

Completed by (name of company): **Tesco**

Date: **06/10/21**

## SUPPLY CHAIN TRANSPARENCY

*Note: Tea\* in this section refers to tea originating from the Camellia sinensis plant*

1. **Current practice:** To what extent does your company currently publicly disclose supplier lists for tea\* sourced by your company? (Please select one of the following options)
  - a. Fully  Yes |  No  
If Yes, please share relevant links:
  - b. Partially  Yes |  No  
If Yes, please specify what is disclosed (e.g. only direct suppliers, specific regions):  
Please share relevant links:
  - c. Not at all  Yes |  No
2. **Future commitment:** Are you willing to commit to annually updating your complete tea\* supplier lists in the prescribed format (attached) and making them available publicly?  
 Yes |  No

Please share a full list of suppliers in the attached format (*Tea supplier list template.xlsx*) with us by 24 September 2021.

**Tesco intend to publish a list of tea sources on the Tesco PLC website. This list will be in pdf format, include selling marks plus country of origin and be updated annually.**

## OWN COMPANY POLICY: HUMAN RIGHTS IN YOUR SUPPLY CHAIN

1. **Freedom of Association and Collective Bargaining**
  - a. Does your sourcing policy/ supplier code of conduct/ supplier contract specifically guarantee the protection of the right to freedom of association *in your supply chain*?  
 Yes |  No

If Yes, please share any relevant documents or clauses in your agreements with suppliers that you use for this purpose.

1) <https://www.tescopl.com/sustainability/documents/policies/>

Policy document = Human Rights requirements for food and grocery non-food suppliers

Page = 2 titled 'Purpose & Scope' in reference to the ETI Base Code

Page = 10 titled 'Transform' in reference to addressing endemic issues in Tesco's supply chains

The Human Rights requirements for food and grocery non-food suppliers is a policy which all Tesco suppliers must adhere to. The policy states all suppliers must be compliant with the ETI base code, specifically clause 2 '*Freedom of association and the right to collective bargaining are respected*'. Additionally the policy states our strategy focuses through the transform pillar on addressing endemic issues such as freedom of association through targeted programs in collaboration and partnership with our suppliers, NGO's and wider industry.

## 2) Tesco Tea Sourcing Requirements Policy

Policy document = Attached

Page = 5 titled 'Worker Representation Policy'

The Tesco Tea Sourcing Requirements is a policy which all Tesco tea suppliers must adhere to. The policy states that all tea workers Human Rights are upheld including freedom of association.

- b. Has your company previously taken remedial action in response to allegations regarding threats to freedom of association *in your supply chain*?  Yes |  No

If Yes, please share the name of the supplier, year of incident and how the situation was resolved.

In 2020 a supplier of tropical fruit was expelled from the Ethical Trade Initiative for concerns around freedom of association at its growing sites. Tesco worked with the supplier and relevant NGO's to chair meetings, define clear action plans and expectations to ensure freedom of association was practised at all sites managed by the supplier. Subsequently the supplier has conducted freedom of association training with managers across their entire business plus published a Human Rights Impact Assessment.

- c. Is your company (or any of its subsidiaries) part of active collective bargaining agreements with labour unions *in your supply chain*?  Yes |  No

If Yes, please provide details of the countries, estates and/or factories involved.

Tesco is a member of ACT, a ground-breaking agreement between global brands and retailers and trade unions to transform the garment, textile and footwear industry and achieve living wages for workers through collective bargaining at industry level linked to purchasing practices.

As part of This Tesco has agreed the following principles:

- A joint approach where all participants in global supply chains assume their respective responsibilities in achieving freedom of association, collective bargaining and living wages.
- Agreement on a living wage should be reached through collective bargaining between employers and workers and their representatives, at national industry level.
- Workers must be free and able to exercise their right to organize and bargain collectively in accordance with ILO Conventions.

As part of Tesco's commitment to the Malawi 2020 programme aimed at improving the wages of tea workers in Malawi Tesco were part of two collective Bargaining Agreements. The first with the Tea Association of Malawi (TAML) and the second with the Plantation and Agriculture Workers Union (PAWU) initially in 2016 and then resigned in 2018.

More information is available here:

<https://www.malawitea2020.com/news/case-study-how-collective-bargaining-impacts-individual-workers/>

### Wage payments

- d. Has your company publicly made a commitment to guarantee payment of living wages throughout your tea supply chain?  Yes |  No

If you answered Yes, please share:

- The source or methodology for the living wage numbers that you use for this purpose
- The year by which you expect to achieve the commitment
- A link to the webpage or copy of the document where the public commitment is published

Information on Tesco's commitment to living wages across multiple supply chains is available here:

<https://www.tescopl.com/sustainability/documents/policies/sustainable-livelihoods-supply-chain-strategy/>

Specifically on tea:

- 1) Tesco joined the Global Tea Coalition in 2020, a multi stakeholder initiative led by the Ethical Tea Partnership and IDH. As the only retailer in the group alongside multinational tea brands, producers and NGO's Tesco is an active member of two specific GTC workstreams. The first is dedicated to improving the economic sustainability of the tea industry so that everyone involved in producing tea in our supply chains has good livelihoods, workers earns a living wage and farmers a living income. This is based on the principle of understanding current prevailing wages, the gap between these wages and the living wage and then how we can, as a collective tea buying industry, close this gap.
- 2) Tesco were active members of the Malawi Tea 2020 coalition. A dedicated programme that united 30 committed industry buyers and producers to improve wages for tea workers in Malawi. Over the five years of the programme the living wage gap was closed by over 33% and we supported two collective bargaining agreements ensuring increased wages for workers. Whilst the official programme has come to an end we have continued to support living wage in the Malawian tea industry by donating 5p from every pack of Tesco Extra Strong tea bought to run community projects in our strategic tea sourcing estates in Malawi.
- 3) 100% of Tesco tea is certified by Rainforest Alliance and Tesco has been an active contributor into their new standard. A significant part of this is the requirement for tea growers to complete a salary matrix where current wage information is disclosed. This information is fundamental in understanding where to focus efforts to close the living wage gap. Tesco has committed to implement the new Rainforest Alliance standard and aim to pilot the requirements earlier than the wider industry in order to improve its roll out.

- e. Does your sourcing policy/ supplier code of conduct/ supplier contract specifically guarantee the following with respect to wages paid to workers *in your supply chain*? (Please select all that apply)

Criteria	Y/N
Payment of legally mandated minimum wages (excluding in-kind benefits)	<input checked="" type="checkbox"/> Yes   <input type="checkbox"/> No
No pay discrimination/ Equal payment for equal work	<input checked="" type="checkbox"/> Yes   <input type="checkbox"/> No
Payment of legally mandated severance (excluding in-kind benefits)	<input type="checkbox"/> Yes   <input type="checkbox"/> No
Maternity leave entitlement with full pay	<input type="checkbox"/> Yes   <input type="checkbox"/> No
Sick leave entitlement with full pay	<input type="checkbox"/> Yes   <input type="checkbox"/> No

If you answered Yes to any of the above criteria, please share any relevant documents or clauses in your agreements with suppliers that you use for this purpose.

<https://www.tescopl.com/sustainability/documents/policies/>

Policy document = Human Rights requirements for food and grocery non-food suppliers

Page = 2 titled 'Purpose & Scope' in reference to the ETI Base Code

The Human Rights requirements for food and grocery non-food suppliers is a policy which all Tesco suppliers must adhere to. The policy states all suppliers must be compliant with the ETI base code, specifically clause 5 '*Living Wages Are Paid*'.

- f. Has your company previously taken remedial action in response to allegations regarding non-payment of due wages or severance *in your supply chain*?  Yes |  No

If Yes, please share the name of the supplier, year of incident and how the situation was resolved.

Wider supply chain:

In 2017 a whistle blower alleged that there was non-payment of wages for workers at a tropical fruit supplying site in Zimbabwe for months of May – Nov 2016. Numerous UK retailers sourced from this site and Tesco called on the Ethical Trade Initiative to lead on investigations.

It was determined that the site was in financial difficulties and had therefore not payed workers for 6 months and could only repay workers in instalments.

Tesco determined this was unacceptable and joined other retailers in funding the outstanding worker wages. Tesco's portion of this shortfall was \$260 000 and an NGO was used to ensure all workers owed wages had these paid.

Specifically on tea:

In August 2020 Tesco donated £12,000 to the Ethical Tea Partnership in support of their Covid-19 relief work. Part of the Tesco funding was used to support tea workers in Assam who had not received any wages due to plantations ceasing operations because of Covid-19. Tesco's funding provided food relief, medical supplies, sanitation products and training of Covid-19 preventative measures.

## 2. Discrimination, violence and harassment

- a. Does your sourcing policy/ supplier code of conduct/ supplier contract specifically guarantee the protection of *workers in your supply chain* from workplace discrimination, violence and harassment?

Yes |  No

If Yes, please share any relevant documents or clauses in your agreements with suppliers that you use for this purpose.

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The Human Rights requirements for food and grocery non-food suppliers is a policy which all Tesco suppliers must adhere to. The policy states all suppliers must be compliant with the ETI base code, specifically clause 7 'No Discrimination Is Practiced' and clause 9 'No Harsh or Inhumane Treatment Is Allowed'. Additionally, the policy states our strategy focuses through the transform pillar on addressing endemic issues such as gender discrimination through targeted programs in collaboration and partnership with our suppliers, NGO's and wider industry.

- b. Has your company previously taken remedial action in response to allegations regarding violence and harassment in the workplace *in your supply chain*?  Yes |  No  
If Yes, please share the name of the supplier, year of incident and how the situation was resolved.

At the start of 2020 two Tesco Responsible Sourcing Managers undertook a visit to a site in Northern India supplying Tesco with preserved vegetable products. As part of this visit a worker came forward with allegations of sexual harassment by one or more agency supervisors. This led Tesco to commission an in-depth assessment by an independent ethical trade consultancy whilst maintaining supply from the site.

The independent assessment found extensive evidence of sexual discrimination, harassment, and abuse at the site.

This led Tesco to quickly establish a time bound action plan with our supplier, the site, and the ethical trade consultancy with key improvements and KPI's including:

- employed a female senior welfare officer to ensure workers have access to grievance mechanisms, and to manage any allegations;
- invited a local human rights NGO onto the site's internal compliance committee;
- provided ongoing training by an external human rights lawyer on harassment in the workplace; and
- installed an anonymous whistleblowing helpline for workers.

We also made the decision to temporarily pause the launch of some new products with the site to ensure we weren't growing our business with the site without seeing the necessary improvements.

Tesco have undertaken follow up visits to the site, maintained regular communications with site management and conducted independent ethical audits all of which show sexual harassment to the best of our knowledge is no longer perpetuated at the site.

3. **Occupational Safety, Health & the Environment (OSH&E) rights**

- a. Does your sourcing policy/ supplier code of conduct/ supplier contract specifically address the following OSH&E rights in your supply chain? (Please select all that apply)

Criteria	Yes/ No
Access to safe drinking water and sanitation for all employees	<input checked="" type="checkbox"/> Yes   <input type="checkbox"/> No
Reducing health hazards including the use of harmful chemicals (herbicides)	<input checked="" type="checkbox"/> Yes   <input type="checkbox"/> No
No minimum quantity for plucking required to earn the basic wage	<input type="checkbox"/> Yes   <input checked="" type="checkbox"/> No

If Yes, please share any relevant documents or clauses in your agreement with suppliers that you use for this purpose.

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- b. Has your company previously taken remedial action in response to allegations of OSH&E issues in your supply chain?  Yes |  No

If Yes, please share the name of the supplier, year of incident and how the situation was resolved.

4. **Grievance redressal mechanism:** Does your company have a grievance redressal mechanism that can be directly accessed by any worker in your supply chain?

Yes |  No

If Yes, please provide the following information regarding the mechanism in place

- Name, designation, phone number and email address of the person employed by your company responsible for handling the complaints
- Maximum duration before a response must be given on the complaint (in days)

- c. Link to or recent copy of publicly available data on the practical operation of the mechanism, such as the number and type of grievances filed, addressed, and resolved

<https://www.tescopl.com/sustainability/documents/policies/tesco-code-of-business-conduct/>

Tesco operates a 'Supplier Protector Line' service, a confidential telephone and email service, which allows suspected issues to be raised.

Protector Line is an independent 3<sup>rd</sup> party confidential service that allows all Tesco suppliers and their employees to raise concerns of suspected wrongdoing regarding and related to the production or supply of Tesco branded products and products exclusive to Tesco.

## PURCHASING PRACTICES

### 5. Sourcing

*Note: For this section, please only include tea\* (Camellia sinensis) sourced by your company for sale under its own name/ brand.*

- a. Please share the total volume of tea\* sourced by your company in 2020 (in metric tonnes).

3,342 Metric Tonnes

- b. Please share the top five countries by sourcing volume, for tea\* sourced by your company in 2020 (in metric tonnes).

Source	Metric Tonnes
Country 1 (please specify): Kenya	2,242
Country 2 (please specify): Malawi	357
Country 3 (please specify): India	287
Country 4 (please specify): Uganda	166
Country 5 (please specify): Tanzania	85

- c. How much of the total tea\* sourced by your company in 2020 came from the following entities? (in metric tonnes).

Source	Metric Tonnes
Independent packers/ blenders	0
Auction houses	1026
Directly from estates	361
Directly from bought-leaf factories	0

Intermediary traders (excluding those packing and/or blending for your company)	1924
Others (please specify): <b>Packers internal agent</b>	31

6. **Certification:** Did your company in 2020 source tea\* certified by an independent, internationally recognised certification body (e.g., Fairtrade, Rainforest Alliance/ UTZ etc.)?  Yes |  No

If Yes, please complete the following table to indicate type of certification by volume.

Certification	Includes wage premium	Metric Tonnes
FLOCERT/ Fairtrade	<input type="checkbox"/> Yes   <input checked="" type="checkbox"/> No	
Rainforest Alliance/ UTZ	<input checked="" type="checkbox"/> Yes   <input type="checkbox"/> No	3342
Other (please specify):	<input type="checkbox"/> Yes   <input checked="" type="checkbox"/> No	
Other (please specify):	<input type="checkbox"/> Yes   <input type="checkbox"/> No	
Other (please specify):	<input type="checkbox"/> Yes   <input type="checkbox"/> No	

*Please also share the following information about your company's operations in the tea sector:*

## ABOUT THE COMPANY

7. **Type of company:** Which of the following categories, if any, describes the activities of your company, its subsidiaries or holding company)? (Please select all that apply.)

Category	Yes/No
Tea producer	<input type="checkbox"/> Yes   <input checked="" type="checkbox"/> No
Tea packer/ blender	<input type="checkbox"/> Yes   <input checked="" type="checkbox"/> No
Tea retailer	<input checked="" type="checkbox"/> Yes   <input type="checkbox"/> No

8. **Brand names:** Does your company, its subsidiaries or its holding company own any tea brands?  
 Yes |  No

If Yes, please provide a list of any tea brands that are owned by your company, its subsidiaries or holding company.

9. **Revenue and market capitalisation:**

- a. Please share the total revenue from tea earned by your company in 2020. (in USD)

Commercially sensitive information unfortunately unable to disclose.

- b. Please share the latest market capitalization or estimation of your company's market value (in USD)

Commercially sensitive information unfortunately unable to disclose.

- 10. Any other comments (optional):** Please share any other information that you consider pertinent to your company's tea operations, its purchasing practices, human rights challenges or commitments in your supply chain. Please provide relevant documentation, where available.

<https://www.tescopl.com/sustainability/documents/policies/our-approach-to-human-rights/>

<https://www.tescopl.com/sustainability/taking-action/human-rights/tea/>