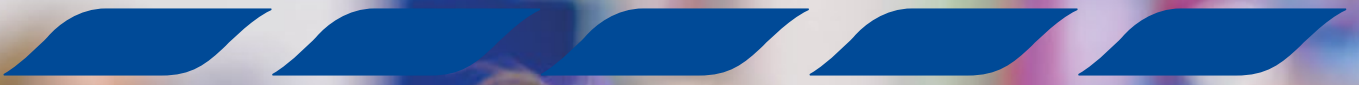


TESCO



Little Helps Plan.

2019/20

Serving shoppers a little better every day.

Contents.

Group Chief Executive statement.....	2
Our approach.....	4
People	8
Product	18
Planet	28
Places	34
Performance.....	40
Indices, benchmarks and scorecards.....	42



COVID-19

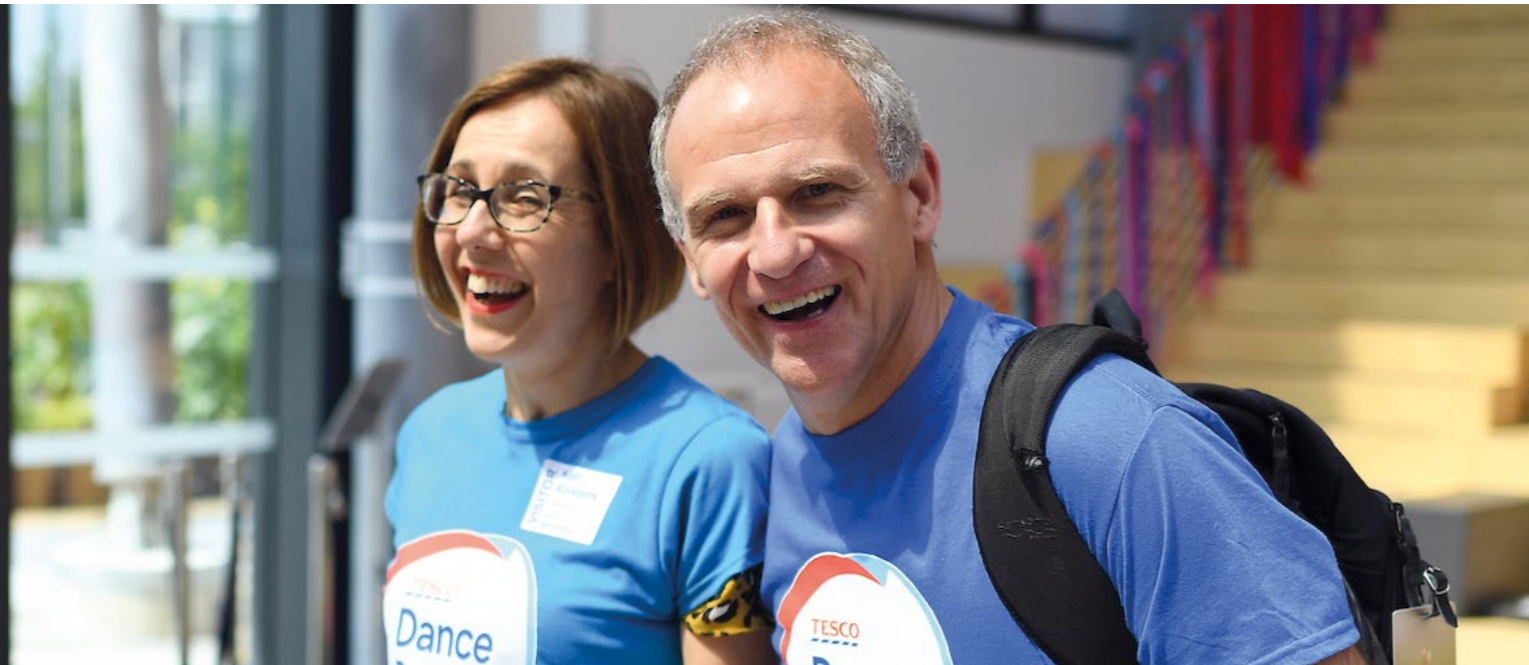
At the time of publishing this report, we are dealing with the global pandemic of COVID-19. The outbreak presents an unprecedented challenge to everyone. Our business response has focused on providing food for all, safety for everyone, supporting colleagues and helping communities.

This report covers our 2019/20 financial year, before the impact of COVID-19 was felt in the markets we operate in. It provides a summary of our activity and updates on the progress we are making with our Little Helps Plan up to 29 February 2020.

To find out more about our response to COVID-19 please visit www.tescopl.com/covid-19.

Group Chief Executive statement

Little helps make a big difference.



“The Little Helps Plan captures our approach to ensuring we are a responsible and therefore sustainable business. It links directly to our purpose and our values. Every part of Tesco is involved.”

Dave Lewis
Group Chief Executive

Five years ago we set out a new purpose for Tesco: to serve shoppers a little better every day. In setting out our purpose we had in mind a very broad definition of the word ‘serve’. To us, serving obviously means the service we give in stores to customers but it also means acting as a responsible business for all stakeholders – customers, colleagues, suppliers and shareholders.

The Little Helps Plan captures our approach to ensuring we are a responsible and therefore sustainable business. It links directly to our purpose and our values. Every part of Tesco is involved.

In 2019 we made significant progress towards some of our long-term goals in the Little Helps Plan. Over the course of the year, we have reached 77% of our target that no food safe for human consumption will go to waste in the UK. We have removed over 10,000 tonnes of hard-to-recycle materials from Tesco Own Brand products in the UK. We achieved a 37% reduction in Group greenhouse emissions against a 2015 baseline as well as sourcing 68% of electricity from renewable sources, achieving both our absolute emissions reduction and renewable energy 2020 targets early.

Our partnerships are also making a difference. Together with the WWF we launched the Sustainable Basket Metric, a key step which will allow us to measure progress towards our goal to halve the environmental impact of the average UK shopping basket. We also worked with the WWF on the Cerrado Manifesto to support soy sourcing without deforestation in Brazil. We continue to work closely with Champions 12.3 to help halve global food waste from farm to fork and we are working with suppliers to remove, reduce, reuse and recycle plastic from packaging. We even picked up a Guinness World Record® with our biggest ever fundraising event – Tesco Dance Beats – which saw us raise £2m for our health charity partners, Cancer Research UK, the British Heart Foundation and Diabetes UK in our centenary year.

This report reflects our progress in the year ending 29 February 2020, before the impact of COVID-19 was felt. Since then, we have mobilised all parts of our business to help us respond to the crisis.

Our priorities are giving customers access to the food they need; working with government to serve the most vulnerable in society; ensuring the safety of everyone who works or shops with us; supporting our colleagues; and helping local communities.

In early April 2020 we announced a £30m package of support for communities dealing with COVID-19. This builds on the programmes and partnerships we already had in place including making additional investments in our food donations programme, supporting the British Red Cross and helping charities working with some of the most vulnerable in society through our Bags of Help scheme. We are also a partner of SalutetheNHS.org, donating all the food for one million food parcels for frontline NHS workers. More information on our response to COVID-19 is available at www.tescopl.com/covid-19.

None of this would have been possible without the hard work and dedication of our colleagues and partners. It’s a privilege to work with such passionate and dedicated people who, every day live the values of our business.

The Little Helps Plan provides a crucial focus for our work. We believe that following the Little Helps Plan will not only mean that we can serve shoppers better and more sustainably into the future, but it will also lead to sustainable long-term returns for investors and a better outcome for the planet. In this context every little help really can make a big difference.

Dave Lewis
Group Chief Executive

Our approach

Little Helps Plan.

Since 2017, the Little Helps Plan has been a core part of our business and helps us to deliver our purpose of serving shoppers a little better every day.

We want to make a big difference and we believe our position in the market gives us a unique ability to pursue transformative change across the supply chain and lead industry-wide action to tackle some of the biggest social and environmental challenges facing us today. Our Little Helps Plan sets out how we do this.

We know that we won't thrive as a business unless our communities, stakeholders and partners do, and we are very aware of the dependencies and interactions we have across a multitude of issues. We continue to monitor the global forces and customer trends that are changing the retail landscape, recognising that the future of our business depends not only on the decisions and actions we take, but also on the world around us and our ability to adapt.

This year we undertook a review of the Little Helps Plan to ensure it continues to be relevant and reflects our ongoing business priorities. As a result of this review we have updated the framework to enable us to report on the diverse value we create in a way which is consistent with how we operate:

- it all starts with **People** – Tesco colleagues and in our supply chain;
- it's about serving customers with affordable, healthy, sustainable **Product**;
- working in a way that protects the **Planet**; and
- supporting communities in **Places** where we have a stake.

We have introduced a new Planet pillar to better reflect the priority we place on important environmental issues such as climate change and deforestation and removed the former 'foundations' which is built into our Code of Business Conduct. In line with our value of treating people how they want to be treated we have expanded the People pillar beyond our own colleagues to the workers within our supply chain, recognising the importance of creating jobs and opportunities for people and communities around the world.

Serving 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



People.

Employment and skills
Diversity and inclusion
Human rights
Health, safety and wellbeing

Product.

Food waste
Packaging
Health and diets
Animal welfare

Planet.

Climate change
Agriculture
Marine
Forests

Places.

Supporting communities



Code of business conduct

Sustainable Development Goals

Launched in 2015, 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. The SDGs provide a useful benchmark to assess the relevance of our initiatives and in line with UN Global Compact guidance we have focused on goals which are particularly relevant to us: where expectations, risks and opportunities for Tesco are greatest, and where we can make the biggest difference.



Materiality and stakeholder engagement

Economic change, environmental challenges, new technologies and social trends present opportunities as well as risks for our business and the communities we serve, and we must ensure our Little Helps Plan continues to address these issues.

In 2017 we completed our first materiality study and since then we have continued to review and evolve the Plan following engagement with colleagues, suppliers, NGOs and industry stakeholders about their priorities and expectations.

We are committed to listening to all stakeholder groups and do so in a variety of ways. Customers and investors frequently approach us with questions and we maintain an open-door contact mechanism via our cr.enquiries@tesco.com mailbox. Beyond requests for information, we also proactively engage with stakeholders, hosting supplier days, deploying customer feedback surveys, meeting with policymakers and in 2019, for the first time, we hosted an Environment, Social, Governance (ESG) event for investors, analysts and banking partners to provide an update on our approach to embedding sustainability into our business model and ways of working.

Monitoring progress

In 2018 we established a set of Key Performance Indicators (KPIs) to help us embed the Little Helps Plan into our business and measure our progress.

As part of the Little Helps Plan review we have assessed the appropriateness of our KPIs, our ability to measure and report against them and how they reflect our business priorities. Many of the KPIs remain unchanged for the year ahead, however some have been retired and we have introduced new KPIs for some topics. We acknowledge the importance of disclosure and where KPIs have been retired, in many cases, we will continue to report data at www.tescopl.com/LHPperformance.

A summary of performance against the 2019/20 KPIs is provided on page 40. Detail of the activity and initiatives responsible for the performance is provided in the relevant sections of the report. The updated forward-looking KPIs are introduced at the beginning of each of the pillar sections, together with 2019/20 performance data where it is available.

We participate in numerous external sustainability indices and benchmarks that assess and score our approach on a broad range of topics. Further information on these can be found on page 42.



More detail on the KPI changes and historical KPI data can be found on our website at www.tescopl.com/LHPperformance

Our approach continued

Governance.

The Little Helps Plan has an established governance framework, structured around the core operations of our business.



The Corporate Responsibility Committee is chaired at Board level by Lindsey Pownall, an independent Non-executive Director. Other members of the Committee include four Board-level Directors and two members of the Group's Executive Committee.

The Corporate Responsibility Committee oversees delivery of the Little Helps Plan and members are collectively responsible for ensuring the Board devotes sufficient focus to maximising opportunities for long-term sustainability benefits, while assessing the potential impact of threats. The Committee meets three times per year to consider and review the following areas:

- **overall performance of the Little Helps Plan**, ensuring sufficient progress towards goals and targets is being made;
- **review and approve changes to the Plan**, assessing the suitability in meeting our long-term objectives;
- **monitor changes to the external environment** and place due consideration of their influence on the Little Helps Plan commitments and business reputation; and
- **oversee the Group's engagement with external stakeholders** and other interested parties including Little Helps Plan reporting, investor engagement and campaigning groups.

Further information about the Corporate Responsibility Committee, including issues discussed in this year's meetings, can be found in the Corporate Responsibility Committee Report within the Tesco PLC Annual Report and Financial Statements 2020.

Our Group Communications Director, Christine Heffernan, is the Little Helps Plan Executive sponsor. To ensure the business

continues to make advancements toward meeting the challenging priorities of the external environment, we have recently established a new Corporate Responsibility Steering Group. As a member of the Executive Committee and the Little Helps Plan sponsor, Christine chairs the Steering Group to oversee progress of our sustainability measures and goals. The Steering Group comprises experts at director level of the business to ensure areas have an appropriate strategy and implementation plan.

The Steering Group provides updates to the Corporate Responsibility Committee against the Little Helps Plan and equips Committee members with insights on developments within the business or outlines anticipated issues for members to consider.

“Through the Little Helps Plan we demonstrate that every little help makes a big difference and recognise the global responsibility Tesco has to the communities and customers it serves.”

Lindsey Pownall
Non-executive Director and Chair of the Corporate Responsibility Committee

Interdependencies and value creation.

The future of our business depends not only on the decisions and actions we take, but also on the world around us and our ability to adapt. We understand that our activity reverberates throughout society and by the same token, we know that decisions and actions taken by society have a huge impact on us.

We are operating in a constantly changing world with social, ethical, political, ecological, and technological developments that produce both opportunities and threats. As a business we monitor these external factors and their potential to affect our performance, future prospects, reputation or our ability to deliver against our priorities and build appropriate controls. This forms part of our established risk management process.

We recognise climate change as the biggest environmental threat the world faces, and one which poses particular challenges to our business, including our supply chain and operations. Conversely, responding to climate change effectively can enhance our business resilience and enable us to respond to any opportunities it may offer, making us a better business in the long-term.

We have completed Taskforce on Climate-related Financial Disclosures (TCFD) scenario analyses and assessed our exposure to physical climate risks such as rising temperatures, changes in rainfall patterns and extreme weather events. Beyond physical risks, we also assessed risks and opportunities arising from a

transition to a low-carbon world aligned with the Paris Agreement. These transition risks are a result of market and societal shifts related to agriculture, diets and energy use. Further information about our TCFD work can be found within the Tesco PLC Annual Report and Financial Statements 2020.

Alongside the threat of climate change, society is facing further change with rising global populations, increasing life expectancy and rapid advancements in technological innovation. This has the potential to impact both our customers, through their diets and how they shop, and our colleagues and their skills and expectations on us as an employer.

Our well-established product development and customer insight analysis ensures we understand and leverage trends around customer behaviour, expectations and experience. We use this to improve our propositions and keep the needs of our customer central to our decision-making.

Our talent planning and people development processes are established across the Group and help equip our colleagues with the skills they need to succeed in the future, building on existing skills and creating opportunities for colleagues to reskill in areas where demand is expected to increase in the future.

To create value for our stakeholders.

We are proud of the value we create by adopting sustainable production and consumption practices that ensure our ability to serve tomorrow's shoppers with affordable choices and provide sustainable long-term returns for investors.

Value for customers.

We strive to provide affordable, sustainable, healthy products while ensuring that we never compromise on product safety.



Customer perception of our brand

+19.3 pts¹

1. Based on YouGovBrand Index which is a score based upon six component questions covering quality, value, reputation and satisfaction; 12 week rolling data.

Value for colleagues.

As an employer of choice, we remain committed to treating people how they want to be treated and giving everyone the opportunity to get on.



Colleagues believe we are a great place to work

82%²

2. Reflects percentage of colleagues recommending Tesco as a great place to work as part of our Every Voice Matters survey.

Value for suppliers.

We collaborate with suppliers to continually raise supply chain standards and drive best practice on sustainability issues.



Primary food supplier sites supplying Tesco

2,749

3. Donations made through our charity partnerships, community grant programmes and colleague and customer fundraising.

Value for communities.

We operate in thousands of communities around the world and are committed to playing an active role in helping these communities thrive.



Donations made to good causes

£98m³

People.



One of our values is to treat people how they want to be treated. We want to ensure all colleagues can be themselves and have an opportunity to get on at Tesco. With more than 400,000 colleagues around the world and millions of people who work within our supply chain, we are committed to promoting human rights and seek to ensure that there is decent, fair, safe work for all.

Our People pillar covers:

- Employment and skills
- Diversity and inclusion
- Health, safety and wellbeing
- Human rights

Our updated key performance indicators.

Commitment	KPI	2019/20 performance
Being a great place to work	Percentage of colleagues that recommend Tesco as a great place to work within the Every Voice Matters survey	Group: 82%
Developing careers, skills and leadership capability	Percentage of colleagues who feel they have the opportunity to learn and develop at Tesco within the Every Voice Matters survey	Group: 77%
Recognising individual contribution and collective diversity	Tesco average pay versus market median	UK: 1.08
Supporting colleagues to be at their physical and mental best	Percentage of colleagues that believe Tesco supports their health and wellbeing within the Every Voice Matters survey	Group: 76%
Respecting human rights across the supply chain	Percentage of high-risk tier 1 supplier sites with audits in the last year	UK: 97%
	Percentage of high-risk tier 1 supplier sites where critical non-conformances (NCs) have been identified	UK: 62%
	Percentage of high-risk tier 1 supplier sites that have closed out critical NCs on time	UK: 97%

KPIs have been updated to reflect our priority areas for the years ahead. We have provided 2019/20 performance against these new KPIs where we have the data available. A summary of our previously published 2019/20 KPIs and performance can be found on page 40. Further data disclosures can be found at www.tescopl.com/LHPperformance.

People continued

Employment and skills.

Developing the skills and opportunities to get on

The world of work is moving at pace and we know that we must equip our colleagues with the skills they need to succeed in the future. As well as building on existing skills, we are creating opportunities for colleagues to reskill in areas where demand is expected to increase and looking to expand our talent pools, so we can continue to resource the skills we need for the future. To focus on this, a new strategic workforce planning team has been set up to help build a picture of our future workforce supply and demand: the critical skills, roles and job families Tesco will need to deliver its strategy, and how we fulfil these.

We continued to invest in the future of our workforce with a focus on digital skills across the Group. In the UK, 165 Digital Champions across our stores and distribution centres have now had 32,000 conversations to improve colleagues' digital confidence. In India, 83 colleagues have been upskilled to lead work on automation whilst 200 colleagues are now accredited in Continuous Improvement. Colleagues in Central Europe have completed almost 60,000 digital training modules and in Asia we now offer specific courses on digital transformation and data to our colleagues.



We have been working with the Prince's Trust and specialist research and training charity Institute of Grocery Distribution (IGD) and have helped over 19,000 young people develop their employability and life skills since August 2018. Our partnership supports the Prince's Trust Achieve Clubs, which give disadvantaged young people in secondary school the opportunity to develop the skills they need for the future. Our commitment is focused on funding the running of 40 Achieve Clubs in secondary schools in areas of greatest need, developing relevant content and lesson plans, and bringing the content to life for young people through volunteering opportunities for our colleagues.

In February 2020 Tesco Technology hosted the semi-finals of the National Cyber Security Centre CyberFirst Girls competition, which provides a fun yet challenging environment to inspire the next generation of young women to consider a career in cyber security. While the students tackled the tasks submitted by UK Government and businesses, we held a series of talks for parents and guardians, including one from our partners GET SAFE ONLINE around online safety for the students. We also discussed the career opportunities in the sector, the power of diverse and well-balanced teams here at Tesco and we hosted a panel discussion with women in the area, discussing their experiences of working within Technology.

We work with the IGD to help young people learn about the wide variety of roles available across the food and drinks industry, and the skills needed for a successful career in it. We have exceeded our original target of helping over 10,000 young people over three years in the first year of the partnership and are committed to continuing to create more opportunities in the future.

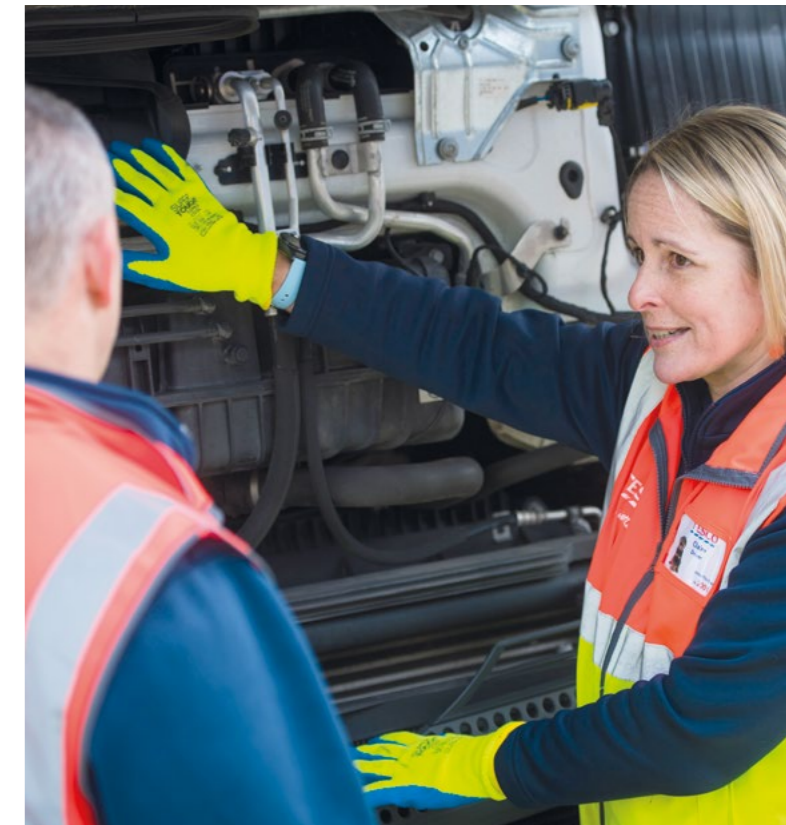
As well as focusing on young people we have been looking at opportunities to extend our talent pools to ensure we have the skills we need for the future. In Asia, in the last year we have launched retiree contracts for the first time. This creates the opportunity for retirees to work in our stores providing them with the opportunity to have active and engaging lifestyles while earning additional income post retirement. To date we have hired over 930 retirees.

19,000

young people have been helped to develop their employability and life skills through our work with the Prince's Trust and the Institute of Grocery Distribution charity



This year Tesco was the first employer to achieve the Chartered Institute of Personnel and Development (CIPD) People Development Partner status. This recognition is given to businesses who go above and beyond to grow the next generation of People professionals. This achievement demonstrates our commitment to raise the level of expertise of our People team to support the delivery of our business strategy and to support colleagues in their ongoing professional development through qualifications, membership and access to learning resources. In the past 12 months 95 colleagues have had the opportunity to work towards a CIPD qualification either through our master's programme, People apprenticeship or experience assessment.



In 2017 in the UK we launched our Light Goods Vehicle (LGV) apprenticeship programme to encourage colleagues to become professional drivers for our business. By January 2021 we will have developed over 200 men and women through this scheme.

Every Voice Matters

In 2019/20 we renewed our colleague listening approach with the launch of our Every Voice Matters programme which will help give more timely and responsive insight to how our colleagues are feeling across the Group and enable us to drive more focused action. For the new annual deep dive survey in January we received a response rate of 66% across the Group and were pleased that 82% of colleagues told us that they think Tesco is a great place to work.

As well as our well-established colleague forums, we have introduced four global Colleague Contribution Panels which are hosted by an independent Non-executive Director. These panels meet to understand the views of colleagues across the business on areas of specific interest. Further information about these panels can be found in Tesco PLC Annual Report and Financial Statements 2020.

Reward

We firmly believe in offering colleagues a competitive total reward package. We were delighted to make a 6.9% increase to the basic hourly rate in September 2019, significantly above the national living wage, as part of a two-year investment of £300m into reward for 240,000 colleagues in UK stores and customer fulfilment centres. We also provide a 10% colleague discount, access to share schemes and retirement savings. During 2019, on four occasions, we doubled the UK colleague discount to 20% as part of our centenary celebrations commemorating 100 years of Tesco.

82%

of colleagues told us that they think Tesco is a great place to work

People continued

Diversity and inclusion.

Everyone's welcome at Tesco

At Tesco, inclusion means that everyone's welcome. We value individuality and uniqueness, and everyone is treated fairly and with respect. Across the Group we are continuing to build an inclusive culture to unlock the value of our diverse workforce – which in turn helps to build the success of our business and reflect the diversity of the communities we serve.

Our diversity and inclusion strategy and plans continue to be informed by our firmly established colleague networks. Across the UK, we have five colleague networks; Black Asian & Minority Ethnic (BAME), Women, Disability, Out and Armed Forces at Tesco. The purpose of these networks is to help inspire colleagues to be themselves at work regardless of ethnicity, religion, gender, age, disability or sexual orientation. This year, we have introduced a structured governance framework to support our networks including regular touchpoints with their Executive Committee sponsor.

In the last year we launched a diversity and inclusion awareness video to complement the digital learning programme which has been completed by over 40,000 colleagues to date and will continue to be rolled out across the Group.



In partnership with Arrival Education (AE) this year we have launched an Exec Mentoring programme with a focus on helping Tesco attract, retain and progress diverse talent. Each Exec has been partnered with a member of the AE Talent community, which is made up of young talent from a socially and ethnically diverse background, to have regular 121s and coaching sessions. The mentees have also each been set a project to build a deeper understanding of some of the barriers facing diverse talent from getting in and getting on at Tesco, the outcome of which they will share back with the Exec.

40,000

colleagues have completed our digital learning programme to date which includes a diversity and inclusion awareness video

Gender

We champion gender diversity and appreciate the importance of female representation across our business. We continue to be committed to increasing the number of women in leadership positions and are part of the 30% Club, a campaign group of Chairs and CEOs acting to increase gender diversity on boards and senior management teams. We are pleased to have been recognised in the independent Hampton-Alexander Review for our 3.1% improvement in gender balance at Board level.

In accordance with the UK Gender Pay Gap Regulations, we recently published our gender pay gap for the year ending April 2019. The full report can be found on our website and showed a median gender pay gap of 8.0% and a mean gender pay gap of 12.6%.

In the UK this year, we announced two significant changes to our Family Leave policies as part of our work to promote an inclusive culture. This included doubling the paid paternity leave entitlement to an industry-leading four week's paid leave after one year's service and increasing enhanced pay during maternity/adoption leave. Continuous improvement of our family leave position is a key part of our work to promote an inclusive culture and ensure colleagues can be flexible about the way they care for their family while also supporting the work we are doing to improve our gender pay gap position.

In Tesco Ireland, we were delighted to be accredited as one of just 19 Best Workplaces for Women in February 2020. The Best Workplaces for Women accreditation recognises organisations that go above and beyond to ensure the women in their workforce are treated fairly when it comes to recognition, training and promotion opportunities, and where they are encouraged, empowered, and supported to be at their best at work.

 Our Gender Pay Gap Report is available at www.tescopl.com/genderpay

LGBTQ+

Our support for the LGBTQ+ community is evident throughout the business and through the network Out at Tesco, which was established in 2009. We marked our 10th year as a partner with Pride in London by becoming their headline sponsor in 2019 and are proud to also support Pride in Brighton, Glasgow, Manchester and Dublin. We are working in partnership with Stonewall to make a submission to their equality index and remain committed to improving the colleague experience for our LGBTQ+ colleagues.

Disability

We want to do all we can to welcome customers and colleagues with disabilities and make their experiences as seamless as possible. This year we rolled out the Sunflower Lanyard scheme across our UK business. The lanyard, which can be picked up free in store, indicates that wearers have a hidden disability and may need a little extra help or time. We have also leveraged our Disability at Tesco network to introduce sign language into colleague events and town hall meetings in India.

In December 2019 we signed up to The Valuable 500, committing to make Tesco a more accessible place for colleagues and customers and ensuring that disability is a key consideration in all relevant business decisions.



“Tesco is a genuine ally of the LGBTQ+ community, and we've seen with our own eyes that they're committed to welcoming everyone into their stores and providing a safe and inclusive environment for their customers, colleagues and all supporters of Pride.”

Dan O'Gorman
Director of Strategic Partnerships, Pride in London

BAME

We are committed to supporting BAME colleagues within our business and we were proud to be nominated for 'Network of the Year' at the 2019 British Diversity Awards for our BAME at Tesco network.

In September 2019, we launched a second development community in the UK focused on enabling colleagues from ethnically diverse backgrounds to reach their full potential as part of our career planning initiative 'Own Your Career'.

Health, safety and wellbeing.

Helping our colleagues to be at their best

At Tesco we are committed to helping our colleagues be at their best, both while at work and at home. Building on insight from the 2019 Colleague Health Survey we have refined our colleague health strategy and aligned our ambitions to our wider customer health goals with a focus on physical, mental and nutritional wellbeing. We have continued to run health events across the Group which focus on the little steps to wellbeing that colleagues can take to help them lead healthier lives.

One of our key health priorities is to reduce the stigma and build a better understanding of mental health. We continue to be proud supporters of Time to Change and, on World Mental Health Day 2019, we launched the new Wellbeing in Retail guide, developed with the Samaritans charity and six other retailers, a first in the UK industry. The guide helps retail workers look after their own mental health, gives advice on how to support others who may be struggling and signposts where to go for extra help.

Another important issue the UK business has focused on during 2019 is women's health. In October, Tesco signed up to the Everywoman Promise, a commitment created by The Eve Appeal to champion and support women's health in the workplace. On World Menopause Day, we launched a new guide about women's health in the UK which has now been accessed by over 1,000 colleagues. The guide acts as a gateway to starting conversations about the physical and emotional changes whilst signposting to additional support. We also hosted a Making Menopause Matter Panel in July where five special guests joined us to talk openly about their menopause journey.



Over 200 colleagues in Central Europe have now benefited from our Tesco Angel programme. This programme focuses on providing financial support for colleagues facing hardships such as support with medical treatment and tools to support with disabilities when faced with unexpected accidents or health problems. Colleagues can make a donation to the programme which is then topped up by Tesco.

People continued

Human rights.

Respecting human rights

We are committed to continually raising supply chain standards and ensuring that those working within our supply chain are protected. Our human rights strategy reflects the most important issues affecting workers within our supply chains and we are proud of the steps we've taken to date, both through our core programme to ensure decent conditions at production sites, and through our continued participation in collaborative initiatives to help drive sector-wide progress.

97%

of high-risk tier 1 supplier sites have had audits in the last year

Sustainable livelihoods

We believe that everyone deserves a fair wage for the work they do and this year we have continued to work alongside like-minded organisations to improve wages in sectors where they are low, including the Malawi tea industry and the cocoa industry.

In consultation with internal and external stakeholders, including NGOs, we have launched a new sustainable livelihoods strategy which sets a framework for our work in this area over the next three years and is available on our website.

One issue we monitor closely across our supply chain is that salaries are paid on time and in full. We know how important this is for workers and, by helping workers to avoid debt, we are also helping to make them less vulnerable to any risk of exploitation. In 2019/20 we identified 52 cases, affecting 7,060 workers, where payments had fallen short of what should have been paid, including premiums for overtime, that were subsequently addressed as a result of Tesco's intervention.

As part of the final year of the Malawi Tea 2020 coalition programme we have partnered with a forward-thinking tea estate in the Shire Highlands of Malawi where we plan to source all of our 2020 Malawian raw material. We are paying a higher-than-market value purchase price for our tea which is verified by Oxfam and the Sustainable Trade Initiative, IDH, to generate additional value for the estate workers.

Beyond our existing commitment to only source from Rainforest Alliance Certified™ farms in our Own Brand chocolate confectionery and through responsible cocoa programmes for our other Own Brand products, in 2019 we led the creation of the Retail Cocoa Collaboration with other retailers. The aim of this group is to engage with cocoa traders, recognising the important role they play, and assess their progress against sustainable cocoa policies and commitments.

Worker representation

Free and fair worker representation continues to be a significant challenge in global supply chains and we continue to work in conjunction with NGOs, trade unions, the Ethical Trade Initiative and certification bodies/audit companies to strengthen workers' ability to associate and respectfully demand continuous improvements in labour conditions.

In Latin America, we have worked with all suppliers to ensure trade union affiliation is respected and no member of a trade union is discriminated against. All our suppliers have been guided to ensure each farm or packhouse, in the absence of trade unions, have at the minimum a democratically elected worker committee with no management interference. Women must be included as part of the leadership of these organisations and regular meetings with management must be held to voice workers concerns or complaints.



Our Modern Slavery Statement is available at www.tescopl.com/modernslavery

Forced labour

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

Tesco works in partnership with Unseen, who run the UK's independent and confidential modern slavery helpline. Trained helpline advisors are able to support potential victims of modern slavery as well as offer a way for businesses and the general public to raise suspicions or concerns. Real-time translation is available in over 180 languages. We encourage our primary supplier sites in the UK, as well as our distribution fulfilment centres, to promote the helpline, enabling us to continue to raise awareness of modern slavery.

Through the Unseen business portal, we also gain visibility of potential cases relating to Tesco and our supply chains raised by both internal and external parties. These are investigated by experienced responsible sourcing and Group security colleagues.

This year, as members of the Leadership Group for Responsible Recruitment within the Institute for Human Rights and Business, we have supported the development of metrics to ensure ongoing progress toward embedding responsible recruitment practices in our supply chains and own operations. We have also launched responsible recruitment requirements for suppliers in Thailand and Malaysia, a region where recruitment fees are known to be excessive. We continue to sponsor and promote the Responsible Recruitment Toolkit, a capacity-building tool led by the Association of Labour Providers and allianceHR, supporting businesses to embed responsible recruitment practices in their supply chains.

In December 2019, a UK customer found a handwritten message within a Christmas card we sold reading "please help us and notify human rights organisation". We immediately launched an investigation and removed the cards from sale. While we did not find evidence of prison labour, we found other issues of concern that had regrettably not been identified by the independent auditor who had visited the site the previous month. We ceased working with the factory and supplier and have since reviewed our whole supply base for cards and ensured greater training with our audit partners.

250,000

the number of women, girls and boys being helped, directly and indirectly, through the Assam Improving Lives Programme



Photo credit: Ethical Tea Partnership/UNICEF/Avani Rai

Our partnership with the Ethical Tea Partnership and UNICEF is focused on addressing gender inequality in the Assam region of India, where girls and young women can be at risk of violence, abuse and exploitation.

Gender equality

Further to becoming a signatory to the UN Women's Empowerment Principles, this year we have finalised our gender equality strategy with four key focus areas: women in leadership positions, tackling gender discrimination and sexual harassment, promoting women's participation in worker representation, and challenging gender stereotypes. Work is underway to engage our suppliers on our strategy and establish action plans.

We are building on the success of the Assam Improving Lives Programme in partnership with Unicef, the Ethical Tea Partnership and other key stakeholders. Historically young people in this area have been vulnerable to a range of child protection issues including, child trafficking into forced labour. To date the programme is directly and indirectly improving the lives of an estimated 250,000 women, girls and boys. Women and young girls have especially been equipped with the skills and knowledge to protect themselves from various forms of harm, including child marriage.



Photo credit: World Cocoa Foundation

Through our responsible cocoa programmes, we led the creation of the Retail Cocoa Collaboration. The aim of this group is to engage with cocoa traders, recognising the important role they play, and assess their progress against sustainable cocoa policies and commitments.

Sustainable, affordable, quality clothes.

F&F is our in-house fashion brand. Each year we sell more than 200 million items of clothing in the UK, Ireland and Central Europe. Our approach to sustainability – reducing our environmental impact and making a positive difference to communities – applies just as much to our clothing business as to any other part of Tesco.



Responsible sourcing

At F&F we are committed to improving the lives of everyone involved in creating our clothes. We are a founding member of the Ethical Trading Initiative and we monitor our supply base to ensure that human rights standards are upheld. We publish the full list of F&F tier 1 suppliers together with the full list of mills that we work with on our website. In December 2019 we conducted two day-long workshops in north and south India aimed at garment vendor, spinning and fabric mills. We shared our Forced Labour Principles and best practices to fight modern day slavery and outlined our approach to unannounced audits by our responsible sourcing team.

We have been working in partnership with the Better Cotton Initiative to train cotton farmers in more sustainable farming techniques and we encourage farmers to use fewer pesticides and chemicals.

Sustainable fabrics

More than 50% of the clothes we sell are made from cotton or cotton blends. Understanding the impact these products have on the environment and on the communities where we source is helping us make better sourcing decisions.

In 2017, we signed the International Sustainability Unit pledge on Sustainable Cotton. All F&F suppliers have started the transformation from using standard cotton to more sustainably sourced cotton. Our 100% cotton clothes, including kids T-shirts and girls dresses, use more sustainably sourced cotton and we are aiming to have all of the cotton we use in all F&F products sourced sustainably (Better Cotton Initiative (BCI), organic and/or recycled) by 2025. In the last 12 months, more than 80% of our cotton has been more sustainably sourced, making good progress towards achieving our 2025 target.

50,000 tonnes of more sustainable cotton sourced by F&F since we became a member of the Better Cotton Initiative

Alongside work to reduce the impact of our cotton on the environment we are introducing more recycled polyester fabrics. We are part of the Sustainable Clothing Action Plan (SCAP), a collaborative initiative led by WRAP which aims to revolutionise the clothing industry. SCAP has identified that recycled fibre is the least impactful and as a result we're prioritising its use. Products including school uniforms and swimwear now include recycled fibres. In 2019 we used the recycled fibres from over 30 million plastic bottles.

Re-wear, Reuse, Recycle

In 2019 we launched our pilot F&F clothing take-back scheme at 86 Tesco stores across the UK, making it easier for customers to recycle their unwanted clothing, shoes and textiles.

We continue to work in partnership with SOEX UK, who collect the donations and sort them into re-wear, reuse and recycle categories meaning nothing goes to waste or landfill.

Every year we collect 11,000 tonnes of clothing, footwear and home textiles through our instore customer take-back scheme and our carpark textile banks.



More information on our F&F sustainability activity can be found at www.tescopl.com/sustainability/ff-sustainability

Product.



Customers want great products at great value and we believe that healthy, sustainable products should be affordable to all, no matter what their budget. We are committed to providing our customers with quality products that meet the highest safety requirements.

Our product pillar covers:

- Food waste
- Packaging
- Health and diets
- Animal welfare

Our updated key performance indicators.

Commitment	KPI	2019/20 performance
Food waste		
No food that is safe for human consumption will be wasted inside our UK retail operations	Percentage of food surplus safe for human consumption redistributed to humans or animals	UK: 77%
Halve food waste in our own operations by 2030	Percentage change in tonnes of food wasted as percentage of tonnes sold compared to baseline year	UK: 9% reduction ROI: 1% increase CE: 58% reduction Malaysia: 27% reduction Thailand: 11% reduction
Work in partnership with our suppliers to halve food waste in our supply chains by 2030	Percentage change in tonnes of food wasted as a percentage of tonnes produced by our largest branded and Own Brand suppliers	15 suppliers reported a reduction in their food waste intensity – ranging from 1% to a 64% reduction compared to 2018 ¹
Packaging		
Remove plastic packaging where we can	Cumulative number of pieces of plastic removed	Data will be reported in 2020/21
Reduce all unnecessary packaging	Percentage of products where packaging has been reduced (vs. 2018 baseline)	Data will be reported in 2020/21
Introduce a scalable reusable packaging offer for customers	KPI and baseline will be established in 2020/21	
Our packaging will be fully recyclable by 2025	Percentage weight of all Own Brand packaging that is recyclable	UK: 83% ²
All paper and board used will be 100% sustainable by 2025	Percentage of paper and board packaging that is certified FSC or PEFC or from a recycled source	Data will be reported in 2020/21
Health and diets		
To help improve diets through encouraging the consumption of fruit and veg	Percentage volume of fruit and veg content for Tesco Own Brand products below/above Own Brand volume growth	UK: 0.6%
To 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 (vs 2015 baseline)	Sugar: 7.1% below Salt: 4.3% below Fibre: 8.7% above
	Calorie reduction in eight food categories contributing most calories in Tesco family baskets ³	UK: 24.46bn calories removed
To raise awareness of healthier choices	Percentage of UK customers who agree 'Tesco helps customers live healthier lives'	UK: 57%
Animal welfare		
Treat all animals in our supply chain humanely at all life stages	Percentage of audited sites that meet our animal welfare standards	UK: 85% ROI: 88%
	Percentage of key suppliers reporting animal health and welfare outcome measures	UK: 88%
	Percentage of cage-free eggs	UK: 82% (shell eggs)
	Percentage of sows free from confinement	UK: 100% (stall free)

KPIs have been updated to reflect our priority areas for the years ahead. We have provided 2019/20 performance against these new KPIs where we have the data available. A summary of our previously published 2019/20 KPIs and performance can be found on page 40. Further data disclosures can be found at www.tescopl.com/LHPperformance.

¹ 27 Own Brand suppliers representing over 50% of fresh food sales in the UK have reported food waste data for their own operation in 2019. We are able to compare year-on-year data for 21 of the 27 suppliers

² 2018 calendar performance

³ Identified by Clubcard data

Product continued

Food waste.

Reducing food waste

It's a shocking fact that an estimated one-third of all food produced in the world is lost or wasted. This huge level of inefficiency contributes to food insecurity while also having significant environmental impact. Food loss and waste is responsible for 8% of global greenhouse gas emissions.

Seven years ago, we made a commitment to help reduce food waste on farms, in-store and at home. Our first step was to publish our UK food waste data. Since then we have set a target to halve food waste from farm to fork in each of our markets and published our food waste data for all parts of our food business.

Beyond our business, we are working across industry and with other organisations to mobilise global action by sharing our expertise and lessons from our food waste programme. Our CEO, Dave Lewis, chairs Champions 12.3, a global coalition of leaders from government, businesses, international organisations, research institutions and civil society focused on accelerating progress toward UN Sustainable Development Goal Target 12.3.



We have no time for waste and have expanded our food waste reporting to cover all markets across the Group. Publishing a detailed breakdown of our waste has enabled us to identify hotspots and act on these, in partnership with other organisations.

Tackling food waste in our own operations

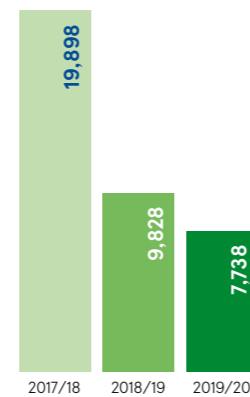
In our UK retail operations, we are committed to ensuring that no food that is safe for human consumption is wasted. Over the course of 2019/20, we reached 77% of our target in the UK as we have embedded new processes to ensure our progress is sustainable.

As a retailer we know that perfectly matching supply and demand is almost impossible, and we will always be left with some unsold food at the end of each day. Our UK Community Food Connection initiative, in partnership with food redistribution charity FareShare and social enterprise FoodCloud, has donated the equivalent of over 48 million meals since launch in 2016. Our stores use the FoodCloud app to inform over 7,000 local charities and community groups about surplus food for donation at the end of the day in each store. Food not taken by charities is offered to colleagues through our 'colleague shops' now in all UK stores. We send any suitable remaining bakery, produce and dairy surplus to animal feed. As a result of these initiatives we have delivered a 61% reduction in food safe for human consumption going to waste since 2017/18 in the UK.

We run surplus food donation programmes in all the markets in which we operate. In 2019/20 Tesco Ireland donated over 2.25 million meals from stores and distribution centres, supporting 375 charitable food organisations. All Tesco stores in the Czech Republic and Slovakia and over 95% in Hungary now donate to food banks and local charities and we are working to introduce the FoodCloud app to help maximise donations across Central Europe.

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

▼ 61%



- 36,843 tonnes of surplus food was redistributed through donations to charity, colleagues or animal feed, an increase of 12% compared with last year and 82% since 2017/18
- This has resulted in a 21% decrease in the amount of food safe for human consumption going to energy recovery compared to last year and a 61% decrease compared to 2017/18.



Full disclosure of our food waste data can be found at www.tescopic.com/LHPperformance



Together with Jamie Oliver and Tesco's development chefs, at the start of 2019 we launched a new training programme in the UK called the Community Cookery School to help ensure perfectly edible food can be prepared into meals. We have now trained over 1,000 community cooks to get the most out of surplus food donations using specially developed nutritious recipes.

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.

We think it's important for every food company, including our suppliers, to publicly report on the levels of waste within their own operations. In line with Champions 12.3 best practice, 27 of our largest suppliers, responsible for over half of our fresh food sales in the UK, have now published their food waste data for the second year, with many showing significant reductions in their levels of waste. In addition, 11 of the world's largest food brands published their data following a commitment to Target, Measure and Act the previous year.

27 of our largest suppliers, representing 50% of fresh food sales in the UK, have published their food waste data

We are now rolling out this approach to the Group with 12 of our largest Irish Own Brand suppliers, responsible for a third of Tesco Ireland's fresh food sales, and 14 global growers across three continents signing up to Target, Measure and Act and committing to publish data for their own operations in 2020.

In September 2019, Champions 12.3 launched the 10x20x30 initiative where 10 of the world's largest food retailers and food providers each committed to Target, Measure and Act and publish their food waste data for their global operations. Each of these companies will engage and support 20 of their own priority branded and own label suppliers to also Target, Measure, Act and publish, with all these companies committing to halve food waste by 2030.

We work with our suppliers to make as much use of their crops as possible. Our Farm Brands and Perfectly Imperfect ranges make good use of the part of the crop that previously fell outside our specifications. In December 2019 we widened our specifications on potatoes and added customer messaging on pack to take as much crop as possible from our flood hit growers in eastern England.



Using our experience with Community Food Connection, we are working in partnership with our global produce supplier Flamingo to turn surplus food from packhouses into soup which is distributed free of charge to schools in Kenya.

We want to make it easier for our customers to reduce food waste in their homes and save money. We have introduced a range of product and packaging innovations to help customers keep food fresher for longer at home. Many customers have told us that they assess their fruit and vegetables by the look of the product rather than the 'Best Before' date code on the packaging. In response we removed 'Best Before' dates from over 180 fruit and vegetable lines to help customers reduce food waste in the home. Over the past year we have worked with WRAP to help incorporate this change into industry guidance on fresh produce labelling.



In Central Europe, we brought together retailers, suppliers, foodbanks and campaigners in 2019, at our fourth annual Food Waste Conference to share ideas and foster collaboration to tackle food waste from farm to fork.

Product continued

Packaging.

Packaging plays an important role in protecting products and reducing food waste, but it shouldn't come at a cost to the planet. Packaging waste, particularly plastic, can be a significant problem when it is not recycled and if it ends up in our environment.

We aim to make packaging work for people, not against the planet. This is why we are committed to creating a system where packaging is treated as a valuable resource that can be used, reused, collected and recycled in a closed loop. A system where waste isn't tolerated. A system where plastic stays out of the environment and inside the economy. We are taking action to:

- remove unnecessary plastic packaging and hard-to-recycle materials;
- where we can't remove, we are reducing packaging to an absolute minimum;
- we are exploring new opportunities to reuse packaging; and if we can't;
- we ensure it is all recycled as part of a continuous loop.



Remove

Since announcing our goal in 2018 to remove hard-to-recycle materials - what we call the 'red list' - we have eliminated over 10,000 tonnes from over 1,000 Own Brand products. This includes the removal of black plastic from 149 ready meal lines saving 2,523 tonnes of hard-to-recycle plastic and the removal of polystyrene and black plastic from our herb and spice pots, removing over 250 tonnes of hard-to-recycle plastic. We no longer use 'red list' materials to pack products in our UK business and we are on track to remove all hard-to-recycle materials from Own Brand packaging in Central Europe in 2020.

10,000 tonnes of hard-to-recycle materials eliminated

In September 2019 we announced the removal of plastic bags from our home deliveries as part of our work to use less plastic. We also announced our pledge to remove one billion pieces of plastic from products for sale in UK stores by the end of 2020. Everything from secondary lids on products like cream, yoghurt and cereals to sporks from snack pots are set to go.

Beyond our Own Brand products, we are also working with leading branded suppliers to deliver our packaging ambitions. In January 2020 we became the first retailer in the UK and Ireland to remove shrink-wrapped multipacks across our Own Brand and branded tinned food, working in conjunction with canned food firms. Replacing 67 million plastic-wrapped multipacks with multibuy deals, will remove 350 tonnes of plastic waste every year.



Reduce

Where we can't remove packaging completely, for example where it prevents food waste, we're committed to reducing it to an absolute minimum. We have reviewed every piece of packaging we use, from our Own Brand and branded products, and are now changing the packaging of thousands of products.

We are working closely with our suppliers, branded and Own Brand, reminding them of the importance our customers place on packaging. In 2019 we introduced assessments on the size and suitability of packaging as part of category reviews, making clear that we reserve the right to no longer stock products that use excessive or hard-to-recycle materials. We are pleased with how our suppliers have reacted and we have already witnessed savings. For example, by reducing the size of packaging on multibuy crisps by 23%, a branded crisp manufacturer delivered a reduction of 5,000 tonnes in packaging weight and 50,000 fewer road miles as pallets were packed more efficiently, reducing the number of lorry journeys.



In January 2020, we announced the removal of shrink-wrapped multipacks in the UK and Ireland



By retaining all hangers from purchased items to be reused we will prevent 1,000 tonnes of plastic going to landfill annually from UK and Central Europe



Reuse

Reuse is about exploring alternative models of consumption, away from single-use packaging and toward refills and reusable packaging. In 2018 we introduced the 'bring your own container to store' offering at our fresh meat, fish and cheese counters and reusable cups in our cafes and will launch a ground-breaking partnership with Loop, specialists in refillable and reusable packaging in 2020.

The reuse trial with Loop will invite customers to order products online in packaging that can be reused. The initiative will deliver products in durable reusable packaging that is returned, washed, refilled and used again. This trial has the potential to fundamentally change the shopping basket and how customers shop, and we look forward to seeing the results of the trial.

We've identified further opportunities, outside of food, where reuse could eliminate packaging waste. Our clothing brand, F&F, uses 193 million hangers annually and they are extremely difficult to recycle. By retaining all hangers from purchased items to be reused we will prevent 1,000 tonnes of plastic going to landfill annually from UK and Central Europe.



Recycle

In support of creating a closed loop for packaging, we're using more recycled content and ensuring the materials we use are easy to recycle. 83% of our Own Brand packaging is widely recyclable in the UK. This year also saw us collect previously hard-to-recycle plastics, like films and pouches, to be recycled in ten of our stores. This trial, in partnership with recycling specialists, has not only collected 50 tonnes of soft plastic for recycling but is also working to better understand how we could ensure the recycling of all soft plastics in the future, whether brought to store or in kerbside collections.

83%

of our Own Brand packaging is widely recyclable in the UK

We welcome the UK government's commitment to the creation of a consistent national collection system for packaging in their Resources and Waste Strategy. We stand ready to help play our part in making recycling easier and helping customers recycle more. In the UK, we continue to trial incentivising customers to recycle their plastic bottles through our in-store reverse vending machines. These machines have collected over 1 million pieces of packaging.



This year we have collected 50 tonnes of soft plastic through our in-store recycling trials

Product continued

Health and diets.

We want to make it easier and more enjoyable for customers and colleagues to make healthier choices. Our health programme addresses many of the barriers customers tell us they face, such as lack of information, time to find better choices or perceptions that healthy food is expensive and less tasty. Through regular health events, product reformulation and clearer labelling we are making it easier for customers to enjoy their favourite products, knowing they are now better for them or to try healthier alternatives.

Making our products healthier

Year after year we continually adjust the recipes of our Tesco Own Brand products, removing fat, sugar and salt, or adding more vegetables or fibre where we can without compromising on taste. We have developed a reformulation strategy, which complements Public Health England's (PHE) programmes within the Childhood Obesity Plan.

We are committed to increasing positive nutrients e.g. fibre, fruit and vegetables, along with reducing nutrients of concern wherever possible. To ensure the holistic reformulation of our products, we measure nutrient volume changes compared to total food volume growth for Own Brand products. For example, in the UK we have reformulated our garlic baguettes, slices, flatbreads, ciabatta and dough balls to reduce fat and saturated fat. This adjustment has delivered a 2.4 billion calorie reduction annually and moved five products from a red to amber in the traffic light labelling for fat and saturated fat and enabled a fibre claim to be made.

24.46 billion calories removed through our reformulation strategy

PHE has tasked the food industry to reduce the sugar in the foods consumed most by children by 20% from a 2015 baseline. In 2019, we achieved the second lowest sales weighted average for sugar versus other retailers* at 19.8g sugar/100g of product across the products in scope. This represents a 9.3% sugar reduction, and builds on our reformulation journey.

* Based on Kantar data December 2019, vs: Asda, Morrisons, J.S., Lidl, Aldi and M&S.



Using PHE guidance methodology, we have used customer data to identify the product categories that put the most calories into shopping baskets and set out a 50 billion calorie reduction target. So far, we have removed 24.46 billion calories through our reformulation strategy. We have removed over 8.5 billion calories per year from our front of store sandwich range by reducing the fat content and removing added sugar from the mayonnaise.

Encouraging families to eat more fruit and vegetables

We continued to support The Food Foundation's Peas Please initiative focused on making it easier for more people to eat more vegetables. We have increased the proportion of our ready meals range that contains 1 of 5 a day from 26% in 2018 to 42% in 2019 and ensured that all our Finest meal deal promotions included two vegetable side dishes. This equated to 2,677,584 servings of vegetables from the Finest meal deal alone.



In July 2019 we held our fourth UK customer health event, this time themed around 'easy ways to eat more veg'. To help customers create healthy recipes, we promoted recipes created by our health ambassador Jamie Oliver, which featured the vegetables in our Fresh 5 promotion.

We continued our successful 'Helpful Little Swaps' initiative where we encourage customers to discover and try healthier alternatives of their favourite products at the same price or less. Over the three weeklong events, customers added an extra half a million units of vegetables to their shopping baskets.

Delivering innovation in plant-based food

In 2019/20 we increased our choice of plant-based food with the launch of Plant Chef, an affordable new range of easy to prepare plant-based swaps of traditional family favourite dishes. These complement our existing exclusive Wicked Kitchen range, which was the first Own Brand plant-based food range to be launched by a UK supermarket. We now have over 300 lines of plant-based products, of which over 100 are Own Brand.

We are keen to help customers identify plant-based products and in October 2019 we released a major advertising campaign, our Food Love Story, about our growing plant-based offer.



Animal welfare.

The health and welfare of animals within our supply chain is very important and we are committed to working responsibly in this area; working with farmers to drive progress and influence best practice. Our team of in-house experts oversee animal welfare management through farm visits, the Tesco Sustainable Farming Groups, Tesco Supplier Network and benchmarking and auditing compliance with our livestock requirements. In addition to our Tesco Welfare Approved Standard, as a pre-requisite 100% of farms supplying us in the UK must be certified to an approved independent assurance scheme, which is compliant with ISO 17020 inspection requirements. All of our British farms are assured by either Red Tractor or RSPCA. In 2019 we retained Tier 2 status in the Business Benchmark on Farm Animal Welfare.

Tesco Sustainable Farming Groups

As part of our commitment to a competitive and productive agriculture sector, in 2007 we established our Tesco Sustainable Farming Groups. Our first group was the Tesco Sustainable Dairy Group and we have now expanded the programme to cover ten product areas. These groups are led by our suppliers, farmers and Tesco colleagues and provide a forum to discuss sustainable production and customer needs. They also play an important role in driving improvements in quality and consistency, as well as supply chain efficiency and farm animal health and welfare.

The Tesco Sustainable Dairy Group (TSDG) has 600 dairy farmer members, supplying all our Own Brand liquid milk and cream. Through the Group, we are working to achieve disease free status and this year we saw a 3% reduction in BVD disease compared to last year, with 225 of our TSDG farms BVD free. We are actively working to reduce antibiotic use in our supply chain without compromising animal welfare and the TSDG farmers have responded to our antibiotic strategy, reporting a 41% reduction in the number of cows receiving antibiotics compared to when we started recording in 2016, which is a further 4% reduction on 2018/19.

The Tesco Sustainable Lamb Group was established in 2014 to strengthen our relationship with British lamb farmers and processors. In 2016 we launched a cost of production initiative to help address some of the volatility in the lamb market, helping them to budget, plan and innovate and the number of farmers joining the scheme in 2019 rose to 350, up from 160 in 2018.

Eggs

In July 2016 we made the commitment to stop selling caged eggs by 2025 to meet our, and our customers', expectations for higher welfare standards. In 2019, 82% of the 1.4 billion eggs we sold came from non-cage production. To achieve the 100% cage-free goal we must address our entry tier eggs which are currently laid by hens in British Lion welfare standards-approved enriched colony systems.

We have been evaluating options in the UK, Europe and the USA and, working with supplier partners to utilise existing infrastructure and investments, we will transition to alternative production methods, focusing predominantly on barn egg production for our lower cost 'value egg'.

We have been working closely with the British Egg Industry Council (BEIC) and with Compassion in World Farming (CIWF) to develop a standard for UK barn egg production capable of delivering higher levels of animal welfare, while providing a sound commercial opportunity for producers.

The new barn standard, under the British Lion Quality Code of Practice, was agreed by BEIC subscribers in autumn 2019, well ahead of our cage-free commitment deadline.



More information on our approach to animal welfare and the Tesco Sustainable Farming Groups can be found at www.tescopl.com/animalwelfare



100%

of farms supplying us in the UK are certified to an approved independent assurance standard

WWF Partnership and Sustainable Shopping Basket.

In 2018, Tesco and WWF-UK embarked upon a four-year partnership in support of our commitment to make affordable, healthy, sustainable food accessible to all. Our aim is to halve the environmental impact of the average UK shopping basket.



Working together

TESCO



We are now into the second year of our WWF partnership and together we are working across the entire 'food value chain', from food production and delivery, right through to food consumption, to address the sustainability challenges and environmental impacts in our supply chains and to help protect the planet's natural resources.

Many of these issues require transformative change, not just across Tesco and our supply chain but through industry-wide action and we are working closely with experts at WWF to do just this. There are three main areas to our work:

1. Helping shoppers eat more sustainably

Joint research with WWF tells us that nearly 80% of customers want supermarkets to do more to offer food sourced in a responsible, sustainable way, and 75% think cost is a barrier.

We are committed to doing what we can to ensure it is easy and cost-effective to eat more sustainably. In part this means ensuring we can offer our customers a wide choice of affordable plant-based products, in addition to sustainably sourced animal proteins.

2. Restoring nature in food production

Restoring nature in food production means taking action to protect and sustain important natural environments such as farmlands, forests, marine, freshwater and climate over the long-term.

We're working closely with WWF to meet some of the commitments we've made, including our journey to eliminating deforestation in the sourcing of palm oil, soy and wood/paper for Tesco Own Brand products and sourcing 100% certified responsible seafood products.

Our shared focus on deforestation reflects the vital role supermarkets play in the sourcing of soy, as a key ingredient of animal feed. Throughout 2019 we worked closely with WWF to identify how to help end deforestation in the Cerrado region of Brazil, the primary source of our soy. In December we announced our support to the Funding for Soy Farmers in the Cerrado initiative whereby we have committed £10m in funding over five years.

80% of customers want supermarkets to do more to offer food sourced in a responsible, sustainable way

3. Eliminating waste from the retail industry

The third area of focus within the partnership is eliminating waste. At Tesco we have no time for waste which is why, seven years ago, we made a global commitment to help reduce food waste on farms, in-store and at home. Over the course of the last year we reached 77% towards our target that no food safe for human consumption will go to waste across our UK operations.

We recognise the important role packaging plays in protecting products and reducing food waste, but it shouldn't come at a cost to the planet. Our approach to addressing plastic pollution is summed up in our 4Rs strategy: Remove, Reduce, Reuse, Recycle. Together with WWF, we are advocating for robust national policies on recycling infrastructure and waste management.

Sustainable Basket Metric

To enable us to measure progress towards our aim of halving the environmental impact of the average basket we have created a pioneering industry measurement called the Sustainable Basket Metric.

The Sustainable Basket Metric consists of a range of sub-metrics covering seven key environmental issues – climate change, deforestation, sustainable diets, sustainable agriculture, marine sustainability, food waste and packaging waste. These sub-metrics

are closely aligned to our Little Helps Plan and have been weighted based on a range of criteria including scope, irreversibility and urgency, direct impact and governance. To help us track progress on particular issues, we have chosen 20 popular food products, from fresh produce to ready meals – our 'average shopping basket'. Work is now underway to establish the first score against the Metric, based on 2018 industry data, that will act as the baseline for measuring our future progress.

“The launch of the Sustainable Basket Metric will enable Tesco to fully understand the end-to-end sustainability impact of some of the most popular foods, and we are proud to have worked with them to create it.”

WWF-UK CEO Tanya Steele



More information about our WWF partnership can be found at www.tescopl.com/WWF

Planet.

Our success depends on the health and stability of our natural environment. We are committed to leading the industry in addressing sustainability challenges in our key supply chains, advocating for sustainable agricultural practices that protect important ecosystems, soil health and biodiversity.

Our Planet pillar covers:

- Climate change
- Agriculture
- Marine
- Forests

Our updated key performance indicators.

Commitment	KPI	2019/20 performance
Climate change		
Meet science-based climate targets for our operations, aligned with 1.5 degree trajectory of Paris Agreement	Percentage reduction in greenhouse gas emissions (Baseline 2015/16)	Group: 37% reduction
Achieve net zero emissions for UK operations by 2035	Absolute UK greenhouse gas emissions (Scope 1 and 2 market based)	UK: 916,750tCO ₂ e
Source 65% of our electricity from renewable sources by 2020 and 100% by 2030	Percentage of electricity from renewable sources	Group: 68%
Reduce supply chain carbon emissions by 7% by 2020	Percentage reduction in manufacturing emissions from key suppliers (Baseline 2015/16)	UK: 12% reduction
	Percentage reduction in agriculture emissions from key suppliers	Baseline will be established in 2020/21
Agriculture		
Sustainably source our agricultural products	Percentage of key suppliers with robust on-farm biodiversity improvement plans	Baseline will be established in 2020/21
	Percentage of key suppliers with robust on-farm water management plans	Baseline will be established in 2020/21
	Percentage of key suppliers with robust on-farm soil health improvement plans	Baseline will be established in 2020/21
Marine		
Sustainably source all our wild fish	Percentage of wild-caught seafood (tonnes) certified by the Marine Stewardship Council (MSC)	UK: 79%
Forests		
Achieve zero net deforestation in our sourcing of raw materials by 2020	Percentage volume (tonnes) of palm oil certified to Roundtable on Sustainable Palm Oil (RSPO) standard	Group: 100%
	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: 93%
	Percentage of soy (tonnes) for whole animal protein products meeting our Zero Deforestation Soy Transition Plan	UK: 100%

KPIs have been updated to reflect our priority areas for the years ahead. We have provided 2019/20 performance against these new KPIs where we have the data available. A summary of our performance against our previously published 2019/20 KPIs can be found on page 40. Further data disclosures can be found at www.tescopl.com/LHPperformance.

We are working in partnership with Scottish Power to create renewable energy, from sources such as wind, via our Power Purchase Agreement

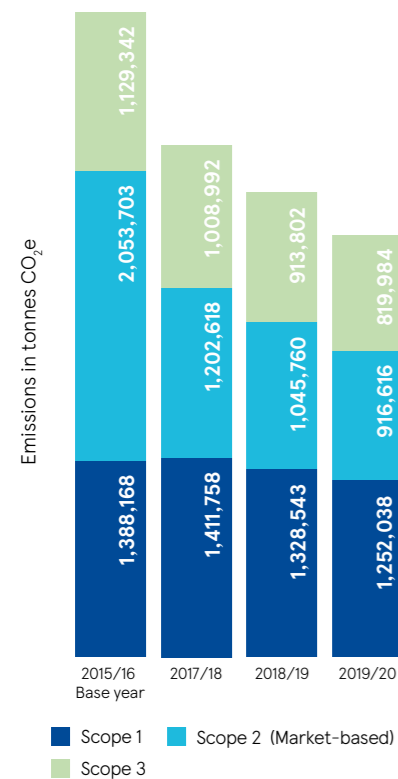
Climate change.

Tackling climate change

Climate change is the biggest environmental challenge the world faces, impacting our own operations as well as our supply chains.

In response to this challenge, in 2009 Tesco became the first business globally to set the ambition to become a zero-carbon business by 2050. In 2017, we committed our business to science-based climate targets on a 1.5°C trajectory, in line with the more stretching aspiration of the Paris Agreement. We also published clear milestones in carbon emissions reduction in our own operations towards our commitment: -35% by 2020, -60% by 2025, -85% by 2030 and -100% by 2050. Our commitments and milestones are against a 2015 baseline. In our UK operations, we expect to reach net zero by 2035.

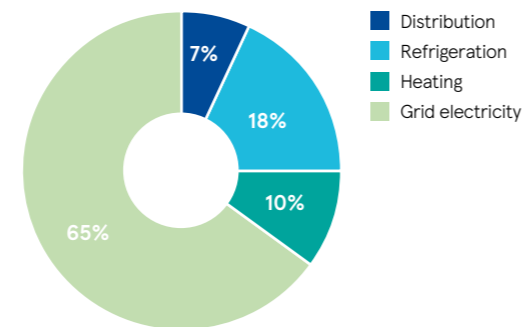
Group emissions in tonnes CO₂e



In 2019/20 we reduced our absolute carbon emissions (market-based) across the Group by 37% to 2.16 million tCO₂e, achieving our 2020 target of 35% absolute carbon reduction from our operations compared to our 2015/16 baseline.

In order to meet these stretching targets, we prioritised the biggest emissions hotspots in our operations. In 2015, grid electricity accounted for 65% of our global carbon emissions footprint, followed by refrigerant gases at 18% and heating at 10%.

Tesco operations 2015 emissions baseline



Electricity and heating

To reduce emissions from electricity we have focused on reducing our electricity demand and switching our supply to renewable sources. Since 2006, we have invested over £700m in energy and refrigeration efficiency improvements such as LED lighting, sub-metering, doors on fridges, aerofoil technology, refrigerant leakage reduction and colleague culture change initiatives. These initiatives have contributed to annual savings of about £200m and over 200,000 tonnes of CO₂.

In 2017, we announced our commitment to sourcing 100% of our Group electricity from renewable sources by 2030. We also set out a clear roadmap, with milestones and principles, toward this goal.



In Thailand we have fitted 36 sites with solar panels as we look to source 100% of our Group electricity from renewable sources by 2030.


We achieved our 2020 target early, with 68% of our electricity from renewable sources across the Group. In the UK, Republic of Ireland, Slovakia and Hungary we have reached 100% renewable electricity through renewable certificates. In these markets, our next step is to ensure that our demand helps increase renewable generation. At Group level, our demand is already creating this additional renewable energy generation, through power purchase agreements and on-site generation. In the UK, we have installed four wind turbines and equipped 47 stores with solar panels, with plans to add more in the coming year. In Thailand we have fitted 36 sites with solar panels.

Through our switch to renewable energy, we have been able to decarbonise much of our gas heating, which is one of our four emission hotspots. In all Express stores our heating is now powered by 100% renewable electricity.

100%
renewable electricity use in the UK, Republic of Ireland, Slovakia and Hungary

Refrigeration

Refrigeration is our biggest emissions hotspot after electricity and we are addressing this through our refrigerant gas transformation plan. To date, we have switched to natural refrigerant gases and other low Global Warming Potential gases in 3,000 stores across the Group, including 1,000 in the UK. In the UK, we are on track to complete this switch by 2035.

 **More information on our climate change commitments and activity can be found at www.tescopl.com/climate**

Transport

Transport is another important emissions hotspot for Tesco. Our approach to addressing transport emissions covers distribution, home delivery and customer vehicles:

- Heavy Goods Vehicles (HGVs) emissions reduction: focus on maximising HGV capacity (fuller cages; fuller trucks), reducing distance travelled (fewer miles; route optimisation), fuel efficiency and alternative fuels (e.g. liquid natural gas articulated trucks).
- Home delivery vans emissions reduction: In 2018 we signed up to the Clean Van Commitment, making a public commitment to switch to low-emission vans. We have run a successful trial of electric delivery vans and aim to roll out our first fleet over 2020.
- Helping customers cut transport emissions: we continue to roll out the largest retail electric vehicle (EV) charging network in the UK, in partnership with Volkswagen and Pod point. To date we have installed over 600 charging bays in 200 UK stores.

Supply chain emissions

Beyond our own operations, we know that a large proportion of our overall footprint lies within our supply chain.

We have set science-based targets for manufacturing and agricultural supply chains, aligned to the Paris Agreement's 2°C global warming trajectory:

Science-based targets (2015 baseline)	2020	2025	2030	2050
Tesco operations (1.5 degree)	-35%	-60%	-85%	-100%
Supply chain (2 degree)	Food manufacturing and production sites	-7%	-20%	-35%
	Agriculture	-7%	-12%	-15%



Our approach to addressing transport emissions covers distribution, home delivery and customer vehicles. We ensure our HGVs are as full as possible and their routes are optimised to minimise the distances travelled.

We are engaging with our top 100 suppliers to encourage, support and report on their emission reduction plans. We gather annual carbon data, produce individual reports with analysis and recommendations, and also run workshops and provide tools to share learnings on how to decarbonise.

Climate-related risks

In 2017, we became signatories of the Taskforce on Climate-related Financial Disclosures (TCFD). By doing so, we have committed to assess, mitigate and disclose the future risks and opportunities to our business associated with climate change and society's efforts to respond to these. In line with the TCFD recommendations we have carried out scenario analyses of our biggest market, the UK, and are prioritising our UK estate, Produce and Animal Protein categories. Next year we will expand our assessment to Prepared Foods and Grocery categories as well as soy – a key commodity in animal feed. More information on TCFD can be found in the Tesco PLC Annual Report and Financial Statements 2020.

Planet continued

Agriculture.

Our sustainable agriculture agenda aims to promote food production that is compatible with protecting water resources, biodiversity, climate and soil health.

Our focus on soil health recognises that healthy soil is essential for farming and food production. Loss of top soil (soil erosion) reduces the fertility of agricultural land, thereby adversely impacting crop production. While some soil erosion occurs naturally, it can be rapidly accelerated by unsustainable farming practices. Addressing soil health is therefore crucial to food security and sustainable farming.

One way to protect soil structure and reduce soil erosion is through cover cropping, which can form part of crop rotation, especially in the production of root vegetables.

In 2018, through the Tesco Sustainable Farming Group, we started work with Branston, our biggest potato supplier, on a scheme to expand the use of cover crops by potato growers incentivised through subsidised cover crop seed mixes. In 2019, uptake of the scheme more than doubled from 417 hectares in 2018 to 907 hectares. That's a potential addition of around 27,000 tonnes of biomass incorporated back into our farmers' fields, helping to protect the soil.



A suitable cover crop grown just prior to potatoes supports biodiversity above and below the ground, helps prevent nutrient leaching during winter rainfall and makes it easier to prepare the soil prior to planting in spring. Farmers from the Tesco Sustainable Farming Group have reported a reduction in the amount of fuel required for spring cultivations and lower fertiliser use by at least 10%.

Marine.

As a global retailer Tesco has a crucial role in promoting healthy oceans and fish stocks and preserving its resources for future generations. We work collaboratively across the industry to responsibly source our seafood.



79% of our UK seafood volume is certified as sustainable by the MSC

Our goal is to achieve 100% sustainable wild seafood to the Marine Stewardship Council (MSC) standard across our entire range. Their logo reassures customers that our fish is caught in a sustainable way that prevents over-fishing and protects the marine environment. In 2019, 79% of our UK seafood volumes were certified as sustainable by the MSC. This coincided with us being named MSC UK Supermarket of the Year 2019.

Certification is only part of our wider marine agenda. We have a key role to play in supporting proactive fisheries in their sustainability journey. We are working in partnership with the charity Sustainable Fisheries Partnership (SFP) to collect data on our source fisheries, risk assess them, and work with our suppliers on any improvements that are needed, often through Fishery Improvement Projects (FIPs). All our wild seafood sources are publicly disclosed and can be found online at www.oceandisclosureproject.org.

As part of our cross-industry collaboration, we helped create the Global Tuna Alliance (GTA) in 2019. The GTA is an independent group of retailers and tuna supply chain companies, working to ensure that tuna ultimately meets the highest standards of environmental performance and social responsibility.

Alongside our ambitions for wild-caught seafood, we are also committed to reducing the environmental footprint of aquaculture. We continue to explore alternative sustainable feed ingredients such as algal oil and how it can be incorporated into the diet of fish that we sell. We have been working collaboratively with our key salmon suppliers, as our most popular and biggest species by volume of farmed fish, to support them in scaling up the use of algal oil. These farmed microalgae can be grown sustainably at an industrial scale on land and provide the omega-3 oils needed in the salmon diet which currently come from other fish, therefore offering a solution to reducing the pressure on marine ecosystems. Our suppliers are also experimenting with insect-based feed – a natural dietary component for many fish – to further offset the pressure on the seas.



All our wild seafood sources are publicly disclosed and can be found online at www.oceandisclosureproject.org

Forests.

Forests play a critical role in our global ecosystem. Today, forests cover 30% of the Earth's land surface, are a vital source of oxygen and home to 80% of earth's biodiversity, including many endangered species. They also provide livelihoods for 1.6 billion people. The world has already lost approximately half of its forests over the past century and what remains is increasingly under threat. Preventing further deforestation and degradation is critical to a sustainable future.

We are committed to achieving zero net deforestation in our sourcing of raw materials in our Own Brand products, including palm oil, wood/paper products and soy.

Palm oil

Palm oil is a common ingredient used in many food and non-food products. When sourced responsibly, it is one of the most efficient vegetable oils with the least environmental impact. However, as global diets change, demand for palm oil is increasing and putting more pressure on forests and biodiversity.

In 2019, we continued to ensure that 100% of the palm oil used in our Own Brand products in the UK, Republic of Ireland and Central Europe was certified by the Roundtable on Sustainable Palm Oil (RSPO). We have now also achieved 100% RSPO certification for all the palm oil used in our Tesco Own Brand products in Asia, including our palm cooking oil.

Beyond ensuring the palm oil used in our products is certified, we also expect our suppliers to source from palm importers who only trade in palm oil free from deforestation and exploitation. To enable us to do this, we continue to be leading members of the Palm Oil Transparency Coalition (POTC). The POTC's annual ranking of importers enables us to see relative company-wide performance of the importers in our supply chain. As a member of POTC, we have committed to take action based on these annual rankings to help promote faster industry progress to protect forests, workers and communities.

Wood/paper products

Timber can be a sustainable material when harvested responsibly. We aim to source all of our Own Brand wood and paper products sustainably by ensuring they are either certified to the Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC) standards or from a recycled source.

In 2019, 93% of all our UK Own Brand wood/paper products and 94% of Central Europe Own Brand wood/paper products were FSC/ PEFC certified or from a recycled source. Tesco UK's progress was recognised in the 2019 WWF Timber Scorecard where we topped the rankings, achieving full points.

100% of the palm oil used in our products in the UK, Republic of Ireland and Central Europe is RSPO certified

We are now rolling out our responsible sourcing programme of wood/paper products to our other International markets.

Soy

Soy is a high-quality vegetable protein and a key ingredient in animal feed. With demand for soy increasing, the pressure on valuable forest ecosystems is growing and it is vital the food industry works together to ensure that increased demand is met through increasing yields, and using only existing agricultural land, not by clearing more forests.

In 2018, we published our UK Zero Deforestation Soy Transition Plan, outlining our phased approach to achieving zero deforestation soy in our supply chain, while also promoting wider industry transformation. Our 2019 target was to ensure all South American soy used as animal feed for our Tesco UK Own Brand whole animal protein products, such as chicken, pork and eggs, is certified zero deforestation. We achieved 100% of this target. Beyond certification, our 2025 ambition is for our supply chain to source soy used as animal feed from 'verified zero deforestation areas' – where all soy produced in an entire region is produced without deforestation.

The Cerrado is one of Brazil's most biodiverse regions as well as its main soy-producing region. In December 2019, as a signatory of the Statement of Support for the Cerrado Manifesto, we signalled our intention to incentivise soy farmers in the Cerrado to limit production to existing agricultural land. This would protect native vegetation and help the Cerrado to become a verified zero deforestation area for soy. To help achieve this, we became one of the first companies to join a new industry initiative, Funding for Soy Farmers in the Cerrado, designed to tackle soy-associated deforestation in the Cerrado. We have committed £10m in funding through the initiative over five years and expect more businesses, foundations and governments to join us. The vital next phase is to work with the Brazilian soy industry and local experts to develop the details of how the incentives mechanism should best work to achieve the goal of a zero deforestation Cerrado.

We have committed £10m in funding to the Funding for Soy Farmers in the Cerrado Initiative

"The Funding for Soy Farmers in the Cerrado initiative is the first step in safeguarding a huge, biodiverse and carbon-rich area of Brazil, while also allowing farmers to continue to farm soy sustainably. This is an important next step in the Cerrado's sustainability journey, but it will only be truly transformative if more organisations come forward and support it."

Dave Lewis, Group Chief Executive

Places.

We are proud to be a part of thousands of communities around the world and are committed to helping each one thrive, socially and economically. From providing employment to local people and working with local businesses to helping community groups and charitable causes, we want to make a big difference. Our priority is to continue to support the local causes that our colleagues and customers care about and our national programmes allow us to respond to these issues at a local level.

Our updated key performance indicators.

Commitment	KPI	2019/20 performance
Places To support the projects and causes that matter to the local communities where we operate	Number of local projects or causes supported	Group: 22,978
	Corporate giving (£)	Group: £79.2m
	Colleague and customer fundraising (£)	Group: £19.7m

KPIs have been updated to reflect our priority areas for the years ahead. We have provided 2019/20 performance against these new KPIs where we have the data available. A summary of our performance against our previously published 2019/20 KPIs can be found on page 40. Further data disclosures can be found at www.tescopl.com/LHPperformance.



Donate food here
to help your
local community.

Places continued

Supporting communities.

Supporting communities during a crisis

Our value of 'every little help makes a big difference' is never more important than when it comes to providing support for people in crisis within our communities. We are committed to contributing where we can, whether through offering immediate solutions to support those in emergencies or by providing funds to aid communities in solving longer-term challenges.

In 2019, the UK witnessed unprecedented winter rainfall which left many communities flooded and in need of support. Rhondda Cynon Taf in South Wales was one of the areas particularly badly hit, with more than 600 households flooded. Responding to an appeal by Rhondda Cynon Taf Council we organised an emergency food collection at short notice for those households affected. We collected donations at our Pontypridd Extra, Talbot Green Extra and Aberdare stores with Tesco topping up all customer donations to the appeal by 20%. This resulted in 40 cages of long-life food being donated to the council for distribution to people whose homes had been flooded.



As well as donating food, this year we have also supported 129 national and local initiatives in Malaysia through our School Adoption programme. Colleagues spent a total of 516 volunteer hours supporting over 57,000 underprivileged students across Peninsula Malaysia. In Thailand, we have run a food donation campaign for two consecutive years providing nutritious food to underprivileged children in schools located in all 77 provinces of Thailand.

Giving back to our communities

We are committed to tackling food waste and this year we continued to support charities by redistributing surplus food.

In 2015 we launched our Community Food Connection scheme which is now the biggest supermarket food redistribution scheme in the UK. Using the FoodCloud app, community groups can link with our stores across the UK and find out if any surplus food will be available at the end of each day. They are then invited to collect the food, free of charge.

Through Community Food Connection we have donated 48 million meals to more than 7,000 charities and organisations.

Every year we encourage customers to support our food charity partners FareShare and the Trussell Trust by donating long-life food during our pre-Christmas Tesco Food Collection. Tesco tops up the value of all customer donations by 20%. We also operate permanent collection points, collecting donations year-round at more than 500 of our large stores. Thanks to the generosity of our customers, we have collected more than 72 million meals-worth of food for the two charities to support them in their work to date.

We have long-term partnerships with foodbanks in Central Europe and currently redistribute unsold surplus food from all our stores in Slovakia and the Czech Republic, as well as 95% of our stores in Hungary and 78% in Poland. We are the largest supporter in the region of annual food collections and provide a financial top up to supplement shoppers' donations. In the run up to Christmas 2019 we collected a record-breaking 1.4 million meals. In total, combined with our food collection, we have donated the equivalent of 100 million meals to charities and community groups in Central Europe.

In Malaysia, we encouraged customers to contribute food essentials, such as rice and cooking oil, to support their communities during festive seasons such as Hari Raya and Chinese New Year. In 2019, we were able to distribute 476 sets of food boxes for Eid and 1,350 sets for Chinese New Year – the equivalent of 104,000 meals in total.

Community grant programmes

We're committed to supporting projects and causes that bring benefits to the communities where we operate.

We have set up community grant programmes in the UK, Republic of Ireland and Central Europe which put the power in the hands of our customers to choose which local projects Tesco supports financially. Voluntary and community organisations can apply for grants to cover a broad range of projects, from improving community buildings to buying new sports kits, through our Bags of Help scheme in the UK, Community Fund programme in Ireland and You Choose, We Help programme in Central Europe. Customers decide which local projects we support, by voting using tokens handed out in store. We proudly announced that we will be introducing Bags of Help in Northern Ireland in 2020. This dedicated grant will see community groups share more than £125,000 across the year.

We have supported more than 27,000 projects with £80m worth of grants since we launched Bags of Help in the UK in 2016. In Ireland, the Tesco Community Fund has supported over 16,000 community projects with over €4.6m since its launch in 2014. Over the past three years we have supported more than 4,000 local groups in Central Europe with our You Choose, We Help community grants. In total, more than 99 million customer votes have been cast in the programme, with more than 1 in 3 customers across the region casting a vote. We also rolled out our colleague volunteering programme, enabling colleagues to spend two half-day shifts a year volunteering to support a local group involved in the You Choose, We Help programme, a local foodbank or a local group of their choice.

£80m

worth of grants awarded since we launched Bags of Help in the UK in 2016

To celebrate our Centenary year, we launched two additional projects: our Bags of Help Centenary grants in England, Scotland and Wales and our Tesco Centenary Fund in Northern Ireland. These Centenary funds provided bigger grants for larger projects with £50,000 being shared between community groups in England, Scotland and Wales and £100,000 being awarded to community projects in Northern Ireland.



Tesco is celebrating 19 years in partnership with Cancer Research UK's (CRUK) Race for Life.

Over that time, 340,000 of our colleagues have taken part in 5k, 10k and Pretty Muddy Race for Life events, which are held across the UK. Since 2002, we have contributed £55m to fund CRUK's life-saving research into over 200 types of cancer that affect men, women and children.

Our nationwide fundraiser event "Tesco Turns Pink" takes place each year celebrating Race for Life. Thousands of our colleagues dress up in pink and raise funds to support CRUK. As part of this, we invite CRUK volunteers to our stores to raise funds and encourage customers to sign up to a local Race for Life event.

Working together we can make a big difference in the fight against cancer.

£55m

donated to fund CRUK's life-saving research



€5m raised for Temple Street Children's Hospital

This year, Tesco Ireland reached an impressive fundraising milestone, having raised €5m over the course of its five-year charity partnership with Temple Street Children's Hospital.

Tesco Ireland chose Temple Street as its Charity Partner in 2014 following a nationwide, colleague-led selection process. Since then the fundraising activity has grown to become one of the largest fundraising achievements in the private sector in Ireland. Throughout the course of this partnership, the funds raised have helped the hospital to buy over 270 pieces of vital medical equipment for patients, including ultrasound scanners, patient monitors and respiratory equipment.

In January 2020, we announced a further one-year extension to our partnership, aiming to raise an additional €1 million to buy much-needed equipment to aid the treatment of sick children.



Putting the FUN into Fundraising.



In the summer of 2019, we launched our biggest ever fundraising campaign to support the life-changing work of our three national health charity partners: Cancer Research UK, the British Heart Foundation and Diabetes UK.

TESCO

Dance Beats.

Dance Beats brought the nation, and our entire UK business, together for three days of dance events in all our stores.

The Dance Beats Super Group, fronted by professional dancers Oti Mabuse and Kimberly Wyatt, pop star Aston Merrygold, and former The Saturdays singer Una Healy, helped kick off the campaign with a spectacular flash mob performance on 18 July. The group also included Tesco colleagues as well as inspiring representatives from our health charity partners.

Over the next three days customers and colleagues held fundraising events in-store where they had fun, showed off their moves and raised money to tackle the UK's biggest health challenges.

We created fundraising packs to help communities create their own Dance Beats events and invited people to show off their dancing online. More than 10,000 people accepted the challenge, posting their versions of the Dance Beats signature 'Pump and Slide' dance move with Tesco donating £10 per post.

The event culminated with an epic dance marathon relay at Wembley Stadium where almost 5,000 colleagues and customers shimmied to everything from pop and indie to house and hip-hop in one-hour shifts, with a baton passing seamlessly between groups of participants in a continuous Guinness World Records® beating 30-hour dance relay.

Through Dance Beats, an incredible £2m was donated to the health charity partnership based on the three days of activity. This was part of a total donation of £10.8m Tesco has contributed to these charities since the partnership began in 2018.

“The life-saving work of Cancer Research UK, the British Heart Foundation and Diabetes UK would not be possible without the support of the public so we want to say a huge thank you to the thousands of Tesco colleagues and customers across the UK who took part in Dance Beats.”

Michelle Mitchell, Cancer Research UK CEO
Simon Gillespie, British Heart Foundation CEO
Chris Askew, Diabetes UK CEO

49.8 million steps

Thousands of dancers generated an average of 1.66 million steps an hour (10,000 steps per dancer) across the epic 30-hour Wembley challenge

£2m

donated to the health charity partnership from the Dance Beats event

2019/20 KPIs.

We're committed to reporting our performance, data and methodology every year in a transparent way. The below table summarises our year-on-year performance against previously published KPIs. As outlined on page 5, this year we have completed a review and our updated KPIs for future reporting are presented at the beginning of each pillar section. Further information and commentary on our KPIs and methodology can be found at www.tescopl.com/LHPperformance.

Action	KPI	Performance		
		2017/2018	2018/2019	2019/2020
People.				
- To have a competitive total reward package that colleagues value	Tesco average pay versus market median	N/A	UK: 1.05	UK: 1.08
- 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: 76%	Group: 77%	Group: 77%
	Number of managers who have received line manager development training	N/A	Group: 17,156	Group: 38,174
- Provide opportunities to help young people develop their employability skills and start their careers	Number of opportunities provided for young people	UK: 915	Group: 2,373 UK: 766	Group: 8,594 UK: 821
- Introduce an updated 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'	N/A	Group: 82%	Group: 85%
- 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: 82%	Group: 84%	Group: 81%
	Percentage female share of total workforce & by work level	Group: Total: 57% Board: 23% Directors & Managers: 37%	Group: Total: 56% Board: 31% Directors & Managers: 37%	Group: Total: 56% Board: 31% Directors & Managers: 37%
	Average gender pay gap (mean and median average percentage)	UK: 11.3% mean 8.9% median	UK: 11.3% mean 8.9% median	UK: 12.6% mean 8.0% median
- 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: 63%	Group: 69%	Group: 76%
Community.				
- To 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: 29%	Group: 64%	Group: 67%
	Equivalent number of meals donated through food surplus redistribution	Group: 48 million	Group: 62.7 million	Group: 59.4 million
- 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: 17,849	Group: 29,819	Group: 22,978
	Corporate giving (£)	Group: £57.6m	Group: £88.6m	Group: £79.2m
	Colleague and customer fundraising (£)	Group: £19.6m	Group: £19.9m	Group: £19.7m
Health.				
- To partner with leading health charities to help colleagues and customers make healthier choices	Together with our health charity partners we conducted colleague insight to help us shape a new colleague health programme. Further insight and a trial will follow later in 2020. We have provided health information through our colleague wellbeing weeks and various trial interventions have taken place during 2019 with both colleagues and customers. Alongside this partnership we continue to work with other health experts to promote health to colleagues			
- To help improve diets through encouraging the consumption of fruit and veg	As part of our Peas Please commitment, 42% of our ready meal range now contains 1 of 5 a day. In 2019, we gave away our 100 millionth piece of free fruit for kids in store and our fourth annual health event for customers and colleagues was themed 'Easy Ways to Eat More Veg'. Our health ambassador Jamie Oliver developed two veg-based recipes and also a meal planner to help customers boost the veg content of traditional recipes			
- To help remove cost barriers to healthier eating	During our health event in July we promoted products lower in sugar, fat and salt through our 'helpful little swaps' basket, which cost 11.6% less than a regular basket. We've also introduced Fresh 5 all year round; fantastic offers on 5 lines of fresh produce which change every 2 weeks			
- To 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	UK: Sugar: 0.3% below Salt: 0.8% below Fibre: 7.9% above	UK: Sugar: 3.6% below Salt: 2.2% below Fibre: 10.8% above	UK: Sugar: 7.1% below Salt: 4.3% below Fibre: 8.7% above
- To raise awareness of healthier choices	Percentage of customers who agree 'Tesco helps me lead a healthy lifestyle'	UK: 55%	UK: 55%	UK: 57%
Sourcing.				
- 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 our progress against our top 20 can be found at www.tescopl.com/sustainability			
- Build trusted partnerships with our suppliers	Percentage of suppliers satisfied with working with Tesco (Supplier viewpoint)	Group: 75%	Group: 78%	Group: 78%

Action	KPI	Performance		
		2017/2018	2018/2019	2019/2020
Sourcing continued				
- Ensure international human rights standards are respected at all our suppliers' sites	Percentage of high-risk tier 1 supplier sites having had audit in the last year	UK: 94%	UK: 98%	UK: 97%
	Percentage of high-risk tier 1 supplier sites where critical non-conformances have been identified	UK: 61%	UK: 63%	UK: 62%
	Percentage of high-risk tier 1 supplier sites where critical non-conformances have been identified and mitigation or remediation processes implemented on time	UK: 82%	UK: 89%	UK: 97%
- 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	N/A	Group: 24	Group: 25
- Support sourcing communities facing complex social and environmental challenges	We currently support sourcing communities in Southern Africa through the Tesco and Community Fund, in Assam tea-growing communities through the Improving Lives Programme, and through a range of programmes in our non-food supply chain. To date, 640,259 people have been positively supported through these programmes.			
- Reduce supply chain carbon emissions by 7% by 2020	Percentage reduction in manufacturing supply chain emissions (baseline 2015/16)	UK: -4%	UK: -6%	UK: -12%
	Percentage of key suppliers measuring agricultural emissions	N/A	UK: 50%	UK: 87%
- Achieve zero net deforestation in our sourcing of raw materials by 2020	Percentage volume of palm oil certified to Roundtable on Sustainable Palm Oil standard	UK: 100%	UK: 100% ROI: 100% CE: 100% Asia: 37%	UK: 100% ROI: 100% CE: 100% Asia: 100%
	Percentage volume paper/wood products certified to FSC/PEFC or from a recycled source	UK: 82%	UK: 87%	UK: 93% CE: 94%
	Percentage volume of soy compliant with Tesco's Zero Deforestation Soy Transition Plan	N/A	UK: 77%	UK: 100%
- Sustainably source all our wild fish	Percentage of wild-caught seafood certified by MSC (tonnes)	UK: 70%	UK: 72%	UK: 79%
- Improve water and biodiversity impacts in key agricultural regions	Number of key suppliers with sustainable agriculture projects underway	UK: 11	UK: 25	UK: 25
- Treat all animals in our supply chain humanely at all life stages	Percentage of audited sites that meet our animal welfare standards	UK: 85%	UK: 86%	UK: 85%
Food waste.				
- No food that is safe for human consumption will be wasted inside our UK retail operation	Percentage of food surplus safe for human consumption redistributed to humans or animal	N/A	UK: 81%*	UK: 77%*
- Halve food waste in our own operations by 2030	Percentage change in tonnes of food wasted as percentage of tonnes sold compared to baseline year (UK: 2013/14, ROI & CE: 2016/17, Malaysia & Thailand: 2018/19)	UK: +15% ROI: +12%** CE: -28%	UK: -3% ROI: -1% CE: -43%	UK: -9% ROI: +1% CE: -58% Malaysia: -27% Thailand: -11%
- Work in partnership with our suppliers to halve food waste in our supply chains by 2030	27 Own Brand suppliers representing over 50% of our fresh food sales in the UK have reported food waste data for their own operation in 2019. We are able to compare year-on-year data for 21 of the 27 suppliers. Of these, 15 have reported a reduction in their food waste intensity - ranging from a 1% to a 64% reduction compared to 2018.			
- Help halve global household food waste in the markets where we have retail operations by 2030	We continue to progress a range of actions to help customers waste less and save money including ending 'buy one, get one free' promotions on fresh produce and removing best before dates from over 180 fruit and vegetable products			
Packaging.				
- Our packaging will be fully recyclable by 2025	Percentage weight of all Own Brand packaging meeting 'widely recycled' criteria	UK: 83%	UK: 83%***	
- End the use of hard-to-recycle materials from our UK packaging by the end of 2019	Tonnes of hard-to-recycle materials (materials on our 'red list') removed from our Own Brand packaging	N/A	UK: 2,914 tonnes	UK: 5,338 tonnes
- All paper and board used will be 100% sustainable by 2025	We have been working with our supply base to understand the simplest way of measuring this. Our new KPI for 2020/21 onwards will be the percentage of paper and board packaging that is certified FSC or PEFC or from a recycled source			
- Halve packaging weight by 2025	Percentage reduction in average Own Brand pack weight per unit sold, including loose volumes, from 2007 baseline	UK: 31%	UK: 29%***	
Climate change.				
- Reduce absolute carbon emissions from our operations from 2015 levels (-35% by 2020, -60% by 2025 & -100% by 2050)	Percentage reduction of GHG emissions	Group: 24%	Group: 31%	Group: 37%
- Source 65% of our electricity from renewable sources by 2020 and 100% by 2030	Percentage electricity from renewable sources	Group: 55%	Group: 58%	Group: 68%

* 81% relates to performance in Feb 2019 whereas the 77% figure is an annual figure for 2019/20

** We have restated the 2016/17 ROI food waste resulting in changes to stated performance compared to last year

*** We report a year in arrears for packaging KPIs

Indices, benchmarks and scorecards.

Indices, benchmarks and scorecards provide us with an external perspective on our sustainability performance and transparency and helps us track and assess our progress. They provide us with insight into emerging issues and help us better understand our stakeholders' interests and concerns. A non-exhaustive list of some of the benchmarks we were selected to participate in and/or chose to complete during 2019/20 are set out below. They are grouped into a broad range of themes.

Indices/benchmark/scorecard

CDP



Over the past 15 years CDP has engaged investor and business audiences on environmental issues, providing analysis and scoring of companies.

Tesco participates in the annual CDP surveys relating to climate change and forests. This year we improved our climate change score to a 'B' rating and within the forests survey we achieved a 'B' rating for timber, palm oil and soy and a 'C' rating in cattle products.

Greenpeace Checking out on plastics



Greenpeace undertakes an annual assessment of the UK's largest supermarkets and their contribution to plastic waste in the 'Checking out on plastics' survey.

From the 10 supermarkets analysed, Tesco was ranked in 6th place in 2019 with a score of 43%.

Business Benchmark on Farm Animal Welfare



The Business Benchmark on Farm Animal Welfare is the leading global measure of farm animal welfare management, policy commitment, performance and disclosure in food companies. Established in 2012, it enables a range of groups including investors to understand corporate practice and performance on farm and animal welfare.

In 2019 Tesco retained the Tier 2 band, indicating how integral farm animal welfare is to our business strategy.

Access to Nutrition Initiative



Access to Nutrition Initiative (ATNI) focuses on the food and beverage sector and its role in making healthy food affordable and accessible to consumers. In a recent report, ATNI assessed 10 of the largest UK supermarkets on diets, health and nutrition using publicly available information.

Tesco scored 30%, a joint third position in the survey.

Corporate Human Rights Benchmark



Corporate Human Rights Benchmark examines and compares human rights practices and procedures of 200 of the largest publicly listed companies, globally.

Tesco actively engages with the Corporate Human Rights Benchmark survey and supports the principles of its ambition. Following completion of the 2019 survey, we achieved a banding score of 40-50% under the Agricultural Products and Apparel sector methodologies. This placed us 2nd of the 12 international food retailers benchmarked globally.

Know the Chain



Know the Chain assesses 38 companies in the food and beverage sector every two years, benchmarking them across seven forced labour themes.

The latest analysis in 2018 ranked Tesco 4th out of the 38 companies with a score of 60/100. The report noted our leading practices on matters such as risk assessment, supplier training and auditing of lower-tier suppliers.

Indices/benchmark/scorecard

Workforce Disclosure Initiative



The Workforce Disclosure Initiative applies focus on company workforce data and management policies across business operations, from direct employees to those working in the supply chain.

We participated for the first time in 2019 achieving an overall disclosure score of 55%, which is above its average indicators for all participating companies (118) and the sector and country.

Oxfam Behind the Barcodes



Oxfam undertakes an annual assessment of UK-based supermarkets and their policies and practices with regard to human rights within the supply chain through its Behind the Barcodes Supermarket Scorecard.

Tesco scored 38% in the 2019 survey which was the highest score for a UK supermarket.

MSCI



MSCI provides environment, social and governance (ESG) performance ratings of 7,500 companies using publicly available information to help investors make broader responsible investment decisions.

As of 2019, Tesco PLC received an MSCI ESG Rating of AA.

FTSE4Good



FTSE4Good

Applying analysis of a broad range of ESG themes, FTSE4Good provides an indices performance on the UK's FTSE 100 companies based on publicly available data points.

In 2019 Tesco were included in the FTSE4Good UK50.



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