

TESCO



Little Helps Plan.

Progress Update 2018/19



Serving shoppers a little better every day.

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 Learn more about our Little Helps Plan online at www.tescopl.com/littlehelpsplan.

100 years of value to society.



“Today, great value is about more than great prices. The value we provide today isn’t just about what’s good for shoppers. It’s what’s good for our colleagues, good for our farmer and supplier partners, and the communities our colleagues and customers live in.”

Dave Lewis
Group Chief Executive

In 1919, Tesco founder Jack Cohen, fresh from serving in the Royal Flying Corps in World War I, took his £30 demob money and bought armed forces surplus stock to sell from a stall in the East End of London. His belief, that good quality food should be affordable for all, lives on in our business today. But today, great value is about more than great prices. The value we provide today isn’t just about what’s good for shoppers. It’s what’s good for our colleagues, good for our farmer and supplier partners, and the communities our colleagues and customers live in.

One of our core values, ‘Every little help makes a big difference’, inspired the Little Helps Plan, which we launched in 2017. Having listened to our customers, colleagues, suppliers and shareholders about the challenges they faced, we identified three areas where we could make the biggest difference – our People, our Products and our Places. These are supported by our Foundations – areas where we are committed to doing the right thing. Addressing these issues is critical to the way we deliver our purpose: ‘Serving shoppers a little better every day’.

Two years on and the Little Helps Plan is making us a better business. It is supporting us to differentiate our brand by responding to the issues that matter to our customers, reducing operating costs by minimising our resource consumption and waste, and driving innovation to improve our impact.

And it is also helping us to manage risks and opportunities from some of the key global issues facing our industry, from climate change to food waste. The Little Helps Plan is now fully integrated into our business plans across the Tesco Group, and every market has a clear roadmap for how they can contribute to achieving our goals. Our Executive team reviews these plans regularly to ensure we remain on track and evolve the Plan where necessary. We are constantly listening to understand from expert stakeholders how we could go further and faster.

Highlights of our progress in 2018/19

People.

17,156

managers have received further leadership training

Products.

77.5%

supplier satisfaction (Supplier Viewpoint)

12%

cost savings of our ‘helpful little swaps’ basket (UK September Health event)

81%

towards reaching our target that no food safe for human consumption will go to waste (UK)

2,914

tonnes of hard to recycle materials removed from Own Brand packaging (UK)

For example, we have launched new partnerships with WWF and the Prince's Trust, and built on our ongoing relationships with our Health Charity Partners – Cancer Research UK, Diabetes UK and the British Heart Foundation – and with food banks around the world. As members of the UN Global Compact, we continue to collaborate with others to support the achievement of the UN Sustainable Development Goals. Through our membership of Champions 12.3 we are working to accelerate action to reduce food waste globally.

We also rely on strong relationships with our suppliers in order to deliver our Little Helps Plan targets. By working closely with our suppliers, we have been able to remove thousands of tonnes of hard to recycle materials from our Own Brand packaging and reformulate our products so we can offer healthier choices to our customers.

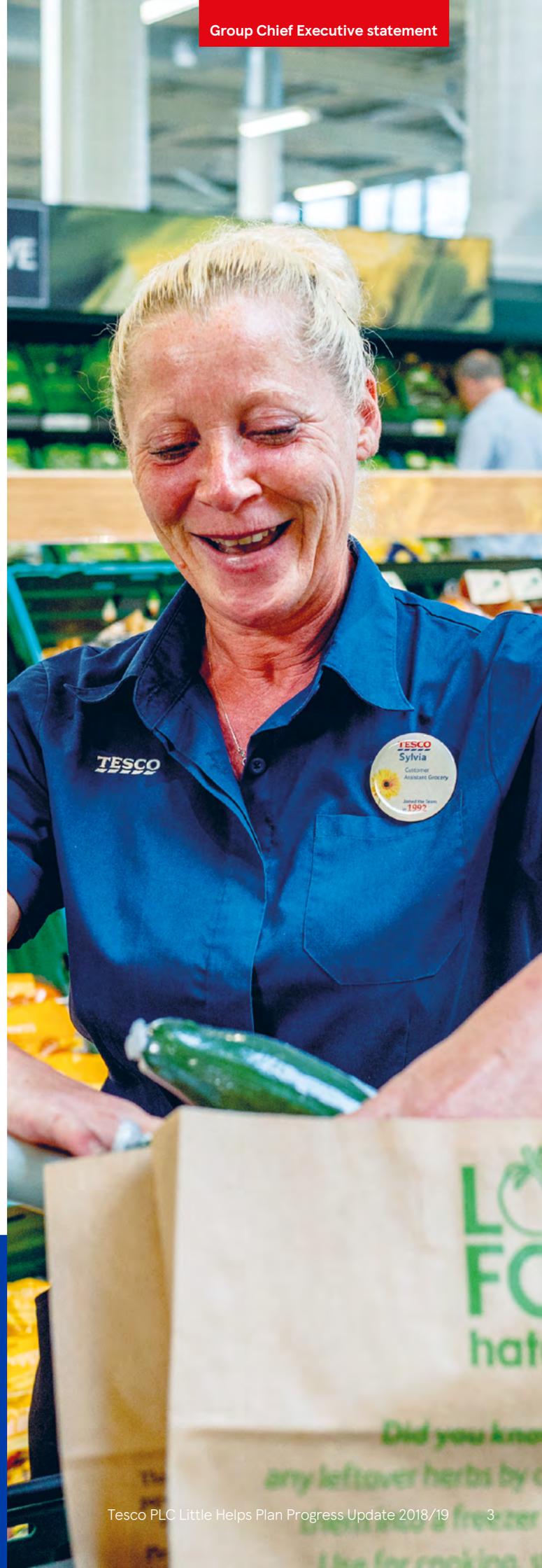
It's only thanks to the energy and commitment of our colleagues that we are able to make progress and the past twelve months have been no different. Earlier this year we brought together our UK graduates to generate innovative solutions to reduce packaging and plastic. I was incredibly impressed by their ideas and we are now working to trial and implement these.

To help further embed the Little Helps Plan, last year we set measurable Key Performance Indicators (KPIs) against each of our Little Helps Plan actions, with clear owners across our business. As the old adage says, "what gets measured gets managed", and our experience has shown us that by setting targets and measuring progress we can motivate action. We believe transparency is key and remain committed to updating our stakeholders annually on our progress against our Little Helps Plan KPIs. For the first time this year we are doing so alongside our Annual Report giving our stakeholders a full view of the value we create as a business.

We will continue to focus, in our centenary year and beyond, on our three core pillars of – People, Products and Places.



Dave Lewis
Group Chief Executive



Places.

29,819

local projects or
causes supported

Every little help makes a big difference.

For the past 100 years we have been a business with a strong sense of responsibility. Our founder, Jack Cohen, was committed to delivering great value so that everyone could enjoy quality food at affordable prices. In our centenary year, great value is about more than just great prices. It also means creating value in a wider sense for communities and society.

Our Little Helps Plan, which we launched in 2017, aims to pull together all of these efforts and refocus our activities on the social and environmental challenges that matter most to our customers, colleagues, suppliers and stakeholders.

Every week we serve nearly 80 million customers across eight countries and they tell us they want us to provide affordable, healthy, sustainable products. They also want us to look after our colleagues and the communities where we operate.

We have listened to their views and identified three pillars where we can make the biggest difference: our People, our Products and our Places.

Underpinning these pillars are areas where we are committed to doing the right thing. These include important issues such as climate change, cyber security, governance and ethics, health and safety, and product safety. We call these our Foundations as they are the bedrock of a responsible business and are fundamental to the way we operate.



People.

To help our colleagues succeed by providing them with the flexibility, skills and reward to get on.



Products.

Sourcing

To help make sustainable products accessible and affordable for all.

Health

To support all of our colleagues to live healthier lives and help our customers make healthier choices every time they shop with us.

Food waste

To help halve global food waste, farm to fork, by 2030.

Packaging

To ensure we never use more packaging than is needed, and that what we do use is from sustainable sources and goes on to be reused or recycled.



Places.

To help our communities thrive by positively contributing both socially and economically.

Foundations.

Climate change | Cyber security | Governance and ethics | Health and safety | Product safety



Embedding the Little Helps Plan.

The Little Helps Plan is integral to our business strategy, not only because it helps us address the social and environmental challenges that affect our customers, colleagues and communities, but because it helps us identify the risks and opportunities these challenges place on our business.

Over the last year, we have been embedding the Little Helps Plan into our UK and international businesses. In November 2018 we launched 35 Key Performance Indicators (KPIs) to ensure the actions agreed for each of our three pillars are prioritised, measured and delivered. These KPIs are embedded into our annual business plans, with three-year roadmaps outlined for each market. Progress is reviewed biannually by the Executive Committee and three times a year by the Corporate Responsibility Committee. As part of our commitment to openness and transparency we will publish updates on our progress against these KPIs on an annual basis.

This report sets out the progress we have made in 2018/19. You can find more information online including key policies, positions, latest news and case studies.

Visit www.tescopl.com/littlehelpsplan.

Materiality – What matters most.

‘Every little help makes a big difference’ is a core value at Tesco and is also the idea at the heart of the Little Helps Plan. It is important we focus on the areas where we can make the biggest difference. Identifying those priority areas was the first step in developing the Plan.



www.tescopl.com/materiality

KPIs.

In 2018 we introduced a set of Key Performance Indicators (KPIs) to help us embed the Plan into our UK and international businesses and measure our progress. This report gives the latest data and status of these KPIs. Historical data can also be viewed online.



www.tescopl.com/kpis201819

Governance.

We have governance arrangements in place to make sure we deliver on our commitments and integrate the Little Helps Plan into our business strategy. These set out clear responsibilities and ensure effective decision-making.



www.tescopl.com/lhp-governance

Sustainable Development Goals.

In line with UN Global Compact guidance, we have identified which UN Sustainable Development Goals (SDGs) are particularly relevant to us and where we can make the biggest contribution. More information can be found on page 33.



www.tescopl.com/sdgs

Contact us.



If you have any questions about the Little Helps Plan or anything in this report, please contact us at cr.enquiries@tesco.com.

Getting on at Tesco.

We are committed to offering our 450,000 colleagues around the world the flexibility, skills and reward to ‘get on’ within Tesco and beyond. ‘Getting on’ can mean different things to different people but, whatever it is colleagues want to achieve at Tesco, we try hard to help. We are delighted that 83% of colleagues tell us Tesco is a great place to work.

Everyone’s welcome at Tesco.

Diversity and inclusion are extremely important to us, not only because we want Tesco to be somewhere our colleagues can be themselves, but also because we understand the value diversity brings in serving shoppers a little better every day.

We believe that gender-balanced boards and senior management teams encourage better leadership and governance, as well as improving performance. As members of the 30% Club we are committed to increasing the number of women in leadership positions. Currently 31% of our Board are female.

We have also endorsed the UN’s Women’s Empowerment Principles to promote gender equality and women’s empowerment in the workplace.

As well as our UK colleague network, Women at Tesco, we have a targeted career development community where 80 talented women have been given training and resources to build their professional network, improve their self-confidence and grow as authentic leaders. In Central Europe we are launching a Women’s Network this year and we have already been named as one of the best workplaces in Ireland for women by Great Place to Work™.

One of our business values is to treat people how they want to be treated. In 2018 we reaffirmed our support for LGBT+ inclusion by signing the UN’s LGBTI rights standards for business. We have also been recognised as a Global Diversity Champion with Stonewall.

LGBT+

Out at Tesco is one of the largest LGBT+ networks in Europe

Our other UK Colleague Networks include BAME at Tesco (Black Asian Minority Ethnic), Armed Forces at Tesco and Disability at Tesco. These groups encourage colleagues to network, find mentors and share relevant knowledge. In 2019 we signed up to Business in the Community’s Race at Work Charter demonstrating our commitment to support our BAME colleagues and ensure that they are represented at all levels of our business. We plan to introduce more colleague networks across the Group in 2019/20.

Supporting the Roma community in Slovakia.

In Slovakia we are building relationships with job seekers from the marginalised Roma community. As well as recruiting candidates from their community centre in Raslavice, we are working with the centre to provide mentors and buddies to help applicants with everything from paperwork to medical examinations. We are proud to have been nominated as one of the top three employers in the Roma Spirit Awards.

Helping our colleagues to be at their best.

We want our colleagues to be at their best both at work and home. At Tesco we try hard to ensure that our colleagues can benefit from our range of physical, mental and financial health and wellbeing services as well as flexible working arrangements to suit their lifestyles.

In 2018 we conducted the UK's largest ever workplace health survey, with our charity partners Cancer Research UK, Diabetes UK and the British Heart Foundation, to fully understand our colleagues' health challenges and how we can best support them.

8,000

UK colleagues took part in our 2018 workplace health survey

Some colleagues told us they struggle to lead a physically active lifestyle, so we now offer all our UK colleagues, and their families, a discounted gym pass scheme. We also run regular colleague health events, during which we offer free fruit to all UK colleagues and have partnered with Weight Watchers (WW) to help colleagues build healthy eating habits.

We take our colleagues' health seriously across the whole Group. For example, in Central Europe we have now run our Being-Well campaign five times. At the latest event, held in January, we focused on the importance of tackling stress through improved sleep, exercise and healthy eating.

In Asia, we are helping colleagues to understand more about their physical health. Colleagues in Thailand receive free annual medical screenings, while at our Business Services Centre in Bengaluru, we have introduced a free Health Check programme for all colleagues, plus heavily discounted rates for family members.

“It has been hard to juggle doing the apprenticeship and having three kids. When you're passionate about something and when you know what you want to do, I think it just takes over and you just do it. I think it really does open doors for people of different backgrounds, different cultures, different ages. Any support I have needed or any time off because of the kids, they've always tried to work something out. So definitely flexible. Getting to where I wanted to be was such an amazing achievement for me.”

Natalie Solomon
Retail Apprentice



Mental health and wellbeing.

In May 2016 we signed the Employer Pledge, created by social movement Time to Change, to show our commitment to change how we think and act about mental health in the workplace. Tony Hoggett, our Chief Operations Officer, is our Executive Mental Health Ambassador.

We have worked with Mindapples to develop an online support and education programme. To date more than 20,000 e-learning modules have been completed by colleagues since it launched.

As part of our wider plans for the health and wellbeing of all our colleagues, we are making financial wellbeing a key focus. Managing money can be complex and difficult to understand and our colleagues tell us this can affect their mental health. Our plans include partnering with experts in the financial wellness field, to provide free online financial education that colleagues can take at their own pace, including short videos to help them better understand personal finances, plus tools for budgeting and saving. Our communication campaign will also highlight other ways in which Tesco can help colleagues reduce everyday spending, plan for retirement and borrow sensibly.

Developing the skills and opportunities to get on.

As our business evolves, we want to make sure our colleagues have the skills they need to succeed in the future. As well as building on their existing skills, we are creating opportunities for colleagues to reskill in areas where demand is likely to increase.

1,265

new apprenticeships offered in the UK in 2018

For example, it is becoming harder to recruit people with LGV (Light Goods Vehicle) skills in the UK. We are therefore expanding our LGV driver apprenticeship from 19 participants in 2017 to 145 in 2019, and have broadened the scheme to include six more distribution centres across England.

In the same vein, as technology and digital skills become increasingly important across the business, we have introduced a Software Developer apprenticeship in partnership with Makers Academy, one of London's leading software development training companies.

At our Business Services Centre in Bengaluru, we have partnered with Automation Anywhere to help train and certify colleagues in Robotics Process Automation (RPA). 41 colleagues have passed the initial assessment and 20 are already fully qualified. This emerging skill will help us be at the forefront of changing technology.

It is important that everyone in our business, no matter what their role, has the digital skills to get on. We have trained over 50 digital champions across the UK business. These colleagues help peers with practical skills, from managing their hours digitally to keeping their personal details safe and secure online. We will be expanding this programme to more colleagues over the coming year.

“I was always keen on learning Robotics Process Automation and was happy to get an opportunity to learn with Automation Anywhere. It has definitely added value to my current technical knowledge. The training was excellent and the practical projects that I worked on were quite challenging which made me explore different logics of automation. The training has definitely helped open up new paths in my career.”

Kashmira Kundale
Business Service Centre, Bengaluru

We know that line managers are at the heart of the colleague experience and play an important role in supporting our colleagues to 'get on' at Tesco. We have refreshed our development programmes for managers across the Group to continue building their leadership skills. So far, in 2018/19 17,156 managers have received further leadership training. This training covers a broad spectrum of skills including: effective communication, coaching, stress management, developing you and your team and helping your team manage change.

Helping young people start their careers.

We are committed to supporting the next generation and offered over 2,300 young people the opportunity to start their career or gain work experience with us in 2018. This included graduate, apprenticeship and paid internship programmes. In the UK we also provided high-quality work placements to support 629 disadvantaged young people as part of our Movement to Work commitment, with 63% of completed work placements converting into employment.

In August 2018 we launched a three-year partnership with The Prince's Trust, committing to help 10,000 young people in the UK to develop their employability and life skills. We are supporting the charity's Achieve Clubs which give disadvantaged young people the opportunity to develop skills they will need in the future. As well as funding the running of 40 Clubs in areas of greatest need, we are developing relevant content and lesson plans for participants and offering volunteering opportunities where young people can bring their learning to life.

We have also built on our relationship with the research and training charity IGD, to give colleagues the opportunity to help young people understand about the wide variety of jobs across the food and drinks industry and the skills needed to succeed.

6,500

young people reached through our Prince's Trust and IGD partnerships since August 2018

In Central Europe young colleagues have access to our Grow4more programme, covering topics such as innovation, resilience and problem solving to help them reach their potential. In Thailand we are working with Thammasat Business School to provide internships for business students. Each rotates between departments, gaining valuable hands-on experience in our stores, merchandising centre and distribution centres.

Actions and KPIs.

Tracking progress.

To measure our progress against our actions and targets we have identified a series of measurable Key Performance Indicators (KPIs). Most of our KPIs are monitored over the Tesco financial year, representing the period from March – February inclusive, while others cover a calendar year. The year column notes this for each KPI. Where a Group figure is shown, this represents results from the UK, Ireland, Asia and Central Europe but does not include Tesco Bank, Booker or other subsidiaries.

For each KPI we have given a progress status and the table below sets out how these are defined:

Early stages ●○○○	New KPIs where we don't yet have enough data to judge progress. In some cases, this refers to areas where we have only just started to work and measurement processes are still being established.
Further progress needed ●●○○	Further progress required to meet our target. Any challenges identified have been referred to our leadership teams and plans are being developed to overcome these.
Good progress ●●●○	Progress made and on schedule to achieve intended target. Data shows a positive trend or, where the trend is flat, performance is already strong.
Goal achieved ●●●●	Target met. Where we don't have a specific end target, or the action is by nature ongoing, this scoring is used if we have continued to show good progress over a number of years and have plans in place to maintain this.

People.

Action	KPI	Latest result	Year	Progress
1 Have a competitive total reward package that colleagues value.	Tesco average pay versus market median.	UK: 1.05	2018	●●●○
2 Invest in training for our colleagues so they can increase their skills and digital confidence in order to have access to a greater number of roles and develop their careers for the longer term.	Percentage of colleagues that agree 'I have the opportunity to learn and develop'.	Group: 77%	H2 2018/19	●●●○
	Number of colleagues who have received manager development training.	Group: 17,156	2018/19	●●●○
3 Provide opportunities to help young people develop their employability skills and start their careers.	Number of opportunities provided for young people.	Group: 2,373 UK: 766	2018	●●●○
4 Introduce a new suite of contracts and new technology to give colleagues certainty, greater flexibility and control over their own work schedules.	Percentage of colleagues that agree 'I am able to work flexibly around my life'.	Group: 82%	H2 2018/19	●○○○
5 Continue to build an inclusive culture where everyone has the opportunity to get on.	Percentage of colleagues that agree 'There is an inclusive culture at Tesco where people are accepted for who they are without judgement'.	Group: 84%	H2 2018/19	●●●○
	Percentage female share of total workforce and by work level.	Group: Total: 56% Board of Directors: 31% Directors: 23% Directors and Managers: 37%	2018/19	●●○○
	Average gender pay gap (mean and median %).	UK: 11.3% mean 8.9% median	2017/18	●●○○
6 Help colleagues look after their physical and mental wellbeing so they can be at their best at work and home.	Percentage of colleagues that agree 'Tesco helps me lead a healthy lifestyle'.	Group: 69%	H2 2018/19	●●●○



Further details and commentary on our KPIs can be found at: www.tescopl.com/kpis201819.

Affordable, healthy, sustainable products.

We believe that healthy, sustainable products should be affordable for everyone, no matter what their budget. We can only achieve this by working in partnership with suppliers, NGOs and industry groups.

Food is at the heart of our business and we recognise that we have a role to play in addressing the key sustainability challenges caused by food production and consumption. Delivering affordable, healthy, sustainable food is integrated into the Little Helps Plan through the four areas of our Products pillar: health, sourcing, food waste and packaging.

It means ensuring our products are good for our customers, good for the planet and good for the people that produce them by:

- making it easier for our customers and colleagues to make healthier choices
- sourcing our products in a responsible way which promotes human rights for everyone who works in our supply chains and protects the natural environments on which we rely
- ensuring that no good food goes to waste, and
- working to create a closed loop for packaging so that no materials are wasted.

We apply the same high standards across all of our product ranges – from *Finest** to 'Exclusively at Tesco' – so that our customers don't need to compromise to buy great value products.

When it comes to sourcing affordable, healthy sustainable products, we rely on building ever closer, more transparent, long-term relationships with our suppliers. For the third year, we were ranked as the top retailer by the independent Advantage supplier survey.

From local producers, supplying products to just a handful of stores, to large suppliers we work with on a national basis, we apply the same collaborative approach across our entire supply chain. For example, in 2017 we launched a programme in Slovakia to help small, local suppliers to grow while bringing new, regional products to our stores. We now offer over 750 products from more than 103 local suppliers to our customers in 41 stores.

We ensure all our suppliers are treated fairly and with respect. One example of this is our UK Fair for Farmers Guarantee where we pay our dairy farmers guaranteed prices for fresh milk and agree long-term contracts, ensuring they have a stable income no matter what happens in the market. This year we have also made multi-million pound investments in the British lamb and beef industries by introducing improved cost of production contracts.

These long-term relationships enable us to collaborate with our suppliers to make progress on our Little Helps Plan commitments. For example, we have been working with Branston, a potato processor and supplier, for over thirty years. By offering them the security of a three-year rolling contract, which includes pricing based on costs of production, Branston have been able to expand their business and invest in equipment to prepare diced and sliced potato from surplus potatoes that would otherwise go to waste, so they can instead be used for ready meals.

77.5%
of suppliers say they are satisfied
with working with Tesco

(Supplier Viewpoint)



Delivering affordable, healthy, sustainable food from farm to fork.



1. Sourcing

Our Responsible Sourcing Managers, on the ground across the world, work with suppliers to ensure our products are sourced with respect for the environment and the people involved. All our UK Own Brand bananas and black teas are Rainforest Alliance Certified™. In 2019 we announced that 100% of the cocoa sourced for our UK Own Brand chocolate products, as well as all our green coffee beans, are also now Rainforest Alliance Certified™.



2. Product design and production

In May 2018 we launched an industry-leading 'preferred materials' list for packaging in the UK, which categorised materials into red, amber and green according to their recyclability. By working with our suppliers, we will have removed the hardest to recycle 'red' materials from our UK Own Brand packaging by the end of 2019. We are extending this approach to other markets, taking into consideration the local recycling infrastructure.



3. Delivery

We continue to reduce emissions associated with the distribution of our products by maximising the efficiency of our deliveries, using all the space in vehicles where possible and organising routes to minimise the distances travelled. We have also signed up to the Clean Van Commitment (CVC), making a public commitment to support the switch to low emission vehicles.



4. In-store

To encourage customers to discover and try healthier alternatives that contain less fat, sugar or salt than standard products, we have now run three 'helpful little swaps' events in our stores across the UK. During our September 2018 event a basket of 'helpful little swaps' cost 12% less than a standard basket. Sales of these comparable products increased by 17% year on year.



5. Managing surplus

In 2016 we made the straightforward commitment that no food that is safe for human consumption will be wasted inside our UK retail operations, and we have now reached 81% of this target. In the past year we have donated thousands of tonnes of surplus food, the equivalent of 62.7 million meals across the UK, Ireland, Central Europe and Asia to local charities and community groups.



A healthier place to work and shop.

Seven out of ten families say supermarkets should do more to help people make healthier choices, for example by making healthier alternatives more affordable and enjoyable. We want to support all of our colleagues to live healthier lives and help our customers make healthier food choices every time they shop with us.

Making our products healthier.

We have been gradually reducing fat, sugar and salt, and adding vegetables and fibre, to our products over many years so customers can still buy their favourite foods every week while being a little healthier.

For example, in the UK in 2018/19 we have reduced the sugar content of our Own Brand baked beans range by 20% taking the sugar classification from an amber on the traffic light nutritional information to green. We have also reformulated many of our most popular breakfast cereals, such as our Honey Hoops, which now contain 8% less sugar, 50% less salt and 12% more fibre.

In April 2018 we became the first retailer in Thailand to bring all our Own Brand soft drinks below 6g of sugar per 100ml. In the same year, we removed transfats from our bakery items, well ahead of Thailand's January 2019 ban on transfats.

Encouraging families to eat more fruit and vegetables.

We want to help families improve their diets by encouraging the consumption of fruit and vegetables. In the UK over one third of our frozen and chilled ready meals now contain at least one of your five-a-day and we have launched a higher fibre 'Meat and Veg' range of beef burgers, beef meatballs and lamb mince, where approximately a third of the product is made up of veg. Our lunchtime meal deal choices have also been widened to include loose fruit.

Our 'Free Fruit for Kids' in store continues to be very popular and we are proud supporters of 'Veg Power', a new campaign that uses humour to get children excited about eating vegetables.

96 million
pieces of fruit given away through our
'Free Fruit for Kids' initiative to date

Making healthy food more affordable.

One of the barriers to healthy eating that we are working to overcome is the view that healthy food is expensive. To encourage customers to discover and try healthier alternatives, we have now run three 'helpful little swaps' events in the UK. During our September 2018 event a basket of 'helpful little swaps' cost 12% less than a standard basket. Sales of these comparable products increased by 17% year on year. As a result, we saw improvements in the health profile of our customers' baskets, particularly amongst lower affluence families.

This was our first event fronted by Jamie Oliver since he joined Tesco as a health ambassador. To help colleagues and customers cook from scratch, he also created a series of healthier recipes and tips. As well as being delicious, we made sure they were affordable by reducing the costs of the main ingredients to encourage people to try them.

Helping customers find healthier products.

To help our customers identify healthier options quickly and easily we will be introducing a 'Healthy Choice' label in the UK. These labels are placed on products that meet certain nutritional standards, like being lower in fat, saturated fat, sugar or salt. For our Tesco Café customers, we have brought in calorie information on menus for all items, including cooked-to-order meals, hot drinks, sandwiches and bakery items.

Along with other food producers and retailers, we have begun a year-long trial to support the Consumer Goods Forum's 'One for Good' campaign. This aims to help customers and communities manage their nutrition and learn how to make choices that lead to healthier lives.

Our trial will take place in 35 convenience stores in Lambeth and Southwark, London where customers' fast-paced shopping can lead to healthier options being overlooked. We will 'nudge' customers to try healthier choices by displaying them in more prominent spaces and increasing the number of healthier products in these stores. Oxford University will be analysing and reporting on the findings of the trial to see how it affects customers' shopping habits.

Actions and KPIs.

Health.

Action	KPI	Latest result	Year	Progress
1 Help colleagues look after their physical and mental wellbeing so they can be at their best at work and home.	Percentage of colleagues that agree 'Tesco helps me lead a healthy lifestyle'.	Group: 69%	H2 2018/19	●●●○
2 Partner with leading health charities to help colleagues and customers make healthier choices.	Working with our Health Charity Partners we conducted the UK's largest workplace health survey in August 2018 and as a result of the feedback from our colleagues we introduced a discounted gym pass giving all colleagues and their families an affordable and flexible way to access gyms and exercise classes. We are trialling new ways of promoting health for customers and colleagues in a range of stores as part of the Consumer Goods Forum's 'One for Good' campaign and will continue to work with our charity partners and other experts to introduce further trials and interventions.			●●●○
3 Help improve diets through encouraging the consumption of fruit and vegetables.	We continue to focus on helping customers to achieve five portions of fruit and vegetables a day. For instance we have included loose fruit in our popular lunchtime meal deal and now over a third of our Tesco ready meals range contributes at least one of five a day portions of fruit and vegetables. Through our popular Free Fruit for Kids initiative in larger stores we are helping to embed healthy eating habits at an early age. So far 96 million pieces of free fruit have been given away through this initiative. We have also launched a range of veg-first baby food that has been developed in association with the British Nutrition Foundation.			●●●○
4 Help remove cost barriers to healthy eating by ensuring that customers always pay the same price or less for the healthier version.	During our September 2018 customer health event we promoted products lower in salt, fat and sugar through our 'helpful little swaps' basket, which cost 12% less than a regular basket and resulted in a 17% sales uplift on these products versus the previous year. Working with our ambassador, Jamie Oliver, we also launched delicious and affordable family meals. We know that promotions are an important tool to encourage healthier choices. On core grocery lines, we continue to promote healthier variants alongside standard variants and in meat, fish and poultry, we have increased the number of products of fish and lean meats in our 3 for £10 promotions across the year. Through the Consumer Goods Forum 'One For Good' campaign, which we co-chair, we are working to make promotions healthier. In March 2019 we launched our initial interventions in 35 Tesco Express stores in Lambeth and Southwark.			●○○○
5 Make Own Brand food and drink recipes healthier, provided there is no impact on taste or quality.	Percentage change in volume of key nutrients for Tesco Own Brand products below/above Own Brand volume growth, from 2015 baseline.	Sugar: 3.6% below Salt: 2.2% below Fibre: 10.8% above	2018	●●●○
6 Raise awareness of healthier choices.	Percentage of customers who agree that 'Tesco stores help customers lead healthier lives'.	Group: 55%	FY 2018/19	●●●○

Key

Early stages



Further progress needed



Good progress



Goal achieved



For more information on the definition of each progress status, see page 9.



Further details and commentary on our KPIs can be found at: www.tescopl.com/kpis201819.



Promoting human rights.

Photo: Abbie Trayler-Smith/Panos

One of our business values is to treat people how they want to be treated. This means that, as well as creating jobs and opportunities for people and communities across the world, we seek to ensure that those jobs are good jobs.

We are proud to have been a member of the Ethical Trading Initiative since its foundation 20 years ago and are committed to ensuring international human rights standards are consistently respected at all our suppliers' sites.

In December 2018 we completed a stakeholder review and updated our human rights strategy to ensure it focuses on the most important issues affecting workers in our supply chains. Our use of audits and certification allows us to track progress but, in addition, this strategy ensures we address challenges that require cross-industry collaboration to bring about change. We focus on the most serious risks to workers throughout our supply chains, working transparently with NGOs, unions and others to highlight issues, raise concerns and drive change. In doing so, we ensure our buying practices align with the commitments we have made in the Little Helps Plan.

Our revised strategy has four priorities and we are already working to address these.

1. Sustainable livelihoods

We believe that everyone deserves a fair wage for their work. That is why we have been working with like-minded organisations to improve wages in sectors where they are low.

For example, we are members of Malawi Tea 2020, a coalition that brings together tea producers, trade unions, international tea buyers, NGOs and donors, with the objective of paying tea workers a living wage by 2020. The coalition has helped bring about the first ever collective bargaining agreement between the Tea Association of Malawi and the Plantation Agricultural Workers Union.

The coalition aims to progressively close the living wage gap. Members are working with their suppliers to offer additional payments to tea workers which will benefit individuals and whole communities.

We are donating 5p from every pack of Tesco Extra Strong tea we sell to run community projects in the two tea estates from which we buy all our Malawian tea.

2. Worker representation

It is extremely important that workers in our supply chain are able to raise any concerns they may have through a confidential and responsive grievance procedure. For example, we have been working with experts in Thailand to review grievance mechanisms in our prawn and poultry supply chain and have met with suppliers to share best practice and implement new standards.

In our clothing supply chain, we are one of 19 brands participating in Action Collaboration Transformation (ACT), an initiative aiming to transform the garment industry. The objective is to enable workers to negotiate wages and other conditions of employment at an industry-wide level within a country, so all workers can benefit, regardless of the factory they work in, and the retailers and brands they produce for.

3. Forced labour

We are fully committed to eradicating modern slavery in our operations and supply chains.

This year we continued to run targeted training for colleagues who have direct contact with workers in our supply chains. All our UK Technical Managers have completed training with an external partner, Stronger Together, to raise awareness, better enable them to spot signs of exploitation and know how to report any concerns. We require all our UK suppliers to attend the same training.

We have also provided tailored training for store colleagues to encourage them to be vigilant of customers who may be displaying signs of being exploited. In 2019 we entered into partnership with the charity Unseen, which runs the UK's only free, confidential and independent modern slavery helpline. Helpline advisors not only support potential victims of modern slavery, but they also offer a way for businesses and the general public to raise suspicions or concerns.

4. Gender equality

Understanding gender equality issues and working with women and men to tackle them is an important part of our new strategy. To emphasise our commitment, we recently signed the UN Women's Empowerment Principles.

In Assam, India, we have been working with the Ethical Tea Partnership and UNICEF since 2014 to address gender inequality in tea-growing communities. The partnership aims to help women and girls secure a better future and reduce their vulnerability to violence, abuse and exploitation.

35,000+

girls have been given empowerment training through Adolescent Girls' Groups

In June 2018 we moved into a second phase of the partnership which will tackle a broader range of issues affecting women and children, including healthcare, child nutrition, sanitation and hygiene. The programme has also run sessions with 1,400 boys aged 10 to 14 to challenge traditional attitudes about the role of girls and women with the aim of creating a safer and more equitable community.



Photo: Andy Hall/Ethical Tea Partnership 2018

Tesco and WWF: Making food more sustainable.



Whether it's grabbing a quick coffee and snack on the way to work or planning their evening meal, the choice of food and drink on offer today is astounding. But convenience comes at a cost. The way food is produced globally is responsible for almost 60% of global biodiversity loss and up to 30% of our global greenhouse gas emissions.

This shocking truth is the reason we are so excited about our partnership with Tesco. Given the brand's unique global reach – both from a supply chain and customer communication perspective – the opportunity to trial and implement innovation is virtually endless. We believe the partnership has the potential to be truly groundbreaking and transformative.

Together, we have big ambitions. We hope our actions will halve the environmental impact of the average UK shopping basket.

We will achieve this by:

1. Helping Tesco customers eat more sustainably.
2. Working together to restore nature in food production.
3. Leading the way in eliminating waste from the retail industry.

We may still be in the early stages of this partnership, but we have worked closely together on common issues for many years. For example, through the Courtauld 2025 Water Ambition, Tesco is working with WWF to improve the quality and availability of water in key areas where food and drink for the UK is produced. And as a member of the Leather Buyers Platform, Tesco has been working with WWF and other businesses to reduce the environmental impact of leather tanning and drive positive change in the industry.

These individual projects provide a strong basis for our future co-operation, but this partnership goes further. Tesco's comprehensive sustainability strategy made it a natural fit as a partner and working together, we will ensure Tesco's supply chain, and in some cases wider industry, addresses some of the most critical environmental sustainability issues.

Our partnership team made up of colleagues from WWF and Tesco has already started laying the foundations for this work by developing a methodology to measure progress against our goal to reduce the environmental impact of the average UK shopping basket. The methodology takes into account the various environmental impacts that occur across the food system, from farm-level carbon emissions and water use to plastic packaging and food waste. We are now testing and refining this with expert stakeholders and aim to release it later in the year. We hope it will become a useful guide for other food businesses and retailers as to how they can make similar efforts to reduce the environmental impact of the food we eat.

Now is the time for organisations like ours, along with suppliers and customers, to come together to have a lasting impact on the health of both people and the planet.

Tanya Steele
Chief Executive, WWF-UK

Working together

TESCO



Protecting the environment.

We believe that sustainable products should be accessible and affordable for everyone. Research we commissioned with WWF reveals that demand for sustainable food is high, with nearly 80% of shoppers wanting supermarkets to do more to offer food that is sourced in a responsible, sustainable way.

As a food business our long-term success depends on the health of the natural environment. From the fresh fruit, vegetables, meat and fish we sell, to the raw materials that go into our other products, they all come from natural ecosystems that we need to conserve.

Forests.

As part of our Little Helps Plan, and through our membership of the Consumer Goods Forum (CGF), we are committed to achieving zero net deforestation in the sourcing of soy, palm oil, wood/paper and Brazilian beef for our Own Brand products by 2020.

Soy, a key ingredient in animal feed, is grown in several areas across South America and growing demand is putting pressure on these ecosystems. In 2019, we were the first UK retailer to develop and begin to implement a Zero Deforestation Soy Transition Plan. In the future not only will 100% of South American soy used in our UK supply chain be covered by farm-level zero deforestation certification, but we will also aim to source from regions where all the soy farms in the wider area have been verified as zero deforestation. We have already begun this transition with our UK chicken suppliers and we are working to do the same across all other livestock.

Beyond our supply chain, we have signed the Statement of Support for the Cerrado Manifesto. As a signatory we are working collaboratively with Brazilian and international stakeholders, including WWF, to halt deforestation in the Brazilian Cerrado region and ensure soy production only occurs on existing agricultural land.

100%

of the palm oil in our UK Own Brand products is certified by the Roundtable on Sustainable Palm Oil (RSPO)

We are members of the Palm Oil Transparency Coalition and, this year, we will be publishing details of the palm traders we source from. We have also started mapping the palm oil used by our international businesses, to build a fuller understanding of our palm oil supply chains globally.

We are on track with our work to source wood and paper more sustainably. 87% of Tesco UK Own Brand wood and paper products are Forest Stewardship Council (FSC), Programme for the Endorsement of Forest Certification (PEFC) certified or from a recycled source.

Agriculture.

Healthy soil is essential for food production and must be proactively managed to minimise erosion and maintain its quality and fertility.

To achieve this, we have been supporting farmers to plant cover crops, which help to stabilise soil structure, prevent run-off and erosion, and lower the carbon footprint from agriculture. In 2018 our support ensured that about 10% of the land used for growing British potatoes for Tesco was managed in this way, and we will expand the initiative during 2019.

We are also working with WWF in key sourcing regions, such as East Anglia, to develop water stewardship projects and address the impact of agriculture on water quality and availability.

Marine.

As a global retailer we have a crucial role in promoting healthy oceans and fish stocks. We work with our suppliers, and experts such as WWF, as well as the wider industry to responsibly source our seafood and drive industry change where needed.

We offer a growing range of Marine Stewardship Council (MSC) certified seafood, with over 170 fresh, frozen and canned lines, making us the UK's largest retailer (by volume) of MSC products. The MSC logo reassures our customers that the fish is caught in a sustainable way that prevents over-fishing and protects the marine environment. In 2018, we extended certification to products including cod liver oil supplements, prawn salads and sandwiches.

In March 2019 we joined the Ocean Disclosure Project, a voluntary scheme through which we disclose details of our wild-caught seafood sourcing, alongside information on the environmental performance of each fishery. Both our 2017 and 2018 disclosures can be found online at www.oceandisclosureproject.org.

In 2018 we also joined the Global Ghost Gear Initiative to help address ocean pollution from lost or abandoned fishing gear. In Scotland, for example, we are co-funding the Fishing for Litter project through which fisherman collect discarded fishing equipment and other marine litter during their fishing trips.



[Read more about our work on climate change on page 31.](#)

Actions and KPIs.

Sourcing.

Action	KPI	Latest result	Year	Progress
1 Lead the industry in addressing the sustainability challenges in our supply chains starting with our most important products and ingredients.	We aim to lead the industry in addressing the sustainability challenges in our supply chains, starting with our top 20 products and ingredients. An update on progress against our top 20 can be found at www.tescopl.com/top20 . We share good practice with industry, convene peers and collaborate with experts where needed. Through our first biannual independent survey, 200 experts rated us +0.19 on a scale of -2 to +2 for our performance in leading the industry on sustainability.			●○○○
2 Build trusted partnerships with our suppliers.	Percentage of suppliers satisfied with working with Tesco (Supplier Viewpoint).	Group: 77.5%	H2 2018/19	●●●●
3 Ensure international human rights standards are respected at all our suppliers' sites.	Percentage of high-risk tier 1 supplier sites having had an audit in the last year.	UK: 98%	2018/19	●●●○
	Percentage of high-risk tier 1 supplier sites where critical non-conformances have been identified.	UK: 63%	2018/19	●●●○
	Percentage of tier 1 high-risk sites where critical non-conformances have been identified and mitigation or remediation processes implemented on time.	UK: 89%	2018/19	●●●○
4 Focus on the most serious risks to workers throughout our supply chains, working transparently with NGOs, unions and others to identify and address them.	Number of collaborative initiatives to address entrenched risks.	Group: 24	2018/19	●●●○
5 Support sourcing communities facing complex social and environmental challenges.	We are working with our clothing and general merchandise suppliers to benefit workers, their families and disadvantaged groups in our sourcing countries. Last year our projects, including financial literacy training for women and scholarships for workers' children, benefited over 150,000 people. In our food sourcing, the Tesco and Community Fund in Southern Africa and the Equapak Foundation in Ecuador also continue to support community-based projects linked to our supply chains.			●○○○
6 Reduce supply chain carbon emissions by 7% by 2020.	Percentage reduction in manufacturing supply chain emissions (Baseline 2015/16).	UK: 6.2% reduction	2017/ 18	●●●○
	Percentage of key suppliers measuring agricultural emissions.	UK: 50%	2018/19	●●●○
7 Achieve zero net deforestation in our sourcing of raw materials by 2020.	Percentage of palm oil (tonnes) certified to Roundtable on Sustainable Palm Oil (RSPO) standard.	UK: 100% ROI: 100% Central Europe: 100% Asia: 37%	2018	●●●○
	Percentage of paper/wood products certified by Forest Stewardship Council (FSC), Programme for the Endorsement of Forest Certification (PEFC) or from a recycled source.	UK: 87%	2018	●●●○
	Percentage of soy (tonnes) for whole chicken products meeting our Zero Deforestation Soy Transition Plan	UK: 77%	2018	●●●○
8 Sustainably source all our wild fish.	Percentage of wild-caught seafood certified by the Marine Stewardship Council (tonnes).	UK: 72%	2018	●●●○
9 Improve water and biodiversity impacts in key agricultural regions.	Number of key suppliers with sustainable agriculture projects underway.	UK: 25	2018/19	●○○○
10 Treat all animals in our supply chain humanely at all life stages.	Percentage of audited sites that meet our animal welfare standards.	UK: 86%	2018/19	●●●○

Key

Early stages



Further progress needed



Good progress



Goal achieved



For more information on the definition of each progress status, see page 9.



Further details and commentary on our KPIs can be found at: www.tescopl.com/kpis201819.



Reducing Food Waste.

Every year, a third of the world's food goes to waste. Our customers, colleagues and suppliers don't want to see good food wasted and neither do we. So, six years ago we made a commitment to lead on reducing food waste globally.

Our CEO, Dave Lewis, chairs a coalition of leaders from government, businesses, international organisations, research institutions, and civil society, called Champions 12.3. The group is dedicated to accelerating progress towards the UN Sustainable Development Goal Target 12.3 to halve per capita global food waste at the retail and consumer level, and reduce food losses along production and supply chains by 2030. Champions 12.3 offers three recommendations for leaders: set targets, measure and report food waste data publicly and act on the insights to tackle food waste. At Tesco, we have committed to halving food waste in our own operations, but we have also gone further by committing to help halve food waste from farm to fork in each of the markets in which we operate.

Our own operations.

In 2013 we became the first UK retailer to publish data for the levels of waste in our own operations, followed by our Irish and Central European businesses in 2017. We will continue to do this on an annual basis. In 2018 our wholesale business Booker also published its food waste data for the first time.

The power of publishing a detailed breakdown of our waste is that we are able to identify hotspots and take action. We think it is incredibly important for every retailer to be clear about levels of waste within their own operations so the industry can find ways of tackling the issue, and increase targeted food redistribution together over the long term. Our full published food waste data can be found at www.tescopl.com/foodwaste.

In 2016 we made a straightforward commitment that no food that is safe for human consumption will be wasted in our UK retail operations. We have introduced a series of industry-leading initiatives to meet this target.

We launched Community Food Connection in 2016, in partnership with food redistribution charity FareShare and social enterprise FoodCloud. Our stores use the FoodCloud app to let local charities and community groups know how much surplus food they expect to have for donation at the end of the day. Working with 7,000 charity partners and community groups we have donated the equivalent of 26 million meals in the UK in 2018/19.

Food not taken by charities is offered to colleagues through our 'colleague shops' now in all UK stores. We send any suitable remaining bakery and produce surplus to animal feed. In the UK, we have seen a 63% increase in the amount of food redistributed compared to last year.

81%

towards our target that no food safe for human consumption will go to waste in our UK retail operations



Food surplus redistribution programmes are in place in all of our markets. In Central Europe we have continued to roll out our scheme to more charities, with 747 stores now donating surplus food to good causes across the region. In Ireland our Community Chill initiative has helped to increase community groups' storage capacity by donating 180 fridges and freezers and 20 refrigerated vans.

In Malaysia, Tesco is the only retailer that is donating food surplus through all its stores daily, and we have supported the establishment of the country's first national food bank programme. In Thailand 40 hypermarkets in Bangkok and other provinces, as well as five distribution centres, donate surplus food to people in need through local charities such as Scholars of Sustenance and Foundation for the Blind.

Tackling food waste from farm to fork.

We have a shared responsibility to tackle food waste from farm to fork - working in partnership with our suppliers and helping customers reduce food waste in their homes.

Following a joint commitment made last year, 27 of our largest Tesco suppliers have now published food waste data for their own operations. We are delighted that 10 of our largest branded suppliers, including Mars, Unilever and General Mills, have committed to do the same within 12 months, as well as take concrete steps to halve food waste by 2030.

Our overall approach has always been to make as much use of our suppliers' crops as possible. Our Perfectly Imperfect range makes good use of the part of the crop that previously fell outside our specifications and has included apples, pears, carrots, potatoes, parsnips, cucumbers, courgettes, strawberries and frozen mixed berries.

4,690 tonnes

of Perfectly Imperfect products sold in the UK in 2018/19

7,120 tonnes

of Perfectly Imperfect products sold in Central Europe in 2018/19

In spite of our advanced forecasting and ordering systems, at certain times of the year we have to manage 'bumper crops' caused by unseasonable weather. We work in partnership with suppliers to ensure this product is offered to customers at great value rather than being wasted on farms. For example, in Ireland last summer, when a drought had affected growth patterns, we worked with our suppliers to ensure that over 20,000 cabbages were saved from waste.

We are also working with suppliers to develop innovative products that help reduce waste. One of our suppliers was previously losing the equivalent of 1.4 million punnets of table grapes in the packing process. Working in partnership with a local distiller these grapes have been used to produce a premium gin called Hyke which is now available in 300 UK stores.

In May 2018 we removed 'Best Before' dates from nearly 70 fruit and vegetable lines in the UK to help customers reduce food waste in the home and in October 2018 we extended this to a further 116 lines. In a similar way, our business in Thailand has removed 251 dates to prevent perfectly good food from being thrown away.

Actions and KPIs.

Food waste.

Action	KPI	Latest result	Year	Progress
1 No food that is safe for human consumption will be wasted in our UK retail operations.	Percentage of food surplus (safe for human consumption*) redistributed to humans or animals. * defined as safe for donation to charity.	UK: 81%	Feb 2019	●●●○
2 Halve food waste in our own operations by 2030.	Percentage change in tonnes of food wasted as a percentage of tonnes sold compared to the baseline year (UK 2013/14, ROI and Central Europe 2016/17).	UK: 3% reduction ROI: 0% reduction Central Europe: 43% reduction	2018/19	●●○○
3 Work in partnership with our suppliers to halve food waste in our supply chains by 2030.	27 of our largest Tesco Own Brand suppliers - responsible for over half of our Own Brand fresh food sales in the UK - have published data on food waste in their own operations. 10 of our largest brands have also committed to halve their food waste by 2030 and publish food waste data for their operations by September 2019. We are supporting them through workshops on food waste measurement and will track the progress of each of these suppliers annually.			●●○○
4 Help halve global household food waste in the markets where we have retail operations by 2030.	We are taking a range of actions to help customers waste less and save money. These include: ending 'buy one, get one free' promotions on fresh produce; removing 'Best Before' dates from over 180 fruit and vegetable lines; launching innovations, such as a unique combination of UV light treatment and improved packaging film to extend freshness of avocados and introducing new products such as frozen watermelon, beetroot and pomegranate.			●●○○

Key

Early stages



Further progress needed



Good progress



Goal achieved



For more information on the definition of each progress status, see page 9.



Further details and commentary on our KPIs can be found at: www.tescopl.com/kpis201819.



Creating a closed loop for packaging

Our goal is to create a closed loop system for packaging, meaning no packaging will go to waste. To achieve this, government, industry and consumers all need to play a role. For our part we have set three strategic priorities: simplifying materials and design, increasing recovery and recycling, and making it easier for customers to do more.

Simplifying materials and design.

We aim to never use more packaging than is needed and we want to ensure what we do use is from sustainable sources and goes on to be reused or recycled. For all our Own Brand products we have committed that, by 2025, we will halve packaging weight, use 100% recyclable packaging and make sure all the paper and board we use is sustainable.

Our first step has been to review the materials used to make our packaging and assess how easy they are to recycle. In May 2018 we launched an industry-leading 'preferred materials list' for our packaging in the UK, which categorised materials into red, amber and green lists according to their recyclability.

We are delighted to say that we are on track with our commitment to remove the hardest to recycle materials, our 'red list', from our Own Brand packaging by the end of 2019. Whilst these materials represent only a small percentage of our total Own Brand packaging, they are often the most difficult to remove as alternatives are not always available. We have therefore worked closely with our suppliers to explore all options, including both using a recyclable alternative and removing packaging altogether. We are now over 60% of the way to achieving our target, and our work is leading to innovations which will support changes in the wider industry.

2,914

tonnes of hard to recycle materials removed from UK Own Brand packaging since May 2018

We have worked with our Tesco Finest oils supplier to change the collars on bottles from Polyvinyl Chloride (PVC), which is difficult to recycle, to Polyethylene Terephthalate (PET) which can be. We have also removed PVC from our cooked meats packaging, moving to PET/ Polyethylene (PE) which is made from 80% recycled content. We continue to review our 'preferred materials list'. We have recently added black plastic to our 'red list' and are working to remove it from our UK Own Brand products by the end of the year.

We are extending this approach to our other markets. In Central Europe we have developed a tailored 'preferred materials list', taking into consideration the local recycling infrastructure, and have publicly committed to remove the hardest to recycle materials by the end of 2020.

In Thailand we began rolling out thermoform trays across fresh meat and 'fruit to go' products in August 2018, replacing plastic trays and plastic wrap. The change has helped reduce plastic usage

by 12%. The team is now working on further reducing the thickness of the trays to save an additional 20% of plastic usage. When comparing thermoform with plastic trays and wrap, we will be saving approximately 400 tonnes of plastic per year.

As well as ensuring the materials we use are recyclable, we are looking to reduce packaging wherever possible. We are currently trialling the removal of packaged fruit and vegetables wherever a loose alternative exists, in two UK stores. A total of 45 packaged foods have been replaced by loose fruit and vegetables including varieties of apples, mushrooms, peppers, onions, bananas and avocados.

Increasing recovery and recycling.

We are pleased that the UK Government has recognised the need for a consistent recycling infrastructure across the country, and we stand ready to help play our part in accelerating this and other policies to help our customers recycle more.

We continue to roll out innovations that make recycling easier. For example, we are currently trialling a reverse vending system in the UK where customers are rewarded with money back for returning their plastic bottles. We have upgraded our machines so that they can accept larger bottles of up to three litres.

100,000

plastic bottles were collected during our UK reverse vending trial

In a similar way, we trialled reverse vending in Thailand, asking customers to bring their plastic bottles and aluminium cans back to their Tesco store in return for Clubcard points. The trial, in two stores and our Head Office, proved popular and effective so we will continue to roll out more machines in 2019.

Separately, in 10 UK stores, we are trialling the collection of soft plastics such as pouches, films, crisp packets and bags which will be recycled using state-of-the-art technology. This will turn the materials, which were previously unrecyclable, into an oil that can then be used to make new plastic, providing a closed loop system.

Making it easier for customers to do more.

Customers tell us they want to reduce the plastic and packaging they use. Through innovative solutions and incentives we are helping them to do this.

We have teamed up with TerraCycle, and other businesses, to support the launch of Loop, a service enabling household collection of empty packaging to be refilled or recycled. Later this year we will be introducing a system where customers will be able to buy and use a range of products in durable packaging that will be collected, cleaned, refilled, and reused.

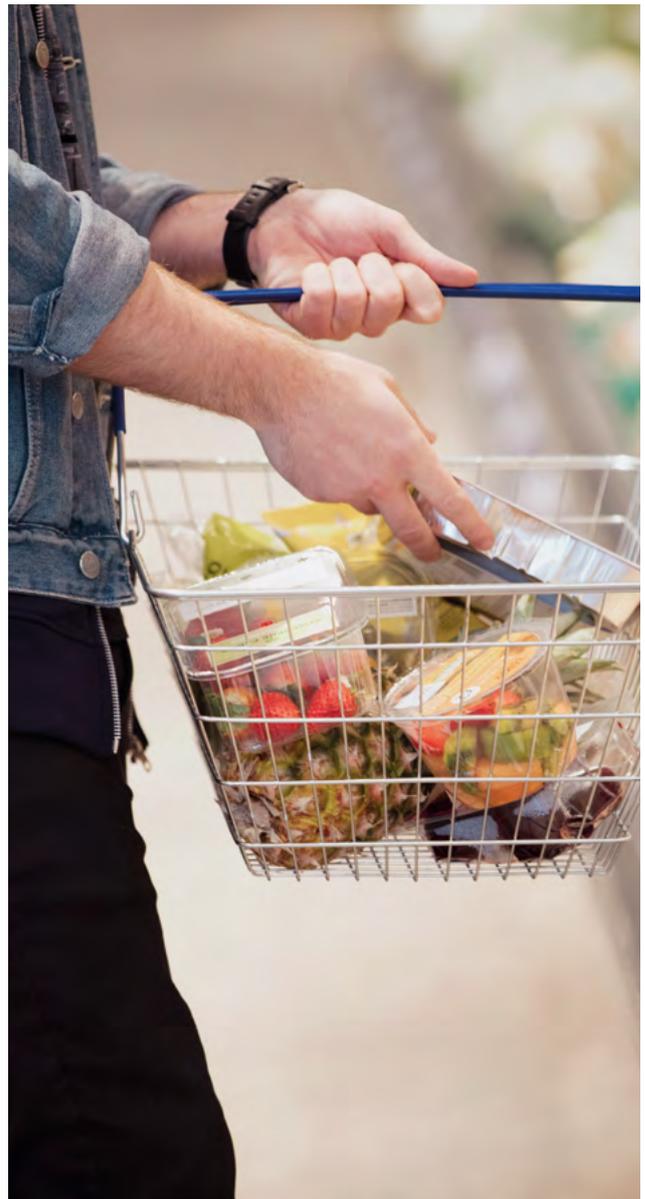
Reducing carrier bag use is one of the ways in which we can support customer behaviour change. In the UK we only offer multi-use bags. Our Bags for Life are made from 94% recycled content, including material from our in-store collection points for carrier bags and film.

In Malaysia we created the Unforgettable Bag: a reusable bag featuring a barcode which, when scanned, gives customers a 20 sen rebate on their total purchase.

1.2 million

Unforgettable Bags sold with a reuse rate of 55%

In Thailand, customers are incentivised to decline single-use plastic bags at the checkout, in return for green points. These points can be redeemed for discounts and other benefits such as airline miles and free mobile data usage. In addition, we have stopped giving out plastic bags on the 4th of every month in 2019 to encourage customers in Thailand to reuse bags.



Thinking outside the box.

To help generate new approaches to delivering our packaging commitments, we set 24 of our graduates, from across our business, the task of identifying ways to reduce plastic, including packaging, in our operations. During their three-week project, they collaborated to generate hundreds of ideas. With guidance from internal and external plastic experts, our graduates pitched 12 actionable solutions to the business, and these will be trialled over the next year.

Actions and KPIs.

Packaging.

Action	KPI	Latest result	Year	Progress
1 Our packaging will be fully recyclable by 2025.	Percentage weight of all Own Brand packaging meeting 'widely recycled' criteria.	UK: 83%*	2017	●●○○
2 End the use of hard to recycle materials from our UK packaging by the end of 2019.	Tonnes of hard to recycle materials (i.e. materials on our 'red list') removed from our Own Brand packaging.	2,914 tonnes	May 2018 -Feb 2019	●●○○
3 All paper and board used will be 100% sustainable by 2025.	We are working with our supply base to understand the simplest way of measuring the use of sustainably sourced card and paper. This information will enable us to put steps in place to report this information in the future.			●○○○
4 Halve packaging weight by 2025.	Percentage reduction in average Own Brand pack weight per unit sold, including loose volumes from 2007 baseline.	UK: 31%*	2017	●●○○

* Our packaging figures are based on industry-wide data collected via a third party, Valpack. Unfortunately, this is not yet ready for publication and therefore the figures stated above are for the 2017 calendar year. We will publish a separate update on our 2018 figures later in the year.

Key

Early stages



Further progress needed



Good progress



Goal achieved



For more information on the definition of each progress status, see page 9.



Further details and commentary on our KPIs can be found at: www.tescopl.com/kpis201819.



Supporting our communities.

We want to make a positive difference to the thousands of communities we are part of around the world; through the jobs we provide, the suppliers we work with and the causes we support.

We focus on the issues that matter most to our colleagues and customers, wherever we operate, and identify opportunities where we can have the greatest positive impact. Support can be financial or practical and include a range of actions from grant-giving to volunteer programmes.

Food for those in need.

As part of our wider goal to reduce food waste, we support charities in all our communities by redistributing surplus food so that it can be turned into nutritious meals for those in need. Over the past year, across the UK, Ireland, Central Europe and Asia, we have donated the equivalent of 62.7 million meals.

To increase the impact of our food redistribution scheme in the UK, Community Food Connection, we have launched a training programme to help community groups make the most of the donated food that they receive from us.

1,000

cooks will be given training and nutritious recipes, specially designed by Jamie Oliver and Tesco's food experts

We hope to expand the scheme to a train-the-trainer model, benefiting a further 5,000 community cooks.

We also invite our customers to join us in donating food to support local people. During our fifth – and biggest ever – UK Food Collection in November 2018, our customers donated nearly 3.5 million meals to people in need. Tesco then topped up all donations by 20%. The non-perishable food items such as long-life milk, cereals and tinned vegetables and fruit were split between charity partners FareShare and Trussell Trust.

Over the Christmas period in Central Europe customers and suppliers donated 580 tonnes of food and non-food products. This is an increase of 12% compared with last year.

“Tesco and the Hungarian Food Bank Association have been working together since 2008. Initially Tesco hosted our National Food Collection and took part in the Donation Convoy of the Hungarian Food Bank. In 2014 we started to work together in our ‘Express Food Rescue Project’. More and more stores have joined the programme and, by the end of 2018, more than 160 Tesco stores offered their surplus food to people in need in Hungary. We distribute the food provided by Tesco through our 210 partner organisations to 145,000 people in need. The food donations provide everyday help for families, children in need, the elderly and the homeless. Food also helps in the social inclusion work these organisations are doing.

Tesco not only provides help through food surplus donations but also gives financial support to the Hungarian Food Bank. Tesco donated 70 million forint to our Food Bank in the last two years to cover the food rescue programme logistics and even offered us a van as a donation. We are all very grateful for this generous help.”

Balázs Cseh
Founder and President of the Hungarian Food Banks

We have established community grant programmes in the UK (Bags of Help), Republic of Ireland (Community Fund) and Central Europe (You Choose, We Help) where we put the power in the hands of our customers to choose the local projects that Tesco supports financially.



Ireland

€3.7 million donated.

Our Community Fund initiative in Ireland has donated €3.7m since 2014 to support over 13,000 local projects countrywide. This has included schools, sports clubs, marine rescue, transport shuttles to health services and even a donkey sanctuary.

Central Europe

3,000 grants given.

Since our 'You Choose, We Help' programme began in Central Europe, over 3,000 community groups have received grants to support their work. To offer further help to local causes in Central Europe, we trialled a volunteering scheme with colleagues at 40 stores. The programme is now being rolled out across the region with colleagues being encouraged to volunteer, during work hours, for organisations supported through 'You Choose, We Help' as well as local food banks and other local charities.



UK

£70 million of funding.

Bags of Help uses money raised from carrier bag sales to fund thousands of local projects in the communities we serve. Customers have the chance to vote for three different groups every time they shop using the blue token given to them at checkouts. Since launching in 2015, the programme has provided over 23,000 local community groups with more than £70m of funding. Projects supported in 2018 include a city farm in Bristol, a garden and allotment regeneration in Wales and a specially-designed bike zone in Glasgow where vulnerable and isolated people get access to cycling.

This year, to mark 100 years of bringing value to communities, we are awarding additional Centenary Grants in England, Wales and Scotland. These larger grants support projects that provide significant benefit to communities.

There are a wide variety of other ways in which we respond to the specific needs of our local communities around the world and support the causes that matter most to our customers and colleagues.

UK

£45 million for Cancer Research.

Since we first joined forces with Cancer Research UK's Race for Life in 2002, we have raised over £45 million for life-saving research.



Malaysia

1,000 food boxes donated.

For Chinese New Year our business in Malaysia supported customers to donate 1,000 food boxes to those in need over the festive period. Colleagues also volunteered time to support older citizens – playing board games or enjoying a meal with them.

Ireland

€4 million raised.

Tesco colleagues have so far helped raise over €4 million for our charity partner Temple Street Children's University Hospital. Fund-raising activities include the Great Irish Bake, festive fun days and sales of a cuddly teddy bear called Cedric.



Thailand

Lunches provided at 89 schools.

We have developed partnerships with disadvantaged schools across 77 provinces in Thailand, through which we have donated over £100,000. This is used to provide nutritious lunches for students throughout the school year.

Actions and KPIs.

Places.

Action	KPI	Latest result	Year	Progress
1 Facilitate food surplus donation programmes in all our stores in order to provide meals to those in need.	Percentage of stores that are part of our food surplus donation programme.	Group: 64%	2018/19	●●●○
	Equivalent number of meals donated through food surplus redistribution programmes.	Group: 62.7 million	2018/19	●●●○
2 Support the projects and causes that matter to the local communities in every community where we operate.	Number of local projects or causes supported.	Group: 29,819	2018/19	●●●○
	Corporate giving.	Group: £88.6 million	2018/19	●●●●
	Colleague and customer fundraising.	Group: £19.9 million	2018/19	●●●○

Key

Early stages



Further progress needed



Good progress



Goal achieved



For more information on the definition of each progress status, see page 9.



Further details and commentary on our KPIs can be found at: www.tescopl.com/kpis201819.

Our Foundations.

Our customers, colleagues and stakeholders rightly expect us to provide safe products, ensure the health and safety of everyone who works and shops at Tesco, protect their data, operate in an ethical way and minimise our carbon footprint. We take our responsibilities in these areas very seriously. By ensuring strong standards for our Foundations we can manage risks to our business. We have incorporated our policies in these areas into ways of working for colleagues across Tesco.

Cyber security.

We take cyber security seriously at Tesco and have put in place Board-level oversight and robust governance structures for the management of cyber risk. The Tesco Board and Executive Directors receive regular updates on our security improvements, risk management and mitigation activities.

Through our multi-year technology security programme we have been driving the enhancement of our security capabilities to improve the security of our systems and data. In order to ensure our technology systems are protected against changing security vulnerabilities, we have a number of activities in place: regular installation of security patches, deployment of tools to protect our systems against malware infections, independent penetration testing to actively identify vulnerabilities, a 24/7 Security Operation Centre to assess and investigate abnormal activity and respond on a timely basis, and a supplier assurance programme focusing on data security and privacy risks.

In addition, our privacy compliance programme ensures that customer and colleague data is protected in line with the requirements of the General Data Protection Regulation (GDPR) in Europe, and other relevant legislation globally.

We understand that in order to achieve our goals around cyber security, it is essential to have a security-aware culture. As such, we have established a global security awareness training programme including quarterly refresher training for office-based colleagues and annual training for store colleagues.



Governance and ethics.

Our Code of Business Conduct sets down our minimum expectations for all colleagues, wherever they work and whatever their role. It helps them live our values, protect themselves and their colleagues and manage risk to our business.

The Code of Business Conduct covers important legal obligations and the policies that guide our conduct in four main areas:

- Looking after our customers – including food and product safety standards, marketing and data protection
- Working together – including health and safety, as well as inclusion and diversity
- Trading fairly – including competition laws, ethical trading, and intellectual property
- Protecting our reputation – including anti-bribery, charitable donations, accurate accounting and social media communication

In October 2018, we updated our Code of Business Conduct to reflect changes to the law, our business and wider society since the previous Code was written in 2015. We also set out clearer expectations about the conduct expected from all colleagues and from managers and senior leaders. Other changes included introducing a new charitable donations policy to ensure we only support deserving causes and those who will use our money appropriately, and updates to our privacy guidance following the introduction of the General Data Protection Regulation in our European markets in May 2018.

We provide annual, mandatory training on key Code risk areas in every market in which we operate. Everyone in the business must comply with the Code and colleagues in office roles, along with store and distribution managers, are required to make an annual declaration of compliance. In 2019, more than 26,000 colleagues did so and the results are reviewed by our Group Risk and Compliance Committee and our Board Audit Committee.

Our fully independent Protector Line service, available in local languages in all our markets, allows colleagues to raise concerns anonymously and confidentially if they feel that our Code has not been followed and they cannot talk to their line manager or one of our control functions



Health and safety.

We run every one of our businesses with the utmost concern for the safety of our colleagues and customers. We go beyond legal standards to ensure that no one is hurt working or shopping at Tesco.

Our specialist Group People Safety Team set out policies and procedures to ensure our health and safety standards are met. They also provide advice on occupational safety and health, as well as fire safety engineering, to safety leads in each country and business unit. Each business is required to maintain a Safety Improvement Plan to document and track enhancements.

We have a robust governance structure with oversight in each business unit managed through a Health and Safety Committee. Overall governance is provided by the Group Risk and Compliance Committee and an annual report on health and safety is presented to the Executive Committee and the PLC Board. All serious incidents are escalated immediately to our CEO and to members of the Risk and Compliance Committee.

We have been working to embed a safety culture across the business starting by rolling out a safety leadership programme for all senior business teams. Building on this in the last year we have launched a safety awareness raising campaign to all colleagues, providing helpful hints and tips for how to stay safe.

There continues to be a reduction in accident frequency across the Group. We have seen a 5% reduction in all injuries and a 13% reduction in lost time injuries. In our colleague survey approximately 83% of colleagues agreed that safety is taken seriously by everyone, every day where they work.

Product safety.

Tesco is committed to providing customers with quality products which meet the highest safety and legal requirements. We set robust standards for the production of both our food and non-food products, and carry out regular testing to ensure these are maintained.

We have simplified our supply chain to help build stronger relationships with our farmers and suppliers and ensure that all our products are sourced responsibly and meet our exacting quality standards. We have highly skilled teams across the globe that manage the quality of our products from the original product concept right through to our stores and customers.

- Product development - by understanding customers, their needs and wider market trends, our expert team of developers work hard to bring great quality, innovative and good value products to the market. In the UK last year we developed over 2,000 new products.
- Labelling and packaging - labelling is essential to communicate all the necessary information to our customers so they can make informed choices on the products they are purchasing. We focus on making sure that the labelling information we provide customers is always honest and fair, and is not misleading. We are reviewing the materials and design of our packaging to minimise its environmental impact.
- Supplier audit programme - we work tirelessly with our suppliers to ensure that our quality standards are met. We run a bespoke due diligence audit programme that offers documented evidence of compliance to our standards and monitors continual improvement.
- Testing programme - Tesco food and non-food products are regularly tested by independent expert laboratories to make sure that they are safe, legal and meet our exacting quality specifications.
- Food safety in our stores - every day, colleagues in stores and distribution centres monitor the quality and safety of our food. Our team of food safety experts ensure we have all the right processes and training in place.
- Withdrawals and recalls - although we work tirelessly to ensure the safety, legality and quality of our product there are times when a product needs to be withdrawn from sale or potentially recalled. Since 2015 we have seen an almost 34% drop in the number of products we have had to withdraw from our stores.

Climate change.

We recognise climate change as the biggest environmental threat the world faces, impacting our business as well as our supply chains.

We have a longstanding commitment to reducing carbon emissions from our operations and, in May 2017, announced new science-based targets which are aligned with the Paris Climate Agreement recommendation of a 1.5-degree global warming trajectory.

Our ultimate target is to become a zero-carbon business by 2050. To achieve this we need to reduce absolute carbon emissions from our operations by 100% from 2015/16 levels, reaching ambitious milestones on the way: 35% by 2020, 60% by 2025 and 100% by 2050. To achieve these tougher targets, we aim to source 65% of our electricity from renewable sources by 2020 and 100% by 2030. This year we have published our renewable electricity roadmap showing how we will source 100% of our electricity across the Group whilst supporting an increase in overall renewable generation.

Transport is the largest emission source for most countries globally. Transport and distribution is also one of the largest emissions sources for Tesco and is therefore a core part of our climate change strategy. We have adopted a three-pronged approach to reducing transport emissions.

Firstly, we have signed up to the Clean Van Commitment (CVC), making a public commitment to supporting the switch to low emission vans and Light Goods Vehicles (LGVs). We are currently conducting an electric delivery van trial.

Secondly, to be as efficient as possible, we continue to ensure our Heavy Goods Vehicles (HGVs) are as full as possible and their routes are optimised to minimise the distances travelled. With Innovate UK, we are also trialling lighter and more aerodynamic trailers with the aim of significantly reducing emissions and fuel use.

Finally, to help customers cut transport emissions, we are developing the largest UK retail Electric Vehicle (EV) charging network. In conjunction with Volkswagen and Pod Point, we will roll out over 2,400 EV charging bays across 600 Tesco stores within the next three years.

Taskforce on Climate-related Financial Disclosures.

In 2017, we became signatories of the Taskforce on Climate-related Financial Disclosures (TCFD). By doing so, we have committed to be transparent about the short- and long-term risks to our business associated with climate change and our efforts to mitigate them. In line with the TCFD recommendations we have commissioned scenario analysis of our biggest market, the UK, and are prioritising our UK estate, Produce and Animal Protein categories. These are our key commercial categories, with supply chains around the world, and the findings will inform our long-term strategic business planning. For more information on our scenario analysis, please see page 177 in the 2018/19 annual report.



Actions and KPIs.

Climate change.

Action	KPI	Latest result	Year	Progress
1 Reduce absolute carbon emissions from our operations, from 2015/16 levels: 35% by 2020, 60% by 2025, 100% by 2050.	Percentage reduction in GHG emissions (Baseline 2015/16).	Group: 31%	2018/19	●●●○
2 Source 65% of our electricity from renewable sources by 2020 and 100% by 2030.	Percentage of electricity from renewable sources.	Group: 58%	2018/19	●●●○

Key

Early stages



Further progress needed



Good progress



Goal achieved



For more information on the definition of each progress status, see page 9.



Further details and commentary on our KPIs can be found at: www.tescopl.com/kpis201819.

UN Sustainable Development Goals.

The UN Sustainable Development Goals (SDGs) provide a focus for how businesses, governments and civil society can tackle global challenges in order to promote a more sustainable future for all. Tesco contributes in different ways and to different degrees to all the SDGs. In line with UN Global Compact guidance, we have identified which goals are particularly relevant to us: where expectations, risks and opportunities for Tesco are greatest, and where we can make the most significant contribution.

SDG.	Tesco Target.	Tesco Action.
	Facilitate food surplus donation programmes in all stores to provide meals to those in need by 2020.	In the past year we have donated surplus food equivalent to 62.7 million meals to local charities and community groups across the UK, Ireland, Central Europe and Asia. <i>For more information, see page 25.</i>
	To support all of our colleagues to live healthier lives and help our customers make healthier food choices every time they shop with us.	69% of colleagues and 55% of UK customers agree that Tesco helps them lead a healthy lifestyle. <i>For more information, see pages 7 and 12.</i>
	Source 65% of our electricity from renewable sources by 2020 and 100% by 2030.	In 2018/19 58% of our electricity, across the Group, was sourced from renewable sources. <i>For more information, see page 31.</i>
	Help our colleagues succeed by providing them with the flexibility, skills and reward to 'get on'. Ensure international human rights standards are respected at all our suppliers' sites.	77% of Tesco colleagues Group-wide agree they have the opportunity to learn and develop. In 89% of our tier 1 high-risk sites in which critical non-conformances were identified in 2018/19, mitigation or remediation processes have been implemented on time. <i>For more information, see pages 6 and 14.</i>
	Help halve global food waste, farm to fork, by 2030. End the use of hard to recycle materials from our UK packaging by the end of 2019.	51% reduction in food safe for human consumption sent for disposal in the UK compared with last year. 7% reduction in Ireland and 38% reduction in Central Europe. 2,914 tonnes of hard to recycle materials have been removed from our Own Brand packaging since April 2018. <i>For more information, see page 19 and 22.</i>
	Reduce absolute carbon emissions from our operations from 2015/16 levels: 35% by 2020, 60% by 2025 and 100% by 2050.	31% reduction of GHG emissions since 2015/16. <i>For more information, see page 31.</i>
	Sustainably source all our wild fish.	72% of Tesco UK wild-caught seafood is MSC certified. <i>For more information, see page 17.</i>
	Achieve zero net deforestation in our sourcing of raw materials by 2020.	100% of palm oil in our UK, ROI and Central Europe Own Brand products is certified to Roundtable on Sustainable Palm Oil (RSPO) standard. <i>For more information on other commodities, see page 17.</i>



Find more information about how our actions align with the UN Sustainable Development Goals at www.tescopl.com/sdgs.



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