to promote respect for human rights and to make a positive impact on many people's lives. We have thousands of direct and indirect suppliers who grow

and move hundreds of 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 a number of other partners who help run our distribution centres, keep our offices and stores clean and secure, and much more.

Starting with our own business operations and service providers, and then increasing the visibility we have of our global supply chains, we work to identify actual or potential risks of modern slavery and help ensure remediation where any cases are identified.

Policies in relation to modern slavery.

At the heart of our approach to human rights are 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 UN Universal Declaration of Human Rights
- The International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work
- The UN Guiding Principles on Business and Human Rights
- The UN Global Compact
- The Base Code of the Ethical Trading Initiative (ETI)

Our approach to addressing modern slavery sits within this wider human rights agenda. Our strategy is supported by our Code of Business Conduct and Human Rights policy, which applies across the Tesco Group and sets out our obligations to customers, colleagues and communities in our own operations and supply chain.

We take any breach of our policies or allegations of labour abuse extremely seriously. We provide independent and confidential ‘Protector Lines’ that enable our colleagues, suppliers and their staff around the world to raise concerns. In 2019 we began a review of the accessibility and effectiveness of these lines for our most vulnerable workers which we will conclude in Spring 2020.

As part of our membership of the Consumer Goods Forum (CGF), we are one of the companies leading 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. We helped to develop and strongly support the CGF’s Priority Industry Principles:

As members of the Institute of Human Rights and Business Responsible Recruitment Leadership Group, we also 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.’

EVERY WORKER SHOULD HAVE FREEDOM OF MOVEMENT >>>>

NO WORKER SHOULD PAY FOR A JOB

NO WORKER SHOULD BE INDEBTED OR COERCED TO WORK



Photo credit: World Cocoa Foundation

Governance.

Our human rights strategy is led by the Group Responsible Sourcing Director, within our Product division. Governance and progress monitoring of our human rights work, for all markets and subsidiaries, sits with the Board's Corporate Responsibility Committee, which meets three times a year.

“Responsible Sourcing and Supply Chain” is highlighted as a principal risk within our overall business wide risk assessment and is reported within the [PLC Annual Report and Financial Statements 2020](#). 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.

We also have an internal modern slavery working group that meets quarterly, at a minimum, to monitor progress against our Group modern slavery strategy. This group is chaired by the Group Responsible Sourcing Director.



Human rights due diligence.

Risks of modern slavery are dynamic and can change quickly. We follow a robust due diligence process that was developed in line with the UN Guiding Principles on Business and Human Rights and in consultation with more than fifty internal and external stakeholders.

Our 45 dedicated Responsible Sourcing specialists, based across nine key sourcing countries, are well-placed to gather on-the-ground intelligence through direct engagement with suppliers and other relevant stakeholders. This includes

capturing the views of workers through conversations, confidential interviews and surveys. 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.

We use the information gathered to continually reassess and respond to the potential and actual risks in our business and supply chains.

Our due diligence framework has five stages:



In 2018 we conducted a full review of our human rights strategy to ensure it continued to reflect the learnings from our due diligence framework. We engaged 25 key stakeholders, including suppliers, academics, NGOs and internal stakeholders. We also spoke to trade union representatives to bring the voice of people in our supply chain to our strategy development.

The outcome of the review was a stronger strategy based on four clear focus areas. These areas reflect both salient issues within our supply chains and are aligned with stakeholder priorities.



We have a three pillar approach to taking action in line with our strategy:

1. Improve:

Driving improvements to working conditions on sites where we have direct leverage together with our suppliers so that we know we are sourcing from better sites and farms.

2. Transform:

Where we cannot solve complex sector-wide issues alone, we work together with others to drive transformational change by tackling the root causes of endemic issues – focusing especially on worker representation, gender equality, tackling forced labour and sustainable livelihoods.

3. Advocate:

We collaborate with our peers to call for wider change or to influence regulation and legal frameworks where there is a need.

Tackling modern slavery – our business operations.

In our Tesco UK stores business, the majority of our colleagues are employed on permanent contracts. The greatest risks of modern slavery exist for workers not in permanent employment, for agency workers in our distribution and fulfilment centres.

We have prioritised key business areas in the UK based on our analysis of evolving risk in the sector, worker contract types, the level of skill involved in the work, wages, and our visibility of the service provider.

Our focus areas in our business operations are:

- Agency workers in our distribution and logistics operations
- Workers in security and cleaning roles for our offices and stores
- Workers in car washes situated in store car parks
- Workers in the construction industry who build and maintain our stores.

In August 2019, we began a review of our ethical audit requirements for our own-operations. The consultation engaged key suppliers, Tesco colleagues and industry experts. The new Human Rights requirements for suppliers in the above focus areas include:

- Biennial 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.
- Attendance at tailored modern slavery training hosted by Stronger Together. This is a UK based multi-stakeholder initiative aimed at reducing modern slavery through guidance and training.
- Completion of the self-assessment within the Responsible Recruitment Toolkit, of which we are a founding sponsor. This capacity-building tool, an initiative led by the Association of Labour Providers and allianceHR, supports businesses to embed responsible recruitment practices in their supply chains.
- Bi-annual meetings with the Tesco Responsible Sourcing Team to ensure we continue 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.

To support the implementation of our policy, we have increased the number of due diligence visits to our Distribution Centres. Led by trained Group Security and Distribution colleagues, the primary aim of these visits is to speak 1:1 with agency workers to better understand their

recruitment journey and experience of being employed at a Tesco site. These visits complement the on-going worker engagement conducted by both our labour providers and on-site supervisors. These visits have identified two cases with potential indicators of modern slavery in the past 12 months.

In 2019/20, we investigated a number of potential indicators of modern slavery within our own-operations. These investigations did not find any cases that would be classified as modern slavery, however they did find a number of labour abuses which we then acted to remediate.

The allegations were raised either via our own or agency due diligence, on-site supervisors who had received modern slavery training, Protector Line or the national Modern Slavery helpline run by the anti-slavery charity Unseen. These include:

- A small number of store cleaners were being paid late and in cash and did not have access to the annual leave they were entitled to.
- A supervisor found to be providing accommodation to agency workers (a known risk factor for exploitation).
- Workers within a Tesco Distribution Centre found to have been encouraged to give gifts to management in return for preferential treatment.

- Vehicles transporting migrant workers that had arrived unannounced at two sites, with workers then seeking to obtain employment without prior application.
- Three couples from Hungary who had travelled to the UK for roles they believed had been arranged with Tesco, but on arrival in the UK found their role and wage was different to what had been promised. They also had a bank account set up by someone else and deductions were being made for accommodation.
- Reports of forced begging, unrelated to any Tesco employees or suppliers, occurring outside some Tesco stores.
- Workers at an on-site car wash being paid in cash and not receiving the minimum wage.
- The wages of a Tesco store worker allegedly being paid into an exploiters bank account, with the victim not having access to the bank account or wages.

Where issues are identified, we work to an agreed internal incident management and escalation process to ensure that we receive all relevant information relating to modern slavery and exploitation risks in our business and act quickly and effectively. The modern slavery working group

composed of colleagues from our Responsible Sourcing and Group Safety, Security and Resilience (GSSR) functions is available to receive information 24/7, and we have clear procedures to ensure that senior colleagues are made aware of incidents, and that appropriate actions are taken. Experienced Responsible Sourcing and GSSR colleagues investigate allegations, where necessary. The GSSR team is comprised of colleagues with a range of expertise and experience, including former law enforcement officers and investigators. Improved escalation procedures with clearer reporting channels were implemented at our distribution and fulfilment centres in 2019, and will be rolled out to our stores in 2020.

We continue to engage proactively with the UK Gangmasters and Labour Abuse Authority (GLAA), police forces, 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. Building on existing relationships with UK police forces, we recently met with the National Police Chiefs' Council Lead for Modern Slavery in order to establish stronger relations and confidence collaborating when cases arise. We also met with

the Independent Anti-Slavery Commissioner, following her appointment in May 2019. This provided an opportunity to discuss learnings from a recent high profile modern slavery case linked to UK supermarket supply chains (including Tesco's) as well as share where we see opportunities for increased risk mitigation.

Due diligence in Thailand and Malaysia

In September 2019 we commissioned Impactt, a well-regarded independent human rights consultancy, to conduct an assessment of migrant workers' rights in our stores and distribution centres in Thailand and Malaysia. This was because of a number of potential concerns that had been identified by internal colleagues.

The findings in Malaysia, which were based on interviews with 168 migrant workers all employed by service/labour providers, identified several serious allegations, including cases of:

- Passport retention
- Unexplained and illegal wage reductions
- Heavy indebtedness to labour brokers in home country
- Excessive overtime

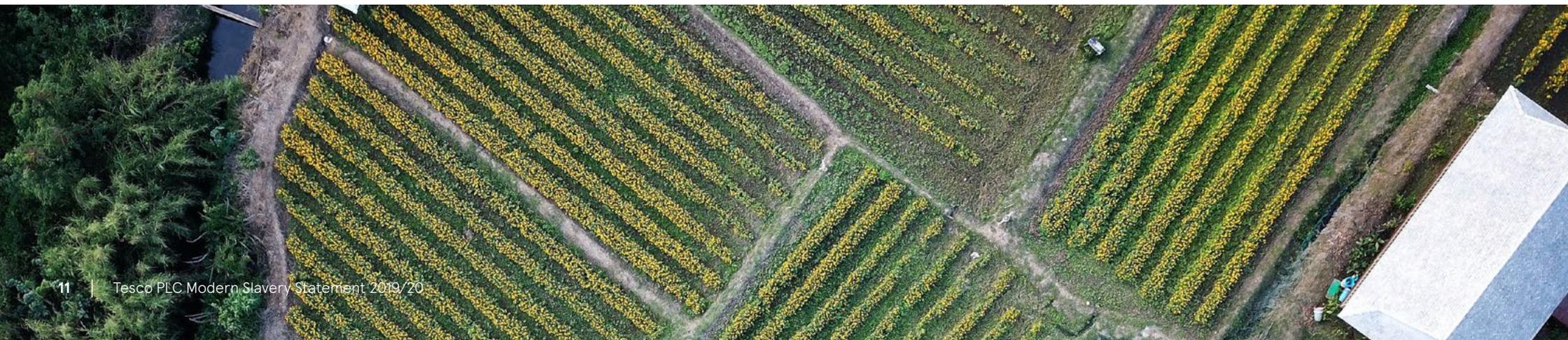
In response to these findings, a comprehensive action plan was developed by Tesco Malaysia, Tesco Group Responsible Sourcing and external human rights experts including:

- Detailed investigation of specific alleged abuses
- Creation of an accessible support line and grievance mechanism for agency workers, available in workers home languages
- Guidelines to ensure worker access to passports whenever needed
- Training on diversity and inclusion for managers
- Review and improvement of accommodation and worker welfare audits
- Full remediation including the repayment of recruitment fees
- A shift to direct recruitment of migrant workers as a preference, rather than through agency labour providers

(making it easier to ensure workers do not pay recruitment fees).

The findings in Thailand, which were based on interviews with 187 migrant workers employed both directly and via service/labour providers, also identified a number of similar issues including some:

- Unexplained and illegal wage reductions
- Indebtedness through excessive recruitment fees (though at lower levels than in Malaysia)
- Excessive overtime.
- A similar action plan was developed for this business. The Group Risk and Compliance Committee chaired by the Group CEO continues to monitor progress against these plans.



The Responsible Car Wash Scheme

In 2018 we helped launch the Responsible Car Wash Scheme (RCWS), a collaboration between the Downstream Fuel Association, four other major supermarkets, the Police, the Health and Safety Executive, Her Majesty's Revenue and Customs, the Environment Agency, the Car Wash Association, the Gangmasters & Labour Abuse Authority (GLAA), and the anti-slavery charity Unseen. The scheme aims to tackle modern day slavery by promoting employment compliance and sharing best practice and introduces a new accreditation for operators that will allow customers to make responsible choices about which car wash they use.

A pilot of the scheme was carried out in the Midlands region in 2019, with pilot independent audits conducted at 32 car washes on Tesco premises. Tesco's car wash partner, Waves, is widely regarded as a leader in tackling poor conditions and compliance in the car wash industry. While the audits at car washes on Tesco premises found no evidence of worker exploitation, we continue to work with Waves and their franchisee partners to strengthen management systems, and to improve standards for the circa 2,200 workers serving our customers at Tesco/Waves sites. We are also actively supporting the roll-out of the scheme to ensure that we

can demonstrate that all Tesco/Waves car washes meet the RCWS Code of Practice. In terms of improving the regulation of the entire hand car wash sector, we are engaging with the Director of Labour Market Enforcement and other stakeholders on the draft recommendation to introduce statutory licensing of hand car washes. Tesco believes that statutory licensing has the potential to better protect vulnerable workers in this sector and ensure compliance with broader regulations.

Unseen Partnership.

We continue to work in partnership with Unseen, who run the UK's independent and confidential modern slavery helpline. Trained helpline advisors are able to support potential victims of modern slavery as well as offer a way for businesses and the public to raise suspicions or concerns, complementing our own Protector Line. Real-time translation is available in over 180 languages. We expect our primary supplying sites in the UK, as well as our distribution and fulfilment centres, to promote the helpline, enabling us to continue to raise awareness of modern slavery. Through the Unseen business portal, we have gained visibility of five potential cases relating to our own-operations and five to our supply chains.

Indirect Procurement Human Rights (IPHR)

The IPHR Forum is a group of UK retailers, brands and manufacturers focusing on protecting human rights in goods and services not for resale supply chains. In the past 12 months, the group has sought to facilitate collaborative responses to shared risks relating to labour providers, on-site services and waste management.

Tackling modern slavery – our supply chains.

Assessing risk

We assess the potential human rights risks of our supply chains by considering the country of origin where we are sourcing products or raw materials from. In our Tesco UK stores and Central European businesses, we use the Food Network for Ethical Trade (FNET) risk ratings to inform this, combined with our own understanding of labour rights and human rights risks in our key sourcing sectors. In Thailand and Malaysia, we use a bespoke risk assessment, which takes into account the industry, type of labour, internal recommendations and supplier self-assessment.

As the next stage of our risk assessment, we consider the type of work being carried out (mechanical vs. manual) and the type of labour (seasonal, permanent, agency).

We also gather intelligence about emerging risks through our in-country responsible sourcing specialists and strong relationships with local groups, NGOs and organisations, such as the ETI, FNET and the Consumer Goods Forum. Campaigners and activists can also play an important role in helping us identify where some of the biggest risks lie, and we collaborate with them and learn from their

experience wherever possible. We recognise the important role played by investigative journalism in identifying current and emerging risks, and we review all credible investigations relevant to our business and supply chain

This approach helps us identify where the most salient and material risks are in our supply chains. We then seek to mitigate the risks through our ‘three pillar’ approach –

- 1 Improve**
- 2 Transform**
- 3 Advocate**



1 Improve

Ethical audits

For the supply chains of Tesco UK stores, we require all direct supplier sites (known as ‘Tier 1’ sites) in high-risk countries to have a human rights audit before they start supplying Tesco, and then on an annual basis. This represents around 45% 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. In addition, we also conduct audits for other tiers of key supply chains where there are high risks of human rights issues. For example, fruit, vegetable and meat sites are audited to farm level in high-risk countries. This allows us to focus our work on the countries and suppliers where we can have the biggest impact.

Either our in-house Responsible Sourcing specialists or independent auditors who have been approved by Tesco visit the supplier sites to conduct an in-depth audit once a year. During the closing meeting for these audit visits, all non-conformances 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-conformances as critical, major or minor. If any critical non-conformances are found, the audit company notifies us directly. We work hard to uncover all possible issues, and in 2019/20 critical non-conformances were identified at 62% of primary high-risk supplier sites. The most common of these were excessive working hours and inadequate health and safety practices.

As part of their contracts with us, suppliers are required to ensure all non-conformances are fixed, with critical issues needing immediate action. Suppliers are supported to address these issues by expert Tesco teams and a follow-up audit is conducted by our in-house team or independent auditors to verify that issues have been closed. These are conducted within 3-6 months, depending on the issue identified. For example, we require 2-3 months of records of reduced working hours to verify excessive working hours findings as closed.

Over the full year 2019/20 97% of the primary high-risk supplier sites where critical non-compliances were identified had resolved these by the year end. For the remaining sites, we continue to work with them to close the 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 stop working with the site in question. Last year we exited 42 supplier sites and temporarily suspended 89 sites on ethical grounds.

In some cases non-conformances are the result of entrenched human rights issues in a particular country and require cross-industry collaboration and long term partnerships to address them – see pages 17-19 for more information. Analysis of our audit data helps us identify where a different approach is needed.

Investigating modern slavery risks

When we receive intelligence through ethical audits, our own site visits, Protector Line or other sources, such as NGOs or media reports, we immediately investigate. Where our suppliers identify possible indicators of modern slavery within their own operations, we support and monitor their investigations.

In the past 12 months through Protector Line, the Unseen Modern Slavery helpline, supplier visits and other channels, there have been 16 incidents with potential indicators of modern slavery in our supply chains. These include:

- A UK grower was linked to a high-profile modern slavery investigation and prosecution (Operation Fort), where victims were found to have been employed as agency workers for a small number of shifts at the site. The labour provider breach dated back to 2015 however an investigation was conducted alongside our supplier to identify learnings and opportunities to improve controls. Safeguarding prevented direct engagement with the victims but publicly available testimonies informed our understanding of the abuses that occurred. Our supplier’s approach to mitigating the risks of modern slavery now includes a bespoke audit tool, capacity building of agencies and management and a clear alert system when potential indicators of modern slavery are identified. Following the investigation, our supplier also held a conference for over 200 stakeholders in order to share

learnings from the case and explore how communication across different sectors when cases of modern slavery occur can be improved. Attendees included the investigating officers and first responders in the case as well as retailers, labour providers and auditing bodies.

- A report that a foreign national minor was working on a UK dairy farm. The police conducted an unannounced visit to the site and verified the individual was of legal working age.
- Three agency workers at a UK packhouse were believed to be controlled by two agency supervisors and using fake identification. This as reported to the GLAA and the site have amended their on-boarding processes to improve identity checks and increase the likelihood of workers reporting concerns.
- An allegation that workers were being exploited at a poultry factory, with wages being taken from their bank accounts by exploiters and workers fearful of reprisal should they report it. As there were no address details given, we have informed all our poultry suppliers in the region and they are conducting additional due diligence.
- Report that 15 passports and 25-30 work permits were held by a supplier in Thailand. Following engagement with the site, all necessary documents were returned and a

document retention policy and revised permit renewal process is now in place. There is also ongoing engagement with workers through the independent 'Issara' migrant worker helpline.

- Reports that a number of workers had become undocumented as a result of a supplier in Thailand not managing work permit renewal processes effectively. This also left workers exposed to recruitment agents requesting unauthorised fees. Direct engagement with the supplier resulted in workers receiving the correct documentation, compensation and a review of HR processes and worker communication.
- Child labour reported at a supplying site in Egypt. Following investigation, it was determined that workers were unable to provide valid identification demonstrating they were of legal working age, rather than a child being found on site. We have worked with the supplier to improve their process of verifying ages. All workers must now have valid identification on their persons at all times.
- Passports of 239 workers (68 Indonesian and 171 Nepali) found to be withheld by a site in Malaysia. All passports were returned to workers and new policies and procedures introduced for when passports are required for work permit renewal or other government purposes.

- Alleged use of forced prison labour at two sites in China. Following immediate unannounced investigations by three of our internal expert China team, we were unable to verify the allegations were correct. However, we identified a number of other concerns at the site including inconsistent record keeping and have since exited the site.

Payment of wages

One issue we monitor particularly closely in key sourcing countries is that salaries are paid on time and in full for all hours worked, including overtime premiums where relevant. We do this because we know how important it is for workers, and because ensuring workers are not in debt means they are less vulnerable to any risk of forced labour. Through our own checks, we occasionally find cases where salaries are not paid on time and/or in full. This may happen for a number of reasons. 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 manner. In 2019/20 we identified 52 cases, affecting 7,060 workers, where payments had fallen short of what should have been paid, including premiums for overtime, that were subsequently addressed as a result of Tesco's intervention.

The role of certification

We work hard with suppliers to obtain visibility of supply chains beyond our first tier. In addition to our own mapping efforts with our suppliers, we also use certification to provide additional assurance of our sourcing. This won't solve endemic issues such as modern slavery on its own, but it is an important step to ensuring minimum standards are met.

For our UK Own Brand, all our bananas, black tea, green coffee beans and cocoa in all chocolate confectionery are Rainforest Alliance™ certified. The remainder of cocoa in our Own Brand products is responsibly sourced using a combination of sustainability programmes: Cocoa Horizons, Fairtrade, Rainforest Alliance and UTZ. As members of

the Global Coffee Platform, World Cocoa Foundation and Retailer Cocoa Collaboration, we also continue to engage with broader industry on the challenges associated with production, including the risks of child and forced labour.

In addition to our broader work on human rights in the seafood sector, and as the UK's leading retailer of seafood from fisheries certified by the Marine Stewardship Council (MSC) we have an active relationship with the MSC. Over the past 12 months, as they reviewed their standard, we have been engaging with them to include provisions relating to human rights and the introduction of a requirement for certified fisheries to report on their activities to mitigate risks of forced and child labour.

Purchasing practices

We recognise the role purchasing practices can have on the ability of suppliers to maintain good labour conditions. In the past year, we have sought to create greater alignment between our Responsible Sourcing and Commercial teams. This has included raising awareness of human rights risks within our supply chains, engaging in the commercial agreement process for products known to have a higher risk of forced labour and ensuring human rights priorities are captured in our plans with our strategic supplier partners.



2 Transform and 3 Advocate

Working in partnership with others pre-competitively is vital to addressing risks of modern slavery, particularly further up the supply chain where our direct commercial influence may be less significant. Over the past 12 months, we have continued to engage in a number of multi-stakeholder initiatives to tackle systemic issues, examples of which are below. We prioritise initiatives that align with our four focus areas, where we know the risk is significant and we have the leverage to make a positive impact.

We recognise that we can play an important role in improving working conditions for workers, including reducing the risk of modern slavery, through engaging with suppliers, industry bodies and governments on opportunities for wider sectoral change.

Sumangali

In parts of the garment industry in southern India, workers are recruited through contracts under which they are paid a lump sum at the end of a three-year period, and have restrictions placed on their movement, known as Sumangali. This leaves them vulnerable to abuse. We have continued to monitor our direct suppliers closely and work through the ETI to ensure this practice does not take place. We have not identified any cases of Sumangali in our direct supply base in 2019/20. We continue to map our clothing and textile supply

chain by including spinning mills, fabric mills and other processing sites to ensure better visibility of any potential risks.

In the last year we have:

- Held two workshops for garment vendor, spinning and fabric mills in north and south India. Tesco ethical requirements and best practices to mitigate the risk of modern-day slavery were shared in the workshops. Suppliers and mills were also required to conduct self-assessments and make necessary corrections to meet Tesco ethical requirements within 6 months, followed by unannounced audits by the Tesco India-based Responsible Sourcing team.
- Continued our membership of the ETI Tamil Nadu Multi-Stakeholders Platform (TNMS) local consultative committee. The objectives of ETI-TNMS is to contribute to the elimination of exploitive practices, including the Sumangali scheme, by implementing a model that promotes ethical recruitment and retention of young women in the sector.
- Suspended a spinning mill for not cooperating with the improvement project. The site is now engaging with Tesco and we may resume business once the corrective actions have been verified.

Food Network for Ethical Trade (FNET)

Tesco, together with our suppliers and other retailers, continue to participate in FNET, a network developed to support collaboration throughout supply chains, including addressing priority risks such as modern slavery. FNET members work together on three work streams:

- Risk Assessment – joint member activities to assess the modern slavery and human rights risks of raw materials in our supply chains and to mitigate those risks.
- Collaboration on priority areas of risk – this workstream includes a group focusing on Responsible Recruitment, where members seek to map recruitment fees in key supply chains and seek alignment on due diligence.
- Engagement – engaging stakeholders along the supply chain to understand modern slavery and human rights risks and the steps required to tackle them. FNET's members are collectively developing materials to engage directors, buyers and technical teams in their own organisations, direct and indirect suppliers, farmers and vessel owners.

[Feedback on the effectiveness of the network can be found here.](#)

Migrant labour in the Southern Mediterranean

We have continued to review our approach to monitoring human rights risks within the southern Mediterranean. As elsewhere, we know that interventions in this region need to be locally owned to be effective, led by suppliers and focused on specific impacts. We are participants in a number of working groups, including the ETI Working Group for Italian Agriculture. This group is currently seeking to establish a grower forum for producers to share best practice in tackling labour risks. Our key supplier of canned tomatoes is engaged in this group. Learnings are also being taken from a recent Human Rights Impact Assessment led by the Finnish retailer Group and Oxfam.

Alongside other UK retailers and importers, we also continue to support the Spanish Ethical Forums, attended by our first tier suppliers and growers. Eight forums were held in Spain over the past 12 months, with the aim to raise awareness of labour issues within our supply base. Working groups to complement the forums were also established, with 23 meetings held in three key sourcing regions in the past year. The working groups have developed tools to support growers in the region, for example the launch of accommodation guidance.

Working collaboratively to end forced labour in the palm oil sector

In 2019, as a member of the Consumer Goods Forum (CGF), Tesco has continued to support the implementation of the CGF Palm Oil Action Plan. In line with the Action Plan and our commitment to embed the Industry Priority Principles in our operations, as a member of the Palm Oil Transparency Coalition (POTC), we have strengthened our annual assessment criteria of the palm oil importers in our supply chain regarding the implementation of their policies against forced labour and exploitation. We use the annual POTC assessment results to engage with our key importers and to take action to support faster industry progress to end exploitation in the palm oil sector.

Issara Institute

Issara Institute is an independent NGO based in southeast Asia tackling issues of human trafficking and forced labour through worker voice, partnership, and innovation. Our continued partnership with Issara Institute ensures our highest risk supply chains in Thailand are monitored independently, alongside those of other Issara partners. The Issara Institute currently works with our suppliers in the poultry and canned food sectors. The key focus is on enabling workers to raise their own concerns and ensure they are addressed, which is crucial for the empowerment of migrant workers who are often vulnerable to exploitation.

The Issara Institute is also implements innovative projects on ethical recruitment and fishing vessel labour standards, which a number of our suppliers engage with.

Women, Children and Families in Assam, Commitment with UNICEF

Assam is one of our most important tea growing areas, but the large communities involved in tea in this region – one of the poorest in India – face deep-rooted challenges, including the risk of women and children being targeted by traffickers. We continue to fund the Assam Transforming Lives Programme in partnership with Unicef, the Ethical Tea Partnership and other key stakeholders. To date 35,000 adolescent girls and young women in the tea growing regions of Assam have been equipped with the skills and knowledge to protect themselves from various forms of harm, including child marriage and child trafficking. The programme is currently being scaled up to encompass adolescent boys, an essential area of development to change gender norms for the next generation. To date the programme is directly and indirectly improving the lives of an estimated 250,000 women, girls and boys living in Assam. Its reach spans more than a quarter of all tea estates in Assam, and it is the biggest programme of its kind, encompassing child protection communities, better services for mothers and new born babies, improved nutrition, provision of sanitation and hygiene facilitates and access to education.



SEA Alliance

Tesco's Head of Human Rights for Food became chair of the Seafood Ethics Action Alliance in 2019 - a group of retailers, brands and fish processors working together to better understand human rights risks in seafood supply chains, and to work pre-competitively on responses where possible. The ILO has highlighted fishing as one of the most high-risk sectors for forced labour. The group's 2020 work plan includes undertaking enhanced due diligence in high-risk fisheries, identifying opportunities to advocate to Governments to improve working conditions in the global fishing sector, and promoting the implementation of the Employer Pays Principle.

Responsible recruitment

We recognise that debt bondage caused by excessive recruitment fees charged to workers can lead to situations of forced labour. As members of the Institute of Human Rights and Business Leadership Group for Responsible Recruitment we have committed to 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. We are working to operationalise this commitment and have supported the development of revised reporting metrics for the Leadership Group to enable us to better monitor progress on this topic. Recognising the risk of excessive recruitment fees is greatest in Asia, we have launched new requirements for UK/ROI suppliers in Thailand and Malaysia to embed the Employer Pays Principle within our supply chains there. In July 2019 we, and other members of the Leadership Group, also met with representatives from the Royal Thai government to explore opportunities for improved support for migrant workers particularly during recruitment processes into Thailand.

These are just some examples of how we work with multi stakeholder initiatives. [You can find further examples here.](#)

Awareness raising and capacity building.

Raising awareness of modern day 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 upskilling colleagues and suppliers to understand the drivers of modern slavery as well as the possible indicators.

This year we continued to run targeted training for the colleagues in our business (see figure on page 21) who have direct contact with workers in our supply chains, including:

- Tailored modern slavery training for UK colleagues in distribution and fulfilment, including Distribution Managers and Agency Contract Managers
- Ongoing promotion of our modern slavery e-learning training to commercial colleagues

We continue to require all Tesco suppliers, including service providers such as labour agencies, based in the UK to attend Stronger Together training. This requirement also includes the second tier suppliers of our key UK food suppliers. Over the past six years, 1,696 representatives from our food supply chains have attended this training. We also strongly encourage all fruit and wine producers to attend Stronger Together training in South Africa with 448 individuals trained to date.

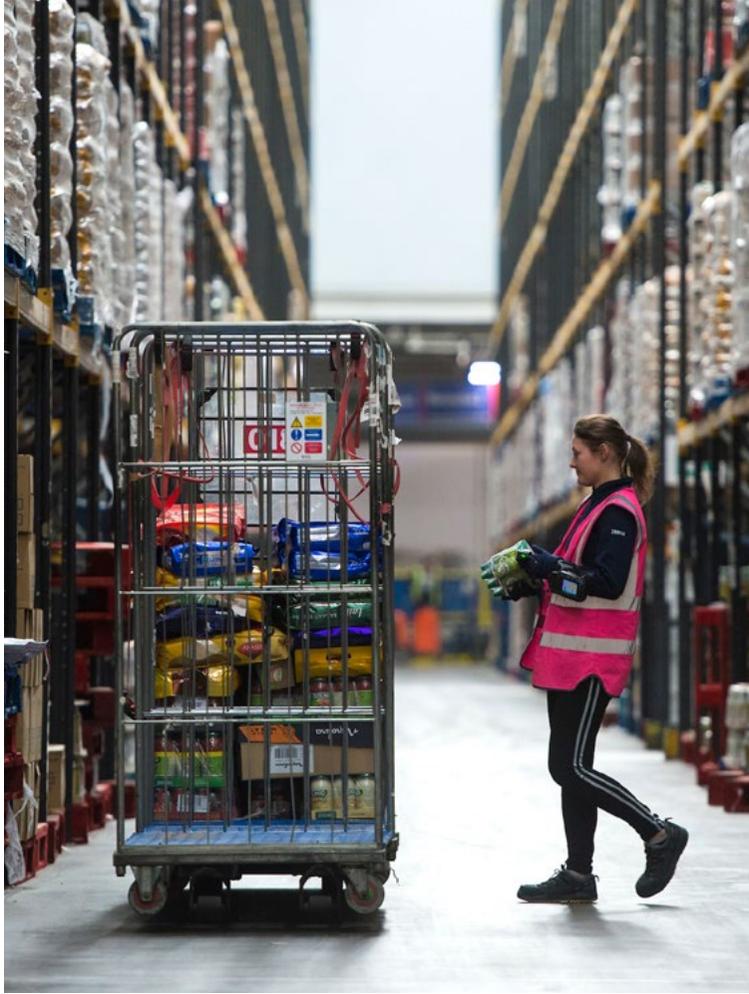
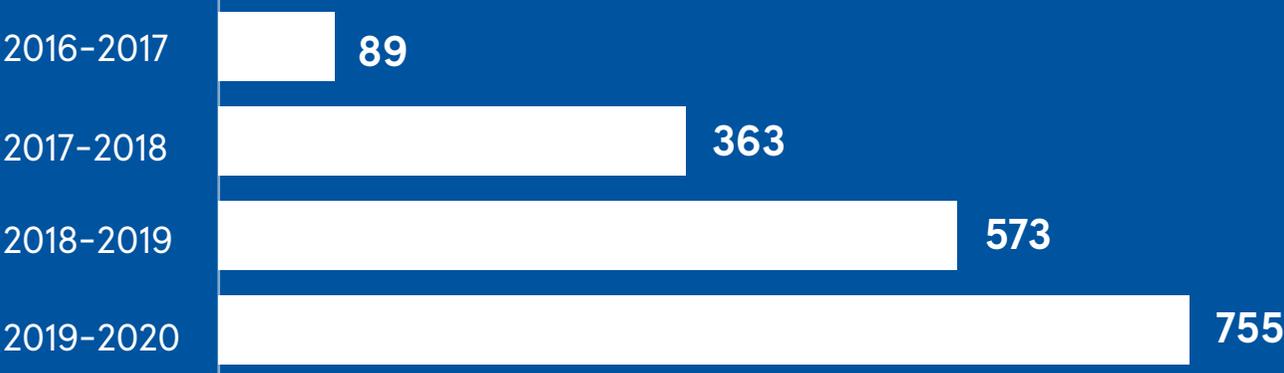


Impact and monitoring.

In addition to publishing this Modern Slavery Statement, we report annual progress on our human rights programme to the Tesco Group Risk and Compliance Committee at least once a year. This includes any critical breaches of our policies, the results of ethical audits, and progress against our commitments to responsibly source priority raw materials. We also publicly disclose progress against the human rights commitments in our Little Helps Plan on an annual basis.

We monitor data regarding the training of our colleagues and suppliers on modern slavery. We have now trained over 700 Tesco colleagues on modern slavery, including more than 95% of UK Technical Managers. We receive feedback on all the training we deliver.

Total number of UK colleagues trained on modern slavery (cumulative) by financial year



We also monitor progress¹ against the commitments we make within our Modern Slavery Statement each year.

Aim	Outcome	
Continue to provide tailored modern slavery training to UK own operations management	This year we provided additional training to Distribution Managers and Agency Contract Managers.	
Complete the implementation of our escalation process in our own operations	This has been completed for our Distribution network. The process will be implemented in Stores in Spring 2020.	
Ensure effective promotion of the Unseen Modern Slavery helpline across our UK distribution and store network, and collaborate with Unseen and other relevant agencies on any risks and cases identified	We have worked successfully with Unseen over the past 12 months with the helpline promoted across our Distribution network. We are working with Unseen to develop new promotional materials that are better suited to supporting Store colleagues.	
Undertake a review of human rights risks in our Thai and Malaysian businesses, going beyond our existing ethical audit programme	We conducted due diligence within our own-operations in September 2019. We will commence a review of supply chains in Spring 2020.	
Carry out training on human rights for colleagues in Tesco Central Europe and Thailand/ Malaysia	Over the past 12 months training, led by Human Rights experts, was delivered to key colleagues within Group.	
Continue to engage with key agencies within own-operations to proactively identify and respond to risks of modern slavery, prioritising our four focus areas.	Meetings were held with all service labour providers into our UK own-operations to ensure we collaboratively continue to strengthen and coordinate our approach. We are now replicating this approach for key agencies in Group.	
Obtain greater visibility of where recruitment fees are being paid by workers in key supply chains and work with suppliers and relevant industry bodies to address this	Through both the FNET and Thai Poultry working groups we were able to obtain a greater understanding of where recruitment fees are occurring. We have now launched additional requirements for suppliers on Responsible Recruitment as well as promoting relevant training and tools.	

¹ Ratings are based on the following; Green – Action fully completed, Amber – Action partly completed, Red – Less than 50% of the action completed.

Aim

Outcome

Ensure modern slavery training reaches priority supply chains beyond first tier

We actively encouraged growers in the UK and South Africa to attend Stronger Together training. This year we have also promoted training to labour providers in our UK supply chains.



Pilot tools and methods that are more effective than audits in identifying modern slavery risks

We have significantly increased the number of worker interviews conducted within our own-operations. We have actively promoted the Responsible Recruitment Toolkit and continue to encourage use of the Stronger Together Progress Reporting Tool. We also utilise the Unseen business portal in order identify and mitigate potential cases of modern slavery, in collaboration with other members.



Provide bespoke training for Tesco Technical Managers to support their work with sites in high-risk countries

In 2019 we conducted a full review of the training we provide to Technical Managers. We have refreshed our broader Responsible Sourcing training to ensure it is effectively equipping colleagues to mitigate human rights risks at our supplying sites. We are now reviewing what further bespoke training should be offered, and what tools could be given to Technical Managers on site.



Work with the Responsible Recruitment Toolkit and the other sponsor companies to increase the reach and accessibility of the toolkit

We have continued to promote the Toolkit and the complementary training to all UK suppliers. From the 2020 financial year access to the toolkit will be free for all our suppliers.



Carry out Human Rights Impact Assessments (HRIA) in priority supply chains in order to gain a holistic and in-depth insight into challenges faced by workers and communities. This will include an assessment of whether there are any indicators of modern slavery.

We are carrying out our first Human Rights Impact Assessment in the Vietnamese Prawn supply chain, the results of which we will receive in May 2020. We are in the process of identifying other areas where it is appropriate for a HRIA to be conducted.



Plans for 2020/21.

In the next 12 months we will continue to strengthen our approach to managing the risk of modern day slavery within our business and supply chain and ensure our strategy is responsive to changing risks. We will act immediately to address any concerns identified.

Own business and operations

- Review our Group approach to Responsible Recruitment in line with the revised metrics from the Leadership Group for Responsible Recruitment
- Complete the implementation of our escalation process and promotion of the Unseen Modern Slavery helpline in UK Stores
- Monitor the implementation of our new Human Rights requirement for Group Procurement, ensuring it is effective in mitigating risks within our own-operations
- Continue to implement our action plans for Tesco Malaysia and Thailand, including embedding further responsible recruitment principles
- Complete due diligence visits to all Tesco UK Distribution Centres and consider how we can replicate in our Store network
- Conduct a review of human rights risks within our Central European Distribution network
- Continue to engage with UK police forces, the GLAA and other key stakeholders to ensure effective investigations and information sharing, where required.

Our supply chains

- Monitor compliance with our new Responsible Recruitment Requirements for suppliers in Thailand and Malaysia, providing access to capacity building training and tools where necessary
- Improve our visibility and monitoring of sites end to end in Produce (fruit and vegetables) and Protein (meat, fish and poultry) supply chains
- Continue to promote Stronger Together training and the Responsible Recruitment Toolkit to UK suppliers, ensuring it reaches lower tiers of our supply chain
- Review our approach to managing risk within the Southern Mediterranean, ensuring it continues to respond to the changing environment in which we operate
- Review ethical audit requirements for suppliers into Tesco Lotus and Tesco Malaysia to ensure they are effective in identifying risks of forced labour
- Develop detailed Key Performance Indicators relating to our human rights strategy focus areas, and monitor progress with suppliers.

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