

Environmental and social review

Wherever we work, we want to help make life a little easier for our customers, colleagues and communities.

Our approach

We want to help everyone who shops with us enjoy a better quality of life and an easier way of living.

We also want to help tackle wider social and environmental challenges which our customers care about and which are material to our business, for example making it easier for customers and colleagues to live healthier lives; reducing food waste and tackling food poverty; and working with our suppliers to source responsibly and sustainably.

While the last year has been challenging for Tesco, we remain incredibly proud of the efforts we have made to tackle sustainability issues, support important causes and help local communities. As we begin the process of renewal and change, we are committed to listening to and working with our customers, colleagues and stakeholders from across society to ensure that we align our approach to value creation with their expectations.

Our reporting

As we reset many aspects of our business, so we have changed our approach to reporting. This report looks at our

business in the round and sets out our strategic priorities; our corporate responsibility is a fundamental part of these. Instead of a separate, printed corporate responsibility report, we now publish further details on our corporate responsibility, our policies and our key data online. In addition we are refreshing our approach to our materiality assessment as we continue listening to ensure we understand what matters most to our customers, colleagues, suppliers and stakeholders. All of this can be found at www.tescopl.com/society.

Our governance

Our new Chairman, John Allan, has taken on the role of chair of our Corporate Responsibility Committee following the retirement of Jacqueline Tammenoms Bakker from the Board. More detail about the governance of this Committee can be found on page 40.

We also work closely with our Expert Advisory Panel, made up of four independent corporate responsibility advisors, who meet four times a year to provide valuable input and act as a critical voice to our activities. More information on this can be found online at www.tescopl.com/ourpanel.



Visit www.tescopl.com/society for information on:

- Our approach
- Ongoing activities
- Our latest case studies

As an example of our approach to creating sustainable value chains, take a look at our work on bananas:

We're proud to be the first retailer to publish data on food waste within our own operations, and we're working with our suppliers and customers to reduce food waste from the farm to the fork.

1. Suppliers

We want to make sure no edible part of the banana crop is wasted, so we work with dedicated banana farms to use as much as possible of the banana crops they produce. We sell small bananas in our Everyday Value and Goodness ranges, and we sell single bananas in our One Stop stores.

2. Own operations

To minimise damage to the bananas in our stores, we train our colleagues in how to treat food. A key part of that is our 'Love Bananas' campaign – this helps colleagues to understand how to handle bananas in order to minimise bruising.

3. Customers

Customers tell us they want to reduce waste within their own homes, and we're doing lots of little things to help – including adding WRAP food waste hints and tips on our fresh food packaging, and creating a meal planner on our Real Food website, which suggests recipes for customers who want to use up their food.

What's next?

Within our own operations, our overriding priority is always to minimise any food waste – but where waste does occur, customers tell us they want us to give edible food to charity. We have made great progress on this over the last year, and we will be looking at what more we can do to ensure no edible food is wasted.



Strategic report



Governance

Financial statements



Other information

Environmental and social review continued

Our people

Our approach

The challenges our business has faced over the last year have been incredibly difficult for our colleagues, but despite this, we are extremely proud of the focus which colleagues have continued to place on doing the right thing for customers and delivering outstanding service.

A key principle throughout the transformation process has been, wherever possible, to make sure colleagues are the first to know of any changes within the business which will affect them. This commitment to be open and transparent will continue once the transformation process is complete.

We have worked hard to do everything we can to support colleagues and offer expert advice as they face changes to their roles and the organisation. We have continued to expand our training programmes to help colleagues grow and develop. The importance of diversity in the broadest sense also remains critical to our business, and the ratio of male to female colleagues at year end is outlined below. In addition, the pay gap between men and women is less than 1%.

Our diversity		Male		Female
Board of Directors*	10	77%	3	23%
Senior managers – Directors	614	76%	195	24%
Senior managers – Directors and managers	3,847	69%	1,732	31%
All employees	220,257	43%	297,545	57%

* Changes since year end mean that our Board is now made up of nine men and one woman.

Respecting human rights

We are determined to respect the human rights of our customers, our colleagues and our suppliers, within all of the communities they work.

We are committed to upholding basic human rights and fully support the UN Universal Declaration of Human Rights and the International Labour Organization Core Conventions. We are a founding member of the Ethical Trading Initiative and our industry-leading team of labour standards experts support our suppliers to work towards fully implementing its Base Code. We always investigate allegations of human rights infringements and take action when needed to ensure people's rights are respected.

We want everybody to have their human rights upheld and we know our customers, colleagues and suppliers do too.

- Our customers want to buy great products that are produced safely and responsibly. Only by protecting human rights can we give our customers this confidence, as well as ensuring we are a good neighbour wherever we operate.
- We have strong, consistent people policies that are designed to make Tesco a great place to work; where everyone is welcome and feels confident to be themselves in a safe environment.
- We are building even stronger partnerships with trusted suppliers so we can ensure that we deliver great, safe products that are responsibly produced.

We know that consistently addressing human rights risks and concerns across a global supply chain can be complicated. Only by being open and responsive and having strong relationships, can we find out about issues and work to solve them. We must work in partnership to do this – both with our suppliers and with experts and non-governmental organisations (NGOs) on the ground. It is also why we were strong supporters of the UK Government's new Modern Slavery Bill and the clause on transparency in supply chains, and look forward to reporting against this in future years.

Governance and monitoring

Our governance committees consider financial and non-financial risks to our business and the Compliance and Corporate Responsibility Committees in particular consider risks related to our Human Rights Policy, which are maintained on our company risk register.

This year we launched a new Code of Business Conduct, supported by a company-wide training programme to help colleagues follow key policies; this included a section on our approach to human rights.

Furthermore, we now have protector lines for both colleagues and suppliers, so any concerns with business conduct can be raised confidentially.

To review our full policy visit www.tescopl.com/humanrights.



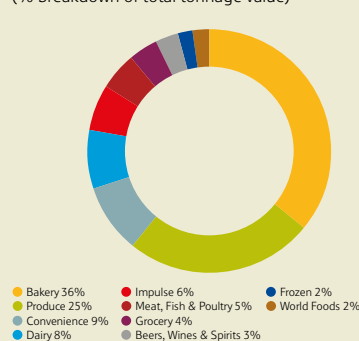


Food waste

In 2014/15 we have calculated that 55,400^Δ tonnes of food were wasted in Tesco stores and distribution centres in the UK which is equivalent to 0.9%^Δ of the number of food products we sold in our stores over the same period. The chart on the right shows the breakdown of this food waste by category. This has decreased by 1,180 tonnes compared to 2013/14.

^Δ Independent limited assurance provided by KPMG LLP. It is important to read the data in the context of KPMG's full statement and Tesco's reporting criteria at www.tescopl.com/foodwastefigures.

Tesco UK food waste by category breakdown
(% breakdown of total tonnage value)



55,400 tonnes
Food waste in our own operations (UK)

Greenhouse gas emissions

Our net carbon footprint in 2014/15 was 5.6 million tonnes of CO₂e.

Our overall net carbon intensity per square foot of retail and distribution floor space decreased by 4.3% compared to last year, and 40.9% since 2006/07, surpassing our 2014/15 annual reduction target.

For more information on our carbon targets and how we calculate our carbon footprint, including reporting standards and an Independent Assurance Statement from our auditors (ERM CVS), see www.tescopl.com/carbonfigures.

GHG emissions data for period 23 February 2014 to 28 February 2015	Global tonnes of CO ₂ e		
	Base year 2006/07	2013/14	2014/15
Scope 1	1,311,109	1,320,122	1,313,291
Scope 2	2,503,597	3,036,282	3,145,907
Scope 1 and 2 carbon intensity (kg CO ₂ e/sq. ft. of stores and DCs)	49.63	30.65	30.11
Scope 3	1,129,699	1,287,661	1,166,743
Total gross emissions	4,944,405	5,644,066	5,625,941
CO ₂ e from renewable energy exported to grid	—	163.63	680.16
Total net emissions	4,944,405	5,643,902	5,625,261
Overall net carbon intensity (total net emissions kg CO ₂ e/sq. ft. of stores and DCs)	64.33	39.71	37.99



Visit www.tesco.com/society for more information on our policies and disclosures