

Tesco PLC (the ‘Company’)

MATTERS RESERVED TO PLC BOARD

The Tesco PLC Board (the ‘**Board**’) has collective responsibility to promote the long-term success of the Company and is accountable to stakeholders for ensuring that the Group is appropriately managed and achieves the strategic objectives it sets, in a way that is supported by the right culture, values and behaviours throughout the Tesco PLC Group (the ‘**Group**’).

The Board may delegate specific authorities to the Group Chief Executive or Board committees. Any such delegation is set out in the delegated authority framework or the Committee terms of reference which are approved by the Board.

To retain control and oversight, the following matters are reserved for the Board owing to their strategic, financial or reputational importance to the Tesco PLC Group (the ‘**Group**’).

1. STRATEGY AND MANAGEMENT

- 1.1. Responsibility for the overall strategic aims and objectives of the Group
- 1.2. Establishing the Company’s purpose and values
- 1.3. Approval of the Group’s strategy and risk appetite to align with the Group’s purpose and values
- 1.4. Monitoring the Group’s culture and ensure it is aligned to the Group’s values, purpose and strategy
- 1.5. Monitoring of the progress of the Group’s Net-Zero Commitments for Scope 1 and 2 by 2035 and Scope 3 by 2050
- 1.6. Approval and oversight of the Group policy framework and approval of appropriate Group policies
- 1.7. Approval of the Long-Term Plan ensuring the generation of value for shareholders and contributing to wider society
- 1.8. Approval of the Annual Budget and monitoring performance against it
- 1.9. Oversight of the Group’s operations
- 1.10. Approval and oversight of the Group’s property strategy
- 1.11. Approval of entry into a new country or a new category of business or ceasing operations in a particular country or category of business which is significant to the Group.

2. STRUCTURE, CAPITAL AND FINANCING*

- 2.1. Approval of major changes to Group’s corporate or capital structure, including share issuances (other than in connection with the Group’s share plans) and reduction in capital through share buy-backs or otherwise
- 2.2. Approval of capital expenditure with a value of more than £500m
- 2.3. Approval of acquisitions, mergers, joint ventures or disposals involving shares or cash transactions with a value of more than £75m
- 2.4. Approval of any investment, acquisition, merger, joint venture or disposal which is novel or has major reputational implications

- 2.5. Approval of the provision of security to a third party over assets with a value of more than £30m
- 2.6. Approval of new borrowing facilities with a value of more than £250m and which are not in the Group funding plan or where there is a public prospectus involved
- 2.7. Approval of any guarantees, indemnities or letters of comfort to a third party
- 2.8. Approval of contracts in accordance with the Group Delegation of Authority
- 2.9. Approval of technology, design and build, maintenance and replacement of equipment spend of more than £25m.

(* to be considered in conjunction with Group Delegation of Authority)

3. FINANCIAL REPORTING AND CONTROLS

- 3.1. Approval of preliminary, half-yearly and trading statements
- 3.2. Approval of Annual Report and Accounts
- 3.3. Approval of dividend policy and declaration of any interim or special dividend and recommendation of final dividend for shareholder approval
- 3.4. Any significant changes to the Company's accounting policies or practices upon recommendation from the Audit Committee
- 3.5. Appointment, reappointment or removal of the external auditor, subject to shareholder approval, upon recommendation from the Audit Committee.

4. INTERNAL CONTROL AND RISK MANAGEMENT

- 4.1. Oversight of internal control systems and risk management processes at least on an annual basis
- 4.2. Determining the nature and extent of the emerging and principal risks the Group is willing to take on to achieve its strategy.

5. REMUNERATION

- 5.1. On the recommendation of the Remuneration Committee, approval of the remuneration policy for the Executive Directors
- 5.2. On the recommendation of the Chairman and Executive Directors, approval of the remuneration of the Non-Executive Directors
- 5.3. Approval of any share incentive plans requiring shareholder approval.

6. BOARD MEMBERSHIP AND OTHER APPOINTMENTS

- 6.1. Determination of Board structure, size and composition, including the appointment, re-appointment or removal of a Director of the Board on the recommendation of the Nominations and Governance Committee
- 6.2. Approval of the composition and membership of Board Committees
- 6.3. Approval of division of responsibilities between the Chairman, Group Chief Executive and Senior Independent Director and the level of delegated authority limits
- 6.4. Review of succession planning for the Board and Executive Committee members to maintain an appropriate mix of skills, knowledge and experience ensuring a diverse pipeline for succession

- 6.5. Approval of the Board Diversity and Inclusion Policy upon recommendation of the Nominations and Governance Committee
 - 6.6. Appointment or removal of a Company Secretary
 - 6.7. Approval of Directors' external appointments.
- 7. CORPORATE GOVERNANCE**
- 7.1. Approval of any changes to these matters reserved for the Board
 - 7.2. Establishment of the Governance Framework and approving material changes to authority delegated by the Board. Approval of Board Committee terms of reference and receiving reports from Committee chairs following Committee meetings
 - 7.3. Ensuring there is a formal and rigorous assessment of the performance and effectiveness of the Board, its Committees, the Chair and individual directors and monitoring any corrective actions
 - 7.4. Authorising Directors' actual or potential conflicts of interest in conjunction with the Nominations and Governance Committee
 - 7.5. Understanding the views of the Group's key stakeholders, considering the balance of interests between stakeholders and ensuring effective engagement with the Group's stakeholders, including shareholders, the workforce, customers, suppliers and the community
 - 7.6. Approval of Company's Memorandum and Articles of Association and recommendation to Shareholders
 - 7.7. Approval of any changes to the Company's listing or its status as a plc.
- 8. REGULATORY REQUIREMENTS**
- 8.1. Approval of matters relating to general meetings (resolutions and shareholder documentation)
 - 8.2. Approval of all shareholder circulars, prospectuses and listing particulars issued by the Company
 - 8.3. Approval of material public announcements concerning matters decided by the Board. These matters may be delegated to the Disclosure Committee
 - 8.4. Approval of material regulatory filings with London Stock Exchange, FCA and other regulatory authorities in all relevant jurisdictions.
- 9. OTHER**
- 9.1. Approval of any donation to a political party
 - 9.2. Approval of the prosecution, defence or settlement of litigation of more than £25m, arbitration or other legal or regulatory proceedings involving a total cost of more than £15m or with major reputational implications
 - 9.3. On the recommendation of the Group Chief Executive, approval of the appointment or removal of the Group's principal professional advisers
 - 9.4. Approval of Directors' and Officers' insurance and approval of any indemnity given by the Company to any Directors and Officers
 - 9.5. Approval of significant changes to pension scheme
 - 9.6. Approval of the Group's Share Dealing Code

9.7. Approval of any decision or matter likely to have a material impact on the Group, including financial, operational, strategic, reputational, social or environmental.

10. BOARD PROCEDURE FOR DECISIONS BETWEEN SCHEDULED BOARD MEETINGS

In the event of an urgent, business critical matter requiring Board approval in accordance with the Schedule of Reserved Matters for the Board or under the Group Delegation of Authority, which arise between scheduled Board meetings, approval will be sought through a Sub-Committee of the Board comprising any two of the Chair, Group CEO or Senior Independent Director. Approval can be sought in writing, by phone, video conference or email and recorded by the Company Secretary or their nominee. The matter will be reported at the next scheduled Board Meeting.

Reviewed and approved by the Board October 2022