

Tesco plc

TICKER
LON:TSCO

MARKET CAPITALIZATION
US\$29 billion

HEADQUARTERS
United Kingdom

DISCLOSURES
UK Modern Slavery Act: Yes

California Transparency in Supply Chains Act: Not applicable

TARGETS

Yes

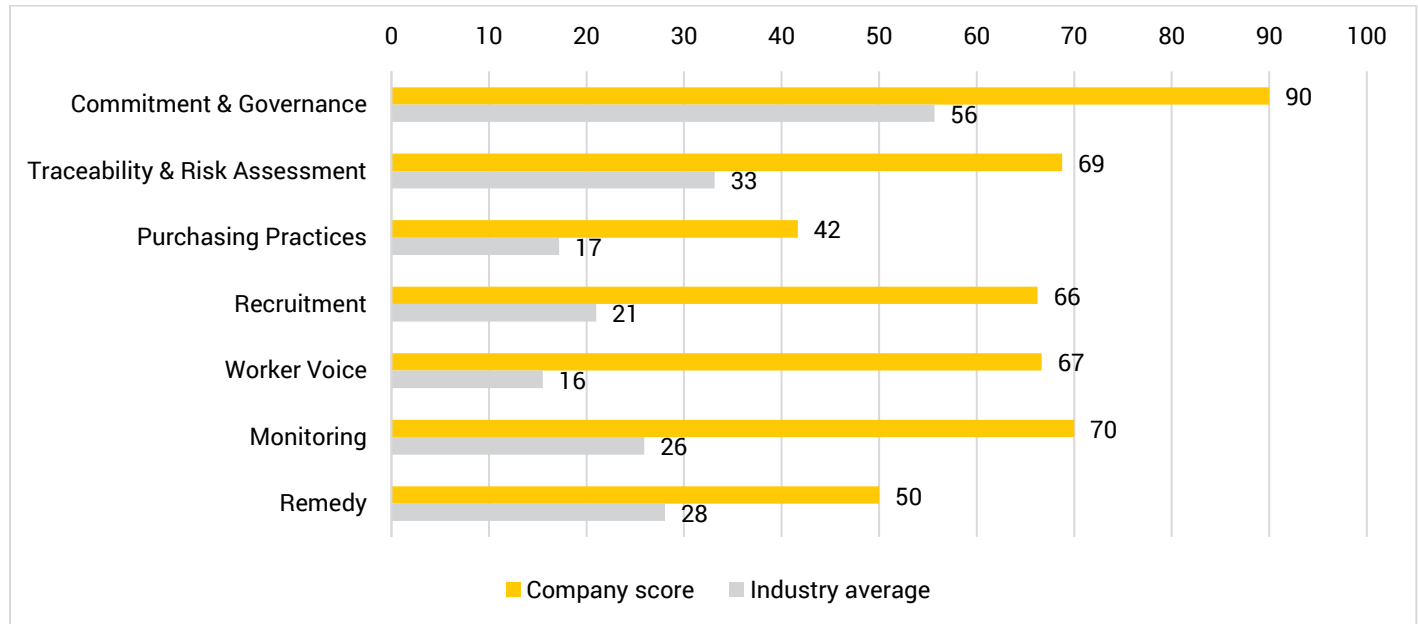
OVERALL RANKING
1 out of 43

(2018 Rank: 4 out of 38)

OVERALL SCORE
65 out of 100
SUMMARY

Tesco plc (Tesco), a British supermarket, ranks 1st out of 43 companies, disclosing more information on its forced labor policies and practices than its peers across all themes. Since 2018, the company's score has improved by five points. This is because the company began disclosing the names of palm oil and soy importers and a list of palm oil mills; payment terms for small suppliers; the creation of an internal role to integrate responsible sourcing into purchasing practices; evidence that recruitment fees were remediated to workers in its supply chains; responsible recruitment requirements for suppliers in Thailand and Malaysia, which requires a timebound action plan to move to a responsible recruitment model; additional examples of engaging with supply chain workers on their labor rights; and detail on its audit findings. Notably, the company has the highest score on the themes of Worker Voice and Monitoring. KnowTheChain identified one allegation of forced labor in the company's supply chains. The company reports that the supplier in question held a conference to share learnings from the case and has now adopted a "bespoke audit tool, capacity building of agencies and management and a clear alert system" for potential indicators of forced labor. However, the company does not disclose engagement with affected stakeholders nor remedy outcomes for workers. The company has an opportunity to improve on the themes of Purchasing Practices, Worker Voice, and Remedy.

THEME-LEVEL SCORES



KEY DATA POINTS

SUPPLIER LIST

Yes (palm oil and soy only)

SUPPORTS FREEDOM OF ASSOCIATION

Yes

HIGH-RISK COMMODITIES

Beans, fish, wheat, and others¹

NO-FEE POLICY

Yes ([Employer Pays Principle](#))

REMEDY FOR SUPPLY CHAIN WORKERS

Yes

ADDRESSES FORCED LABOR RISKS RELATED TO THIRD-PARTY PRODUCTS

No

LEADING PRACTICES

Purchasing Practices: Tesco reports that the company, along with its key supplier of canned tomatoes, is part of the ETI Working Group for Italian Agriculture, which it states is working on establishing a grower forum for producers to share best practices in tackling labor risks. The company additionally reports that it supports the Spanish Ethical Forums, which are attended by its first-tier suppliers and growers. It states that 23 meetings have been held and resulted in developing tools to support growers in the region, such as an “accommodation guidance.” The company also states that it has established a new role in its organization focused on integrating “responsible sourcing into supplier plans and purchasing practices,” to increase alignment between its responsible sourcing and commercial teams.

Recruitment Fees: The company discloses a policy on human rights requirements for suppliers, which includes responsible recruitment. The policy includes the Employer Pays Principle, stating that fees should be paid for by the supplier or agency, and specifies that suppliers must pay enough to agents to cover all recruitment-related costs. In relation to its Thai and Malaysian suppliers specifically, Tesco requires that they demonstrate an understanding of the costs and processes associated with migrant worker recruitment as a “recruitment map, timeline and/or flow chart and include all the fees and costs incurred for migrant worker recruitment in origin, transit ... and destination countries.” It further states that suppliers should have a “time bound action plan ... to move to a responsible recruitment model.” Tesco discloses that it discovered indebted migrant workers in Thailand and Malaysia due to recruitment fees and worked with the suppliers to ensure that the workers were compensated.

Remedy: The company discloses that it requires suppliers to pay back the missing wages where shortfalls in workers’ wages are identified. It states that, in 2018/19, 7,392 workers received US\$508,307 in repaid wages.

NOTABLE FINDINGS

Risk Assessment: The company reports that it assesses human rights risks in its supply chains based on the countries of origin of its products or on commodities and sources, such as the risk ratings of the Food Network for Ethical Trade and information from local groups and NGOs. In addition, Tesco reports that it has a customized risk assessment for Thailand and Malaysia. The company states that risk assessment factors include the “type of work being carried out (mechanical vs. manual) and the type of labor (seasonal, permanent, agency),” as well as cultural factors such as gender discrimination. Tesco discloses a first-tier sourcing map that shows the high-risk countries that it sources from. It discloses risks identified in the lower tiers of its supply chains, including those related to coffee, cocoa, palm oil, prawns, and wild fish. It further states that it pays special attention to Spanish salads and Italian tomatoes because of forced labor risks at the farm level for those commodities.

Freedom of Association: In its banana supply chain, Tesco discloses that it is in “regular dialogue” with union representatives from both international and local trade unions, as well as regional civil society organizations such as Banana Link and the Confederation of Latin American Banana Unions (COLSIBA). The company also reports that it is part of the Malawi 2020 coalition, which includes the Malawian tea association, and states this has led to two collective bargaining agreements, resulting in increased wages.

Monitoring: Tesco reports that it carries out audits below the first tier of its supply chains, contingent on product risk. It states that it audits to the grower level for fresh fruit and vegetables “in collaboration with our first-tier suppliers who cascade our requirements along the supply chain.” It reports that where human rights risks are high, it will conduct audits on other tiers of its key supply chains, including to the farm level.

OPPORTUNITIES FOR IMPROVEMENT

Purchasing Practices: To enforce its expectations with its suppliers, the company may consider integrating its supply chain standards addressing forced labor and human trafficking into contracts with its suppliers.

Worker Voice: While the company discloses that several grievance mechanisms are in place for workers in its supply chains, the company is encouraged to disclose how it ensures that workers across its supply chains are aware of and trust the relevant mechanisms, and provide evidence that the mechanisms are used by workers in lower tiers of its supply chains. Further, the company may consider entering into a global framework agreement that covers its supply chains and/or an enforceable supply chain labor rights agreement with trade unions or worker organizations.

Remedy: While the company provides some information on its process to ensure that remedy is provided to workers in its supply chains in cases of human trafficking and forced labor, it is encouraged to provide further details on this process, such as timeframes and engagement with affected stakeholders, or approval procedures. To demonstrate to stakeholders that it has an effective remedy process in place, the company is encouraged to disclose remedy outcomes for workers in cases of specific allegations in its supply chains.

ENGAGED WITH KNOWTHECHAIN

Yes ([Provided Additional Disclosure](#)).

¹ The US Department of Labor lists these commodities as commodities that may be produced using forced labor. US Department of Labor (20 September 2018), "[List of Goods Produced by Child Labor or Forced Labor](#)."