



Advancing Human Rights in our Supply Chain

Responsible Sourcing Manual,
Clothing and General Merchandise Suppliers

July 2021

TESCO GUIDANCE DOCUMENT

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Document Overview

This document outlines our approach to responsible sourcing and the subsequent standards suppliers must adhere to.

Business Unit/Market of sale	Business Area Main Area/Sub Area
United Kingdom	Non-Food: Non-food General/General Merchandise / F&F
Republic Of Ireland	
Hungary	
Czech Republic	
Slovakia	

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1. Introduction

One of our business values is that **we treat people how they want to be treated**. We want everyone who works for or with Tesco to have their human rights upheld and we know our customers, colleagues and suppliers do too.

Our commitment to human rights is embedded in the Tesco [Little Helps Plan](#). 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. 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.

We publicly disclose progress against these commitments in our Little Helps Plan on an annual basis. We also publish an annual [Modern Slavery statement](#), in line with the UK Modern Slavery Act, outlining the steps taken to mitigate the risk of modern slavery in our own-operations and supply chains.

Our suppliers play a vital part in the success of our commitments. We need suppliers who share our values and are willing to work with us to ensure safe, hygienic, inclusive and respectful working conditions as well as good environmental standards.

The purpose of this manual is to help suppliers understand our approach to responsible sourcing and the standards they must adhere to. Only when suppliers are able to demonstrate a willingness to comply with our responsible sourcing standards, will we be able to build a partnership with them.

It is a requirement for all suppliers to read this manual carefully and understand how it applies to them.

The manual is intended to supplement the terms and conditions you have with Tesco Sourcing and supersedes all previous manuals, guides and similar materials relating to the subject matter described herein.

If you have any questions or would like further support in implementing our responsible sourcing standards, please contact your Tesco representative or our Responsible Sourcing team at ethicalenquiry@tesco.com.

2. Our Approach to Responsible Sourcing

Tesco’s responsible sourcing programme is embedded throughout our operations and is fundamental to the commitment we make to our customers to source our products responsibly. We are committed to upholding human rights and fully support the [UN Universal Declaration of Human Rights](#), the [International Labour Organization Fundamental Principles and Rights at Work](#), the [UN Guiding Principles on Business and Human Rights](#) and the UN Global Compact.

In addition to our Little Helps Plan and website, our commitments are communicated to our colleagues in our Code of Business Conduct and to our suppliers in our contracts.

2.1 Ethical First

Our values and commitments underpin the way in which we do business. To ensure we continue to live these values, we have an ‘Ethical First’ approach across our Clothing and General Merchandise supply base. This means that:



It is also means that our Commercial, Technical and Responsible Sourcing teams are committed to working together for an ethical supply base. As one-team, we can ensure that we:

- make ‘Ethical First’ an integral part of supply base governance discussions
- are aligned on our supplier engagement, with one Tesco voice
- collaborate on business planning
- together deliver supplier improvement and exit plans.

In turn, suppliers are asked to ensure ‘Ethical’ is embedded in their business strategy and ethical working conditions championed in their supply chain.

To support our ‘Ethical First’ approach we have adopted a uniform approach to assess the ethical performance of our suppliers and their production sites. Our Ethical Risk Ratings not only give our business leaders a clear understanding of the ethical performance of our supply base, but they also guide our commercial colleagues in their business planning. See section 7 ‘Ethical Risk Ratings’ for further detail.

3. Expectations of Suppliers

Tesco is a values-driven company, we welcome suppliers who:



Our expectation is that suppliers will:

1. **Ensure a good understanding of Tesco's values and standards:** Suppliers should seek to ensure they have good understanding of Tesco's values and responsible sourcing standards.
2. **Obtain Tesco's prior approval to use a site:** Suppliers must ensure that production, packing and storage for Tesco only takes place in sites approved by Tesco. Subcontracting of specific production processes can also only take place with prior written approval.
3. **Demonstrate continued compliance with Tesco's standards:** Suppliers should only select sites for Tesco production that comply with our responsible sourcing standards. Suppliers are responsible for communicating Tesco's standards to their prospective and existing approved sites and subcontractors, and must provide valid audit reports to substantiate that their production sites meet these.
4. **Resolve all non-compliances within agreed timeframe:** Where ethical non-compliances are identified, suppliers must ensure they are resolved within the agreed timeframe – see section 6 'Closure of Non-Compliances' for further detail. This is key to maintaining authorisation to use the site for Tesco production. Where non-compliances are not resolved in a timely manner, new orders and shipment may be put on hold with any incurred loss to be borne by the supplier.
5. **Build sustainable and effective management systems:** It is important that suppliers ensure that production sites have effective management systems. They should also ensure sufficient qualified personnel are equipped to identify risks and prevent non-compliances from reoccurring.
6. **Review the terms and conditions of purchase orders before confirmation to ensure production in compliant conditions:** Before confirming a purchase order with Tesco, suppliers should ensure that they can deliver the order in line with Tesco's responsible sourcing standards, paying particular attention to costing and delivery timelines. Suppliers must not accept orders that they believe they

cannot deliver in the required conditions. If challenges with compliance occur, suppliers should inform Tesco so we can find a solution together.

4. Our Standards

Tesco's responsible sourcing standards comprise of the ETI Base Code, local laws and regulations, as well as our own requirements on specific issues. **Where standards differ, we expect compliance with whichever affords the worker greater protection.**

4.1 ETI Base Code

Tesco is a founding member of the Ethical Trading Initiative (ETI). The ETI exists to improve and promote good practice in the implementation of codes of labour practice. The ETI Base Code consists of nine basic principles covering the following principles:

- Employment is freely chosen
- Freedom of association and the right to collective bargaining are respected
- Working conditions are safe and hygienic
- Child labour shall not be used
- Living wages are paid
- Working hours are not excessive
- No discrimination is practiced
- Regular employment is provided
- No harsh or inhumane treatment is allowed.

Details and guidance of the ETI base code is available [online](#).

4.2 International Standards, Local Laws and Regulations

Tesco respects local laws and regulations. Suppliers must ensure that their sites and subcontractors are compliant with all laws and regulations of the jurisdictions where Tesco production takes place. For example, annual leave, public holidays, maternity, and parental leave must all be awarded in line with local laws.

4.3 Tesco Requirements

Bribery and Fraud

- Tesco has a zero tolerance approach to bribery and fraud. Bribery and fraud undermine the rule of law, entrench bad governance in societies and often breed human rights violations.
- Any attempts to offer money, benefits, gifts or other advantages to the Tesco Responsible Sourcing team or second/third party representatives will be regarded as attempted bribery. Any dishonest behaviours such as deception, forgery, false representation and concealment of material acts by which an individual seeks to again an advantage or cause a loss is regarded as fraud.
- If a supplier or a production site is found with such a breach, Tesco will cease relationship with the supplier or the production site with immediate effect. All production has to stop.

- Suppliers should ensure their sites fully understand Tesco's zero tolerance position on bribery and fraud, and that they have strong prevention policies and effectively management mechanisms in place to ensure that their staff also acts to ensure integrity is practiced throughout their business practices.

Transparency

- Transparency, openness and honesty are the integral to working with Tesco.
- We understand that challenges will emerge in any workplace from time to time. In general, we believe we can trust suppliers who share their challenges more than those who claim everything is perfect. Our commitment in return is that we will not make sudden and simplistic sourcing decisions when we become aware of problems.
- Suppliers must ensure sites are transparent to Tesco at all times with regards to their ethical standards. Tesco will not work with sites which are not transparent and hide non-compliances from Tesco.
- Suppliers should ensure that Tesco staff or designated representatives are provided with full access to all relevant documents and all areas in the site premise and that interviews with workers are not obstructed.
- Fraud, denial of access or any attempt to obstruct the conduct of a normal ethical audit will result in suspension of new orders or shipment, and ultimately to termination of business with Tesco.

Subcontracting

- Tesco does not permit unauthorised subcontracting.
- Every order placed is contracted for production, packing or storage in a specific primary site approved by Tesco. Production must only commence in those specific sites **after** explicit approval from Tesco. It is the responsibility of suppliers to check Tesco's system for the sites' current approval status. In case of any questions, suppliers should seek clarification from Tesco before any production commences.
- Where suppliers need to make changes to production, packing and storage plans and want to use a different site for production, packing or storage, suppliers must obtain prior explicit approval from Tesco to use the proposed site before production commences. This process must be followed regardless of whether the proposed different site is already approved or not. Subcontracting Tesco orders to another approved site different from the one agreed for production, packing or storage of products of specific orders, without prior approval from Tesco, is also regarded as unauthorized subcontracting.
- If suppliers have any difficulties regarding production, packing or storage capacity and delivery timelines, they must discuss with Tesco in order to find a solution.
- Where part of the production processes needs to be subcontracted to another site due to availability of required skills or equipment, prior written approval must be obtained from Tesco.

- Violation of our sub-contracting requirements will lead to cancellation of orders and termination of business with Tesco.

Responsible Recruitment

Through membership of the Consumer Goods Forum, Tesco has made a commitment to embed the [Priority Industry Principles on Forced Labour](#) in its own operations and value chains. These state that:

- Every worker should have freedom of movement
- No worker should pay for a job
- No worker should be indebted or coerced to work

Similarly, we also endorse the Employer Pays Principle (EPP) which states that, *no worker should pay for a job, the cost of recruitment should be borne not by the worker but by the employer.*

It is a requirement for all our suppliers to also align with these principles and ensure that workers do not pay any fees and costs associated with recruitment, in line with the ILO definition of recruitment fees and costs. This includes covering fees and costs that are permitted by law. Where recruitment fees and costs are found to have been paid by workers, our expectation is that these are reimbursed in full.

Please refer to our 60593 Responsible Recruitment requirements for Non-Food document.

Homeworkers

- The use of homeworkers must be approved by Tesco in writing in advance.
- Suppliers must have effective procedures in place to ensure homeworkers receive their full legal entitlements and benefits.
- The location and identity of all homeworkers must be submitted to Tesco and an ethical assessment must be arranged to ensure they are treated fairly.
- Use of homeworkers without prior approval from Tesco will be regarded as unauthorised subcontracting.

Environmental

- Poor protection of the environment not only damages where we live, but is often also closely linked to adverse impacts on health of both workers and people in communities.
- Tesco requires compliance with all applicable environmental protection legislation.
- Best practice and continuous improvement are encouraged.

Dangerous manufacturing processes

- Tesco does not permit the use of sandblasting in clothing sites which manufacture for Tesco.
- Sandblasting can lead to an incurable lung disease, silicosis, to workers and is a highly dangerous manufacturing process.

Cotton

- Please refer to our Cotton Sourcing Requirements – policy 60366.
- To ensure the cotton in our products is sourced responsibly and has minimum impact on the environment, this policy details our responsible sourcing requirements.

Fire Safety

- Please refer to our Fire Safety standard – policy 60008.
- This policy outlines our requirements on fire safety, to ensure factories are safe and have effective procedures in place to prevent fire incidents, or manage them quickly if they occur.

Shared (multi-tenant) and mixed use buildings

- Please refer to our Shared (multi-tenant) and mixed use buildings – policy 60007.
- Shared (multi-tenant) and mixed-use buildings, particularly in poorly regulated countries, have been identified as being unacceptably high risk with regards to fire safety. This policy outlines our requirements in order to further reduce the risk of fire incidents.

Communities

- Tesco are committed to ensuring no harm is caused in the local communities in which we operate and have suppliers. Through our responsible sourcing approach, we seek to ensure our business brings positive impacts to communities.
- Suppliers should make Tesco aware of any adverse impacts to communities as a result of our operations and take prompt remedial action.

4.4 Business Critical non-compliances

We are committed to supporting suppliers in the closure of non-compliances against our standards. However, there are some issues we have zero tolerance to which will lead to immediate termination. There are some additional business critical non-compliances that, if not immediately remediated, would also lead to termination. See section 7 'Exit Policy' for further detail.

Zero Tolerance Non-Compliances:

- Bribery and Fraud (investigation and process led by group security)
- Child labour
- Unauthorized subcontracting
- Bonded labour / trafficked labour / involuntary prison labour / slavery
- Safety threats to Tesco representatives
- Refusal to take corrective actions on business critical issues

Additional Business Critical Non-Compliances:

- Coercive employment practices

- Physical abuse of workers
- Sexual harassment of workers
- Workers' ID or passports withheld by site or supplier
- Denial of access to factory premise, worker interviews or essential audit documents
- Repeated non-transparency (e.g. falsification of records)
- All or significant number of workers are undocumented or have no legal right to work
- All or significant number of workers work without payment
- All or significant number of workers paid below legal wage
- Alarming excessive working hours
- No fire-fighting equipment
- No fire exit or only 1 exit
- All or majority of fire exits locked
- Buildings are structurally unsafe
- Majority of machines constitute danger to life or limb

Financial penalties:

If cases of unintentional child labour are ever found (such as where fake ID has been used), we reserve the right to exit the site if this is a result of poor internal procedures, and/or to use financial penalties. These are used to support charity initiatives to benefit workers and their families as well as the communities in which we operate. The financial penalty is based on the business value Tesco has with the supplier in the previous 12 months, in line with the below:

- USD 10K for business up to USD 1M
- USD 30K for business USD 1-3M
- USD 50K for business above USD 3M

5. Ethical Audit Requirements

A key element of our human rights programme is verifying compliance with our responsible sourcing standards using ethical audits and certification .

5.1 Where do we require audits?

Our audit requirements vary depending on where the primary/first tier site is located.

Full ethical audits of primary/first tier sites are required annually in the following high-risk locations:

Bahrain, Bangladesh, Belarus, Belize, Brazil, Bulgaria, Burkina Faso, Cambodia, Cameroon, China, Colombia, Ecuador, Egypt, El Salvador, Ethiopia, Fiji, Gambia, Ghana, Guatemala, Honduras, India, Indonesia, Iran, Ivory Coast, Kenya, Lesotho, Macau, Macedonia, Madagascar, Malaysia, Maldives, Mauritius, Mexico, Mongolia, Morocco, Myanmar, Namibia, Nicaragua, Pakistan, Panama, Peru, Philippines, Russia, Saudi Arabia, South Africa, Sri Lanka, Swaziland, Taiwan, Tanzania, Thailand, Tunisia, Turkey, Uganda, Ukraine, United Arab Emirates, Vietnam, Zambia, Zimbabwe

Full ethical audits of primary/first tier sites are required once every two years in the following medium risk locations:

Argentina, Canada, Chile, Costa Rica, Czech Republic, Estonia, Greece, Hungary, Israel, Italy, Jamaica, Jordan, Latvia, Lithuania, Malta, Poland, Republic of Ireland, Romania, Senegal, Seychelles, Slovak Republic, Slovenia, South Korea, Spain, Suriname, United Kingdom & the Channel Islands, United States of America, Venezuela

Full ethical audits of primary/first tier sites are not required in the following low risk locations:

Australia, Austria, Belgium, Commonwealth of Dominica, Cuba, Cyprus, Denmark, Dominican Republic, Finland, France, Germany, Greenland, Iceland, Japan, Liechtenstein, Luxembourg, Martinique, Netherlands, New Zealand, Norway, Portugal, Puerto Rico, Singapore, St. Lucia, St. Vincent & The Grenadines, Sweden, Switzerland, Uruguay

Tesco reserves the right to conduct unannounced visits at any time to sites approved for Tesco production, regardless of whether there are Tesco production taking place at time of the visit.

Unannounced audits may be conducted by either Tesco approved external auditors or by the Tesco Responsible Sourcing team. If critical non-compliances are identified in unannounced audits, the relevant audit charges will be borne by the supplier.

5.2 Basic audit arrangements

In order to be accepted by Tesco, ethical audits must be conducted by either:

- Tesco Responsible Sourcing team

- Tesco approved external auditor under 2nd party auditor or recognised 3rd party auditor scheme

Tesco will inform suppliers which option is acceptable.

Initial audits and regular audits must be conducted on a semi-announced basis (at any point within a 4 week window) or unannounced. Audits should be conducted when the site is fully operational and when the largest number of workers are present, deferring to [SMETA guidance](#) where applicable. Any exceptions to this above must be approved in writing by the Tesco Responsible Sourcing team.

Tesco requires suppliers to cooperate fully with the audit process, including:

- Ensuring auditors have timely access to all areas of the site (including any areas which are shared or leased to other organisations), personnel and relevant records.
- All records presented must be truthful.
- Staff interviews are allowed to be conducted confidentially in a suitable location agreed by the auditor, without observation or interference from management. Interviewees must not be coached or pressured to reveal what they discussed.

Any attempt to pervert the course of the audit through fraud, bribery, coercion, intimidation, deception or interference will be treated as a critical non-compliance.

5.3 SMETA audits

Where a Tesco approved external auditor is to be used, we only accept SMETA audits.

At minimum the scope of the SMETA audit must include labour standards and health & safety, referred to as a SMETA 2-pillar audit. An assessment of environmental performance and business practices may be added at the suppliers' request, referred to as a SMETA 4-pillar audit.

Where suppliers' book audits directly with Tesco recognised audit bodies, it is essential that the supplier stipulates that the site is proposed for use by or currently supplying Tesco. This ensures they the audit company assigns auditors who meet Tesco requirements. SMETA audits must be made be visible to Tesco on [Sedex](#). Suppliers and factories should to connect to Tesco International Sourcing on Sedex and ensure full visibility rights are given to Tesco.

Following an audit, full audit reports will be completed and uploaded on Sedex typically in 5 working days. Suppliers must ensure these are "published" to Tesco immediately.

The cost of the audit, travel and any associated costs of uploading the report will be borne by the supplier unless otherwise agreed. Failure to meet Tesco requirements, for example using an unapproved auditor, may result in a further audit being conducted at the suppliers' cost.

5.4 Certification

We also accept SA8000 certification. Audit reports should be uploaded to Sedex. Suppliers must ensure these are “published” to Tesco immediately. The audit frequency is every 3 years.

For toy production sites, we accept ICTI Ethical Toy Program certification. Audits must be sent to Tesco immediately. The audit frequency is annual.

5.6 What does the audit entail?

Audits are conducted by auditors who are recognised as competent to audit and interview workers. The size and composition of the audit team and audit duration are based on information supplied by the supplier/site, and take into consideration the gender profile of the workforce and the main languages spoken at the site.

The audit process typically includes:

- Opening meeting with senior management
- A walk-round of the facilities
- Interviews with management, administration staff, worker representatives (e.g. union officials) and workers (worker interviews take place without management being present)
- Document review
- Closing meeting with senior management

Documents required for review may include, but are not limited to, the following:

- Business license
- Organization chart
- Site layout plan
- Production Process Flow
- All relevant government required permits
- Employee handbook, rules and regulations
- Disciplinary policies and practices and relevant records
- Employment rosters, employee lists, employee personal profiles, employment contracts, etc.
- Lists of homeworkers, young workers, student workers, pregnant workers, migrant workers, temporary workers, etc.
- Human resources management policies, recruitment policies and procedures
- Dormitory regulations, lists of employees in dormitory
- Health examination records
- Work arrangement records
- Registration approvals from local labour bureaus if required
- Leave and resignation records
- Grievance procedures and relevant records (worker complaints/suggestions)

- Dispatch agreement, business license of labour providers, internship agreements, etc.
- Payroll and other pay-related records for the past 12 months
- Production records for piece rate workers
- Attendance and working hours records for the past 12 months
- Production records
- Social insurance-related records, e.g. payment records and personnel lists
- Records relevant to worker representation mechanisms and collective bargaining agreements
- Health and safety policies, rules and regulations
- Health and safety training records
- Building safety permit and inspection reports, or other documents required by the governments
- Fire safety acceptance inspection certificate
- Safety officer certificates
- Fire drill records, evacuation plans and procedures
- Sanitation permit for kitchen and health certificate for canteen staff, if legally required
- Work-related injury records, compensation and other relevant records
- Certificates or inspection reports for special appliance or hazardous machines
- Permits or licenses for electricians and operators of special appliance or hazardous machines
- Inspection report for occupational hazards if legally required
- Pollutant discharge permits and hazardous waste disposal permit if legally required
- Environment related documents, e.g. environmental impact assessment report and approval records
- Inspection report and approval for environmental facility (e.g. effluent treatment plant)
- List of chemicals, material safety datasheet, etc.

At the closing meeting, the site will be left with a hard copy Corrective Action Plan detailing non-compliances identified during the audit.

6. Closure of Non-Compliances

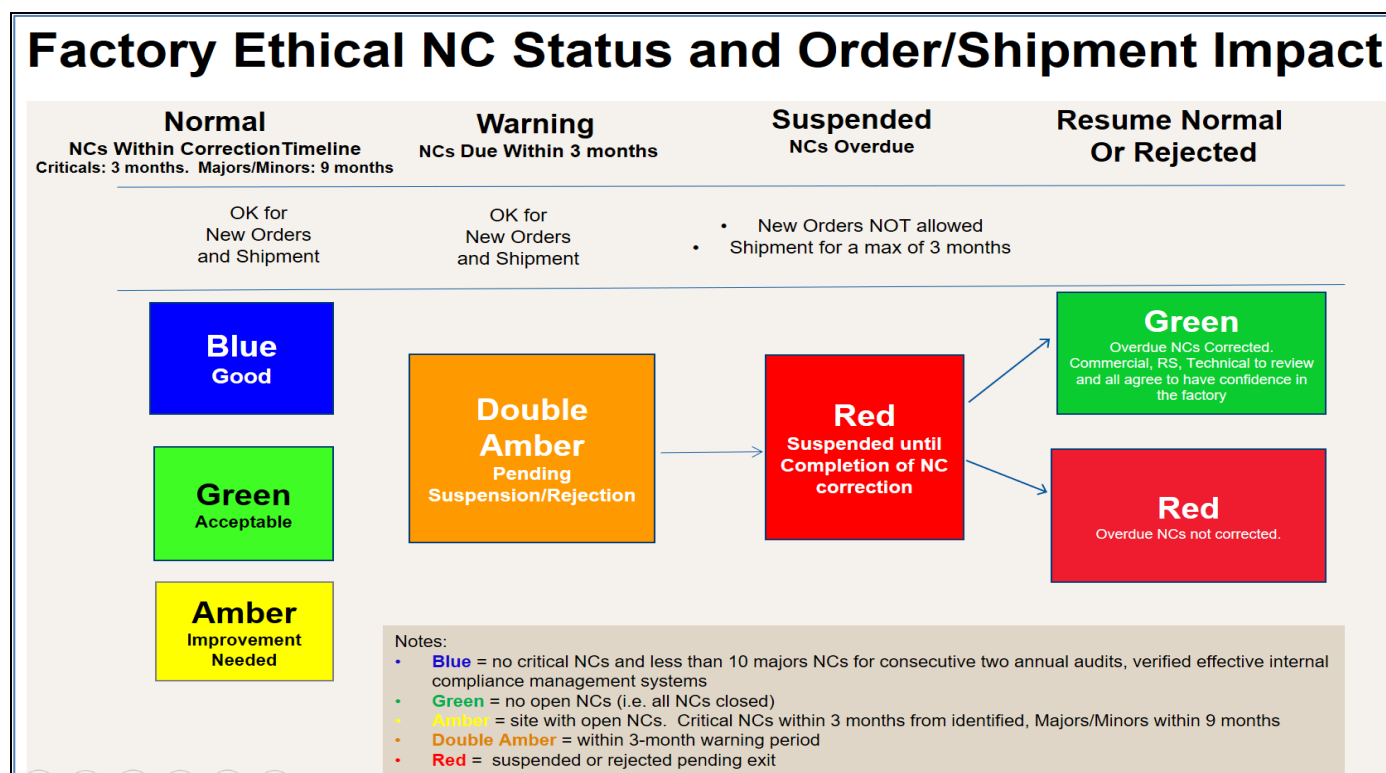
Suppliers must ensure production sites meet and maintain their compliance with Tesco’s responsible sourcing standards, as detailed in section 4 ‘Our Standards’. Where conditions do not yet comply, we expect suppliers to be transparent with us about the differences and committed to improving those issues. We encourage suppliers to learn from industry best practices and adopt a system-improvement approach to address root causes of their non-compliances.

Unless otherwise agreed, non-compliances should be corrected within the below timeframes:

- **Business critical** – immediate remediation is required.
- **Critical** – as soon as possible and within a maximum of 6 months,
- **Major and minor** – as soon as possible and within a maximum of 12 months.

Desktop review or an onsite follow-up audit will be required to verify that the non-compliance has been adequately corrected.

Where non-compliances are not corrected within the agreed timeline and without reasonable explanation approved by Tesco’s Responsible Sourcing team, business repercussions will result including suspension of new orders and shipment of existing orders, as outlined below.



New Site Approval

The ethical audit report must meet Tesco requirement and must not be older than 8 months. We do not accept any new site with unresolved critical non-compliances.

7. Ethical Ratings

In order to build an ethical supply base, we apply a uniform rating methodology to give all suppliers and their factories approved for Tesco production an ethical rating for their ethical performance during the period in scope for evaluation. This enables us to understand the ethical performance in our supply base, support improvement where needed and plan future business accordingly.

Suppliers with good ratings are prioritised for stronger partnership with Tesco where opportunities arise, whereas suppliers with unsatisfactory rating are required to deliver plans to improve their rating and may not be eligible for new product orders until improvement is achieved.

What is an Ethical Rating?

All suppliers and sites are evaluated on three key aspects:

- **Compliance** – ethical track record, based on the severity and the number of ethical non-compliances.
- **Capability** – availability of qualified and sufficient dedicated resource for ethical management.
- **Transparency** – openness and collaboration with Tesco on ethical matters.

Suppliers receive an ethical rating that takes into account the ethical performance of their factory base during the reporting period.

Suppliers with production sites in more than one country will have an ethical risk rating for each country. The supplier's overall ethical rating is based on its country scores, proportional to number of sites the supplier has in each country.

The resulting risk level and implications are as follows:

Ethical Risk Rating	What Does It Mean to Tesco?
High	Requires immediate improvement
High-medium	Requires vigorous improvement
Medium	Be watchful and support improvement for better rating
Low	Prioritise for stronger partnership
Very Low	Prioritise for stronger long-term partnership

How to get a higher Ethical Rating?

We strongly encourage all suppliers to seek to obtain a 'Low' Ethical Rating. Suppliers can improve their overall Ethical Rating by:

- Improving the Ethical ratings of their individual factories
- Increasing the availability of qualified and dedicated resource for ethical management

- Ensuring transparent and proactive communication with Tesco on ethical issues.

8. Exit Policy

We are committed to supporting suppliers in the closure of non-compliances against our standards. However, as detailed in section 4 'Business Critical non-compliances' there are some issues we have zero tolerance to which will lead to immediate termination.

We will exit suppliers on the 1st violation where a '**zero tolerance non-compliance**' is identified. These are:

- Bribery and Fraud (investigation and process led by group security)
- Child labour
- Unauthorized subcontracting
- Bonded labour / trafficked labour /involuntary prison labour / slavery
- Safety threats to Tesco representatives
- Refusal to take corrective actions on business critical issues

If suppliers or factories continue to show a lack of commitment or capability by failing to address our additional '**business critical non-compliances**' and/or repeating them, we will cease our relationship with these suppliers and production sites. These are:

- Coercive employment practices
- Physical abuse or sexual harassment of workers
- Retention of workers' passports, taking deposits from workers, or other measures to restrict workers' freedom of movement
- Non-transparency about working conditions by denying access to factory premise, worker interviews or other obstructions of normal conduct of a factory assessment
- Non-transparency about working conditions by falsifying workers' wage and hours documents, hiding production workshops or dormitory

Impact on Shipment and New Orders

Once the non-compliance requiring exit has been confirmed there will be no new orders. Existing orders will either be cancelled or allowed to complete shipment depending on their production status and the severity of the situation.

Suppliers' Role in the Violation

We require all suppliers to ensure their production sites meet Tesco's responsible sourcing standards. In case of an exit, we will exit the production site in question, however, we will also exit the supplier if it is found that the supplier had an active role to play in the violation or has been aware of the non-compliance but has not informed Tesco.

Exclusion Period

Any production sites exited for business critical non-compliances will be excluded for a minimum of 3 years before we would consider reengagement.

Any production sites exited for more severe business critical non-compliances will be excluded indefinitely from our supply base.

Responsible Exit

To avoid the situation where our exit will create an adverse impact on workers and/or disruption to our offer for customers, suppliers must review the ethical performance of their production sites regularly.

In cases where poor performance of a production site continues without signs of improvement, suppliers should discuss with Tesco and agree a plan to reduce the site's reliance on Tesco business while continuing to support improvement, before a decision to exit is made.

Suppliers are required to flag to Tesco any production sites in their factory base with a high reliance on Tesco business, e.g. 30% or above of their business.

In case an exit is required, the supplier should work closely with Tesco to assess whether a significant adverse impact on workers is expected, and devise the most responsible solution.

9. Protector Line

It is a requirement for all first tier sites to promote the Tesco 'Protector Line' to workers. This independent and confidential helpline enables our colleagues, suppliers and their staff around the world to raise concerns. Translation services are available.

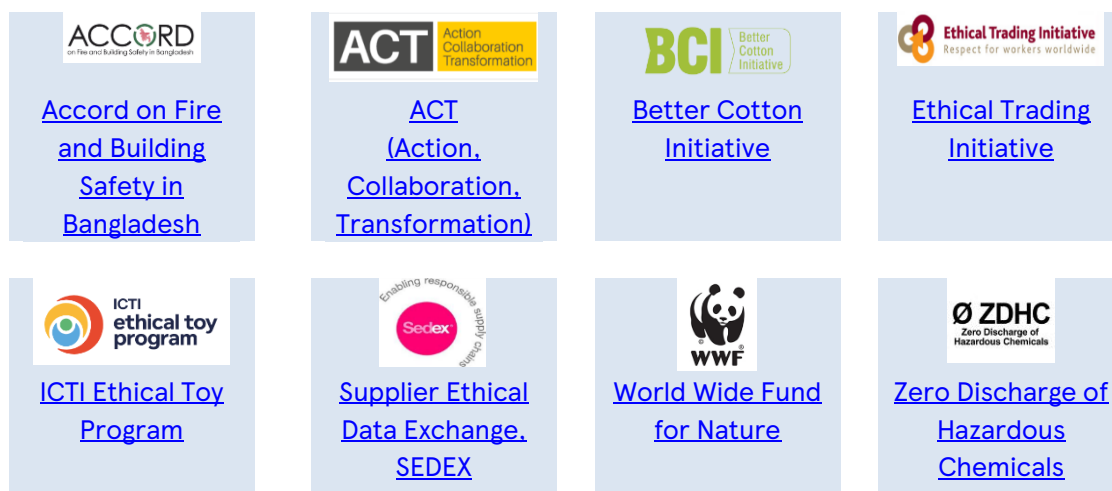
You can obtain Protector Line posters from Tesco Quality Connect (TQC) or requested from the Tesco Responsible Sourcing team.

You can contact Tesco Protector Line on 0800 048 8958 (UK) or at protectorline.ourtesco.com.

10. Beyond Compliance

Our human rights strategy focuses on addressing endemic issues such as forced labour, living wage, gender inequality and freedom of association through targeted programs in collaboration and partnership with our suppliers, NGO's and wider industry. We know that these issues cannot be addressed alone and that we need collective action to find and implement solutions.

Below are a few examples of some organisations we are a member of or are actively collaborating with to drive positive change.



We strongly encourage our suppliers to go 'beyond compliance' seeking to identify industry best practices. Examples of the additional programmes we run for suppliers include:

- Tesco Supplier Ethical Change-Maker's (TSEC), upskilling supplier staff so they can implement improvements in order to meet Tesco's responsible sourcing standards
- Blue-rated Site Development Blue, to ensure effective compliance management systems are in place, leading to reduced audit frequency
- Health and Safety Management System Enhancement
- Working Hours and Productivity
- Women Talent Development
- Building Workplace Culture of Respect
- Suppliers Joint Corporate Social Responsibility Plans

To learn more about these programmes please contact your Tesco representative or our Responsible Sourcing team at ethicalenquiry@tesco.com.

11. Roles and Responsibilities

Role	Responsibility
Responsible Sourcing	Provide clarification on the contents of the manual and support where there are challenges to compliance. Representatives from the Responsible Sourcing team may also audit against the requirements, where applicable.
Supplier/Site	Suppliers and sites must read the manual and implement the requirements outlined within it. Suppliers must inform Tesco of any of challenges associated with compliance as well as any Human Rights concerns or allegations against their organisation or supply chain.
3 rd party audit bodies	Audit against the requirements.

12. Glossary

Acronym	Definition
Primary/first tier site	The production facility that is approved by Tesco, and is registered in Tesco's EQOS system, with a unique ID number, where product manufacturing occurs.
SEDEX	Sedex is a secure web-based system for companies to store, maintain and share data on labour standards at production sites. Detailed information on how to register and upload data is provided on the Sedex website . For general enquiries, or for questions relating to the Sedex system, please contact the Sedex Helpdesk at helpdesk@sedexglobal.com .
SMETA	Sedex Members Ethical Trade Audit (SMETA) assesses a site based on their organisation's standards of labour, health and safety, environment and business ethics. It is one of the most widely used ethical audit formats. The concept describes a methodology based on the Ethical Trading Initiative (ETI) Base Code.
TQC	Tesco Quality Connect (TQC) is a portal detailing supplier and production site information including audits and specifications along with all Tesco policies, codes of practice and guidelines for suppliers of own label products and goods not for resale.
TSEC	Tesco Supplier Ethical Change-Maker's (TSEC) is an additional programme that seeks to equip supplier representatives with the skills and knowledge to implement our responsible sourcing standards.

13. Associated documents

Document No.	Document Title
60007	Shared (multi-site) and mixed use buildings
60008	Fire safety requirements
60593	Responsible Sourcing Requirements – Non-Food
60366	Cotton Sourcing requirements
60519	Sourcing from areas of conflict

14. Revision History

Date Effective	Version	Document Section	Change Summary
July 2021	1.0	All	Replacing the 2017 version, key changes are: <ul style="list-style-type: none"> - New document template - Reordered and, in some instances, renamed headings - Update to content to accurately reflect current approach including additional detail on Ethical First, Responsible Recruitment, Ethical Risk Ratings and Exit Policy - Reduced detail where able to defer to separate policy/external link

15. Appendices

N/A

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