

# Human rights.

## Why It Matters.

Human rights are universal, yet violations have been a long-standing issue in global supply chains. With reports of some 40.3 million people still subject to modern slavery and 24.9 million of whom are in forced labour<sup>1</sup>, there's still a significant 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. Our KPIs focus on our high-risk tier 1 supplier sites but our human rights strategy goes beyond this, addressing root causes to raise standards and protect human rights.

### Relevant SDGs



## Our Progress.

People Pillar		
Commitment	KPIs	Our 2020/21 performance
Respecting human rights across the supply chain	Percentage of high-risk tier 1 supplier sites with audits in the last year	97% of high-risk tier 1 supplier sites with audits in the last year <sup>(1)</sup>
	Percentage of high-risk tier 1 supplier sites where critical non-conformances (NCs) have been identified	39% of high-risk tier 1 supplier sites had critical NCs identified in 2020/21 <sup>(2)</sup>
	Percentage of high-risk tier 1 supplier sites that have closed out critical NCs within six months	71% of high-risk tier 1 supplier sites had critical NCs closed out within six months <sup>(3)</sup>

(1) COVID-19 challenged our ability to undertake site visits during 2020/21, however we maintained our 97% performance, helped by the adoption of virtual due diligence assessments. We continue to aim for 100% of high-risk tier 1 supplier sites to have had audits completed within the last year.

(2) In 2020/21, 39% of high-risk tier 1 supplier sites had non-conformances identified, a significant reduction on 2019/20 (62%) which reflects the increased reliance on virtual due diligence assessments. We are committed to driving best practice auditing to maintain standards and expect the percentage to increase again next year as the impacts of COVID-19 are reduced and more sites visits are able to take place.

(3) We strive for 100% of high-risk tier 1 supplier sites to have closed out any critical NCs within six months. Our performance in 2020/21 fell to 71% which was principally driven by the impact of COVID-19 since we had to issue time extensions in some countries to enable auditors to visit to verify compliance. 93% of sites closed out NCs within these extended timelines.

(1) <https://www.globalslaveryindex.org/>

# Our Approach.

**We are committed to upholding the highest standards when it comes to human rights to ensure that everyone who works with or for us is treated with dignity and respect, always.**

As the UK's largest food retailer with multiple operations, our supply chain has a global reach. We serve our customers with fresh and prepared foods, clothing and a range of non-food products.

As a founding member of the Ethical Trading Initiative (ETI) we are committed to upholding the [ETI Base Code](#) across our supply chain. We focus on the most serious risks to workers throughout our supply chain, working transparently with NGOs, unions and others to identify and address these risks. We know that many issues are systemic and that we can't tackle them on our own, which is why we strive to collaborate with others to find ways to address them.

We take our responsibility as an employer, and member of the community seriously. Our approach is aligned to the [UN Declaration of Human Rights](#), the [International Labor Organization's Core Conventions](#) and the [UN Guiding Principles on Business and Human Rights](#). To take decisive action, we focus on:

## Managing risk

Our due diligence process helps to ensure that we are identifying and then focusing our resource in areas of highest risk, wherever this is in the supply chain. Our process was developed through consultation with over 50 internal and external stakeholders including suppliers, industry bodies, governmental bodies, and civil society groups. The framework focuses on five key principles:

- **Establishing a broad perspective** beyond our immediate business and tier 1 suppliers.
- **Determining our priorities** based on the highest areas of risk.
- **Identifying effective processes** to avoid, reduce and manage risk.
- **Defining key methods** for rectifying abuses and remediating human rights breaches.
- **Developing learning strategies** to consider new information and learn from past performance.



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

## Taking direct action

Focusing on priority areas identified through our due diligence process, we then seek to work collaboratively with our suppliers, wider industry, civil society and, where appropriate, policymakers to mitigate human rights risks. Our approach is based on three pillars:

- **Improve:** improving standards for people working in our own operations and our supply chains through continuous improvement programmes with suppliers,
- **Transform:** driving transformative industry-wide efforts to address endemic labour and community issues,
- **Advocate:** using our convening power to advocate for change.



[Read more about how we are acting on human rights here.](#)

## Addressing root causes

We recognise that, in many cases, we cannot fix labour rights abuses without first addressing the root causes which underlie them. The four themes of our human rights strategy are helping to address some of these underlying issues by adopting a systemic approach to key human rights challenges:

- **Sustainable livelihoods:** Working with employers, trade unions, and NGOs to identify living wage benchmarks, highlight gaps and act at a local and global level.
- **Modern Slavery:** Supporting initiatives that combat modern slavery around the world and ensuring that workers who migrate to find work are not vulnerable to exploitation.
- **Worker representation:** Promoting dialogue between trade unions, suppliers, industry organisations, certification & audit companies, and governments to champion workers' rights.
- **Gender equality:** Promoting women in leadership positions, equal rights, effective grievance mechanisms and female representation – particularly in regions that lack equality in law.

## Key highlights.

**97%** of high-risk tier 1 supplier sites have had audit completed in the last year.

We are now working with our direct suppliers towards the ambition for at least **30%** of supervisory and management roles in our supply chain to be occupied by women by the end of 2025.

**100%** of banana producers have completed the independent salary matrix enabling us to measure living wage gaps. We are now committed to paying the living wage gap to banana producers equivalent to our volumes.

# 3 Year Performance.

Company-wide data				
Commitment	KPIs	2018/19	2019/20	2020/21
Respecting human rights across the supply chain	Percentage of high-risk tier 1 supplier sites with audits in the last year	98%	97%	97%
	Percentage of high-risk tier 1 supplier sites where critical nonconformances (NCs) have been identified	63%	62%	39% <sup>(1)</sup>
	Percentage of high-risk tier 1 supplier sites that have closed out critical NCs within six months	89%*	97%*	71% <sup>(2)</sup>

\* Performance relates to KPI 'Percentage of high-risk tier 1 supplier sites where critical non-conformances have been identified and mitigation or remediation processes implemented on time'. In 2020/21 this KPI was updated to specify the six-month period.

(1) In 2020/21, 39% of high-risk tier 1 supplier sites had non-conformances identified, a significant reduction on 2019/20 (62%) which reflects the increased reliance on virtual due diligence assessments. We are committed to driving best practice auditing to maintain standards and expect the percentage to increase again next year as the impacts of COVID-19 are reduced and more sites visits are able to take place.

(2) We strive for 100% of high-risk tier 1 supplier sites to have closed out any critical NCs within six months. Our performance in 2020/21 fell to 71% which was principally driven by the impact of COVID-19 since we had to issue time extensions in some countries to enable auditors to visit to verify compliance. 93% of sites closed out NCs within these extended timelines.

## 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. Our Little Helps Plan focuses on three KPIs that 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 the world's leading online platform for companies to manage and share information aimed at improving working conditions in global supply chains. We also accept these alternatives:

- SA8000 Certificate
- In-house audits conducted by the Tesco Responsible Sourcing team.
- ICTI Ethical Toys Programme (IETP Certificate)
- The Sustainable Initiative of South Africa (SIZA)

A brief description on each of the three methodologies for our KPIs can be found below.

#### 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 Central Europe) operating in countries identified as "high-risk countries" by the Food Network of Ethical Trade (FNET) or other relevant indices. SEDEX Members Ethical Trade Audits (SMETA) are conducted annually – where suppliers are required to resolve all non-compliances outlined in a corrective action plan report to ensure compliance with ETI Base Code and local law. We also accept the three alternative audits and certifications listed above.

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 nonconformances (NCs) have been identified

Defined by tier 1 suppliers (those that supply directly to Tesco UK, ROI and Central Europe) where "critical non-conformances" were identified through the SMETA audit conducted in the first six months of the year. We require critical non-conformances to be reported immediately and monitor the closure of these critical non-conformances 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 (those that supply directly to Tesco UK, ROI and Central Europe) where "critical non-conformances" were addressed within six months of the SMETA audit. 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 non-conformances are monitored to ensure they are closed-out.

All critical NCs must be addressed as soon as possible and some can be done immediately e.g. fire exit routes unblocked. But for others we require a track record of improvement to be established over a couple of months e.g. on working hours. These then need to be independently verified. We therefore apply the six month remediation of critical NCs as the outer time limit.

# Looking ahead.

The COVID-19 pandemic has impacted our suppliers in many ways exacerbating human rights issues already in place, creating new levels of vulnerability for the most at risk groups and compounding poverty related issues. We will continue to use our improve, transform, advocate approach, focusing on high risk supply chains and addressing root causes, to raise standards and protect human rights.

## Commitments and targets

**Sustainable Livelihoods: We are committed to identifying living wage and income benchmarks and targeting action in our priority supply chains, including:**

### Tea

Collaborating with the wider industry through our membership of the Global Tea Coalition to identify, quantify and ultimately close living wage and living income gaps in key sourcing origins.

### Bananas

Working with all our banana producers globally, we have shared our new approach and commitments to close living wage gaps in our UK banana supply chain. We continue to identify opportunities to gain visibility and overcome the barriers to increasing wages for workers.

Our new commitments are:

1. As of January 2022, we commit to paying the living wage gap to banana producers (equivalent to the volumes we source).
2. We shall ensure that producers have in place a timebound commitment to pay all workers a living wage.
3. We will reward suppliers who continue to make progress on closing living wage gaps with higher volumes as part of a balanced scorecard.
4. Our ambition is that from January 2024, we will only source from banana producers who pay a living wage to all workers no matter the volumes sourced by Tesco.

### Rice

Exploring opportunities with our suppliers to support the uptake of the Sustainable Rice Standard by farmers in key sourcing regions.

### Cocoa

Engaging and assessing cocoa traders on their actions and progress to improve farmer livelihoods through [Retailer Cocoa Collaboration](#).

### Coffee

Exchanging good business practice, publicly reporting our certified coffee purchases, driving innovation and joining forces to create a resilient, sustainable coffee industry through our membership of the Global Coffee Platform.

### Clothing

Collaborate with ACT stakeholders to achieve living wages for workers in the global garment industry through collective bargaining at industry level.

**Modern slavery: We are committed to tackling modern slavery through a number of actions including:**

- Ensuring our Modern Slavery strategy continues to reflect the evolving risks to our business through on-going consultation and review.
- Training 100% of priority colleagues and primary suppliers in the UK on modern slavery by the end of 2021.

- Working with our suppliers to verify that zero workers pay for a job in 100% of primary sites in Thailand and Malaysia by the end of 2022.
- Continuing to work in collaboration with industry experts to address systemic modern slavery risks through relevant multi-stakeholders and partnerships such as the Leadership Group of Responsible Recruitment, Issara Institute and Responsible Car Wash Scheme.



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

**Worker representation: We are committed to working to remove barriers to effective worker representation in our supply chains, targeting actions including:**

- Promoting dialogue between trade unions, suppliers, industry organisations, certification and audit companies.
- Engaging strategic suppliers on the importance of worker representation via the ETI resources on freedom of association, collective bargaining and worker representation.

**Gender equality: We are committed to identifying gender equality issues in our operations and supply chain and working to mitigate and remediate these, including:**

- Addressing sexual harassment and discrimination, including supporting the establishment of gender sensitive grievance mechanisms.
- Encouraging women's committees and/or women's participation in elected worker committees, through the dissemination and implementation of new worker representation guidance, and other targeted interventions.
- Enabling women in leadership, including developing mentoring and training programmes that support women to fulfil their potential in accessing leadership positions. In 2021, we launched an ambition for our direct suppliers to have at least 30% of supervisory and management roles be occupied by women by the end of 2025.
- Addressing gender stereotypes, including investing in training and education for men and women.

## Read more about our approach

### More information

[Human rights overview](#)

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

[Human Rights in the supply chain: Forced labour](#)

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

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

[Human rights FAQs](#)

### Policies

[Human Rights Policy](#)

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

[Modern Slavery Statement](#)

### Benchmarks

[Corporate Human Rights Benchmark](#)

[Oxfam Behind the Barcodes](#)

[Know the Chain](#)