Background

In May 2017 Tesco announced:

1. New science-based targets (including to a 1.5 degree trajectory for own operations)
2. Renewable electricity targets for own operations
3. The creation of a Groupwide Renewable electricity roadmap

<table>
<thead>
<tr>
<th>Target/Milestone year</th>
<th>2020</th>
<th>2025</th>
<th>2030</th>
<th>2050</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absolute carbon reduction target</td>
<td>-35%</td>
<td>-60%</td>
<td>-85%</td>
<td>-100%</td>
</tr>
<tr>
<td>Underpinning renewables targets</td>
<td>65%</td>
<td>80%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Target/Milestone year</th>
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<th>2025</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing absolute carbon reduction targets</td>
<td>-7%</td>
<td>-20%</td>
<td>-35%</td>
<td>TBC</td>
</tr>
<tr>
<td>Agriculture absolute carbon reduction targets</td>
<td>-7%</td>
<td>-12%</td>
<td>-15%</td>
<td>TBC</td>
</tr>
</tbody>
</table>
Tesco’s Group-wide Renewable Electricity Roadmap

Starting point: cheapest renewables

<table>
<thead>
<tr>
<th>Year</th>
<th>Renewable Electricity Mix</th>
<th>Certificates</th>
<th>Grid PPAs</th>
<th>On-site generation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>0% renewables</td>
<td>53%</td>
<td>1%</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>54% renewables</td>
<td>48%</td>
<td>15%</td>
<td>2%</td>
</tr>
<tr>
<td>2020</td>
<td>65% renewables</td>
<td>35%</td>
<td>40%</td>
<td>5%</td>
</tr>
<tr>
<td>2025</td>
<td>80% renewables</td>
<td>40%</td>
<td>50%</td>
<td>10%</td>
</tr>
<tr>
<td>2030</td>
<td>100% renewables</td>
<td>40%</td>
<td>50%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Credibility & Recognition

- Non-renewable electricity
- Renewable certificates: low credibility/customer recognition
- Grid Power Purchase Agreements (PPAs): high credibility/medium customer recognition
- On-site generation: highest credibility/customer recognition
UK & ROI roadmap

2017
- 100% Non-renewable electricity

2018
- 100% Renewable certificates: low credibility/customer recognition

2020
- 26% Grid Power Purchase Agreements (PPAs): high credibility / medium customer recognition
- 3% On-site generation: highest credibility/customer recognition
- 71% Non-renewable electricity

2025
- 50% Renewable certificates: low credibility/customer recognition
- 44% Grid Power Purchase Agreements (PPAs): high credibility / medium customer recognition
- 6% On-site generation: highest credibility/customer recognition
- 50% Non-renewable electricity

2030
- 50% Renewable certificates: low credibility/customer recognition
- 40% Grid Power Purchase Agreements (PPAs): high credibility / medium customer recognition
- 10% On-site generation: highest credibility/customer recognition
- 50% Non-renewable electricity
Renewable Electricity Sourcing Principles

1. We will increasingly procure higher-credibility renewable electricity with additionality.

2. The majority of our renewable electricity will come from on-/near-site generation and Power Purchase Agreements (PPAs) by 2030 – certificates will form a minority of our mix.

3. By 2030, at least 80% of our grid PPA purchasing will create additionality (i.e. renewable projects that enter our PPA pipeline at pre-financial investment decision stage).

4. We shall prioritise and maximise solar PV deployment for our on-/near-site generation.

5. We will engage with policy makers to ensure sustained credibility of renewable certificates over time.

6. We will engage with both industry and policy makers in our International businesses to support the development of a credible renewable market.