

## **Tesco PLC (the ‘Company’)**

### **MATTERS RESERVED TO PLC BOARD**

The Tesco PLC Board (the **‘Board’**) has collective responsibility to promote the long-term success of the Company and is accountable to stakeholders for ensuring that the Group is appropriately managed and has the necessary resources, policies and practices in place to achieve the Group’s strategic objectives and measure performance against them, in a way that is supported by the right culture, values and behaviours throughout the Tesco PLC Group (the **‘Group’**).

In carrying out their responsibilities, all directors must act in what they consider to be in the best interests of the company and consistent with their statutory duties as set out in the Companies Act 2006 sections 171-177, in particular having regard to section 172, promoting the success of the Company for the benefit of its members as a whole and in doing so, having regard, amongst other matters to the consequence of any decisions in the long term, the interests of colleagues, fostering business relationships with suppliers, customers and other stakeholders and the impact on community and environment.

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

The Board’s focus is on delivery of its strategy and the Company’s long-term sustainable success, while generating value for shareholders, alongside the oversight, control and good corporate governance. To support the Board achieving this, the following matters are reserved for the Board owing to their strategic, financial or reputational importance to the Tesco PLC Group (the **‘Group’**).

#### **1. STRATEGY AND MANAGEMENT**

- 1.1. Responsibility for the overall strategic aims and objectives of the Group taking into consideration the Group’s environmental, social and governance ambitions
- 1.2. Establishing the Company’s purpose and values
- 1.3. Approval of the Group’s strategy and risk appetite to align with the Group’s purpose and values
- 1.4. Monitoring and reporting on the Group’s culture, ensuring it is aligned and embedded into the Group’s values, purpose and strategy
- 1.5. Monitoring of the progress of the Group’s Net-Zero Commitments for Scope 1 and 2 by 2035 and Scope 3 by 2050
- 1.6. Approval and oversight of the Group policy framework and approval of appropriate Group policies
- 1.7. Approval of the Long-Term Plan ensuring the generation of value for shareholders and contributing to wider society
- 1.8. Approval of the Annual Budget and monitoring performance against it
- 1.9. Oversight of the Group’s operations
- 1.10. Approval and oversight of the Group’s property strategy

- 1.11. Approval of entry into a new country or a new category of business or ceasing operations in a particular country or category of business which is significant to the Group.

## **2. STRUCTURE, CAPITAL AND FINANCING\***

- 2.1. Approval of major changes to Group's corporate or capital structure, including share issuances (other than in connection with the Group's share plans) and reduction in capital through share buy-backs or otherwise
- 2.2. Approval of capital expenditure with a value of more than £500m
- 2.3. Approval of acquisitions, mergers, joint ventures or disposals involving shares or cash transactions with a value of more than £75m
- 2.4. Approval of investment, acquisition, merger, joint venture, disposal or divestiture with a value of more than £75m spend or has material reputational implications
- 2.5. Approval of the provision of security to a third party over assets with a value of more than £30m
- 2.6. Approval of new borrowing facilities with a value of more than £250m and which are not in the Group funding plan or where there is a public prospectus involved
- 2.7. Early repayment of external debt over £250m (with maturities over 12 months) not included in the funding plan
- 2.8. Approval of any guarantees, indemnities or letters of comfort to a third party
- 2.9. Approval of contracts in accordance with the Group Delegation of Authority
- 2.10. Approval of technology, design and build, maintenance and replacement of equipment spend of more than £75m.

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

## **3. FINANCIAL REPORTING AND CONTROLS**

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

## **4. INTERNAL CONTROL AND RISK MANAGEMENT**

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

4.3 Approving appropriate statements and declarations for inclusion in the Annual Report and Accounts.

## **5. REMUNERATION**

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

## **6. BOARD MEMBERSHIP AND OTHER APPOINTMENTS**

- 6.1. Determination of Board structure, size and composition, including the appointment, re-appointment or removal of a Director of the Board on the recommendation of the Nominations and Governance Committee
- 6.2. Approval of the composition and membership of Board Committees
- 6.3. Approval of division of responsibilities between the Chair, Group Chief Executive and Senior Independent Director and the level of delegated authority limits
- 6.4. Review of succession planning for the Board and Executive Committee members to maintain an appropriate mix of skills, knowledge and experience ensuring a diverse pipeline for succession
- 6.5. Approval of the Board Diversity, Equity and Inclusion Policy upon recommendation of the Nominations and Governance Committee
- 6.6. Appointment or removal of a Company Secretary
- 6.7. Approval of Directors' external appointments.

## **7. CORPORATE GOVERNANCE**

- 7.1. On an annual basis, review and approve any changes to these matters reserved for the Board
- 7.2. Establishment of the Governance Framework and approving material changes to authority delegated by the Board. Approval of Board Committee terms of reference and receiving reports from Committee chairs following Committee meetings
- 7.3. Ensuring there is a formal and rigorous assessment of the performance and effectiveness of the Board, its Committees, the Chair and individual directors and monitoring any corrective actions
- 7.4. Authorising Directors' actual or potential conflicts of interest in conjunction with the Nominations and Governance Committee
- 7.5. Understanding the views of the Group's key stakeholders, considering the balance of interests between stakeholders and ensuring effective engagement with the Group's stakeholders, including shareholders, the workforce, customers, suppliers and the community
- 7.6. Responding to shareholder activism or any takeover or merger approach.
- 7.7. Approval of Company's Memorandum and Articles of Association and recommendation to Shareholders
- 7.8. Approval of any changes to the Company's listing or its status as a plc.

## **8. REGULATORY REQUIREMENTS**

- 8.1. Approval of matters relating to general meetings (resolutions and shareholder documentation)
- 8.2. Approval of all shareholder circulars, prospectuses and listing particulars issued by the Company
- 8.3. Approval of material public announcements concerning matters decided by the Board. These matters may be delegated to the Disclosure Committee
- 8.4. Approval of material regulatory filings with London Stock Exchange, FCA and other regulatory authorities in all relevant jurisdictions.

## **9. OTHER**

- 9.1. Approval of any donation to a political party
- 9.2. Approval of the prosecution, defence or settlement of litigation of more than £25m or any matter with material reputational implications
- 9.3. On the recommendation of the Group Chief Executive, approval of the appointment or removal of the Group's principal professional advisers
- 9.4. Approval of Directors' and Officers' insurance and approval of any indemnity given by the Company to any Directors and Officers
- 9.5. Approval of significant changes to pension scheme
- 9.6. Approval of the Group's Share Dealing Code
- 9.7. Approval of the Company's Modern Slavery Statement and any other statement required by law to be approved by the Board
- 9.8. Oversight of health and safety policies and performance
- 9.9. Approval of any decision or matter likely to have a material impact on the Group, including financial, operational, strategic, reputational, social or environmental

## **10. BOARD PROCEDURE FOR DECISIONS BETWEEN SCHEDULED BOARD MEETINGS**

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

**Reviewed and approved by the Board**

**October 2024**