TESCO PLC

BOARD DIVERSITY AND INCLUSION POLICY
1. Purpose

This Board Diversity Policy (the ‘Policy’) sets out the approach to diversity on the Board of Directors (the ‘Board’) of Tesco PLC (the ‘Company’). This Policy sits alongside the Company’s Equal Opportunities and Diversity Policy, which sets out the Company’s wider commitment to diversity and inclusion across Tesco.

2. Policy Statement

The Board believes that it is vital to have a diverse Board, with mix of skills, knowledge, experience, geographical expertise, professional background, gender, tenure, age, ethnicity and other distinctions between Directors. It is the Board’s strong belief that a diverse Board with different perspectives, insights and viewpoints in decision-making ultimately benefits the Group’s stakeholders through better business performance.

The Board understands that supporting our workforce in a culture of trust and respect is essential to the success of the Company where colleagues feel valued and rewarded for the work they do. The tone for diversity and inclusion across the Group is set from the top and the Board believes that having a diverse leadership team and an open and inclusive culture where ‘Everyone is Welcome’ supports one of our core Values, ‘We treat people how they want to be treated’.

All appointments to the Board are made on merit against a set of objective criteria, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective.

3. Board Diversity Objectives

With regard to gender diversity, the Board supports the recommendations set out in the Hampton-Alexander Review on gender diversity and intends to maintain a balance so that as a minimum at least one-third of the Board is women from the end of 2020. It is recognised that there may be periods of change on the Board when this number may be smaller while the Board is refreshed. However, it is the Board’s longer term intention to at least maintain this balance.

The Board also supports the recommendations set out in the Parker Review on ethnic diversity and intends to have at least one Director from an ethnic minority background on the Board.

4. Monitoring and Reporting

The Nominations and Governance Committee are responsible for ensuring the Board has the right balance of skills, experience and knowledge. The Nomination and Governance Committee shall:

- regularly review Board composition, succession planning, talent development and the broader aspects of diversity;
- work with executive search firms who have signed up to the voluntary Code of Conduct on diversity and best practice and that understand Tesco’s values and approach to diversity in determining suitable candidates for appointment to the Board;
- identify suitable candidates for appointment to the Board against an objective criteria with regard for the benefits of diversity on the Board and taking into consideration the
skills, experience, independence and knowledge, to advance the Group’s strategy for the benefit of all its stakeholders;

- report annually, in the corporate governance section of the Annual Report, the implementation of the Board Diversity Policy and the process used in relation to Board appointments; and
- review the Board Diversity Policy annually and recommend any revisions to the Board.

**Adopted by the Board**

19 July 2019