

Modern Slavery Statement: One Stop Stores

2017/18

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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. We are fully committed to playing our part in eradicating modern slavery. We firmly advocate for transparency and collaboration to eliminate the risks of modern slavery.

Modern slavery is 'a hidden crime that encompasses slavery, servitude, forced labour and human trafficking'. Modern slavery has no place in our business or supply chains and we take a zero tolerance approach to it. We are strongly committed to playing our part in eradicating modern slavery and recognise the importance of transparency in driving collaborative action.

This statement refers to the financial year ending 24 February 2018.

Our business and supply chain

One Stop Stores Limited is a retail convenience business with over 770 company operated neighbourhood stores and over 170 franchisees across England, Wales and Scotland.

Open 7 days a week, One Stop aims to meet the needs of all its local customers. We offer a range of food, beverages, non-food groceries and general merchandise. Many stores provide additional services including free cash machines, Post Office, PayPoint, Lottery and mobile electronic top-up.

One Stop has 10,500 employees and has been a subsidiary of Tesco since 2003. It operates as a separate business from a Store Support Centre in Brownhills, Walsall, and services its stores with ambient products from 3 distribution centres in Brownhills, Nursling (Hampshire) and Wakefield. We work with Tesco Distribution to deliver fresh food to One Stop stores.

There are over 350 suppliers across fresh, frozen and ambient ranges. Over the last 5 years we have been aligning our supplier base with the wider Tesco Group. All of our own-label products are therefore now sourced from the same suppliers as Tesco stores.

One Stop Values:

- Our customers are at the heart of everything we do.
- We treat each other how they like to be treated.
- We work together as one team.
- We make things easier.

Policies in relation to modern slavery

One Stop is committed to upholding human rights and fully supports the [UN Universal Declaration of Human Rights](#) and the [International Labour Organization \(ILO\) Declaration on Fundamental Principles and Rights at Work](#).

The Tesco Group Code of Business Conduct outlines the principles regarding how we conduct ourselves as a business. It incorporates our responsibility to respect the human rights of our colleagues, our customers, and those who work throughout the supply chain. Tesco Group is a founding member of the Ethical Trading Initiative (ETI). The Code of Business Conduct sets out how we use their Base Code as a mechanism to promote better and more consistent global labour standards in our supply chains. The first clause of this Base Code is that all employment be freely chosen.

We take any human rights allegations, including of modern slavery, extremely seriously and have a whistleblowing hotline for our colleagues. Insight from all calls is managed by our Employee Relations Manager.

We also provide a free, independent, and confidential 'Protector Line' that enables Tesco own-label suppliers and their staff around the world to raise concerns. Insights from these services are reviewed at Compliance Committee meetings which are chaired by the Group Chief Executive, as is performance against our ethical trading policy, including on modern slavery. Overall accountability for our human rights in our own-label supply chain strategy sits with the Group Chief Executive.

One Stop specific employee policies are available on the One Stop learning platform and colleague engagement app. Tesco Group policies are available on other shared services.

Due diligence processes – own-label product supply chains

Over the past three years we have put in place a due diligence process, in line with the UN Guiding Principles on Business and Human Rights. This process was developed for Tesco own-label products and also covers all of One Stop own-label products.

The Tesco due diligence process was developed in consultation with over fifty internal and external stakeholders, including suppliers, industry bodies such as the British Retail Consortium, civil society groups such as Unseen, Oxfam and the Ethical Trading Initiative, and Government bodies and agencies such as the UK Gangmasters and Labour Abuse Authority (GLAA). Trade Union representatives were also consulted to bring the voice of people in our supply chain to our strategy development.

The Tesco due diligence framework has five stages:

1. Establish a broadened perspective beyond our immediate business and the first tier of our supply chain
2. Determine priorities based on areas of highest risk and through intelligence gathering
3. Identify the process of avoiding, reducing and managing risk
4. Define method for rectifying abuses and remediating any victims
5. Developing learning strategy allowing us to consider new information

Tackling modern slavery - our business

In our direct operations, we have identified that the greatest potential risks on issues such as indebtedness and illegal working, come from our franchise stores and from service providers who support our distribution centres and Post Office counters. This is both because of the significant proportion of migrant workers in this sector, who may be less aware of their rights and more vulnerable to abuse, and because we have less direct visibility over these areas, relative to areas where we directly employ workers.

For our franchisees, we have a standard contract which includes a requirement for them to check and obtain right to work documents for all colleagues. Every quarter, as part of a routine compliance visit, we check these processes are in place.

To support our franchisees, we have a set of right to work briefing documents to follow, which include guidance and examples of acceptable documents.

Another area of risk for the One Stop business is concerning young people who deliver newspapers directly to customers' homes and who are often under the age of 16. We ensure we comply with all permits issued by councils and stipulated restrictions to the number of work hours. Signed parental consent is also required for us to employ any worker under 16.

For all direct employees of One Stop, we request colleagues to have a bank account in their own name into which we pay their salary. We complete checks and investigate any duplicate bank details.

Tackling modern slavery - our supply chains

As all of our One Stop own-label products are sourced from the same suppliers as UK Tesco stores, the content in this section of our statement refers to action we have taken at a broader Tesco Stores level and is relevant to shared supply chains.

Own-label product supply chains are a potential area of risk for the business because of their scale and complexity. The potential human rights risks of our supply chains are assessed by considering the country of origin where products or raw materials are sourced from. To do this we use the International Trade Union Confederation Global Rights Index which rates 141 countries based on the degree of protection for workers' rights which are derived from the ILO Conventions. The index methodology takes into account workers' experience and is a way for us to include workers' own views in our risk assessment. This index is then combined with our own understanding of labour rights and human rights risks in our key sourcing sectors to develop the final country risk ratings.

Considering the type of work being carried out (mechanical vs. manual) and the type of labour (seasonal, permanent, agency) is also important. There are likely to be higher risks of slavery where there is a manual harvest process which is carried out for a seasonal product rather than where there are skilled workers on permanent contracts. This is because manual harvest processes are labour intensive and tend to rely on unskilled labour and seasonal work tends to rely on labour providers which creates complexity in the supply chain. Migrant or refugee workers tend to be at higher risk still because they are more likely to lack support networks. We gather intelligence about emerging risks through our strong relationships with NGOs, unions and through groups like the Ethical Trading Initiative and the Consumer Goods Forum. Campaigners and media investigations also play an important role in helping us identify where some of the biggest risks lie. Our Group Responsible Sourcing Managers across eleven key sourcing countries, all local to their country of operation, are well placed to gather local intelligence through their own grassroots networks.

This combined risk and intelligence approach helps identify where the most salient and material risks are in our shared supply chains. For these shared supply chains, we have adopted a 'three pillar' approach to avoid and address human risks in our supply chain:

- **Assurance** – our programme to ensure that the facilities we source from are positive places to work through audit and certification schemes.
- **Improvement** – working collaboratively with others to address issues in lower tiers of our supply chain (our suppliers' suppliers, and so on), where our direct leverage is reduced.
- **Empowerment** – a plan to support communities linked to our supply chain and reduce people's vulnerability to modern slavery.

Assurance

Our audit programme for food supply chains is focused on audits at our direct supplier sites. High and medium risk sites are audited by recognised audit bodies and suppliers are supported to address any non-compliances by dedicated Group Responsible Sourcing Managers and Technical Managers.

Improving upstream visibility, particularly for composite products or where we are buying from large commodity houses is a challenging but important process. We are currently working with our largest food suppliers to put in place an assurance programme for raw material risks upstream and we continue to work with the GLAA to investigate any instances of suspected modern slavery in the UK.

Improve

Working in partnership with others is vital to addressing risks of modern slavery, particularly further up the supply chain where our direct commercial leverage is diluted. We engage in a number of multi-stakeholder improvement projects to tackle systemic issues which are bigger than one-off incidents at supplier sites. Some examples are:

- **ETI Working Group for Italian Tomatoes.** Tomatoes for tinned products are picked during a six-week period in the summer. The majority of labour for manual harvest is supplied by migrant workers who could be at risk of

exploitation through illegal recruitment practices, including indebtedness and coercion. Tesco is part of the ETI group working to pilot a programme to improve recruitment practices.

- **Seafood.** Workers within the fishing sector can be vulnerable to exploitation. This is a result of work taking place offshore, long hours, challenging physical environments, many informal recruitment practices and the lack of international binding labour standards that cover fishing vessels. We undertake human rights risk assessment of our seafood supply chain, working with our partners Sustainable Fisheries Partnership (SFP), and we have also helped establish the Seafood Ethics Action Alliance (the “SEA Alliance”) to work collaboratively with others to address key human rights risks in source fisheries.

The Food Network for Ethical Trade programme has been launched with own-label suppliers and other retailers to identify human rights abuses upstream in our shared supply chains.

Empower

Wider issues such as poverty, conflict and environmental disasters can make workers supply chains, as well as their families and communities, more vulnerable to trafficking and exploitation. By working with our suppliers and grassroots organisations in the community, we can play a role helping to reduce this vulnerability. For example, we support a partnership between the Ethical Tea Partnership and UNICEF to reduce the vulnerability of children on tea estates in Assam to trafficking and exploitation.

Training and capacity building

Raising awareness of modern day 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 upskilling colleagues and suppliers to understand the drivers of modern slavery as well as the possible indicators. The One Stop Employee Relations Manager has completed Modern Slavery training. This training was also provided to all UK Technical Managers, with 46 colleagues training in 2017-18.

For our supply chain, Tesco is one of the founding steering group members of the UK Stronger Together training programme and offers ongoing financial and in-kind support and advice. This comprehensive one-day training provides detailed, pragmatic guidance and resources to address modern slavery. It also offers a support network where challenges and good practice can be shared among peers and experts. All UK suppliers that supply both One Stop and Tesco UK stores are required to attend Stronger Together training.

As part of the Stronger Together working group, Tesco Group continues to collaborate with other retailers to ensure the continued relevance of this training and to look at how we can expand its reach and impact.

Plans for 2018/19

In the next 12 months we will continue to strengthen our approach to managing the risk of modern day slavery within our business and ensure our strategy is responsive to changing risks. We will:

- Continue to address specific risks in our supply chains. For example, leading work with other businesses to understand risks of forced labour in palm oil supply chains and with migrant labour in Spain and Italy.
- Provide further modern slavery training to relevant colleagues, for example Procurement and People Managers.
- Continue to align the due diligence of Distribution and Service provision to Tesco Group
- Develop the training programme for the One Stop franchisees, to include face to face engagement at franchisee forums.
- Agree the criteria for ethical audits and commence worker welfare check across the franchise network during 2019/20.

This statement was approved by Tracey Clements, Managing Director of Tesco Convenience and CEO of One Stop.

Signature