

Modern Slavery statement.

2022/23

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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. At Tesco, we are 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 25th February 2023 and sets out the steps taken by our business, where we have operations in the UK, Republic of Ireland, Central Europe and relevant subsidiaries to prevent modern slavery and human trafficking in our own operations and supply chains. Due to the nature of their businesses, Tesco Bank, Tesco Mobile, dunnhumby, One Stop and Booker publish separate Modern Slavery Statements.

As we have continued to develop our human rights work, we have gained greater insight into risks and trends relating to modern slavery, which has enabled us to strengthen our approach.

Within our full year 2022/23 we have:

- Supported suppliers in Thailand and Malaysia to reimburse and cover costs for workers of a total of USD 442,672 through our responsible recruitment policy and driven further compliance with the Employer Pays Principle.
- Jointly led industry-wide response to UK Seasonal Worker challenges with key stakeholders.
- Funded the development and launch of UK Seasonal Worker Just Good Work App and supported the development of a grower toolkit.

- Trained 100% of Tesco buying colleagues on modern slavery risks through our new interactive e-learning module and continued supporting supplier training through Stronger Together.
- Co-led the official launch of the Modern Slavery Intelligence Network and their first annual conference.
- Conducted in-depth modern slavery assessments across our own operations in the UK and Central Europe.
- Launched our Approved Mills Ambition to ensure that 100% of the fabrics we choose to make our products with, will be sourced responsibly and sustainably by 2025.
- Updated our policy on sourcing from prohibited and restricted regions to require case-by-case review by our human rights team.
- Introduced requirements and training for suppliers of rapid delivery services.

In the year ahead we will continue to develop our approach to managing the risk of modern slavery within our business and supply chains and ensure our strategy continues to respond to changing risks as we aim to eradicate modern slavery.

This statement was approved by the Board of Tesco PLC.

Ken Murphy
Group Chief Executive

12 April 2023



(1) Entities required to publish a statement under the Modern Slavery Act and therefore covered by this Group Statement include: The Tesco Atrato Limited Partnership, The Tesco Passaic Limited Partnership, The Tesco Navona Limited Partnership, The Tesco Property Limited Partnership, The Tesco Aqua Limited Partnership, Tesco Stores Limited, Tesco Distribution Limited, Tesco Maintenance Limited, Tesco Freetime Limited, Makro Self Service Wholesalers Limited, Tesco Ireland Limited, Tesco Mobile Ireland 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 Bengaluru Private Ltd., Tesco Family Dining Limited

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 3,600 stores. We also have businesses in the Republic of Ireland, Czech Republic, Hungary and Slovakia.

Across the Group, over 330,000 colleagues serve millions of customers per week online and in-store. At the heart of everything our colleagues do is our renewed core purpose – serving our customers, communities, and planet a little better every day. This means we're keeping customers at the heart of what we do, while also reflecting our responsibilities to the communities we serve, source from, and to society more broadly. To learn more about Tesco's purpose, [see here](#).

Our purpose reflects our responsibility for the welfare of people and goes far beyond those we employ directly. We want everyone who works for or with Tesco to have their human rights respected and we know our customers, colleagues and suppliers do too. We believe that our trade with people across the countries we source from should have a positive impact, creating jobs and opportunities for people all over the world. Our human rights strategy, which covers the most serious challenges faced by workers, delivers against our value to treat people how they want to be treated. As part of this, we have committed to:

- Ensure international human rights standards are respected at all our suppliers' sites, at tier 1 and beyond.
- Focus on the most serious risks to workers throughout our supply chains, working transparently with NGOs, unions, and others to identify and address them.

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

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 cases are identified.

Our 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



Policies relating 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 and is supported by our [Code of Business Conduct](#) and [human rights policy](#) which set out our obligations to customers, colleagues and communities in our own operations and supply chain.

We take any allegation of a breach of our policies extremely seriously. We provide independent and confidential ‘[Protector Lines](#)’, communication channels that enable our colleagues, suppliers and their staff around the world to raise concerns.

As part of our membership of the Consumer Goods Forum (CGF), we helped to develop and strongly support the CGF’s [Priority Industry Principles](#).

These principles have underpinned the development of our modern slavery strategy, and we are one of the leading companies supporting collaborative efforts to combat forced labour in the consumer goods sector. Such collaboration is particularly important in lower tiers of supply chains where we do not have direct commercial relationships.

As a member of the [Responsible Recruitment Leadership Group](#), an initiative of the Institute for Human Rights and Business, 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.’

Following a review in 2020 which included engagement with a number of key stakeholders (representatives from the ETI, the Office of the Independent Anti-Slavery Commissioner, the Consumer Goods Forum and key suppliers) we published our updated modern slavery [strategy](#) in 2021. This sets out our approach for tackling modern slavery, priority areas and key milestones.



EVERY WORKER SHOULD HAVE FREEDOM OF MOVEMENT >>>>

NO WORKER SHOULD PAY FOR A JOB

NO WORKER SHOULD BE INDEBITED OR COERCED TO WORK



Overall governance and progress monitoring of our human rights work, for all markets and subsidiaries, sits with the Board’s Corporate Responsibility Committee, which meets four times during the year. More detailed information on the work of the Corporate Responsibility Committee is set out in the [Tesco PLC Annual Report and Financial Statements 2023](#).

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

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

Due diligence.

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 internal and external stakeholders.

Our due diligence framework has five stages:



We assess the potential modern slavery risks within our own operations and supply chains by considering the country of origin where we are sourcing products, raw materials, or services from. We use the [Food Network for Ethical Trade](#) (FNET) risk ratings to inform this, combined with our own understanding of labour rights and modern slavery risks in our key sourcing sectors.

As the next stage of our risk assessment, we consider the type of work being carried out (skilled, semi-skilled or un-skilled) and the type of labour (seasonal, permanent, agency, migrant labour).

We gather intelligence about emerging risks through our in-country human rights specialists and strong relationships with local groups, NGOs and organisations such as ETI,

FNET and the Consumer Goods Forum. Campaigners, activists and whistle-blowers can also play an important role in helping us identify where some of the biggest risks lie, and we engage 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.

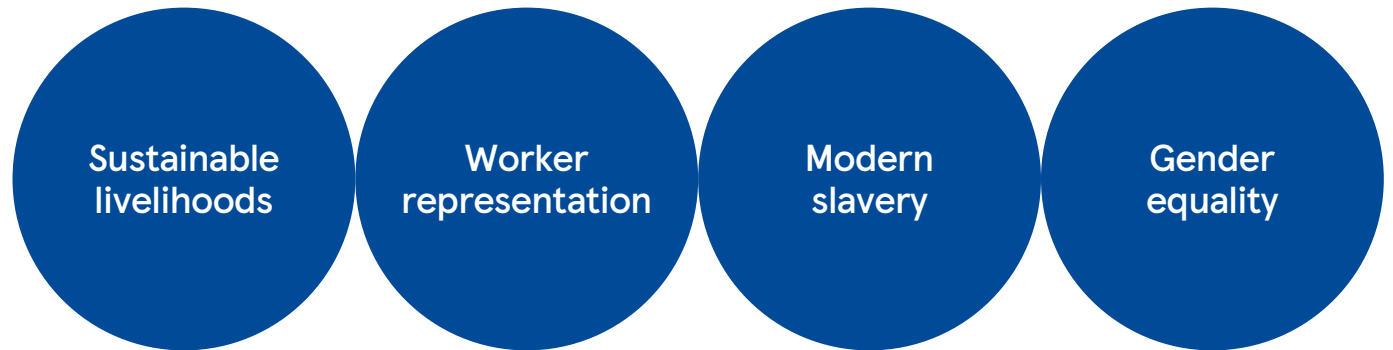
With 40 dedicated human rights specialists, based across ten key sourcing countries, we are well-placed to gather on the ground intelligence through direct engagement with suppliers and other relevant stakeholders. This includes capturing the views of workers through conversations, confidential interviews, 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. In the past 12 months, further outbreaks of COVID-19 have continued to impact our ability to directly engage with workers in certain geographies and industries. We continue to explore opportunities to connect with worker experience in new ways, alongside our regular auditing programme. More details are provided under 'Grievance Mechanisms' on page 23.

We use the information gathered to continually reassess and respond to the potential and actual risks in our business and supply chains. The learnings from this due diligence framework then inform our human rights strategy.

Our broad human rights strategy was developed in consultation with 25 key stakeholders, including: suppliers, academics, NGOs, Trade Unions and internal stakeholders, to make sure the views of people in our supply chains informed our strategy development.

Our four focus areas reflect the most salient risk areas 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 modern slavery and sustainable livelihoods.

3. Advocate

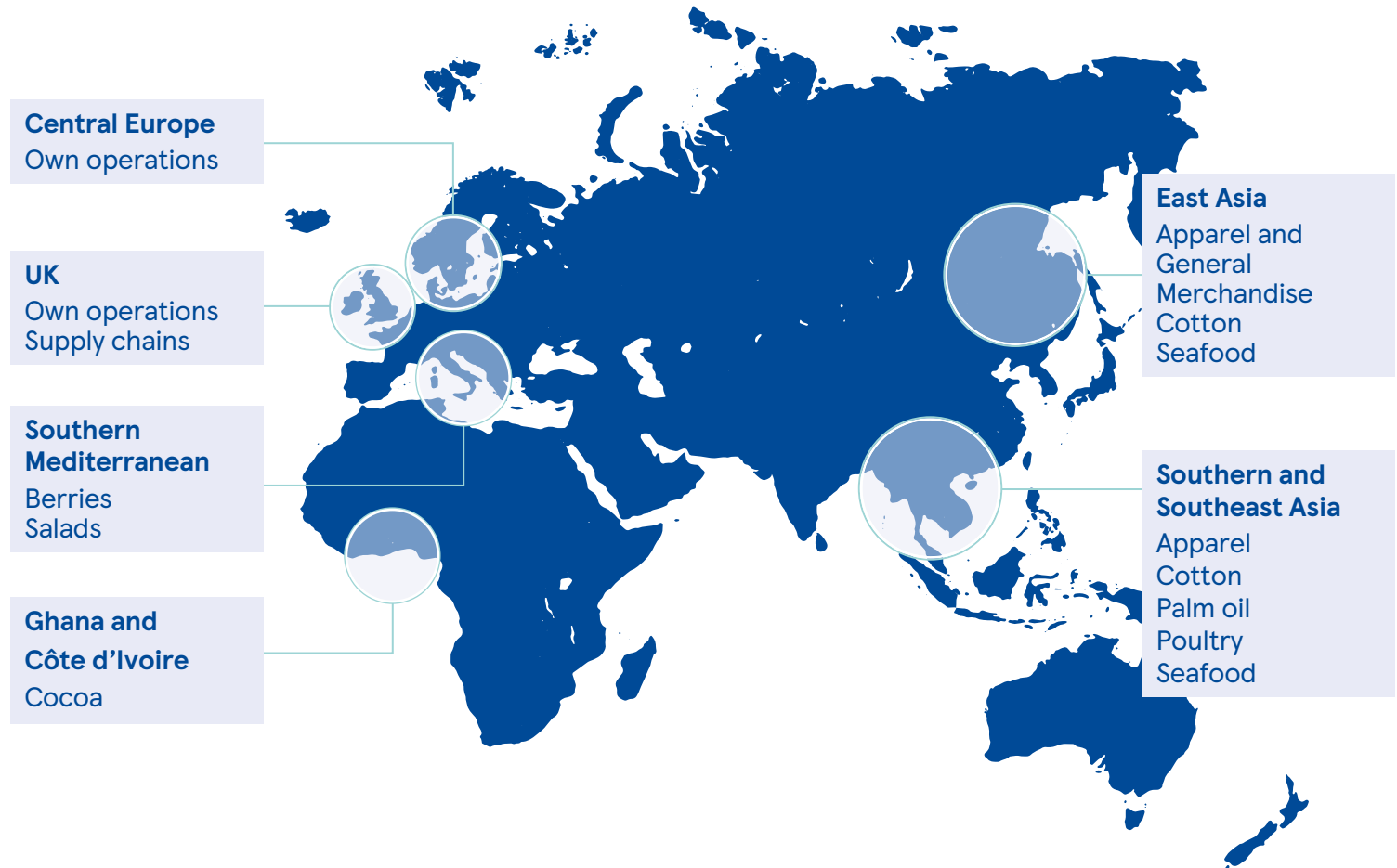
We collaborate with our peers to call for wider change or to influence regulation and legal frameworks where there is a need.

Assessing and tackling modern slavery risks.

We identified our most salient modern slavery risks in the following priority regions, supply chains and operations within our modern slavery strategy.

We then considered our leverage (volume of products we buy, cost of goods sold and our direct and indirect relationships) to identify the regions or supply chains where we believe we are best placed to drive systemic changes.

Our approach to preventing, identifying, and mitigating modern slavery is based on the five factors⁽¹⁾ which we believe create the enabling environment to eradicate modern slavery.



(1) See diagram 1 on page 8.
Map illustrates approximate locations

All five factors are important, and we continue to work collaboratively to drive progress across each of them. However, we will continue to focus more on responsible recruitment given that recruitment fees and costs, which can lead to debt bondage and exploitation, are the most common modern slavery [risk indicator](#) in our business and supply chains. We also believe this is one of the areas in which we can best apply our leverage to have the greatest impact in reducing workers' vulnerability to exploitation in our supply chains.

Responsible Recruitment

Debt bondage caused by the excessive recruitment fees charged to workers can make them more vulnerable to situations of forced labour. It is a policy requirement that all suppliers of food, non-food, and goods and services not for resale into Tesco UK align with the Employer Pays Principle. This principle states that no worker should pay for a job, and the costs of recruitment should be borne not by the worker, but by the employer.

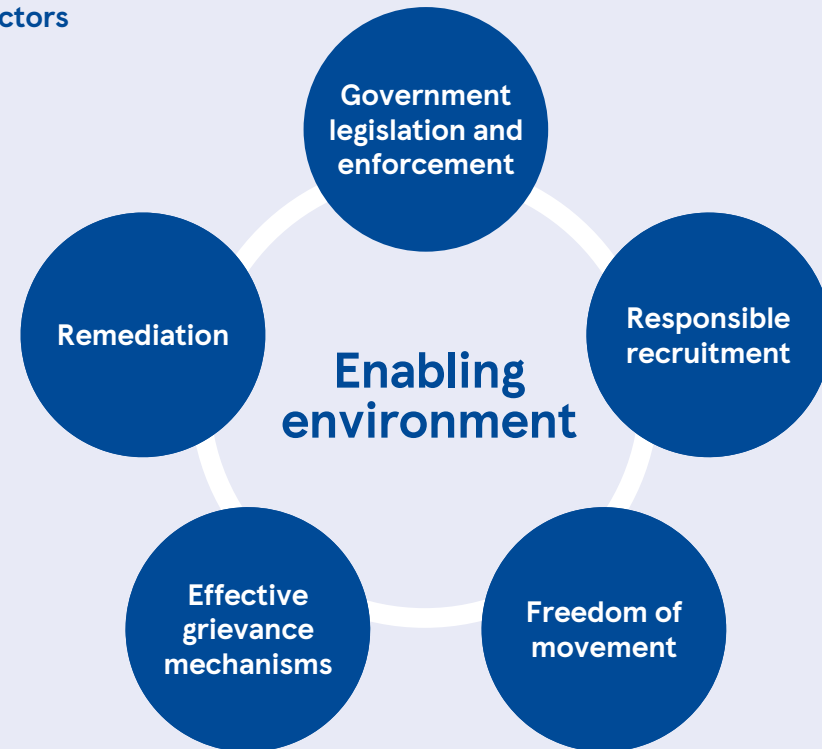
We remain committed to rolling out this requirement, recognising that for many suppliers the transition to 'no fees' recruitment will take time, due to the difficulty in addressing the complex challenges associated with the root causes, including recruitment fees being endemic cultural norms.

In 2022, we saw increasing risks of recruitment fees - particularly around recruitment into the UK through seasonal worker visa schemes and continued risks around migrant labour recruitment into Thailand and Malaysia. Further detail on these risks can be found on page 14.

We continue to work closely with the [Responsible Recruitment Toolkit](#) programme, of which we are a founding sponsor. This initiative led by the Association of Labour Providers (ALP) and Alliance HR, supports businesses to build capacity and embed responsible recruitment practices in their supply chains. We strongly encourage suppliers to make use of the free training and resources it provides. The Leadership Group on Responsible Recruitment, of which we are a member, continued to lead on advocacy of the Employer Pays Principle in 2022.

We recognise that, while limited in being able to create transformative change, well-conducted independent ethical audits have the potential to provide helpful assurance and insight into recruitment practices. This year we have fed into a consultation by Sedex, a global ethical audit platform, to inform developments of their SMETA audit framework to improve identification of recruitment fees through the SMETA process.

Diagram 1: The five factors



Assessing and tackling modern slavery risks – our business operations.

In 2022, we updated and continued implementation of our human rights requirements for group procurement policy, launched in 2020. This prioritises key business areas in the UK based on our analysis of: evolving risks in the sector, worker contract types, the level of skill involved in the work, wages, and our visibility of the service provider. In our Tesco UK stores the majority of our colleagues are employed on permanent contracts. The greatest risks of modern slavery exist for workers not in permanent employment, or employed through labour agencies, who we have less direct visibility of and often work in roles for shorter periods of time.

Our focus areas in our business operations are:

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

In 2022, we identified the additional following priority area for the business:

- Couriers working for rapid delivery partners.

We have since incorporated this into our policy and have been working closely with our rapid delivery partners to ensure appropriate mitigating steps, such as modern slavery training and self-assessment, are taken.

We continuously review priority areas within our own operations and work closely with teams to identify emerging risks.

Under our policy, identified suppliers are required to undertake robust mitigating steps, such as:

- Independent ethical audits, which include a review of the supplier's management systems to ensure they are adhering to the ETI Base Code, worker interviews, and analysis of how worker recruitment is managed.
- Attend tailored modern slavery training hosted by [Stronger Together](#). This is a UK based multi-stakeholder initiative aiming to reduce modern slavery through guidance and training.
- Complete the [Self Assessment Questionnaire](#) within Sedex.
- Attend bi-annual meetings with the Tesco human rights team to strengthen and coordinate our approach to identifying and mitigating risks of modern slavery. This is also included as a key aspect of ongoing supplier performance reviews carried out in conjunction with our commercial teams.

Across all areas of Group Procurement, 90% of suppliers have completed Stronger Together modern slavery training, and 82% of suppliers have registered for the Responsible Recruitment Toolkit. Completion sometimes falls below 100% where new suppliers are onboarded. We work closely with our Group Procurement colleagues and their suppliers on a regular basis to achieve 100% completion as soon as possible.

Business purchasing practices could have a direct relationship to human rights impacts and we continue to monitor how Tesco's policies may impact supplier behaviour. In 2023 we will conduct a review to better understand how we could improve.



UK Distribution Centres

In 2022, we conducted site visits and worker interviews together with an expert human rights consultancy at the remaining 10 distribution centres where in-depth assessments had not been done in previous years. This meant that by the end of 2022, 100% of sites had been assessed across the last three years.

We were alerted to two potential cases of modern slavery:

The first of these regarded a potential victim who had been working on site through one of our agencies. We learned this individual had been brought to work in the UK by a family who controlled his finances and closely monitored him by providing accommodation in their home while working alongside him. Tesco and agency management provided appropriate support guided by the UK's Modern Slavery & Exploitation Helpline and local police who led this engagement. Sadly, after several weeks of careful interaction police learned the alleged exploiters and the potential victim had fled the country. We conducted a follow-up assessment with the agency to review our handling of this incident.

Whilst the authorities were not able to intervene successfully, we remain confident in the appropriateness of our support.

The second report, made through our Protector Line, was thoroughly investigated and found to be unsubstantiated.

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

- Agency discrimination and work disparity
- Health and safety concerns, such as incomplete Personal Protective Equipment (PPE)
- High picking targets for agency colleagues
- Sexual harassment

These findings highlight the importance of regular site visits and worker engagement by trained colleagues and independent experts, which we commit to continuing in 2023. We work closely with our distribution colleagues and labour providers to implement corrective actions where individual occurrences are raised and encourage workers to continue raising issues. For example, in 2022 we implemented work rate parity across our network to align agency workers with Tesco colleagues. We promote our confidential Protector Line and the independent Modern Slavery & Exploitation Helpline across all our distribution centres.

As well as addressing individual instances raised, ongoing site-level due diligence forms the basis for our broader strategy on ensuring high human rights standards for our distribution colleagues. In January 2023, we presented findings and recommendations to distribution and agency management. These focus on tackling the root causes of the most serious issues identified – modern slavery and sexual harassment – through comprehensive and ongoing mandatory training.

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

Central Europe

Our operations across our Central Europe business are a key focus of our modern slavery due diligence. Here we believe risks of modern slavery are greatest amongst our colleagues employed through agencies working in our distribution centres and certain retail roles such as security and maintenance.

In 2022 we instructed Achilles, a third-party expert consultancy, to conduct a human rights assessment across all of our Central Europe distribution centres and a sample of our large stores. Whilst no modern slavery was identified, the key findings fell into the following themes:

- A large number of agencies being used at large sites impedes overall transparency, due diligence and risk reduction.
- A lack of awareness of the warning signs of modern slavery at site management level or below.
- Low access to independent, trusted grievance mechanisms.

In response to the armed conflict in Ukraine in Spring 2022, support is in place for any displaced Ukrainian seeking work in our Central Europe business, including managing their heightened risk of being exploited by human traffickers.

In 2023, we will work across Central Europe People Teams to review findings and develop a continuous improvement plan.



Car Washes

The car wash sector in the UK is widely acknowledged as being high risk for modern slavery. We collaborate with our own sole car wash provider, Waves, to drive strong ethical standards and employment compliance. In 2018 we helped launch the [Responsible Car Wash Scheme](#) (RCWS), which aims to tackle modern slavery by promoting employment compliance, sharing best practice, and introducing a new accreditation for operators to allow customers to make responsible choices about which car wash they use. This programme has now completed its pilot stage and learnings are being taken forward. In particular, the pilot has demonstrated the need for statutory licencing in the sector, which we continue to engage with through Waves.

Waves continues to audit across our network, addressing findings through Waves processes and retraining franchise partners on best practise for worker welfare, employment rights and conditions. Waves continues to work with anti-slavery charity Unseen and the Modern Slavery & Exploitation Helpline and has completed upskill training on the signs of modern slavery for all the teams working on our franchise network, including maintenance teams.

In the financial year 2023/24, Waves will be training all members of its compliance team on the signs of modern slavery, as well as reviewing changes in legislation on modern, slavery and immigration laws, as expected from the UK government.

The Consumer Goods Forum – due diligence guidance for own operations

We continue to participate in the Consumer Goods Forum (CGF) Human Rights Coalition – Working to End Forced Labour, which brings together retailers and manufacturers to drive meaningful sector-wide change.

In 2022 CGF members developed a [Human Rights Due Diligence](#) (HRDD) Maturity Framework designed to tackle forced labour in own operations. [The Fair Labor Association](#) (FLA) are supporting CGF to develop the framework as a self-assessment tool, which we helped refine. We continue to engage as part of the coalition, ensuring that our own operations work aligns with the aims of the coalition.

Rapid Delivery Services

As part of our commitment to be the most convenient supermarket for customers, we partner with third-party companies to provide rapid delivery services. However, this sector often relies on recruiting couriers on a temporary and irregular basis, which can heighten the risks of certain types of exploitation such as minimum pay rates, deductions, or excessive working hours. In 2022 we introduced human rights requirements for these suppliers including modern slavery training, and we continue to monitor compliance.

Assessing and tackling modern slavery risks – our supply chains.

Food

Ethical audit

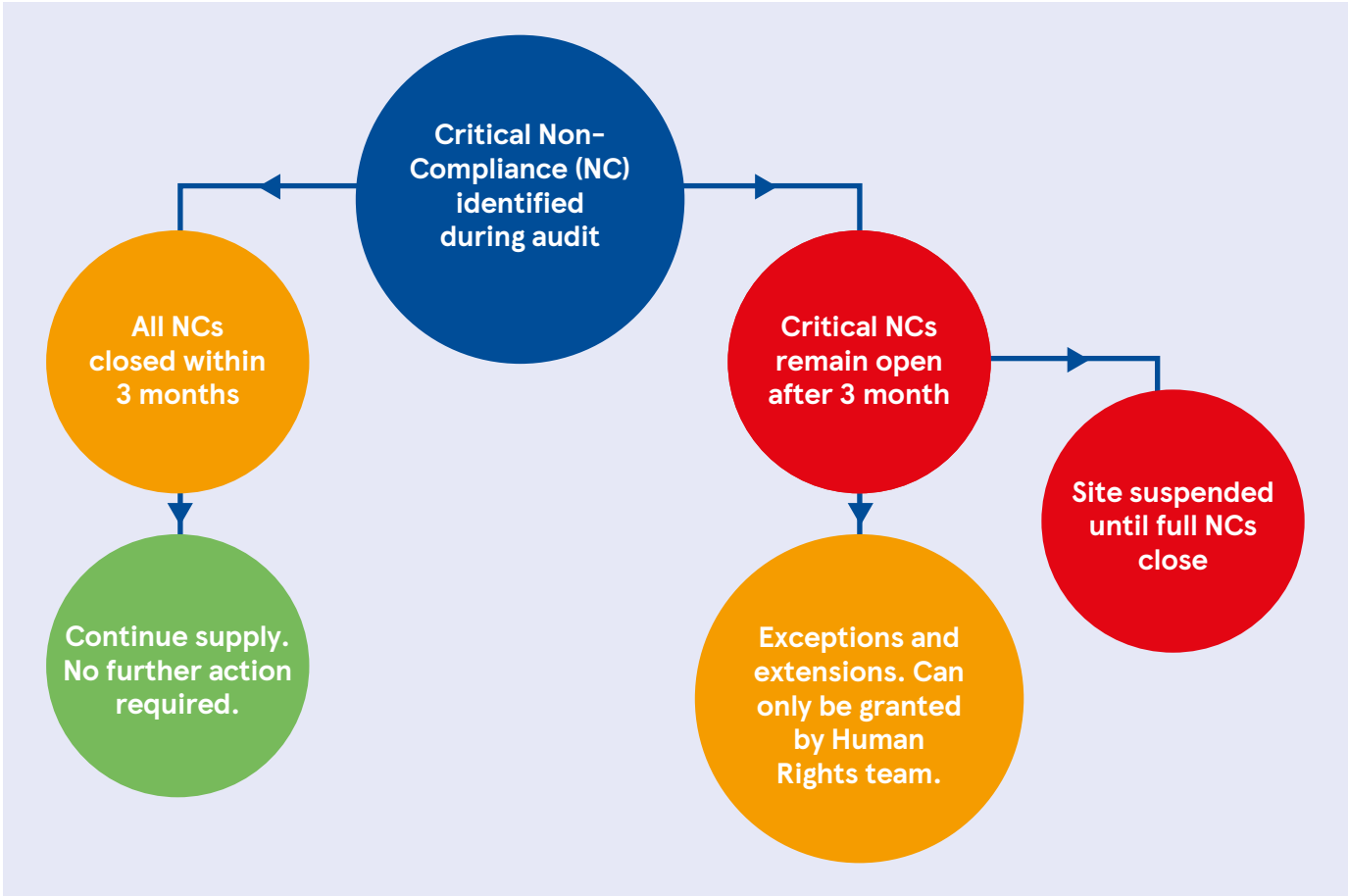
For the supply chains of Tesco UK stores, we require all primary supplier sites (known as ‘tier 1’ sites) in high-risk countries to have an independent human rights audit from a Tesco-approved auditor before they start supplying Tesco, and then on an annual basis. This represents around 31% of our total tier 1 suppliers. These audits are conducted against best practice international labour standards as set out in the Base Code of the ETI. Our audit programme is a key part of our assurance around supplier implementation of relevant ethical policies. In addition, we require audits end to end of key supply chains where there are high risks of human rights issues. For example, fruit, vegetable, and meat sites are audited to the farm level in high-risk countries. We also require all primary suppliers to link to Tesco through Sedex, a platform for suppliers and retailers to share ethical data and audit records, giving us full visibility of their ethical audit performance. In 2022, we updated our COVID-19 position statement and reverted back to unannounced audits, allowing for exceptions in regions where COVID-19 restrictions are still in place.

Independent auditors, following approval by Tesco, visit the high-risk supplier sites to conduct an in-depth audit once a year, and we reserve the right to audit on an ad hoc basis in response to concerns raised throughout the year. We monitor the effectiveness and service quality of the audit companies we use on an ongoing basis. In 2022, we delisted nine auditors for failing to identify critical issues that our own in-house specialists later identified.

During the audit closing meeting with suppliers, all non-compliances with the ETI Base Code are discussed and a Corrective Action Plan Report (CAPR) is agreed between the supplier and the auditor. We categorise non-compliances

as critical, major, or minor, as defined by the SMETA methodology. If any critical non-compliances are found, the audit company notifies us directly. In 2022 critical non-compliances were identified at 35% of primary high-risk supplier sites. The most common of these were excessive working hours and inadequate health and safety practices, which is broadly similar to previous years.

Over the year 2022/23, 90% of the primary high-risk supplier sites where critical non-compliances were identified had resolved them within six months – for further detail, please see our [Human Rights Factsheet](#). For the small number of remaining sites, we manage the process closely to ensure non-compliances are closed as swiftly as possible.



Time periods are agreed by our team, who consider reasonable adjustments and mitigating factors or ongoing investigations. We continue to work with sites 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 will seek to responsibly exit the site. In the last year, we exited 28 supplier sites, and temporarily suspended a further 57 as a result of human rights breaches.

In some cases, non-compliances are the result of endemic human rights issues in a particular country and require cross-industry collaboration and long-term partnerships to address them. Analysis of our audit data helps us identify where a different approach is needed. We also use certifications to help us improve standards for workers and smallholders, particularly in commodity supply chains where SMETA is less applicable. Beyond our ethical audit programme, we also seek to improve conditions by increasing access to worker voice solutions. In 2023 we will be taking part in a pilot being run by Sedex and Diginex, a worker voice solution. This programme will utilise routine SMETA audits at high-risk sites in Thailand to build trust with workers and incorporate a multi-lingual worker voice tool to improve our understanding of worker experience in our primary sites.

Prohibited and restricted sourcing regions

In 2022 we revised our policy for Prohibited and Restricted Sourcing regions, so that it now includes guidance for Tesco colleagues and suppliers on sourcing from countries or regions that are conflict-affected, occupied, or disputed, as well as areas that are characterised by widespread human rights abuses and violations of national or international law. In these situations, the relevant Human Rights, Technical and Commercial colleagues (from both Tesco and the supplier) are required to perform case-by-case reviews that approve sourcing, deferring to UK government guidance where available.



Thailand and Malaysia

We continue to prioritise Thailand and Malaysia as high-risk regions for modern slavery. However, site level visibility has been limited over the last two years due to COVID-19 restrictions. In 2022 borders into Thailand and Malaysia slowly began to open, which re-introduced migrant recruitment pathways for workers into these countries. We have also been able to recommence regular site visits and face-to-face engagement with key sites as restrictions have eased.

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

Grievances raised by workers are monitored by Issara’s dashboard, ensuring our response is developed to support the worker experience and empower migrant workers who are more vulnerable to exploitation.

In 2022, our key focus has been on progressing suppliers towards compliance with our Human Rights Requirements for sites in Thailand and Malaysia. Launched in March 2020, we require all primary food sites and poultry sites at tier 1 and below to implement the Employer Pays Principle, in line with the ILO definition of recruitment fees and costs. In 2021, we expanded this requirement to all non-food sites supplying into the UK and ROI. This imposes a timebound requirement for all primary suppliers to implement a zero fees recruitment model for migrant workers in line with the Employer Pays Principle. In 2022, following delays due to COVID-19 lockdowns and restrictions over the last two years, Issara was able to commence and complete initial recruitment fee assessments at 94% sites. We also worked closely with suppliers to develop and implement supplier owned site-level responsible recruitment policies. This has been completed at 71% of sites.

Responsible recruitment assessment and verification process

Findings from Issara worker-led assessments and data direct from suppliers have identified a total of USD 442,672 in recruitment fees and costs which have been either reimbursed to workers or covered for them in 2022. Ongoing reimbursement work is continuing throughout our implementation of this policy, and we will continue to monitor and report fees reimbursed annually.

Responsible recruitment assessment and verification process



Our ability to engage with supplier sites directly in Thailand and Malaysia has been key to achieving the progress made to date, and the effectiveness of this approach is encouraging further industry engagement on responsible recruitment. Nevertheless, progress has been slow due to a number of challenges. In 2022 we achieved full compliance at 20% of food sites, although all sites have hit at least one of the key milestones outlined above.

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

- **COVID-19:** Border closures during the pandemic meant that no migrant workers were entering these countries, delaying assessments of suppliers against the policy requirements, and restricting our ability to visit sites in person. Borders slowly re-opened in 2022 but further COVID-19 waves have at times continued to impact access to sites.
- **A need to build greater awareness and understanding:** These requirements have not been implemented by a UK retailer before, and as we work through this, we realise that verification cannot happen as quickly as we had anticipated. While suppliers broadly support the policy, there is a need for ongoing support in implementing the policy and adopting the Employer Pays Principle within their companies. Some individual sites have been reluctant, partly due to the local normalisation of some types of recruitment fees and costs typically expected to be covered by a worker.

- **Limited leverage:** We need the rest of the industry to give the same messages to the supply chain so we can collectively improve on these issues. Where we have engaged but not seen the required commitment and support from supplier sites to improve, we have sought to responsibly exit. In 2022/23 we made the decision to de-list two suppliers for this reason.

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

We have a robust plan to work closely with suppliers and stakeholders in 2023 to drive forwards compliance against this target, including enhanced training, face to face engagement and incentivisation.



Priority Fisheries

Poor recruitment practices, excessive working hours, and other indicators of modern slavery are commonplace in parts of the fishing sector, and as such our due diligence work focuses on these risks. These risks are heightened by the industry's reliance on migrant labour. We source many different species of wild-caught fish and seafood from around the globe. The details of our sourcing are publicly available as part of the [Ocean Disclosure Project](#). Whilst we support the transparency measures for [Marine Stewardship Council](#) (MSC) certified fisheries that are now in force, we continue to advocate for further change across the sector. In particular to ensure effective grievance mechanisms are in place and to map and address recruitment fees. We have our own additional policy requirements for fish suppliers, including transparency to fleet level, at a minimum.

SEA Alliance

We continue to be an active member of the [Seafood Ethics Action Alliance](#) (SEA Alliance), a growing group of retailers, brands and seafood processors working together to better understand human rights risks in seafood supply chains, and to work pre-competitively to drive positive change across the global seafood industry. In the last year, we participated with our suppliers in the development of an action plan in response to serious concerns about crew welfare in the UK. We are participating in a project in Northern Ireland aiming to improve grievance processes for fishing crews and to ensure vessels are operating in accordance with all relevant working and health and safety standards.

Through the SEA Alliance we have advocated for key source countries to ratify the International Maritime Organization Cape Town Agreement on fishing vessel safety, and in 2023 we will be doing advocacy with source country governments relating to the ILO Work in Fishing Convention.

The SEA Alliance has also launched a programme of webinars on Human Rights Due Diligence in international seafood supply chains, and we will be working with them to promote collaboration on driving improvement in working conditions across the seafood sector.

Fishery Progress

In 2021 Fish Choice released the [Fishery Progress Human Rights and Social Responsibility Policy](#). The objective of the policy is to help Fishery Improvement Projects (FIPs) mitigate the risk of human and labour rights abuses and to provide a common framework for reporting on social performance in fisheries. All FIPs reporting on Fishery Progress are required to comply with the policy and report progress against it. In 2022 we continued to work as members of the Fishery Progress Social Advisory Committee, alongside nine other organisations within the industry. We work to continually enhance the requirements of the policy, provide guidance

of timelines for FIP compliance, analyse information submitted, and better enable FIP's abilities to report on the positive progress they make.

Enhanced Due Diligence

We are part funding a three year PhD student at Heriot-Watt University to map the social responsibility tools available to the fishing industry. The first year of the project focused on mapping the current social responsibility tools within global seafood supply chains and understanding the strengths and weaknesses of each. With our input, this research is focusing on case studies within the Maldivian Tuna, Scottish Nephrops and Peruvian Anchovy industries, to develop a set of best practice recommendations on human rights due diligence within the seafood industry, concluding in 2023.



UK Seasonal Workers – Produce

In recent years the UK has relied on temporary migrant labour in order to fulfil the seasonal need for labour within the produce sector. In 2022 we saw increased risks associated with the [Seasonal Worker Scheme](#), launched in 2019 by the UK government. The number of workers managed under this scheme in the UK rose to 40,000 in 2022.

Last year we identified that the scheme brings higher risks of modern slavery, particularly through recruitment fees, discrimination, and poor accommodation standards, among other forms of labour abuses. The design of the government scheme is not aligned with the Employer Pays Principle, due to the requirement for workers to cover costs for their own visas and travel.

Prior to 2022, recruitment was increasingly occurring in long-haul destinations such as Indonesia and Nepal, which increased risks of exploitation for these workers who pay higher travel fees and may be culturally isolated. This was further compounded by the Russian invasion of Ukraine in Spring 2022, as 67% of seasonal workers had previously come from Ukraine. Recruitment quickly expanded to more than 50 countries, including those where scheme operators did not have established in country operations. As a result, we have seen increasing reports of workers entering the scheme being forced to pay illicit and excessive recruitment fees. These workers have little understanding of their rights within the scheme, and mismatched expectations regarding working hours, payments and working conditions.

Our greatest concern remains the vulnerability of workers entering the scheme and the established risk of them becoming [significantly indebted](#) in the process. This is our priority when considering what action the government

and industry needs to take to minimise these risks in 2023 and beyond.

In response to this industry-wide challenge, in 2022 we:

- Co-funded the development of a Seasonal Worker-specific module of the [Just Good Work App](#), providing free and independent advice and resources to potential recruits.
- Responded to calls for evidence to government bodies on the human rights challenges of UK labour shortages and visa schemes.
- Delivered a webinar for our growers to better understand their challenges and responses.
- Launched a grower survey on how seasonal labour is used in our supply chain and analysed this data to better understand our connection to potentially vulnerable workforces.
- Co-funded multi-stakeholder roundtables to bring together growers, labour providers, retailers and NGOs to align on root causes and solution opportunities.
- Participated in post-roundtable workstreams, collaboratively tackling root cause issues such as remediation, scheme operator assessment and resources for workers in the recruitment process.
- Co-funded and led the development of the Seasonal Worker Taskforce, which is running workstreams to tackle issues such as grower capacity by developing a Grower Resource Toolkit.
- Participated in the independent review of the UK Seasonal Worker Scheme, chaired by John Shropshire OBE.

We will continue to build on this work in 2023. Whilst it is vital the industry continues this work at pace, we believe there are fundamental design changes required to the scheme which requires government intervention. To date we have engaged DEFRA around our policy asks of recruiting from a smaller number of less risky countries, requiring the adoption of a zero fee model and strengthening enforcement and accountability, including for remediation. We will continue to promote these asks in 2023.



Non-food

In 2021 we began work on Modern Slavery for our clothing and home supply chains. Building on our progress to date, this seeks to further address the risks of modern slavery and labour exploitation most salient to our non-food supply chains, including:

- Unprofessional behaviour at supervisory level, including instances of forced overtime and prohibited leave
- Withholding of wages
- Restriction of movement, particularly in worker accommodation
- Excessive working hours
- Recruitment fees

The work plan includes targeted action in our key sourcing regions – Bangladesh, China, India, Thailand, Malaysia and the UK – and includes details on our approach in cotton, actions beyond tier 1, and capacity building.

In 2022, we continued to evolve our existing initiatives focused on modern slavery, including:

Tier 1 suppliers

A total of 77 UK based Apparel and General Merchandise suppliers have attended sessions on “Tackling modern slavery in UK businesses” organised by Stronger Together to date.

Beyond tier 1

In recognition that greater risks of modern slavery exist further down supply chains, we continue to map our clothing and textile supply chain, including spinning mills, fabric mills and other processing sites.

In 2022, we launched our Approved Mills Ambition to ensure that 100% of the fabrics we choose to make our products with will be sourced responsibly and sustainably by 2025. A robust workplan developed for this project includes minimum ethical requirements for mills. Beyond 2025, we will only work with mills that meet our requirements.

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

Our due diligence has identified that there are risks of modern slavery in the lower tiers of our supply chain. To mitigate and remediate these, this year we have:

- Assessed the working conditions of the top five spinning mills and fabric mills used by our suppliers and ensured any non-compliances were resolved.
- Continued to work in collaboration with the ETI to ensure the prevention of modern slavery in the Tirupur region in India, where workers are recruited through contractors and can have restrictions placed on their movement.
- Identified lack of freedom of movement in a ladies’ hostel housing workers at one of our sites. Workers were required to be chaperoned when leaving the site. Although this had been implemented as a safety measure, once identified by Tesco this was resolved by implementing an improved policy to allow inhabitants full freedom of movement with access to transport if desired.

RESPECT Programme, Bangladesh

In 2018 we launched the ‘RESPECT: Create Workplace Culture of Respect’ programme in partnership with local NGO, SHEVA. The ambition of the programme is to ensure a harassment free workplace through ensuring management culture and mindset change, sustainable management systems and practices and embedding worker voice. Our training programme, directed at on-site supervisors, has now been implemented across all tier 1 supplying sites in Bangladesh. Through this training we have also developed 360 master trainers in 73 factories. Following our training programme:

- 97% of surveyed workers reported visible positive changes in supervisors’ behaviour.
- 100% of participating supervisors agreed they had successfully learnt new skills for both work and personal life.
- 100% of factory management confirmed that the workplace atmosphere became more friendly.

The ETI conducted an impact assessment of the programme, which was completed in June 2022. Based on this, in January 2023 we held a multi stakeholders engagement workshop in Bangladesh. The aim of this event was to embed respectful workplace culture as an industry norm in Bangladesh’s apparel industry.

Cotton

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

Payment of Wages

Workers are less vulnerable to modern slavery if they are not in debt. One issue we monitor particularly closely in key sourcing countries is that wages are paid on time and, or in full for all hours worked, including overtime premiums where relevant. Through our own checks, we occasionally find cases where wages are not paid on time and, or in full. Where we identify a shortfall in payment, we require suppliers to pay back any missed wages. In the rare occurrence that suppliers do not agree, we exit our relationship with them in a responsible manner. In 2022/23 we identified 37 cases, affecting 1,561 workers, where payments had fallen short of what should have been paid, including premiums for overtime, minimum wage arrears or unpaid wages to resigned workers. These were subsequently addressed with over USD 186,986 repaid to workers as result of our intervention. Further detail on our responsible sourcing approach to non-food can be found [here](#).



Assessing and tackling modern slavery risks – partnerships.

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

Working in partnership with others pre-competitively is vital to addressing risks of modern slavery, particularly further down 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. We continue to prioritise initiatives that align with our strategy and where we have meaningful leverage.

For example, in 2022 we:

- Fed into the development of a worker welfare module of farm assessments by Red Tractor, on which work is currently ongoing.
- Participated in project advisory groups for a UCL led research project on labour exploitation, commissioned by the Director of Labour Market Enforcement.

Clear Voice Interpreting

Many workers, both within our own operations and supply chains, speak English as a second language and may feel more comfortable discussing their working conditions in their native tongue. [Clear Voice Interpreting](#) is the trading arm of the NGO Migrant Help which provides vital interpreting services to those in the UK.

Informed by their experience of interpreting needs, Clear Voice Interpreting provides an on-demand phone service and pre-booked virtual interpretation services to those in need. In 2021 we began working with Clear Voice Interpreting to access independent, professional interpreters adept at working with survivors of abuse when conducting worker engagement and human rights assessments.

In 2022, Clear Voice provided us with:

- 889 minutes of phone interpreting, supporting human rights interviews
- Translations in 15 languages, including Romanian, Tagalog, Ukrainian, Slovak and Indonesian.

Unseen partnership

Since 2019 we have partnered with the anti-slavery charity [Unseen](#), who run the UK's 24/7 independent and confidential Modern Slavery & Exploitation Helpline. The Helpline's trained advisors 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 require our primary supplying sites in the UK to promote the Helpline, enabling us to continue to raise awareness of modern slavery. In 2022, we have continued to promote the Helpline down our supply chains by connecting primary suppliers with relevant Helpline resources.

Through the Unseen business portal, which provides us with information about concerns reported to the Helpline, we have gained visibility of four potential cases relating to our own operations and eight linked to our supply chains in 2022. This year we shared our supplier list of Goods and Services Not for Resale with Unseen, to facilitate greater visibility of potential modern slavery issues within this part of our supply chain.



Modern Slavery Intelligence Network

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

In June 2022, MSIN hosted its first annual conference at G's Fresh in Cambridgeshire. As a founding member of MSIN we took part in a panel discussion on some of the group's projects over the previous year. In 2023, MSIN will continue to play a key role in our overall strategy for identifying, mitigating and preventing modern slavery within the UK.

Food Network for Ethical Trade (FNET)

Together with our suppliers and other retailers, we continue to participate in [FNET](#), a network developed to support collaboration throughout supply chains, including addressing priority risks such as modern slavery. In 2022, Tesco joined the Board of Directors for FNET and will play a driving role in the strategy and outputs of FNET in 2023 and beyond.

This year FNET has continued bi-monthly calls to serve as a forum for members to share knowledge on emerging risks around modern slavery and broader ethical challenges. We co-lead FNET's Responsible Recruitment working group. In 2022, focus was given to the growing risks posed within UK seasonal labour and to highlight emerging issues brought to light through changing international recruitment trends.

Spanish Ethical Trade Forum

The [Spanish Ethical Trade Forum](#) was established in 2015 as a collaborative initiative to address ongoing human rights risks

and promote better working conditions within the agri-food produce sector in Spain. The Forum improves the wellbeing of workers through embedding sustainable and ethical good practice. We participate in the Forum along with eight supermarket brands including the Governance Group. We have committed to continuing this in 2023.

In 2022, eight face-to-face events took place, with more than 400 attendees in total. Themes included ensuring responsible supply chains and upholding of high human rights standards, worker welfare and improving working conditions. The Forum also facilitated eight webinars in 2022, hosted with 354 expert representatives from producing businesses. Topics included the human trafficking and modern slavery risks within the sector, and how to mitigate these risks, as well as health and safety and worker wellbeing. In 2022 the Forum also began piloting working groups including developing Guiding Principles for the sector, and complimentary resources for suppliers to implement their own due diligence processes.

Action Collaboration Transformation (ACT)

[ACT](#) is an agreement between global clothing brands and [IndustriALL Global Union](#). It aims to transform the garment industry and achieve living wages for workers through collective bargaining at industry level linked to purchasing practices and freedom of association.

Over the past two years, we have trialled a new dispute resolution mechanism which allows workers in ACT priority countries, such as Bangladesh, to bring issues to the attention of brands. ACT Brand representatives then work together alongside IndustriALL affiliates to resolve issues raised. There have been a range of grievances escalated using this mechanism, including excessive working hours and pay

disputes. We continue to work with ACT to promote this mechanism and encourage workers to feel protected to escalate concerns should they arise.

International Accord

Tesco was an early signatory of the 2013 Bangladesh Accord. We recently signed the Pakistan Accord to demonstrate our continued focus on health and safety for workers throughout our supply chain.

As part of the Accord's setup, they have created a dispute resolution mechanism, enabling workers to escalate grievances. Whilst Tesco has not received any cases to date using this channel, we stand committed to working alongside other brands and Accord colleagues to investigate any grievances which may arise in the future.



Investigating modern slavery allegations.

Where issues are identified, we work to an established internal incident management and escalation process to ensure that we receive all relevant information and act quickly and effectively. We are able to receive information 24/7, and we have clear procedures to make senior colleagues aware of incidents, and that appropriate actions are being taken. Allegations are investigated by Human Rights and Group Safety, Security and Resilience (GSSR) colleagues with a range of expertise and experience, including former law enforcement officers and investigators.

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.

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

Where cases of modern slavery or other human rights abuses are identified, we work to ensure remediation, partnering with charities and NGOs as required.

In the past 12 months, we have identified 26 allegations containing some indicators of either labour abuse or modern slavery. Seven of these were within our own operations and 19 within our supply chains. One instance of exploitation was confirmed within our own operations, with two partially substantiated, and seven within our supply chain. The vast majority of cases in our supply chain relate to the UK Seasonal Worker Scheme and we have sufficient evidence to suggest these claims are at least partially substantiated.

In every instance of confirmed exploitation, we implemented remediation plans, working closely with suppliers and internal teams where appropriate. In 2022 the majority of allegations have related to industry-wide challenges; our focus therefore remains on supporting ongoing collaborative efforts to address those specific concerns raised, as well as to address underlying root causes. In cases where the human rights team are not satisfied with the remediation actions taken, we will move to exit relationships.

VK Garments

In December 2022, we responded to allegations relating to a former clothing supplier into Tesco Lotus, Tesco's business in Thailand. Tesco Lotus was sold in 2020 and is no longer part of the Tesco Group. However, allegations have been raised relating to forced labour and sexual assault at this clothing site. Had we identified issues like this at the time they took place, we would have ended our relationship with the supplier immediately. We take such claims extremely seriously and have a zero tolerance approach to any human rights abuse. Although this site is no longer connected to Tesco, we continue to advocate for a full and thorough investigation and remedy to all victims.



Grievance mechanisms

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

In 2022, we worked with [&Wider](#) in South Africa to understand how worker voice technology can strengthen our current due diligence processes across the South African fruit industry. This collaboration includes the use of mobile technology and worker engagement to help build a comprehensive view on working conditions on South African farms. Where issues are identified, we will support the development of appropriate remediation approaches to make material improvements.

In 2021, Reckitt, one of our key suppliers, commissioned the development of a practical toolkit to support companies to improve their grievance mechanisms, enabling workers to raise grievances in a safe, trusted, and transparent manner. Reckitt initially commissioned the toolkit to pilot within their own supply chain, then partnered with us to increase the scope of the pilot to include flowers, produce and packaged foods. The toolkit is now publicly available on [the Oxfam website](#) and provides best practice on the effective implementation of operational grievance mechanisms. We have encouraged

targeted tier 1 suppliers to implement this. In 2023 we plan to scale up the dissemination of this toolkit amongst our supplier base.

In 2022, we co-funded the development of the Seasonal Worker Scheme (SWS) version of the Just Good Work app, alongside other UK retailers. Just Good Work is a mobile app that provides workers with critical information and access to help at every stage of their recruitment and employment journey. The SWS version of the app launched with sector-wide information and reporting. New languages including Russian, Indonesian, Nepali, Serbian and Vietnamese have been added in addition to Albanian, Bulgarian, Gujarati, Romanian, Polish and Ukrainian, which were already available in the app. The platform provides workers with consistent guidance, and a channel to report their concerns. We contributed to the content development of this app which included signposting to the UK Modern Slavery and Exploitation Helpline.

The app has had significant impact since launch in June. By November 2022 19,290 jobseekers and workers had downloaded the app for the SWS. In 2023, Just Good Work will step up the community outreach and social listening approach to bring even faster insights across the scheme and to make sure workers are receiving critical information through multiple channels.

Worker interviews are also an important tool for gathering concerns and identifying issues. The human rights team have significant expertise in conducting ad-hoc visits and worker interviews at both supplier and our own operations sites to identify potential human rights abuses or worker welfare. Worker interviews are conducted with a worker focused approach and are always voluntary.

Awareness raising and capacity building.

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

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

- Developing a comprehensive, interactive modern slavery e-learning module for key Tesco colleagues, which was completed by 100% of buyers as per our target, and more than 92% of colleagues in broader teams, including technical, merchandising and quality, for both food and clothing areas of the business.
- Delivering a supplier webinar to all primary UK suppliers in the produce sector on mitigating the modern slavery risks within seasonal labour, which 96 suppliers registered for. 72% of suppliers were either 'satisfied' or 'very satisfied' with the content of the webinar. We expect to host further webinars in future and use all feedback received to refine our content and formatting.
- Fully launched modern slavery training for colleagues based in our six sourcing hubs. This training will be refreshed annually.

We continue to require all Tesco suppliers based in the UK, including service providers such as labour agencies, to attend Stronger Together training on tackling modern slavery. This requirement also includes the second tier of our key UK food suppliers. In 2022, we updated our policy to mandate supplier training through Stronger Together every three years. Over the past seven years, 2,815 representatives from our supply chains have attended this training.

In 2022, we promoted Stronger Together webinars to our suppliers and facilitated training for Tesco Bank colleagues.

We sponsor Stronger Together's South Africa programme and we strongly encourage all fruit and wine producers to attend 'Stronger Together' training in South Africa, with 1,440 individuals trained to date. In 2021, we mandated the completion of the Stronger Together Progress Reporting Tool for all UK based suppliers. Using this online self-assessment, companies can track the progress they have made in addressing modern slavery risks and identify the next steps for their businesses and supply chains, to ensure their approach continues to evolve. 179 suppliers have completed the Progress Reporting Tool to date.

In 2022, we worked closely with Stronger Together in workstreams relating to the UK Seasonal Worker Scheme. We are currently supporting them in the development of a tool for scheme operators based on their Responsible Recruitment Toolkit framework which will be piloted in 2023. This will create a blueprint for a continuous improvement programme for labour providers into the UK produce sector.

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

In last 12 months, 166 participants have been newly TSEC certified and 77 certified participants successfully renewed their TSEC qualification at supplying sites in Bangladesh, China, Central Europe, India, Pakistan, Sri Lanka, SEA, Turkey and the UK.



Impact and monitoring.

We use the following Key Performance Indicators to track progress:

By end of	Target	Measure	Status
2022	100% of colleagues in buying team trained on forced labour.	% of in scope Tesco colleagues trained on modern slavery, which includes forced labour.	We expanded this training to colleagues in more than 40 teams in order to have the greatest impact. 869 out of all 954 in scope colleagues across multiple teams completed this by January 2023, representing <92% ¹ overall. All colleagues in buying roles completed this training, meeting our target to train 100% of these colleagues.
2022	Zero workers pay for a job in 100% of primary sites in Thailand and Malaysia.	% of in scope sites compliant with the Responsible Recruitment requirements – Thailand and Malaysia.	Although 100% of in scope sites are committed to complying with this policy, to date 20% have completed all steps to be fully compliant. In 2022 we delisted two sites for failure to work meaningfully towards compliance and will increase our support in 2023 for in scope sites to achieve full compliance.

New targets for 2023/24:

Within	Target	Measure
2023/24	Training: <ul style="list-style-type: none"> • Provide modern slavery training to Tesco People team • Provide enhanced modern slavery training to Tesco Distribution managers and supervisors. 	% of in scope Tesco colleagues trained on modern slavery, which includes forced labour.

(1) The remaining >8% of broader colleagues who did not participate in this training includes those on maternity leave, annual leave, long-term sick leave and those who have since left the business. However, 100% of buying colleagues as per our original target completed this training.

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

Measure	Status 2022/23	Progress ²
Number of primary suppliers in the UK trained on modern slavery.	572	
Number of Tesco colleagues trained on modern slavery	1,229 colleagues trained to date.	
Number of cases with modern slavery indicators identified in own operations and supply chains	15. Eight of these have been substantiated. Six of these cases relate to the UK Seasonal Worker Scheme as discussed on page 15, and solutions are being driven with industry-wide initiatives. In the remaining two cases, exploitation was found to be perpetrated by an individual with the victims working on a site that was not directly linked. Remediation action plans were immediately implemented in all instances and carefully monitored by the human rights team to ensure continuous improvement.	
Number of cases with labour abuse indicators identified in own operations and supply chains	11. 5 of these have been partially substantiated. Remediation action plans were immediately implemented in all instances and carefully monitored by the human rights team to ensure continuous improvement.	
Number of modern slavery cases successfully remediated	One out of eight. Of the remaining seven, six relate to ongoing challenges within the UK Seasonal Worker Scheme, and one relates to the own operations case study on page 10 where the victim was removed before we could effectively remediate.	
Amount of recruitment fees remediated and recruitment costs covered in our supply chains	USD 442,672	
Number of primary suppliers stating, 'We have a "No Recruitment Fees" policy' in Sedex Self-Assessment Questionnaire	826	

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

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

Measure	Status 2022/23	Progress
Widen the scope of our Human Rights Requirements for Group Procurement to include rapid delivery partnerships and work closely with these third-party partners to better understand and mitigate against modern slavery risks.	This has been fully incorporated into our Human Rights Requirements for Group Procurement. See further details on page 11.	
Identify a third-party expert for a human rights impact assessment of Central European operations and complete assessments at high-risk sites.	This has been completed. Assessments have taken place and outputs analysed to drive strategy moving forward. See further details on page 10.	
Support the finalisation and dissemination of ETI Prison Labour best practice guidance.	We have supported the dissemination of this guidance through FNET and the uploading of resources to the Food Farm Help website.	
Expand promotion of the Modern Slavery & Exploitation Helpline across our distribution network.	This is completed and further reminders to promote the Helpline are done by our team and independent experts during regular site level assurance visits.	
Continue to monitor working hours across our distribution network and ensure adherence with the ETI Base Code.	We continue to do this on an ongoing basis and ensure close adherence to working hour limits. See further details on page 10.	
Conduct a review of modern slavery training with priority colleagues to identify other priority colleagues to be trained.	This was completed in 2022 and a newly developed interactive e-learning module deployed to more than 800 colleagues. See further details on page 24. We continue to review and expand appropriate training.	
Facilitate colleagues attending specialised forced labour training by the Consumer Goods Forum and Fair Labor Association.	This has been completed. See further details on page 11.	
Conduct a gap analysis against the Consumer Goods Forum human rights due diligence own operations roadmap.	We have applied our existing own operations risk assessment to the Consumer Goods Forum's matrix, determining that our UK and Central Europe distribution and retail service providers remain a key priority.	

Measure	Status 2022/23	Progress
Conduct due diligence across key UK distribution sites.	In 2022 we conducted in-depth human rights assessments at 10 of our key distribution sites.	
Continue support of Heriot-Watt University PhD to map social responsibility tools within the fishing sector.	This work has progressed as planned in 2022. Further details are on page 16.	
Verify compliance with our responsible recruitment requirements for suppliers in Thailand and Malaysia, providing access to capacity-building training and tools where necessary.	We continue to verify and monitor compliance against this policy, driving for full compliance. We continue working closely with our suppliers at site level, including assurance visits, and in 2023 will be developing training to further support site level responsible recruitment.	
Finalise roadmaps for key priority areas under our broader human rights strategy.	We have roadmaps for key priority products and ingredients to support our human rights strategy.	
Use the outputs of the Seasonal Worker Scheme growers survey to inform an approach to responsible recruitment in the UK.	Work on the UK Seasonal Worker Scheme has developed rapidly in 2022. See further details on page 17. As such, much activity is now focused on multi-stakeholder workstreams. We continue to analyse our own supplier survey data to inform our own approach and will continue this as a priority in 2023.	
Continue to work with industry to embed responsible recruitment principles in UK produce supply chains and priority fisheries.	Responsible recruitment in the UK continues to be an area of significant challenge in the context of the seasonal worker scheme. We are leading efforts to further embed principles, including through leadership of the FNET Responsible Recruitment working group. See further details on page 21. This continues to be a key priority for us to drive forward progress both in our own strategy and through industry collaboration. This area also remains a key focus within our work on fisheries, which we demonstrate progress with through the multi-stakeholder projects detailed on page 16.	
Monitor the ongoing impact of labour shortages on human rights risks, including modern slavery.	This has been a close focus in 2022 and will continue to be so in 2023, particularly in the UK context. We have responded to various calls from government to provide evidence on these impacts, and engage closely with our multi-stakeholder partnerships discussed on page 17.	
Continue to engage with the Modern Slavery Intelligence Network.	We continue to act in our capacity as workstream leads within MSIN and contribute to central leadership of the group. First data sharing was approved at the end of 2022. Live data sharing has been progressing through internal and external legal sign offs and will be facilitated when incorporation of MSIN as a limited company is complete in 2023.	

Measure	Status 2022/23	Progress
Use outcome of Reckitt pilot to inform strategy for operational level grievance mechanisms.	This work remains ongoing, with plans to further assess outcomes and scale up dissemination of guidance in 2023. See further details on page 23.	
Launch new minimum requirements for preferred mills in our non-food supply chains.	This has been implemented in 2022 and ongoing work will continue in 2023. See further details on page 18.	
Continue to trial alternative avenues for worker voice and grievance reporting, such as &Wider, as a means for identifying risks.	Worker-centric grievance mechanisms remain a priority for Tesco. In 2022 our focus has been strengthening these in our highest risks areas including UK agriculture. As such, the launch of the Just Good Work App and promotion of the Modern Slavery & Exploitation Helpline has been vital.	
Commence a human rights impact assessment in 2022 and complete two assessments by early 2024.	We commenced in February two assessments with &Wider in Brazil on coffee supply chains and in Cote D'Ivoire on cocoa supply chains. We continue to monitor the growing range of published human rights impact assessments to avoid duplication and learn from others.	

In addition to publishing this Modern Slavery Statement, we report annual progress on our human rights programme to our 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.

Responsible sourcing is identified as a principle risk and includes human rights and modern slavery. More detail on the key controls and responses is found in our [2023 annual report](#).

Plans for 2023/24.



In the next 12 months we will continue to strengthen our approach to managing the risk of modern 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

- Continue regular third-party human rights assurance visits across our UK distribution network.
- Continue monitoring of weekly working hours of distribution agency colleagues.
- Analyse outputs of Central Europe human rights findings and develop recommended strategy presented to Central European colleagues.
- Provide modern slavery training to Tesco People team.
- Conduct a review of Tesco purchasing practices to understand potential improvements to support high human rights standards within our supply chains and procurement processes.

Our supply chains

- Drive for full compliance with our Responsible Recruitment Requirements in Thailand and Malaysia, by implementing our enhanced supplier engagement plan.
- Fund and contribute to targeted workstream projects to advance improvements of the UK Seasonal Worker Scheme.
- Continue engagement with UK Government on Seasonal Worker Scheme transformation.
- Continue supporting further development of the Just Good Work app and disseminating throughout our produce supply chains.
- Disseminate Oxfam grievance mechanism toolkit across our relevant supplier base.
- Continue leadership within MSIN.
- Analyse outputs of Sedex/Diginex worker voice pilot.
- Continue final year of work in Heriot-Watt University fishery pilot. Assess outputs to consider how to expand further.
- Further support the Food Farm Help website and promoting to suppliers.
- Work with apparel suppliers in Bangladesh to further implement our Culture of Respect Programme.
- Promote the Modern Slavery & Exploitation Helpline to all UK produce sites end-to-end.
- Continue to co-lead FNET Responsible Recruitment Working Group and deliver working group objectives.

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