

 CASE STUDY:

Sainsbury's

Background

Sainsbury's is the UK's second largest food retailer and we have been engaging the company since 2008. Oxfam research published in 2018 had found that supermarkets' inaction on systemic issues within global food supply chains indicated that both companies and investors were exposed to unidentified levels of risk.¹

Our engagement

We raised supply chain risks in 2019 with the company following the Oxfam report. It identified that UK food retailers were significantly exposed to risks and adverse impacts related to human and labour rights in the supply chain, including unsafe working and living wages.

These risks can include legal and reputational risks where forced or underpaid labour is identified in a supply chain, or operational risks borne from the instability generated in supply chains with adverse impacts on human and labour rights.

We have engaged consistently over the last four years, including meetings with the director of Sainsbury's own brand, the human rights leads, the director of corporate responsibility and sustainability, and the chair.

We encouraged the company to press on with work related to human rights in its supply chains, which at this stage remained underdeveloped.

Early in our engagement, we suggested that the company endorses the United Nations Guiding Principles on Business and Human Rights. In 2020, we asked it to conduct a human rights impact assessment, which had been established as industry best practice for identifying hidden risks in supply chains.

Alongside this, we have discussed the effective governance of these issues. In 2020, we met with the chair and supported the company's ongoing approach of embedding sustainability across the business, rather than have responsibility sit with one business function. We encouraged the company to press on

Engagement objectives:



Social:

Human rights in the supply chain



Social:

Living wages in the supply chain

Sustainable Development Goals:



Top three successes:



Saliency assessment on human rights published in 2021.



Commitment to the Sustainable Trade Initiative (IDH) Living Wage Roadmap for supply chains.



Evidence of sustainability integration across the business.

with work related to human rights in its supply chains, which at this stage remained underdeveloped versus its net-zero commitments.

In 2022, we welcomed the company's updated sustainability action plan, Plan for Better. After a further iteration in 2023, we reiterated the importance of tackling the most salient issues effectively, underscoring the need for longer-term business commitment on the issue. We have requested regular reporting on this progress so that we may assess the management of these risks, including via appropriate quantitative impact metrics addressing priority areas, such as living wages, forced labour, and grievance mechanisms.

¹ Oxfam: [Workers' Rights in Supermarket Supply Chains: New evidence on the need for action](https://openrepository.com/) (openrepository.com).

Changes at the company

Sainsbury's has demonstrated that it has consistently prioritised its work on human rights and living wages in its supply chains alongside other corporate and sustainability objectives. After endorsing the United Nations Guiding Principles on Business and Human Rights, the company established sector leadership by conducting a human rights saliency assessment in 2020. At this stage, we also took the chair's readiness to discuss human rights and living wages as a positive measure of progress and commitment.

The complexity and long-term nature of these social issues requires effective governance. In our engagement, including with the chair, we have seen indicators of the board's attentiveness on supply chain issues which has underpinned consistent year-on-year progress. We heard from the company that the board also receives regular human rights training, which we acknowledge as a determinant of effective governance.

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Informed by its saliency assessment, Sainsbury's translated the areas of greatest concern into its Plan for Better. The company signed up to the Sustainable Trade Initiative (IDH) Roadmap on Living Wages, a platform to secure living wages in food supply chains, defined as the net annual income required for a house in a particular country to afford a decent standard of living, including food, water, housing, healthcare, and other essential needs.

We were pleased to see this industry collaboration, crucial to achieving the critical mass of companies to effect change throughout complex supply chains. Sainsbury's subsequently made significant progress on its banana supply chain traceability, where the company leads the market with a timebound commitment to pay a living wage to all workers in its banana supply chain by 2027.

In 2022, Sainsbury's set the ambitious goal of paying living wages in all its priority supply chains by 2030.



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Sainsbury's also identified priority action areas across all other salient human rights issues in its supply chain, namely forced labour, health and safety, discrimination, and the provision of effective grievance mechanisms. In 2022, the company rolled out its new whistleblowing policy, focusing first on ensuring tier 1 suppliers comply.

The company has also proactively engaged directly with suppliers, supported by initiatives such as Unseen, the Ethical Trading Initiative, and the University of Nottingham's Rights Lab. The last of these will support the regular monitoring of Sainsbury's exposures to risks related to human rights in the supply chain.



Next steps

Following the production of its Plan for Better, the next step for the company is to continue rolling out its action plan and demonstrate success. Key to this will be identifying industry partners to achieve critical mass on living wages in other priority supply chains, which we have heard are more complex than bananas and, therefore, require greater collaboration to effect change. This will be key to achieving the commitment to pay living wages in all priority supply chains. As an early indication of further progress, the company has been publicly tackling garment and tea supply chains in 2024, including through industry partnerships.



This case study has been fact-checked by Sainsbury's to ensure a fair representation of EOS work carried out and changes made at the company.



Will Farrell
Engagement
EOS

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