Introduction.
Dave Lewis
Group Chief Executive
Health and safety.
Welcome.

Investors
• 41 individuals, including 22 ESG specialists
• 35 institutions
• Equity and fixed income

Analysts
• 15 sell-side analysts
• Rating agencies

Banking partners
• 14 Relationship Banks

31 here last week for our Capital Markets Day – welcome back!
Objectives

- To share how we are embedding sustainability in our business model and ways of working
- To demonstrate how we are managing current and future risks
- A chance for you to meet our expert teams and ask questions
Responsible production

Behavioural advocacy

Responsible consumption
Our purpose:

**Serving Britain’s shoppers a little better every day.**

Our values:

- No one tries harder for customers
- We treat people how they want to be treated
- Every little help makes a big difference
Every little help makes a big difference.

Foundations:

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

Group

- 450,000 colleagues
- 80m weekly transactions
- 6,993 stores
- 73 sourcing countries
- 8 markets
- 2 JVs

UK

- 300,000 colleagues
- 19m Clubcard households
- 797 large stores
- 1,855 small stores
- >99% online coverage
- 62 strategic supplier partners


Value in Your Town.

£37.3bn
Gross Value Added to the UK economy\(^1\)

743k
Full time jobs supported at Tesco and in the UK supply chain\(^1\)

£19.9m
Colleague and customer fundraising for local groups and causes

£5.2bn
tax paid\(^2\)

18,646
Number of local projects or causes supported in the UK

62.7m
Meals donated to those in need across the Group

1. KPMG report of Tesco economic contribution, 2016/17.
2. This includes taxes borne by the Group of £1.9 billion and taxes generated from our operations and which we collected of £3.3 billion (2018/19).
Agenda.

09.00  
**Welcome and Introduction**  
*Dave Lewis*

**Governance**  
Governance, risk and compliance  
*Alan Stewart and Adrian Morris*

**Environment**  
Our environmental impact  
*Sarah Bradbury*

Climate change  
*Kene Umeasigebu*

10.30 – 10.45  
**Coffee Break**

**Packaging**  
*Giles Bolton*

Tackling global food waste  
*Mark Little*

**Social**  
Our social contribution  
*Christine Heffernan*

Human rights in our supply chain  
*Giles Bolton*

People  
*Natasha Adams*

**Closing remarks**  
*Dave Lewis*

**Q&A**

13.00  
Lunch
Governance, risk and compliance.

Alan Stewart  Adrian Morris
Chief Financial Officer  Group General Counsel
Corporate renewal: crisis response.

- Broad and deep review
  - Objective
  - Independent
  - Systematic

- Tone from the Top/Board ownership
  - Regular oversight and reporting
  - Provided to Regulators

- Reflected in FCA Notice and DPA Judgement
Our governance structure.

**Board**

**Plc Board**
- Chaired by John Allan

**Audit Committee**
- Chaired by Byron Grote

**Corporate Responsibility Committee**
- Chaired by Lindsey Pownall

**Nominations and Governance Committee**
- Chaired by John Allan

**Remuneration Committee**
- Chaired by Steve Golsby

**Executive Committee**

**Group Risk & Compliance Committee**
- Chaired by Dave Lewis

- Alan Stewart
- Adrian Morris
- Andrew Yaxley
- Christine Heffernan
- Alan Brown
- Jason Davies
- David Ward

**Group CFO**
- Group General Counsel
- Chief Product Officer
- Group Comms Director
- Group Safety & Security Director
- Chief Risk & Audit Officer
- Ethics & Compliance Director
Governance: three lines of defence.

First line of defence
- Management/‘The Business’
- Own the risk
- Provide leadership
- Management data

Second line of defence
- Control functions
- Design the controls
- Support compliance
- Compliance monitoring

Third line of defence
- Internal audit
- Test effectiveness
- Audits and in-flight reviews
Risk management: Group principal risks.

Risk

1. Customer
2. Transformation
3. Liquidity
4. Competition & Markets
5. Brand, Reputation & Trust
6. Technology
7a. Data Security & 7b. Data Privacy
8. Political, Regulatory & Compliance
9. Health & Safety
10. People
11. Brexit
12. Responsible Sourcing & Supply Chain
13. Booker Synergy Realisation & Integration

Impact

5

4

3

2

1

Likelihood

1 2 3 4 5

Key Factors:
- Political uncertainty
- Investment
- Effectiveness of internal controls
- Recruitment & retention
- Supply chain resilience
- Economic outlook
- Technology
- Regulatory & legislative change
- Customer insight
- Changing customer demand
Tesco Mobile has an independent risk process and their significant risks are discussed at the Tesco Mobile Audit Committee.

Tesco Bank is considered a separate entity performing its own risk management process. Regular bank updates are provided to the Executive Committee and Board.

Note: Group scores are weighted towards UK, since it comprises over two-thirds of the total Group.
Key compliance risks and sub-risks.

<table>
<thead>
<tr>
<th>Risk</th>
<th>Sub-risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer</td>
<td></td>
</tr>
<tr>
<td>Transformation</td>
<td></td>
</tr>
<tr>
<td>Liquidity</td>
<td></td>
</tr>
<tr>
<td>Competition &amp; Markets</td>
<td></td>
</tr>
<tr>
<td>Brand, Reputation &amp; Trust</td>
<td></td>
</tr>
<tr>
<td>Technology</td>
<td></td>
</tr>
<tr>
<td>Data Security &amp; Data Privacy</td>
<td>1. Data Privacy 2. Data Security</td>
</tr>
<tr>
<td>Health &amp; Safety</td>
<td>7. Health &amp; Safety</td>
</tr>
<tr>
<td>People</td>
<td></td>
</tr>
<tr>
<td>Brexit</td>
<td></td>
</tr>
<tr>
<td>Booker Synergy Realisation &amp; Integration</td>
<td></td>
</tr>
</tbody>
</table>
Risk, Controls and Assurance (RCA) framework.
Health and Safety.

Programme:
• Group Safety Blueprint implements RCA framework via controls, training and assurance
• Risk owner: Dave Lewis, supported by Group Safety Director and team
• Reporting to GRCC, Exec and Board

KPIs:
• All customer and colleague injuries
• Time lost from work
• Serious injuries and fatalities
• Regulatory enforcement
• All data recorded by channel and business unit

1. Reduction from 2017/18 to 2018/19.
Data privacy: delivering GDPR.

Programme:
- PCP built around RCA framework via 34 privacy workstreams
- Risk owner: Group Customer Director & Group People Director, supported by Group General Counsel and Group Privacy team

Workstreams:
- PIAs/PbD
- Due diligence
- Incident management
- Retention/ deletion
- Portability
- CCTV
- Training
- DSARs
- Data mapping
- Governance
- Regulatory reporting
- Policy, notice and consent
- DPOs

Governance and oversight:

19m Active Clubcard Households
81,000 GDPR training hours
550,000 Passports or other IDs scanned (UK)
162,000 Privacy Centre contacts (UK)
1,100 IT systems mapped (UK)
Updated Code of Business Conduct.

The What
Code Guidance pages
‘Follow the rules’

The How
Living our Code pages
‘Do the right thing’
Code of Business Conduct.

- **26,000 colleagues** for Annual Code certification exercise
- **92% agree** for Annual speak-up surveys
- **55,000 modules** for Annual compliance e-learning campaign
Risk management: equal pay litigation.

• Pay Policy: not determined by gender – same role, same pay

• Legal Tests
  • Comparability
  • Equal value
    • Different skills/demands
    • Different environment
  • Material Factor Defence
    • Separate labour markets: distribution/retail

• Claims driven by law firms/litigation funders

• Asda claims started 10 years ago – potentially 5 years + to any final decision

• FCA approved compensation scheme
  • £47m paid out

• 2 Shareholder groups
  • 112 reduced to 78

• Critical legal tests
  • Board knowledge
  • FCA/SFO findings

• Trial set late 2020
Tax.

- We pay the right amount of tax in accordance with the tax laws in all of the territories in which we operate.
- Tax is considered in all significant business decisions but we do not undertake any transactions for the sole purpose of realising tax savings.
Simplifying our Group structure.

**Guernsey**
- 2 companies
  - Both to be retained

**Jersey**
- 6 companies
  - 3 required for property JVs
  - 2 UK tax resident - 1 to be liquidated in FY20
  - 1 in liquidation

**Isle of Man**
- 1 Booker company to be liquidated in FY20

**Cyprus**
- 2 Booker companies, to be liquidated in FY20

**Netherlands**
- 4 companies
  - 2 to be retained
  - 2 to be liquidated in FY20

**Hong Kong**
- 5 companies
  - 2 to be retained
  - 3 to be liquidated in FY20

**Mauritius**
- 1 company
  - In liquidation
Measuring and reporting our ESG work.

35 Key Performance Indicators

- People
- Product
- Places

Annual Report and Little Helps Plan progress update

TCFD
Our environmental impact.

Sarah Bradbury
Group Quality Director
Group Quality team.

Colleague numbers

<table>
<thead>
<tr>
<th>Product safety technical</th>
<th>Group support functions</th>
<th>Responsible sourcing</th>
<th>Agriculture</th>
</tr>
</thead>
<tbody>
<tr>
<td>F&amp;F 35</td>
<td>Regulation and standards 43</td>
<td>Environmental 15 Human Rights 31</td>
<td>Agriculture 8</td>
</tr>
<tr>
<td>GM 27</td>
<td>Audit programme 7</td>
<td>Packaging 10</td>
<td></td>
</tr>
<tr>
<td>Food Tech UK 80</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depot QA UK 48</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food Development and Chef network UK 55</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

9 sourcing hubs with technical and ethical teams 125
Group Quality responsibility in all markets
Our sourcing footprint.

- **80m** customer transactions
- **6,993** stores
- **2,749** food supplier sites
- **c.20,000** UK farmers
- **824** GM and clothing supplier sites
- **73** countries

Supplier site concentration:
- **High**
- **Medium**
- **Low**
Our environmental impacts.

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commodity</td>
<td></td>
</tr>
<tr>
<td>Farm</td>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td></td>
</tr>
<tr>
<td>Own ops</td>
<td></td>
</tr>
<tr>
<td>Customer</td>
<td></td>
</tr>
<tr>
<td><strong>Climate change carbon impact</strong></td>
<td>3.3 million tonnes of CO2e from our own operations</td>
</tr>
<tr>
<td><strong>Food waste</strong></td>
<td>44,297 tonnes from our UK operations</td>
</tr>
<tr>
<td><strong>Packaging</strong></td>
<td>928,649 tonnes of UK primary packaging (branded and Own Brand)</td>
</tr>
<tr>
<td><strong>Marine</strong></td>
<td>35,135 tonnes of wild caught seafood sold in the UK</td>
</tr>
<tr>
<td><strong>Deforestation</strong></td>
<td>860,000 tonnes of soy and 59,169 tonnes of palm oil</td>
</tr>
</tbody>
</table>
| **Sustainable agriculture and fresh water** | }
## Our environmental commitments.

<table>
<thead>
<tr>
<th>Year</th>
<th>2006</th>
<th>2009</th>
<th>2010</th>
<th>2013</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>50% carbon reduction target per sq. ft. of store by 2020</td>
<td>Target to reduce packaging by 25%</td>
<td>CGF 2020 Zero Deforestation target adopted</td>
<td>Commitment to publish our own food waste data annually</td>
<td>No food safe for human consumption will go to waste from our UK retail operations</td>
<td>Launch of Little Helps Plan commitments</td>
<td>Announced zero deforestation soy transition plan</td>
</tr>
</tbody>
</table>

- **50% carbon reduction target per sq. ft. of store by 2020**
- **Zero carbon business by 2050**
- **CGF 2020 Zero Deforestation target adopted**
- **Commitment to publish our own food waste data annually**
- **No food safe for human consumption will go to waste from our UK retail operations**
- **Launch of Little Helps Plan commitments**
- **Announced zero deforestation soy transition plan**
## Deforestation.

**Soy**
- **Launched Zero Deforestation Soy Transition Plan 2018**
- 100% soy from verified zero deforestation areas by 2025

**Palm Oil**
- **Member of the Roundtable on Sustainable Palm Oil 2006 (RSPO) and Palm Oil Transparency Coalition (POTC)**

**Wood and Paper**
- **Commitment to source 100% certified FSC / PEFC or from recycled sources**

**Amazonian beef**
- **Three year attempt to improve industry standards**

### Footprint (Tonnes)
- **UK 500k**
- **Group 860k**
- **UK 33k**
- **Group 60k**
- **>3,500 UK products**
- **Mapping Group footprint**
- **Zero Brazilian corned beef**

### Progress
- **Soy**
  - 77% of soy for whole chicken products covered by zero deforestation credits 2018
- **Palm Oil**
  - 100% of palm oil in our UK ROI and CE Tesco Own Brand certified 2015 RSPO, and **37% in Asia**
- **Wood and Paper**
  - **87% of UK Tesco Own Brand wood and paper products (FSC / PEFC) certified**
- **Amazonian beef**
  - 2018 stopped sourcing Brazilian corned beef due to lack of progress
<table>
<thead>
<tr>
<th>Water.</th>
<th>Marine</th>
<th>Clothing</th>
<th>Agriculture</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Member of the Sustainable Fisheries Partnership since 2011</td>
<td>Member of Zero Discharge Hazardous Chemicals organisation since 2015</td>
<td>Working with suppliers and industry on water stewardship initiatives including in Doñana, Spain, Western Cape, South Africa, Lake Naivasha, Kenya.</td>
</tr>
<tr>
<td></td>
<td>Published data on source fisheries through Ocean Disclosure Project 2019</td>
<td>Signed Greenpeace Detox commitment 2017</td>
<td>Water conservation initiatives with WWF in UK catchment areas</td>
</tr>
<tr>
<td>Progress</td>
<td>Largest UK retailer of MSC certified seafood by volume <strong>72%</strong></td>
<td>Members of Sustainable Clothing Action Plan - 15% water reduction target</td>
<td></td>
</tr>
<tr>
<td>Progress</td>
<td>All Own Brand canned tuna from pole and line FAD-free or MSC fisheries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Progress</td>
<td><strong>88%</strong> of cotton for clothing certified by Better Cotton Initiative</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Progress</td>
<td></td>
<td><strong>25</strong> agricultural suppliers with water or biodiversity projects underway</td>
<td></td>
</tr>
</tbody>
</table>
Sustainable agriculture.

**Sustainable Farming Groups**
- UK agriculture’s biggest customer
- c.20,000 UK farmers
- 10 Sustainable farming groups – Dairy, Beef, Lamb, Pork, Poultry, Egg, Salmon, Potato, Brassica, Top Fruit
- 2,300 direct contracts

**Future Farmers Foundation**
- 50 Farmers per year
- 300 to date
- 58 Farmers supplying Tesco
- 32 Farmers indirectly
- Bespoke finance program alongside Natwest Bank

**Animal welfare**
- 100% cage free eggs in UK, ROI, and CE by 2025, and by 2030 in Thailand
- Reviewing our position on broiler chicken
- Annually audit over 1,200 farms

**Antibiotics**
- Implemented 8 commitments in 2017 on the use of antibiotics
- Removed use of prophylactic antibiotics
- Tesco usage 9% lower than VARRS for chicken, 20% lower pork

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**Percentage of audited UK sites meeting animal welfare standards**

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016/17</td>
<td>10.02</td>
</tr>
<tr>
<td>2017/18</td>
<td>8.1</td>
</tr>
<tr>
<td>2018/19</td>
<td>6.25</td>
</tr>
</tbody>
</table>

**Annual Mean Antibiotic Usage (mg/kg) within Broiler Supply Chain**

<table>
<thead>
<tr>
<th>Year</th>
<th>Usage (mg/kg)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>10.02</td>
</tr>
<tr>
<td>2017</td>
<td>8.1</td>
</tr>
<tr>
<td>2018</td>
<td>6.25</td>
</tr>
<tr>
<td>2019</td>
<td>4.87</td>
</tr>
</tbody>
</table>
Tesco Sustainable Dairy Group.

- Established 2007, now with 600 dairy farmers
- Pay guaranteed prices and agree long term contracts.
- Since 2008 26% increase TSDG herd size, 13% yield improvements and 42% increase in total output
- Carbon footprint calculated for all TSDG farms annually and improvement plans agreed
- Audit all TSDG farms against QVIS balanced scorecard to ensure quality and sustainability

### QVIS (Quality, Value, Innovation & Service) scorecard

<table>
<thead>
<tr>
<th>QUALITY</th>
<th>46</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dairy Health Index</td>
<td>30</td>
</tr>
<tr>
<td>Milk Quality</td>
<td>5</td>
</tr>
<tr>
<td>Cleanliness</td>
<td>5</td>
</tr>
<tr>
<td>Red Tractor</td>
<td>3</td>
</tr>
<tr>
<td>Biosecurity</td>
<td>3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>VALUE</th>
<th>33</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carbon footprint</td>
<td>30</td>
</tr>
<tr>
<td>Milk supply profile</td>
<td>3</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>INNOVATION</th>
<th>13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental schemes</td>
<td>4</td>
</tr>
<tr>
<td>Early-adopter innovation</td>
<td>3</td>
</tr>
<tr>
<td>Supplier network engagement</td>
<td>2</td>
</tr>
<tr>
<td>Sequestration</td>
<td>2</td>
</tr>
<tr>
<td>Training</td>
<td>2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SERVICE</th>
<th>8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public-facing engagement</td>
<td>2</td>
</tr>
<tr>
<td>TSDG conference attendance</td>
<td>1</td>
</tr>
<tr>
<td>Cross-sector initiatives (beef)</td>
<td>1</td>
</tr>
<tr>
<td>Workshop attendance</td>
<td>3</td>
</tr>
<tr>
<td>TSDG scholar or committee member</td>
<td>1</td>
</tr>
</tbody>
</table>
Climate change.
Kené Umeasiegbu
Head of Environment
Climate change.

2006 Set 50% carbon reduction target per sq. ft. of store by 2020

2009 first business globally to set a zero carbon goal

2015 achieved 42% carbon reduction per sq. ft.

2015 Carbon Trust report on achieving zero carbon ambition

2017 first business globally to set science-based climate change targets on 1.5 degree trajectory

2017 set clear targets for manufacturing and agriculture
Evolution of own operations targets.

Group absolute emissions forecasts

- Business as usual
- Previous target: (50% reduction per sq. ft.)
- Current Science based target

~35% reduction (2020)
~60% reduction (2025)
Science-based targets.

- Targets endorsed by the Science-Based Targets Initiative, and announced in 2017
- First business to set own operations target on a 1.5 degree trajectory
- Supply chain targets are on a 2-degree trajectory

<table>
<thead>
<tr>
<th>Science-based targets (2015 baseline)</th>
<th>2020</th>
<th>2025</th>
<th>2030</th>
<th>2050</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tesco operations (1.5 degree)</td>
<td>-35%</td>
<td>-60%</td>
<td>-85%</td>
<td>-100%</td>
</tr>
<tr>
<td>Supply Chain (2 degree)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food manufacturing and production sites</td>
<td>-7%</td>
<td>-20%</td>
<td>-35%</td>
<td></td>
</tr>
<tr>
<td>Agriculture</td>
<td>-7%</td>
<td>-12%</td>
<td>-15%</td>
<td></td>
</tr>
</tbody>
</table>
Emissions hotspots.

Tesco value chain – 2015 Baseline

- Agriculture: 61%
- Manufacturing: 14%
- Packaging: 12%
- Other sources: 7%
- 3.3m tonnes CO₂

Tesco operations – 2015 Baseline

- Refrigerants: 18%
- Heating: 10%
- Grid Electricity: 65%
- Other fuels (heating): 7%
- Distribution Fuel: 7%
- 3.3m tonnes CO₂
Actions in our own operations.

Energy efficiency

- £70m p.a. invested (2007 to 2015)
- LED lighting in c.2,000 UK stores and 90% of stores across International
- Automatic sensors in 100% of UK, ROI and CE stores
- 22,000+ store colleagues trained since 2018

Refrigeration

- Natural refrigeration in 1,000 UK stores
- Switch to low Global Warming Potential (GWP) gases aligned to maintenance schedule – 100% of UK stores by 2030
- 35% leakage reduction in Thailand since 2016

Renewable electricity

- On track to deliver transition plan
- 100% certificates in UK, ROI and Slovakia
- Phase 1 of Solar PV roll-out in UK from August 2019 (46 sites)
- Phase 2 of Solar PV roll-out in Thailand from July 2019 (19 sites)
Group renewable electricity roadmap.

2018/19
58% actual to date
100% in UK & ROI

2020
65% renewables

2025
80% renewables

2030
100% renewables

- Non-renewable electricity
- Renewable certificates
- Grid Power Purchase Agreements (PPAs)
- On-site generation
Own operations emissions reduction.

Million tonnes CO$_2$ emissions

<table>
<thead>
<tr>
<th>Year</th>
<th>Emissions (Million tonnes)</th>
<th>Reduction (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015/16</td>
<td>3.5</td>
<td>-18%</td>
</tr>
<tr>
<td>2016/17</td>
<td>2.5</td>
<td>-24%</td>
</tr>
<tr>
<td>2017/18</td>
<td>2.0</td>
<td>-31%</td>
</tr>
<tr>
<td>2018/19</td>
<td>1.5</td>
<td>-31%</td>
</tr>
</tbody>
</table>

31% absolute reduction in carbon emissions since 2015

£37m energy efficiency savings since 2015

Cash neutral transition to 100% renewable electricity
Reducing transport emissions.

**Large distribution**
- Communicating and trialling new technology to encourage further investment

**Home delivery**
- Electric delivery van trial in London

**Customer vehicles**
- Largest retail EV charging network in Europe: 2,400 charging bays in 600 stores by 2021
Supply chain science-based targets (2015 baseline)

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2025</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>-7%</td>
<td>-20%</td>
<td>-35%</td>
</tr>
<tr>
<td>Agriculture</td>
<td>-7%</td>
<td>-12%</td>
<td>-15%</td>
</tr>
</tbody>
</table>

Tesco Group Value Chain Emissions

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>61%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>12%</td>
</tr>
<tr>
<td>Packaging</td>
<td>7%</td>
</tr>
<tr>
<td>Other sources</td>
<td>6%</td>
</tr>
<tr>
<td>Tesco operations</td>
<td>14%</td>
</tr>
</tbody>
</table>

Typical Manufacturing Emissions Hotspots in Food Production

- Electricity: 50%
- Packaging materials: 18%
- Fuel: 5%
- Transport to RDC: 27%
- Packaging materials: 18%
Manufacturing emissions reduction.

UK reduction based on a sample 56 of our largest suppliers

**BASELINE**

- 2015/16: (4.1)%
- 2016/17: (4.1)%
- 2017/18: (6.2)%

Target 7% reduction by 2020
Supply chain – agriculture.

Supply chain science-based targets (2015 baseline)

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2025</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Manufacturing</strong></td>
<td>-7%</td>
<td>-20%</td>
<td>-35%</td>
</tr>
<tr>
<td><strong>Agriculture</strong></td>
<td>-7%</td>
<td>-12%</td>
<td>-15%</td>
</tr>
</tbody>
</table>

Tesco Group Value Chain Emissions

<table>
<thead>
<tr>
<th>Source</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>61%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>12%</td>
</tr>
<tr>
<td>Packaging</td>
<td>7%</td>
</tr>
<tr>
<td>Other sources</td>
<td>6%</td>
</tr>
<tr>
<td>Tesco operations</td>
<td>14%</td>
</tr>
</tbody>
</table>

Agriculture Emissions Hotspots

- Methane from Livestock: 24%
- Nutrients & Manures: 17%
- Other ag. emissions: 10%
- Soil emissions: 10%
- Not including land use change

Not including land use change
Current priorities in agriculture emissions.

• Robust methodologies to track emissions on a representative sample of farms covering:
  – Fertiliser emissions
  – Methane from dairy farms
  – 50% of in-scope farm-level data

• Scaling sustainability innovation with key suppliers

• Zero deforestation soy plan to address feed impact
Climate change: future risks assessment.

- In 2017, Tesco signed the statement of support for the TCFD

- Risks assessment of 3 business areas: Produce, Protein and UK Property

- Analysis of physical and transition risks of business-as-usual and sub-2 degree scenarios to 2030

- Findings and plan to be shared by end of the year
Break.
Packaging.

Giles Bolton
Responsible Sourcing Director
### Key packaging milestones.

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
<th>2010</th>
<th>2017</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Target to reduce branded and Own Brand packaging by 25% (by 2010)</td>
<td>Introduced on pack recycling labelling</td>
<td>Industry agreement to recycle 150,000 tonnes of packaging by 2012</td>
<td>Little Helps Plan packaging targets</td>
<td>Trials of soft plastic recycling; DRS; and plastic free produce</td>
</tr>
</tbody>
</table>
Packaging: our commitments.

1. Our packaging fully recyclable by 2025
   - 83% UK Own Brand packaging widely recyclable (2017)

2. End use of hard to recycle materials from UK packaging by end 2019
   - exiting all harder to recycle plastics e.g. PVC
   - black plastic removed from Own Brand by end of 2019

3. All paper and board 100% sustainable by 2025

4. Halve packaging weight by 2025 (2007 baseline)
Packaging: our footprint.

Packaging material for Tesco UK primary packaging 2017 (tonnes)

- Paper: 152,357 tonnes
- Glass: 430,067 tonnes
- Aluminium: 30,261 tonnes
- Steel: 63,378 tonnes
- Plastic: 252,586 tonnes

Plastic in Tesco UK Own Brand primary packaging 2017 (tonnes)

- Polyethylene terephthalate (PET): 57,671 tonnes
- High-density polyethylene (HDPE): 26,689 tonnes
- Polypropylene (PP): 19,639 tonnes
- Other polyethylene (PE): 10,948 tonnes
- Unspecified: 12,827 tonnes

Packaging: Long-term packaging reduction.

UK Own Brand primary packaging weight reduction (g per unit sold)

Target 50% reduction by 2025

Packaging: Benchmarking.

Packaging: our approach: closed loop.

1. Sustainable packaging; Remove, Reduce and Redesign
2. Closing the loop; Retrieval and Recycling
3. Generating advocacy; awareness and informing
**Packaging: three point plan.**

1. **Sustainable packaging; Remove, Reduce and Redesign**

<table>
<thead>
<tr>
<th>Red – Exit (poor for recycling and/or potentially harmful)</th>
<th>Amber – Hold (until infrastructure and/or scientific developments take place)</th>
<th>Green – Preferred (easily recycled, can have high recycled content)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PVC &amp; Polystyrene</td>
<td>Home compostable E.g. Cellulose, Mater-bi &amp; Natureflex</td>
<td>Sustainably sourced Wood, Board, Paper &amp; Glassine</td>
</tr>
<tr>
<td>PVdC</td>
<td>Complex laminates/multi-layer films</td>
<td>Glass</td>
</tr>
<tr>
<td>Oxy degradable materials</td>
<td>OPP – Oriented polypropylene</td>
<td>PET – Polyethylene terephthalate</td>
</tr>
<tr>
<td>Acrylic (for food applications)</td>
<td>Acrylic (for bathroom products)</td>
<td>PE – Polyethylene (preferred material for flexible film)</td>
</tr>
<tr>
<td>PLA – Polylactic acid</td>
<td>PP – Polypropylene</td>
<td>HDPE &amp; LDPE</td>
</tr>
<tr>
<td>Industrial compostable</td>
<td>New materials</td>
<td>PP – Polypropylene (non-food)</td>
</tr>
<tr>
<td>Polycarbonate</td>
<td></td>
<td>Steel &amp; Aluminium</td>
</tr>
<tr>
<td>Rigid Water soluble plastics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expanded/Foamed Polymers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>* Black Plastics</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Black plastic refers to all dark coloured plastics that are non-detectable in recycling plants.
Packaging: three point plan.

2. Closing the loop; Retrieval and Recycling

There are 39 different sets of rules for what can be put in plastic recycling collections in the UK.

- The inconsistency in collection protocol makes it difficult for us to help advise customers on what can be recycled and how best to do so.
- Certain packaging formats in our portfolio are not currently recycled at kerbside, so we are looking for innovative solutions.
  - Currently collect carrier bags and PE in our large stores.
  - Trialling soft plastic recycling.
Packaging: three point plan.

3. Generating advocacy; awareness and informing

Packaging-free fruit and veg trials

100,000 bottles collected

10 stores testing soft plastics recycling

Refillable trials

Understanding how best to help customers; and engaging Government, NGOs and industry.
Three point plan – test and learn.

24 graduates from across Tesco given brief to innovate to accelerate our ambition to reduce plastic

- Internal and external expert advisers brought in to support thinking
- A whole range of ideas, including:

<table>
<thead>
<tr>
<th>193m hangers: Increasing re-use</th>
<th>Address 34+ convenience lines containing a plastic fork</th>
<th>Eliminate single use plastic on campus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remove bags from Grocery Home Shopping</td>
<td>Reduce plastic in our bakeries</td>
<td>Remove plastic from multipacks</td>
</tr>
<tr>
<td>Green Champions in store</td>
<td>Promote re-using fruit and veg bags</td>
<td>Improve on-pack labelling</td>
</tr>
</tbody>
</table>

Testing what can be scaled
Tackling Global Food Waste.
Mark Little
Head of Food Waste Reduction
Global impact of food waste.

1/3 of all food is wasted
1 in 9 goes hungry around the world
8% of greenhouse gas emissions
$940bn economic losses per year

Source: World Resources Institute (WRI).
Food waste.

Upstream
Manufacturing
1.85m tonnes
Agriculture
(unknown)

Midstream
Retail ops
0.26m tonnes

Downstream
Household
7.10m tonnes

Source: Food waste across the UK value chain, including Tesco - Waste and Resources Action Programme (WRAP).
Food waste varies by geography.

Source: World Resources Institute (WRI).
No time for waste at Tesco.

First UK retailer to publish our food waste data in 2013

Our commitment: to help halve global food waste from farm to fork by 2030

No food sent to landfill in the UK since 2009
Matching supply and demand.

Tesco ¼lb beef burgers – sales forecast vs. actuals (May–July 2018)
Halve food waste in our own operations by 2030.

Total food waste as a percentage of total sales

<table>
<thead>
<tr>
<th></th>
<th>2017/18</th>
<th>2018/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>0.53%</td>
<td>0.45%</td>
</tr>
<tr>
<td>CE</td>
<td>1.18%</td>
<td>0.92%</td>
</tr>
<tr>
<td>ROI</td>
<td>1.23%</td>
<td>1.09%</td>
</tr>
<tr>
<td>Booker</td>
<td>0.17%</td>
<td>0.16%</td>
</tr>
</tbody>
</table>
No food that’s safe for human consumption will be wasted in our UK retail operations.

Total food surplus redistributed (tonnes)

Food surplus safe for human consumption sent for energy recovery (tonnes)

Milestones towards target

1. Percentage of surplus food safe for human consumption redistributed from our UK retail operations.
Community Food Connection.

Introduction to charity

Surplus food posted on app by Tesco colleague

Charity responds and collects

>60 million meals donated to those in need
Working in partnership to reduce food waste in our supply chains.

Whole crop utilisation
Help customers reduce food waste at home.

Promotions
No BOGOFs on fruit and vegetables in the UK since April 2014

Labelling
Over 180 best before dates removed from fruit and vegetables

Innovation
Such as frozen avocado, beetroot, pomegranate and herbs
UN Sustainable Development Goal Target 12.3.

By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses.

Target
Endorse & adopt 12.3

Measure
Sign up for transparency

Act
Innovation
27 Tesco Product Partners have published food waste data.
27 Tesco Product Partners have published food waste data.

Branston
Lincoln, England
Food waste inventory – January to December 2017

Food waste data commentary
- We measured our food waste for the 2017 calendar year across all Branston sites.
- Our total food production for this period was 292,207 tonnes. We have calculated our overall food waste to be 16,948 tonnes, which equates to 5.8% of food produced.
- The majority of our food waste is made up of peeled potatoes. Potato peel is 67% of our waste (11,968 tonnes). The remaining waste is made up of potatoes that fail outside of specifications (5,060 tonnes, or 32%). The main reasons for these potatoes being out of specification are rolls and damages caused by machinery during harvest or the packing process, which make the potatoes unsuitable for human consumption. We also have 0.11 tonnes (less than 1%) of chorto waste.
- Over 99% of our food waste is sent to anaerobic digestion (AD), with just 0.1% tonnes of chorto waste sent to incineration with energy recovery. We have an AD plant at our Lincoln site which used the 5,060 tonnes of peel off potatoes to generate 1,962 MWh of renewable electricity, which is 64% of the annual electricity usage by the Lincoln plant. Waste 100% of this electricity was used on-site, thereby reducing our direct carbon footprint. We send all the peeling waste to a nearby AD plant.
10 Branded Partners have signed up to Target, Measure, Act.
Champions 12.3 achievements.

Establishing the business case for countries, cities and food businesses

Working with the IGD to agree principles for UK food industry

Advocating the case for target, measure, act to governments
Our social contribution
Christine Heffernan
Group Comms Director
Our social contribution: Birmingham Ladywood case study.

13
Stores serving the local community

£123m
economic contribution

2,600
jobs supported

90
supplier partners across Birmingham

23,400
meals donated through Community Food Connection

£110,400
donated via Bags of Help

Source: Tesco in the UK: The socio-economic contribution in FY 2016/17, KPMG
Our social contribution: supporting communities.

41,000
Local projects supported through our community grants programme globally

25,000
Good causes and £70m donated since 2016 through Bags of Help

Over 125 million¹
Meals provided through out food surplus donation programme globally

¹ Includes food donated from stores and distribution centers across all of Tesco’s markets.
Health

- UK has the 3rd highest obesity rate in Europe\(^1\)
- Increasingly interventionist approach to public health
- 7 out of 10 customers look to supermarkets to help them make healthy choices\(^2\)

1. World Health Organisation.
2. 2CV ‘Every Little Health’ qual debrief Nov ’15 / Basis PHE Attitudes to health qual debrief Jan’16.
Health strategy.

Tesco is the easiest place to work and shop for you to make healthier choices.

- **Taste**
- **Cost**
- **Confusion**
- **Time**
- **Visibility**

**UK’s leading workplace health programme**
- Healthy body
- Healthy mind
- Nutrition

**Make baskets healthier**
- **Reformulation**
- improving diets (swaps)
- **Inspiration (always on)**

**Measured through:**

- **Colleague survey**
- **Health profile score**

Using independent and verifiable measures such as ‘healthy basket score’. Score generated via an independent assessment of each item, aggregated to a basket level.
Reformulation.

- Improving health when we review a product without compromising on taste and quality
- Focus on overall nutritional profile – reducing sugar, saturated fat, salt whilst improving fibre and adding veg
- 33% ready meals now have 1 of 5 a day
- Targeting products most frequently bought by customers with the least healthy baskets to maximise impact

Example of reformulation improvement

<table>
<thead>
<tr>
<th>2008</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>34% fat</td>
<td>↓ 34% fat</td>
</tr>
<tr>
<td>20% saturated fat</td>
<td>↓ 20% saturated fat</td>
</tr>
<tr>
<td>43% salt</td>
<td>↓ 43% salt</td>
</tr>
<tr>
<td>41% sugar</td>
<td>↓ 41% sugar</td>
</tr>
<tr>
<td>30% calories</td>
<td>↓ 30% calories</td>
</tr>
</tbody>
</table>
Health events.

- Reduced price of healthier products
- Offering healthier alternatives
- Dedicated healthy promotional aisle
- Jamie Oliver ambassador – recipes, scratch cooking

May 2017

January 2018

September 2018
Health events.

September 2018 event results:

• Sales of Helpful Little Swaps products increased by 17% year on year

• Helpful Little Swaps basket 12% cheaper than a standard basket

• Healthy Basket score increased at twice the rate of annual growth

• Biggest improvement in healthy basket score amongst groups with poorer health outcomes

Summer 2019 event

Helpful Little Swaps basket indicative reductions
↓ 50% sugar
↓ 30% salt
↓ 40% fat & saturated fat
CGF Trials.

CGF ‘One for Good’ campaign in London

- Tesco co-chair with Danone
- 52 week trial, in 35 Express stores in Lambeth and Southwark
- Reposition unhealthy promotions and increase feature space for healthier promotions
- **Targeted outcome** – healthier basket, reduction in calories/spend, improved health score
- Collective learning on interventions that deliver positive impact
- Independent evaluation by Oxford University and Guys & St Thomas Charity to measure and evaluate goals
Strengthening our always on health presence

Healthy brands and ranges

Jamie Oliver partnership

Café healthy choices

Health Signifier

Enhanced lifestyle and dietary free text search

Free Fruit for Kids

Little Helps for healthier living
Tesco Own brand nutrient changes vs. volume growth

2018 vs. 2015 % Volume Change

Source: Kantar | Take Home Purchasing | Tesco Own Label | % Change Nutritional Volumes | 52 w/e 30th Dec 2018 vs 52 w/e 3rd Jan 2016.
Human Rights in our supply chain.
Giles Bolton
Responsible Sourcing Director
The global human rights context.

More people are on the move than ever before

- 258 million people now live outside their country of birth.
- 26 million are refugees or asylum seekers.


More people are known to be in forced labour than ever before

## Human Rights: key milestones.

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gangmasters Licencing Authority established</strong></td>
<td>Founder member of Ethical Trading Initiative (ETI)</td>
<td>Founder member of Supplier Ethical Data Exchange (SEDEX)</td>
<td>First Tesco responsible sourcing manager overseas</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Ranked No. 1 Oxfam – Behind the Barcodes</td>
</tr>
<tr>
<td><strong>UN Guiding Principles on Business and Human Rights</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>UK Modern Slavery Act</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Consumer Goods Forum – 3 Priority industry Principles on Forced Labour</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

¹. BRE Global Governance FTSE 100 Index Top 10 companies (April 2019).
Our due diligence approach.

Based on international best practice

Informed by our supplier partners and expert stakeholders
Our human rights commitments.

1. Ensure international human rights standards are respected at all our suppliers’ sites (Tier 1).

2. Focus on the most serious risks to workers throughout our supply chains, working transparently with NGOs, unions and others to identify and address them (beyond Tier 1).

3. Support sourcing communities facing complex social and environmental challenges.

Our focus areas

<table>
<thead>
<tr>
<th>Preventing forced labour</th>
<th>Gender equality</th>
<th>Sustainable livelihoods</th>
<th>Worker representation</th>
</tr>
</thead>
<tbody>
<tr>
<td>e.g. Issara Institute, Thailand</td>
<td>e.g. Improving Lives Programme in Assam India with Ethical Tea Partnership, Unicef</td>
<td>e.g. Living Wage, World Banana Forum</td>
<td>e.g. Peru supplier requirements</td>
</tr>
</tbody>
</table>
Tier 1 human rights risk.

98% high-risk tier 1 supplier sites have had an audit in the last year (sites supplying UK)

No. of supplier sites by country, showing relative human rights risk of countries

Source: Risk rating from Food Network for Ethical Trade.
Tier 1 ethical assurance programme.

- 63% high-risk tier 1 supplier sites where critical non-conformances have been identified (2018/19, sites supplying the UK)
- Of these 89% had mitigation or remediation processes implemented on time
- Remaining 11%
  - 37 non-food supplier sites exited
  - 2 sites temporarily suspended on ethical grounds
  - cross-industry multi-stakeholder initiatives and long term collaboration

### No. of Tesco Responsible Sourcing experts based in key countries

<table>
<thead>
<tr>
<th>Country</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>21</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UK</td>
<td>8</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>India</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bangladesh</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Thailand</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Costa Rica</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Pakistan</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>South Africa</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Turkey</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>461</strong></td>
<td><strong>406</strong></td>
<td><strong>350</strong></td>
<td><strong>290</strong></td>
</tr>
</tbody>
</table>

### Mitigating risk through fewer, better suppliers: non-food

- GM
- F&F (excluded Lotus)
## Beyond Tier 1 - our top 10 supply chains.

<table>
<thead>
<tr>
<th>Key issues</th>
<th>Certification (UKROI)</th>
<th>Sector change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bananas</td>
<td>Wages, union representation</td>
<td>[Logo] 100% World Banana Forum</td>
</tr>
<tr>
<td>Berries</td>
<td>Gender discrimination</td>
<td>[Logo] N/A ETI/Oxfam Berries project</td>
</tr>
<tr>
<td>Cocoa</td>
<td>Livelihoods, child labour</td>
<td>[Logo] 100% World Cocoa Foundation</td>
</tr>
<tr>
<td>Coffee</td>
<td>Forced labour</td>
<td>[Logo] 100% Global Coffee Platform</td>
</tr>
<tr>
<td>Cotton</td>
<td>Livelihoods</td>
<td>[Logo] 100% Better Cotton Initiative</td>
</tr>
<tr>
<td>Palm Oil</td>
<td>Forced labour</td>
<td>[Logo] 100% RSPO, Consumer Goods Forum</td>
</tr>
<tr>
<td>Prawns</td>
<td>Forced labour</td>
<td>[Logo] N/A Issara Institute</td>
</tr>
<tr>
<td>Seafood</td>
<td>Forced labour</td>
<td>[Logo] 72% Seafood Ethics Action Group</td>
</tr>
<tr>
<td>Sugar</td>
<td>Health and safety, child labour</td>
<td>[Logo] N/A N/A</td>
</tr>
<tr>
<td>Tea</td>
<td>Wages, gender discrimination</td>
<td>[Logo] 100% Ethical Tea Partnership</td>
</tr>
</tbody>
</table>

1. of 100% cotton products. Target is 100% BCI for all cotton by 2022.
Collaborating beyond Tier 1.

**Global Reach:**
- World Banana Forum
- Global Coffee Platform
- World Cocoa Foundation
- Seafood Ethics Action Group
- Better Cotton Initiative
- Gender Steering Group
- ACT for garment sector living wages

**Peru**
- ETI programme

**Spain**
- Spanish Supplier Forum
- Stronger Together

**Italy**
- ETI Italian tomatoes project

**Bangladesh**
- Accord
- ETI Social Dialogue

**Morocco**
- Better Strawberries Project

**India**
- Unicef Assam
- ETI Tamil Nadu

**Malawi**
- Malawi 2020

**South Africa**
- Stronger Together
- Tesco and Community Fund
- ETI Working Group

**Spain**
- Spanish Supplier Forum
- Stronger Together
**100% black tea Rainforest Alliance Certified**

2 suppliers, 140 tea gardens  
Kenya, India, Malawi  
- Sector change through Ethical Tea Partnership  
- Key projects:  
  - **Malawi 2020** aims to close the living wage gap by 2020. Part of coalition which agreed first collective bargaining agreement  
  - **Unicef Assam** 35,000 adolescent girls supported in tea growing communities

**268 hand car washes**

1 franchise partner  
c.2,300 workers  
- Industry leading compliance programme.  
- Helping establish the Responsible Carwash Scheme to drive sector change.  
- **£7.32** - Break-even cost of a basic hand car wash

---

Our colleagues.

- 450,000 colleagues
- 6,993 shops around the world
- Located in 10 different countries
- 73 years between our oldest and youngest colleague

by market location:
- UK
- ROI
- Europe
- Bengaluru
- Asia

by age:
- age <20
- age 20-29
- age 30-39
- age 40-49
- age 50-59
- age 60+

by gender:
- Male
- Female

1. UK only.
People: the changing world of work.

**Diverse workforce**
The changing mix of people in work

**Colleague proposition**
The deal we get from work is evolving

**Technology & Automation**
Technology is transforming how we work

**Health & wellness**
We want work to help us live healthier lives

**Culture & values**
Increasing expectations of employers
A place to get on.
Building skills and growing careers.

Learning for all
• 515,000 training sessions for colleagues last year
• 10,000+ apprenticeships since 2012
• 2,000+ work experience opportunities for young people
• Prince’s Trust Partnership – helping 10,000 young people

Developing our Leaders
• c.18,000 colleagues received management training
• >5,400 hours to developing our Directors
• Promoted 60% more internal colleagues into senior roles

Digital and Future Skills
• c.200 Digital champions supporting over 2,600 colleagues so far
• c.2,500 colleagues trained in Continuous Improvement, 41 colleagues completed Robotics Process Automation training
• Introduced a Software Development Apprenticeship with Makers Academy

Underpinned by job families, flexibility and technology
Everyone is welcome.

84% of colleagues say there is an inclusive culture at Tesco where people are accepted for who they are without judgement.

At the heart of the business
- Executive sponsor for Diversity & Inclusion
- External benchmarking completed

Gender
- 31% Board, 31% Exec, 23% Director, 39% Manager female representation
- Median gender pay gap 8.9% (3.1% when premiums removed)
- Strong succession pipelines - 45% female at business leader

Inclusive culture
- All directors complete Inclusive Leadership Development
- Launching specific line manager and colleague training this year
- 5 long-standing colleague inclusion networks
Colleague health and wellness.

8 Colleague Health Events since 2017. UK’s largest ever workplace health survey

- >4 million pieces of free fruit
- Free fruit ‘Always on offer’ in stores
- ‘Running on healthy’ in distribution
- Helping colleagues make healthier choices by educating and inspiring

- Partnership with Mind
- Mindapples and Mind e-learning accessed by over 36,000
- 15,000 accessed new financial wellness content within first month
- Piloting Mental Health first aiders, and launching core manager training

- 13,000 colleagues accessing Gympass
- 300,000 colleagues participated in Race for Life
- Health checks available to all colleagues through Nuffield since 2017
## Total reward.

### Simple
Colleagues given choice; reward is simple, clear and easy to understand

### Fair
Consistent terms and conditions building trust and transparency, with clear rationale for any differences

### Competitive
We assess competitiveness on a total reward basis

### Sustainable
A balance of fixed and variable pay, that is sustainable for the business

<table>
<thead>
<tr>
<th>Source</th>
<th>Base pay</th>
<th>Location pay, premium payments, average retirement savings and average colleague discount</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Minimum Wage</td>
<td>£7.70</td>
<td></td>
</tr>
<tr>
<td>National Living Wage</td>
<td>£8.21</td>
<td></td>
</tr>
<tr>
<td>Real Living Wage</td>
<td>£9.00</td>
<td></td>
</tr>
<tr>
<td>Tesco (Sept 2019 National)</td>
<td>£9.00</td>
<td>£0.90</td>
</tr>
<tr>
<td>Tesco (Oct 2020 National)</td>
<td>£9.30</td>
<td>£0.92</td>
</tr>
<tr>
<td>Tesco (Sept 2019 London)</td>
<td>£9.00</td>
<td>£1.62</td>
</tr>
<tr>
<td>Tesco (Oct 2020 London)</td>
<td>£9.30</td>
<td>£1.64</td>
</tr>
</tbody>
</table>
Driving colleague engagement.

83% of colleagues would recommend Tesco as a great place to work.

Moving to a more continuous listening approach over the next year.

Quarterly Colleague Forums running for 15+ years.
Challengers community of 300 colleagues.
USDAW partnership.
Colleague Contribution Panel hosted by our NED’s.
Closing Remarks

Dave Lewis
Group Chief Executive
Sustainable

Suppliers

Behavioural advocacy

Responsibly production

Customers

Responsibly consumption
Summary.

- Corporate renewal plan
- Risk management and mitigation
- Protocols and processes embedded within the business and culture
- Code of business conduct - speak up culture

- Target, measure, act
- Own operations and supply chain commitments, including climate change, waste, sourcing
- Closing the loop on packaging waste

- Community reach and contribution
- Skills development and opportunities to get on
- Proactive risk management in the supply chain
- Greater access to healthier products for all
Affordable, healthy, sustainable food for all.
Future of Food.
Packaging.
Our key contributions to the UNSDGs in 2018/19.

62.7 million meals donated to local charities and community groups across the UK, Ireland, Central Europe and Asia.

69% of colleagues and 55% of UK customers agree that Tesco helps them lead a healthy lifestyle.

58% of electricity sourced from renewable sources.

77% of Tesco colleagues agree they have the opportunity to learn and develop.

81% of food surplus safe for humans redistributed from UK retail operations.

31% reduction in GHG emissions since 2015/16.

98% of high risk supplier sites audited for human rights standards.

2,914 tonnes of hard to recycle materials removed from UK Own Brand packaging.

77% of Tesco colleagues agree they have the opportunity to learn and develop.

31% reduction in GHG emissions since 2015/16.

72% of wild caught seafood in the UK certified by MSC.

100% of palm oil in UK, Central Europe and Ireland Own Brand products RSPO certified. 37% Asia.
Q&A.
Lunch.
Disclaimer.

This document may contain forward-looking statements that may or may not prove accurate. Forward-looking statements are statements that are not historical facts; they include statements about Tesco’s beliefs and expectations and the assumptions underlying them. For example, statements regarding expected revenue growth and operating margins, market trends and our product pipeline are forward-looking statements. Phrases such as "aim", "plan", "intend", "anticipate", "well-placed", "believe", "estimate", "expect", "target", "consider" and similar expressions are generally intended to identify forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from what is expressed or implied by the statements. Any forward-looking statement is based on information available to Tesco as of the date of the statement. All written or oral forward-looking statements attributable to Tesco are qualified by this caution. Tesco does not undertake any obligation to update or revise any forward-looking statement to reflect any change in circumstances or in Tesco’s expectations.