

Tom Tugendhat MP
Chair, Foreign Affairs Committee
House of Commons · London · SW1A 0AA
Letter by email: fac@parliament.uk

16 February 2021

Dear Mr Tugendhat, Ms Ghani, Mr Jones,

Thank you for your letter of 2 February about sourcing from the Xinjiang Uyghur Autonomous Region of China.

Tesco is committed to protecting the human rights of all workers in our supply chain. We take a zero-tolerance approach towards slavery and forced labour regardless of the country, region or local laws. All of our manufacturers and suppliers globally must comply with our [Code of Business Conduct](#)¹, which clearly states that forced labour will not be tolerated in any form. As noted below, if we find a case of forced labour within our supply chain we will terminate the business relationship.

Please see answers to your specific questions below:

1. What is the nature and extent of your company's operations in Xinjiang?

- We do not source from any suppliers or sites in Xinjiang and have no operations there.

2. What specific raw materials arriving in UK markets are sourced from Xinjiang?

- Xinjiang is recognised as a significant source of cotton production within China.
- We have specified to our suppliers that we will not use any cotton produced in Xinjiang.
- In our Clothing business, F&F, 60% of our cotton is certified through the Better Cotton Initiative ('BCI'). The BCI – a global, not-for-profit sustainability programme – does not certify any cotton from the Xinjiang region. 40% is Organic cotton, all sourced from the Indian sub-continent.
- In our General Merchandise business (which includes towelling and bedding), 85% of our cotton is already BCI certified and we are moving swiftly to 100% BCI or Organic there too.
- As a result of our due diligence on this issue, we have identified that Xinjiang is a source of tomato paste used as an ingredient in some canned and other products across the food industry. We have therefore specified to our suppliers that we will not accept any use of ingredients from Xinjiang. Failure to comply with Tesco specifications would lead to de-listing.

¹ https://www.tescopl.com/media/476384/uk_roi_sourcing_cobc-final-181203.pdf

3. Are any of your products assembled in factories deemed to be at risk of using forced labour?
- We have a comprehensive ethical assurance programme using a combination of independent ethical audits and visits by our in-house Responsible Sourcing colleagues based in China.
 - These audits and visits check for a range of indicators across all labour standards, set out in the Ethical Trading Initiative (ETI) Base Code, including factors which might create vulnerability to forced labour, such as indebtedness, fines or mandatory overtime. Any potential concerns identified must be remediated or, ultimately, we will cease sourcing from the factory / factories concerned.
 - In 2020 we undertook an additional exercise to identify production processes in China with the greatest potential for illegal sub-contracting, which might again create a vulnerability to forced labour. We conducted a range of in-depth visits to these factories and did not find any cases of forced labour.
4. Which Chinese companies are involved in your supply chains?
- We work with 133 clothing factories in China. A full list of our clothing factories is publicly available via [this link](#). None are based in the Xinjiang region.
 - We also work with 220 General Merchandise factories and 28 food production facilities in China. None are based in the Xinjiang region.
5. How do you ensure that companies at every stage of your supply chain meet their contractual obligations regarding anti-slavery and anti-human trafficking laws?
- See 3. above. We also work closely with a range of civil society organisations and multi-stakeholder organisations to gain insight on risks and best practice approaches, including ETI.
 - Forced labour is a zero-tolerance issue in our business.
6. What is Tesco's approach to assessing and scrutinising its supply chains to ensure that materials are ethically sourced?
- We have a five-step human rights due diligence framework that includes a comprehensive risk assessment; prioritising and identifying leverage; and mitigating risks. This includes identification of key risk products and commodities, and the building of sourcing plans to manage these risks. More detail under each stage can be found online in '[Our approach to human rights](#)'².
 - It also includes our ethical audit programme, as mentioned in Q3, which involves ethical audits conducted at least annually, by a combination of selected and trained independent auditors and our own in-house team of Responsible Sourcing experts, including 24 colleagues based in China. We require all breaches identified to be remediated and track this closely.
 - We consult regularly with a range of local and international civil society partners on our approach and our programme is recognised as responsible in a number of independent surveys, including ranking as the leading food and beverage company in the [Know the Chain](#) benchmark on forced labour, and leading supermarket in the [Corporate Human Rights Benchmark](#) and Oxfam '[Behind the Barcodes](#)' assessment.

² <https://www.tescopl.com/sustainability/publications/policies/downloads/our-approach-to-human-rights/>

7. Where materials from unethical sources are identified, how does your company respond and what steps are taken to mitigate the risk of future occurrences?

- We will not sell products to customers where our standards are breached and where concerns have not been remedied.
- Last year we exited 28 factories globally specifically because the respective firms were not able to provide evidence that they were maintaining strong ethical standards.
- As part of our sourcing approach, we have introduced an Ethical Rating system for all Clothing and General Merchandise factories and suppliers, including those in China. This system rates both factories and the suppliers on compliance, capability and transparency and the results are key criteria in our sourcing decisions. It is a key determinant in commercial planning.
- We are committed to helping suppliers improve their approach to ethical issues - we view exiting/delisting suppliers as a last resort but we will do this if they do not improve their practices where this is required.

8. What is your information-gathering process for your Modern Slavery statements, and how do you verify this information? What is your process for acting on the findings of your Modern Slavery statements?

- Forced labour is a priority area under our Human Rights strategy.
- Our [Modern Slavery statement](#)³ captures the outputs of this on-going programme of work, including the results of our audit programme and relevant investigations.
- Where issues are identified in our supply chains or own-operations we work to an agreed internal incident management and escalation process. Further detail can be found in our Modern Slavery statement.

Yours sincerely



Giles Bolton
Responsible Sourcing Director
Tesco Stores Ltd

³ https://www.tescopl.com/media/755901/tesco-modern-slavery-statement-_v8.pdf



Foreign Affairs Committee

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From the Chair
Tom Tugendhat MP

Giles Bolton
Responsible Sourcing Director
Tesco Plc
Letter by email: giles.bolton@tesco.com

2 February 2021

Dear Mr Bolton,

We are writing to you following recent reports that parts of UK companies' supply chains include materials and/or labour sourced from the Xinjiang Uyghur Autonomous Region of China. As part of the Foreign Affairs and Business, Energy and Industrial Strategy Committees' inquiries into the Xinjiang detention camps, we are reaching out to a number of businesses to establish a clearer understanding of commercial activity in the region, and what private companies perceive their ethical responsibilities to be in this area.

We would be grateful if you could address the following questions:

1. What is the nature and extent of your company's operations in Xinjiang?
2. What specific raw materials arriving in UK markets are sourced from Xinjiang?
3. Are any of your products assembled in factories deemed to be at risk of using forced labour?
4. Which Chinese companies are involved in your supply chains?
5. How do you ensure that companies at every stage of your supply chain meet their contractual obligations regarding anti-slavery and anti-human trafficking laws?
6. What is Tesco's approach to assessing and scrutinising its supply chains to ensure that materials are ethically sourced?
7. Where materials from unethical sources are identified, how does your company respond and what steps are taken to mitigate the risk of future occurrences?
8. What is your information-gathering process for your Modern Slavery statements, and how do you verify this information? What is your process for acting on the findings of your Modern Slavery statements?

It would be helpful to have a response to this letter by 16 February 2021. We intend to place your response in the public domain.

Best wishes,

TOM TUGENDHAT MP
CHAIR, FOREIGN AFFAIRS COMMITTEE



NUSRAT GHANI MP
BUSINESS, ENERGY AND INDUSTRIAL STRATEGY COMMITTEE



DARREN JONES MP
CHAIR, BUSINESS, ENERGY AND INDUSTRIAL STRATEGY COMMITTEE