

SUSTAINABILITY FACTSHEET 2023/24

In our series of factsheets we share in-depth information and highlights from the last year on the issues which have the potential to influence our business performance and those where our business can make the biggest difference and drive transformative change. These factsheets have been developed to support the information we publish in our Annual Report.



Why it matters.

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

Sustainable Development Goals (SDGs).

The [United Nations \(UN\) 17 SDGs](#) were established with the vision of radically improving the lives of people and the planet by 2030. We're committed to doing our bit towards SDGs and, for our human rights strategy, we're focused on:



Our commitments and targets.

- Ensuring high-risk Tier 1 sites have regular SMETA human rights audits, with serious issues resolved in a timely way.
- Closing the living wage gap throughout international banana supply chains by 2027.
- Providing support for our suppliers, including through the launch of a gender toolkit in 2024/25, to achieve the target of having at least 30% of supervisory and leadership roles occupied by women by 2025.
- Driving 100% compliance with our Responsible Recruitment Requirements in Thailand and Malaysia.
- Funding and contributing to targeted workstream projects to advance improvements to the UK Seasonal Worker Scheme in 2024 and beyond.
- At least 50% of non-food suppliers in Bangladesh, India, and Turkey to have their grievance mechanisms assessed by our team and implement improvement plans where needed.
- Ensuring freedom of association policies in all non-food suppliers in Bangladesh, India, and Turkey.

Our Highlights.

We've developed a gender toolkit for our suppliers aimed at providing concrete actions that can be utilised to support women to thrive through recruitment, retention and progression processes.

We've developed a Blueprint to create a cohesive standard of Human Rights expectations and controls with accountability embedded across Tesco UK, ROI, Central Europe, One Stop and Booker.

We've implemented requirements in Thailand and Malaysia for suppliers to reimburse workers or pay for over USD 3.6 million in recruitment fees and costs.

Our approach.

We're committed to upholding the high human rights standards to ensure everyone who works with or for us, is treated with dignity and respect.

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

Our work on human rights must be viewed through both these lenses. On a global scale, we are a member of the Ethical Trading Initiative (ETI) and are committed to upholding the [ETI Base Code](#) across our global supply chains, along with ensuring our approach is aligned to the [UN Declaration of Human Rights](#), the [International Labour Organization's Core Conventions](#) and the [UN Guiding Principles on Business and Human Rights](#).

The tools we use to manage risks include fundamental approaches applied across our supply chains, such as supplier requirements and ethical audits. In our priority areas, these are then combined with initiatives focusing very specifically on conditions of particular supply chains, typically in collaboration with other partners as we seek to find ways to tackle systemic risks. As an example, while we collaborate on sustainable livelihoods through global forums such as the IDH (Dutch Sustainable Trade Initiative) Living Wage Roadmap, we then also work through focused projects in priority supply chains, including tea, bananas and garments – all of which have different considerations. The effectiveness of our approach depends on us treating suppliers fairly, building open and trusted relationships and setting clear requirements for our supply chain partners. We do this through our [Code of Business Conduct](#), [Group Human Rights Policy](#) and [supplier requirements](#). In addition, we've developed a Human Rights Blueprint to align policies, practices and controls for human rights risks across Tesco UK, ROI, Central Europe, One Stop, and Booker, and will be implementing this in the coming year.

Respecting human rights is fundamental to our responsible sourcing approach, which is identified as a Group principal risk. The significant changes in the macro environment over recent years (COVID-19, Brexit, global conflicts, inflation and cost of living, and supply chain resilience) have continued. It is vital we continue to balance the rigour of our established due diligence framework with our ability to reassess and respond to actual and potential risks across our supply chains and geographies. While we utilise a wide range of information sources as part of our risk assessment process, the role of our 38 dedicated Responsible Sourcing specialists is key. Based across 11 priority sourcing countries, they gather on-the-ground intelligence through direct engagement with suppliers, workers and other relevant stakeholders, and are key to our responsive approach.



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

Transparency plays a key part in our human rights strategy and allows us to continually improve the way we source our products. It is vital to helping us manage risk in our supply chains, share learnings and enable collaborations for greater impact and mitigation. We are committed to improving transparency across our supply chain and publish our full list of Tier 1 food and grocery non-food suppliers, including overall supplier names, addresses, countries of origin and workforce numbers. We also publish supply chain information for tea, seafood (through the [Ocean Disclosure Project](#)), and clothing.

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

Taking action and addressing root causes.

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

Sustainable livelihoods

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

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

- Collaborating to sustainably close living wage gaps. In line with our commitments on living wages in bananas, where we and other UK retailers have committed to close the living wage gap throughout international banana supply chains by 2027, we have been focusing on wage data collection from suppliers, alignment between UK and European retailers, and accrual of funding to cover living wage gaps in our supply chains.
- We have been piloting a project in Cote d'Ivoire that aims to generate worker-verified wage data, strengthen industrial relations, and empower local industry to lead its own journey towards a living wage. The project – which is led by NGO Banana Link and supported by IDH, IUF2 and the International Labour Organisation (ILO) – has so far generated significant progress and outcomes, such as the creation of Cote d'Ivoire's first national banana trade union federation, and an agreement between trade unions and producing companies to create a national collective bargaining framework.
- Moving towards a living wage in Cambodia. We are a member of ACT (Action, Collaboration, Transformation) in which 20 international clothing brands work together with global unions to take an industry approach to move towards a living wage. This is achieved through supporting collective bargaining between industry associations and unions. In the coming year, we hope to see a collective bargaining agreement for a living wage in Cambodia take effect. In support of this initiative, we will launch open costings with our suppliers in Cambodia, and ringfence labour costs from price negotiations.

Modern Slavery

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

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

Of the factors that enable modern slavery, we have decided to focus more heavily on responsible recruitment, as recruitment fees and costs are the most common modern slavery indicator in our business and supply chains. This aligns with our broader commitment to provide decent, fair and safe work to all.

Key activities in the year include:

- Developed enhanced Responsible Recruitment training in partnership with consultancy Impacttt, which we have delivered face to face to suppliers in Thailand.
- Worked with all our poultry suppliers in Thailand to ensure they are aligned in covering all recruitment fees and costs as defined by the ILO, including passport costs.
- In key sourcing countries, we closely monitor that wages are paid on time, in full and for all hours worked. Where we identify a shortfall, we require suppliers to pay back any missed wages. In 2023/24, we initiated the repayment of nearly USD 363,000 in missing wages and overtime to workers in our non-food supply chain.
- Continued funding and active participation in the Seasonal Worker Scheme (SWS) Taskforce, which in 2023 provided training and support for growers, resources for workers and launched a scheme operator Responsible Recruitment Progress Assessment.
- In last 12 months, 275 participants have been certified as Tesco Ethical Change-Makers (TSEC), a comprehensive training programme for suppliers. 160 of them successfully renewed their TSEC qualification at supplying sites including Bangladesh, China, Sri Lanka, Turkey and the UK.
- Since 2018 we have been implementing our 'RESPECT: Create A Workplace Culture of Respect' programme in partnership with a local NGO, SHEVA. Our training programme, directed at on-site supervisors, has now been implemented across all Tier 1 supplying sites in Bangladesh.



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

Gender equality

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

Across our supply chains, we continue to work with our direct suppliers towards the ambition for at least 30% of supervisory and management roles to be occupied by women by the end of 2025. To support our suppliers reach this ambition, we launched a gender toolkit which offers practical steps that suppliers can take to improve the opportunities for women. Key focus areas include gender-sensitive recruitment processes, how to retain and progress women in the workplace.

Key activities in the year include:

- Partnering with Oxfam to support suppliers achieve our gender ambition through strategic webinars, training and support groups. These resources focus on addressing supplier challenges in building gender-inclusive businesses.
- Piloting a worker voice project with the Ethical Tea Partnership (ETP) to strengthen community-based approaches to prevent gendered exploitation in the Malawi tea sector.
- Working closely alongside tea supplier Finlays and other retailers and stakeholders to implement industry improvements following the completion of an investigation into allegations of sexual abuse on tea plantations.

Worker representation

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

Key activities this year include:

- Partnering with the IUF. Based on the [Memorandum of Understanding signed by Tesco and the IUF](#) in 2022, we continue to work together to support workers' access to effective representation and identify opportunities which focus on reducing women's vulnerability and increasing women's voices and representation in the workplace. This year we will be undertaking training in Ghana, Zimbabwe, Ethiopia and Uganda to focus on creating safe and healthy workplaces and addressing sexual harassment and discrimination.
- Continuing work with &Wider in South Africa to understand how worker voice technology can strengthen our due diligence processes and worker representation across the South African fruit industry. This collaboration includes the use of mobile technology and worker engagement to help build a comprehensive view on working conditions on farms. Workers on participating farms are currently completing their first survey cycle. The results will be analysed to ensure the development of appropriate remediation responses.
- In non-food, our focus remains Bangladesh, India, and Turkey. In the coming year we will launch a guide to suppliers on effective grievance mechanisms, worker-management communications and respect to freedom of association.

Looking ahead.

- We will continue to focus on high-risk supply chains, implementing our due diligence approach and seeking to drive transformative change in our priority product areas, to raise standards and protect human rights. In 2024, we will continue to focus on the SWS in the UK, gender issues in tea, and implementing our living wage commitment in bananas. We will also be reviewing our overall human rights strategy, in light of the ongoing changes in the macro environment.
- For non-food, we will continue to focus on increasing the human rights performance of suppliers and rolling out improved integration into commercial planning. We will also continue building supplier capability with our Tesco Supplier Ethical Change-makers programme.
- We will roll out the gender toolkit and provide further support and training for our suppliers to achieve the target of having at least 30% of supervisory and leadership roles occupied by women by 2025. The focus will be in the Indian-subcontinent region.
- We will continue to drive our Respect programme in Bangladesh and further details can be found in our Modern Slavery Statement.

Memberships and partnerships.

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



Action Collaboration Transformation

We're a member of ACT in which 20 international clothing brands work together with global unions to take an industry approach to move towards a living wage.



Ethical Tea Partnership

ETP is a global membership organisation working with members, partners, and other organisations to tackle tea's most pressing issues across economics, equality, and the environment.



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, and we're active members.



FNET

Together with our suppliers and other retailers, we continue to participate in FNET, a network developed to support collaboration throughout supply chains.



IUF

Since 2022 we have had an agreement with the IUF to work collaboratively to support workers to access effective representation. Working together to improve workplace relations so that workers feel safe, are empowered to raise issues and are confident their rights are protected.

Awards and benchmarks.



Corporate Human Rights Benchmark (CHRB)

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

The Corporate Human Rights Benchmark launched by the World Benchmarking Alliance assessed 110 companies for their 2023 benchmark. We ranked 24th overall and 9th in the Apparel sector.



KnowTheChain

KnowTheChain assesses the 60 largest companies in the food and beverage sector. The most recent benchmark, completed in 2023, ranked Tesco second out of the 60 companies with a score of 52/100.



Oxfam, Behind the Barcodes

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



World Benchmarking Alliance

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

The Gender Benchmark launched by the World Benchmarking Alliance assessed 112 companies in 2023 and we ranked 14th overall and 9th in the Apparel sector.

Performance.

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

Commitment	KPI's	2019/20	2020/21	2021/22	2022/23	2023/24
Respecting human rights across the supply chain	Percentage of high-risk Tier 1 supplier sites with audits in the last year.	97%	97%	95%	95%	96%
	Percentage of high-risk Tier 1 supplier sites where critical non-conformances (NCs) have been identified.	62%	39%	34%	35%	48% ^(a)
	Percentage of High-risk Tier 1 supplier sites that have closed out critical NCs within 6 months	KPI launched in 23/24				69% ^(b)
	Percentage of High-risk Tier 1 supplier sites where critical NCs have been open less than 6 months and are in the process of being resolved and verified	KPI launched in 23/24				27%
	Percentage of high-risk Tier 1 supplier sites with NCs with exemptions for longer than 6 months	KPI launched in 23/24				1%
	Percentage of high-risk Tier 1 supplier sites suspended for NC overdue	KPI launched in 23/24				3%

^(a) In both food and non-food, the proportion of sites where critical NCs are identified has increased over the last two years.

There are multiple factors influencing this KPI such as broader trends following COVID-19 and cost-of-living crisis, as well as our own efforts to improve audit quality.

The most frequent NCs remain consistent with previous years and are health, safety and hygiene, working hours and wages.

^(b) This year we are updating these KPIs to show % of Tier 1 suppliers where critical NCs were addressed in 6 months as well as the % of sites that are progressing with their corrective actions to close NCs not yet at 6 months from audit date. These KPIs also show the % of high-risk Tier 1 sites that have been granted internal exemptions or suspended. This change has been made to further enhance and improve the transparency of the KPIs we measure annually. Previously we only captured sites that had NCs closed out within the first six months of the year. Our new KPIs will allow for sites with NCs raised across the whole year to be captured, including those with sites with NCs open and closed.

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

Despite increasing NCs as referenced in KPI 2, our current processes are ensuring the timely closure of these issues.

Read more about our approach.

More information

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

Policies

[Human Rights policy](#)

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

[Modern Slavery Statement](#)

Supply Chain transparency

[Primary first-tier food suppliers](#)

[Primary first-tier clothing suppliers](#)

[Global tea suppliers](#)

[Ocean disclosure project seafood sourcing](#)