

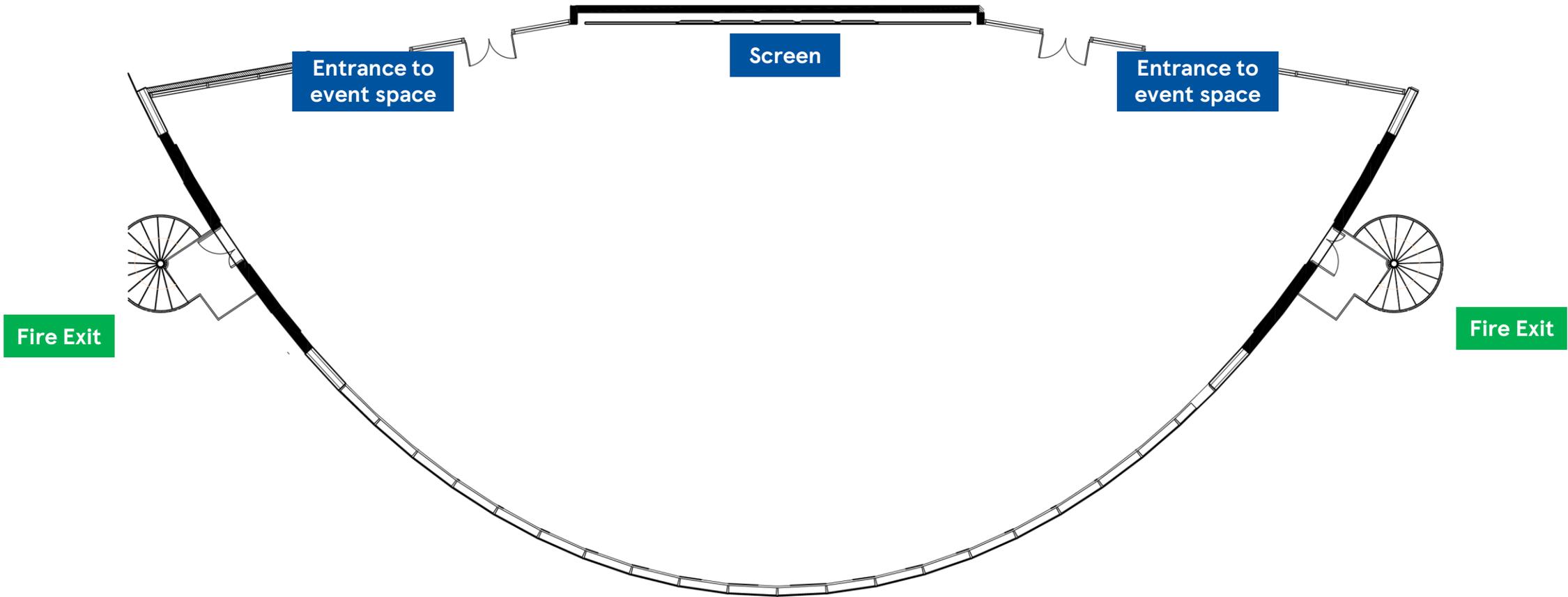
**TESCO**





**Introduction**  
Dave Lewis  
Group Chief Executive

# Health and safety.



# Welcome.

## Investors

- 41 individuals, including 22 ESG specialists
- 35 institutions
- Equity and fixed income

## Analysts

- 15 sell-side analysts
- Rating agencies

## Banking partners

- 14 Relationship Banks

**31 here last week for our Capital Markets Day – welcome back!**

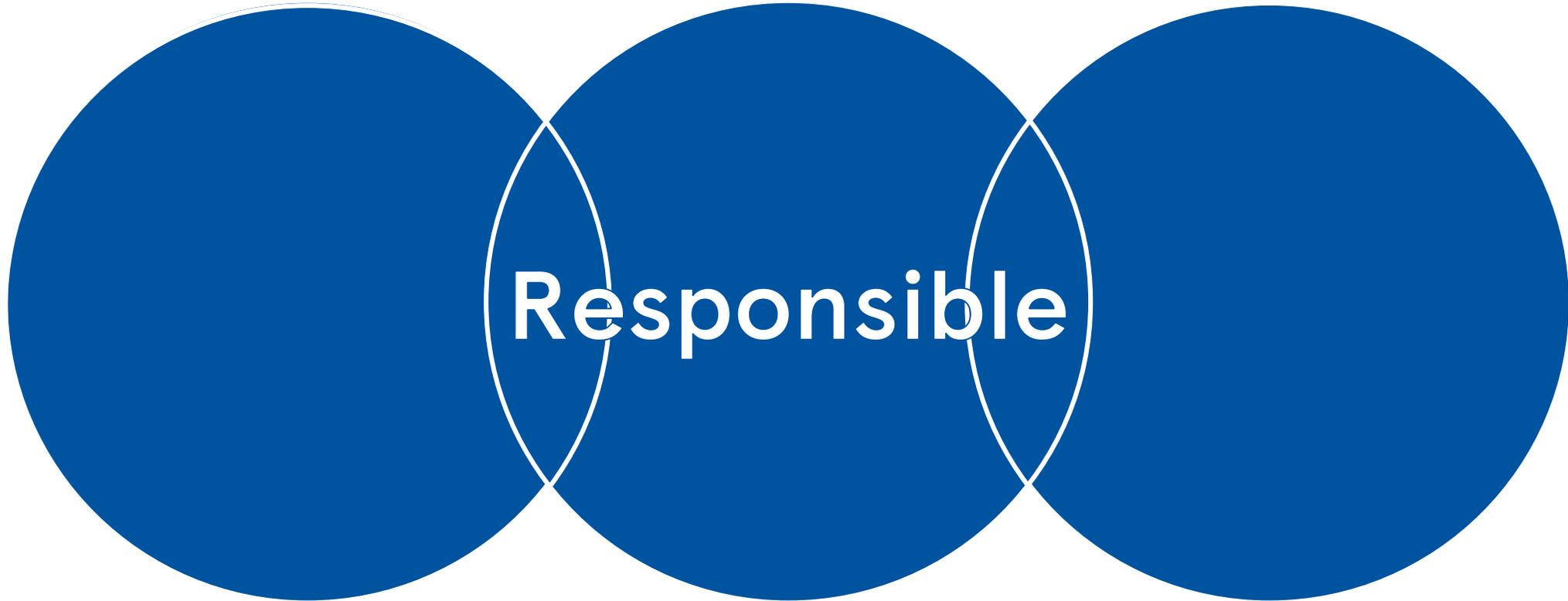
# Objectives

- To share how we are embedding sustainability in our business model and ways of working
- To demonstrate how we are managing current and future risks
- A chance for you to meet our expert teams and ask questions

Suppliers



Customers



Contractual

Compliance

Legislation



Suppliers



Customers



Responsible  
production

Behavioural  
advocacy

Responsible  
consumption



Our purpose:

**Serving Britain's 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**

# Every little help makes a big difference.

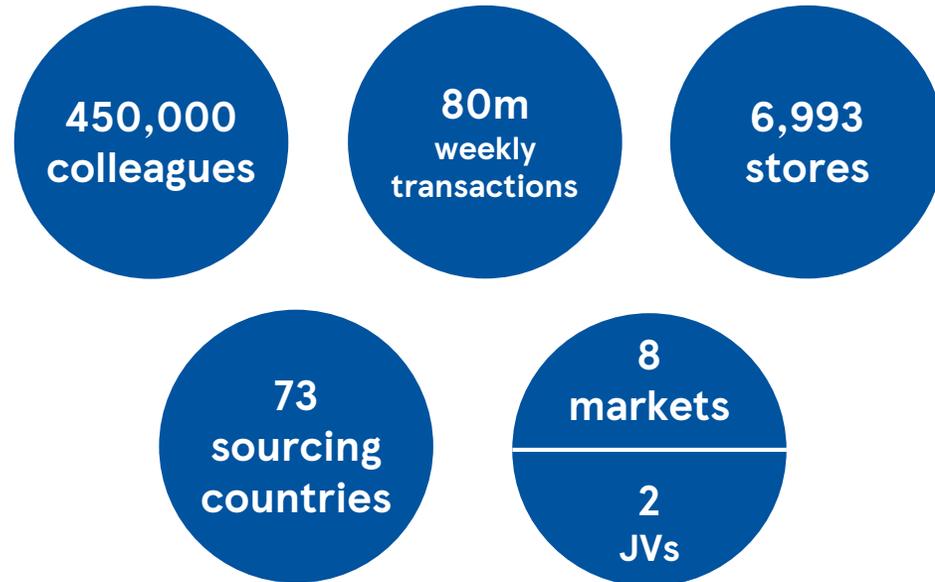


## Foundations:

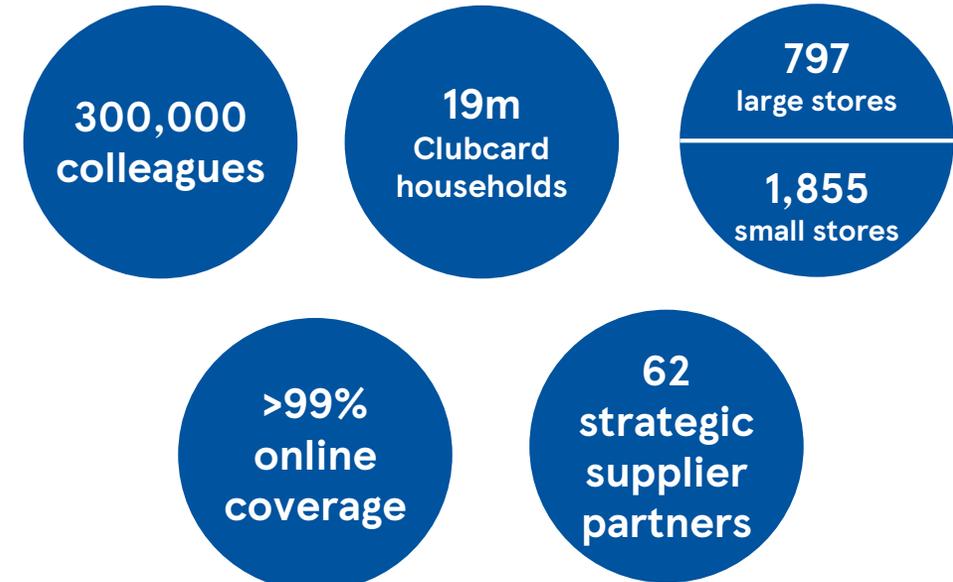
Climate change | Cyber security  
Governance and ethics | Health and safety | Product safety

# Our reach

## Group



## UK



# Value in Your Town.

**£37.3bn**

Gross Value Added to the UK economy<sup>1</sup>

**743k**

Full time jobs supported at Tesco and in the UK supply chain<sup>1</sup>

**£19.9m**

Colleague and customer fundraising for local groups and causes

**£5.2bn**

tax paid<sup>2</sup>

**18,646**

Number of local projects or causes supported in the UK

**62.7m**

Meals donated to those in need across the Group

1. KPMG report of Tesco economic contribution, 2016/17.

2. This includes taxes borne by the Group of £1.9 billion and taxes generated from our operations and which we collected of £3.3 billion (2018/19).

# Agenda.

09.00	<b>Welcome and Introduction</b>	Dave Lewis
	<b>Governance</b>	
	Governance, risk and compliance	Alan Stewart and Adrian Morris
	<b>Environment</b>	
	Our environmental impact	Sarah Bradbury
	Climate change	Kene Umeasiegbu
10.30 – 10.45	Coffee Break	
	Packaging	Giles Bolton
	Tackling global food waste	Mark Little
	<b>Social</b>	
	Our social contribution	Christine Heffernan
	Human rights in our supply chain	Giles Bolton
	People	Natasha Adams
	<b>Closing remarks</b>	Dave Lewis
	<b>Q&amp;A</b>	
13.00	Lunch	

A woman with dark hair and glasses, wearing a dark blue blazer over a blue collared shirt, is smiling and looking towards a customer. The background shows a store aisle with shelves of products and a checkout counter.

# Governance, risk and compliance.

Alan Stewart

Chief Financial Officer

Adrian Morris

Group General Counsel

# Corporate renewal: crisis response.

- Broad and deep review
  - Objective
  - Independent
  - Systematic
- Tone from the Top/Board ownership
  - Regular oversight and reporting
  - Provided to Regulators
- Reflected in FCA Notice and DPA Judgement



# Our governance structure.

## Board



### PLC Board

Chaired by  
**John Allan**



### Audit Committee

Chaired by  
**Byron Grote**



### Corporate Responsibility Committee

Chaired by  
**Lindsey Pownall**



### Nominations and Governance Committee

Chaired by  
**John Allan**



### Remuneration Committee

Chaired by  
**Steve Golsby**

## Executive Committee

### Group Risk & Compliance Committee

Chaired by  
**Dave Lewis**

Alan  
Stewart

Group  
CFO

Adrian  
Morris

Group  
General  
Counsel

Andrew  
Yaxley

Chief  
Product  
Officer

Christine  
Heffernan

Group  
Comms  
Director

Alan  
Brown

Group  
Safety &  
Security  
Director

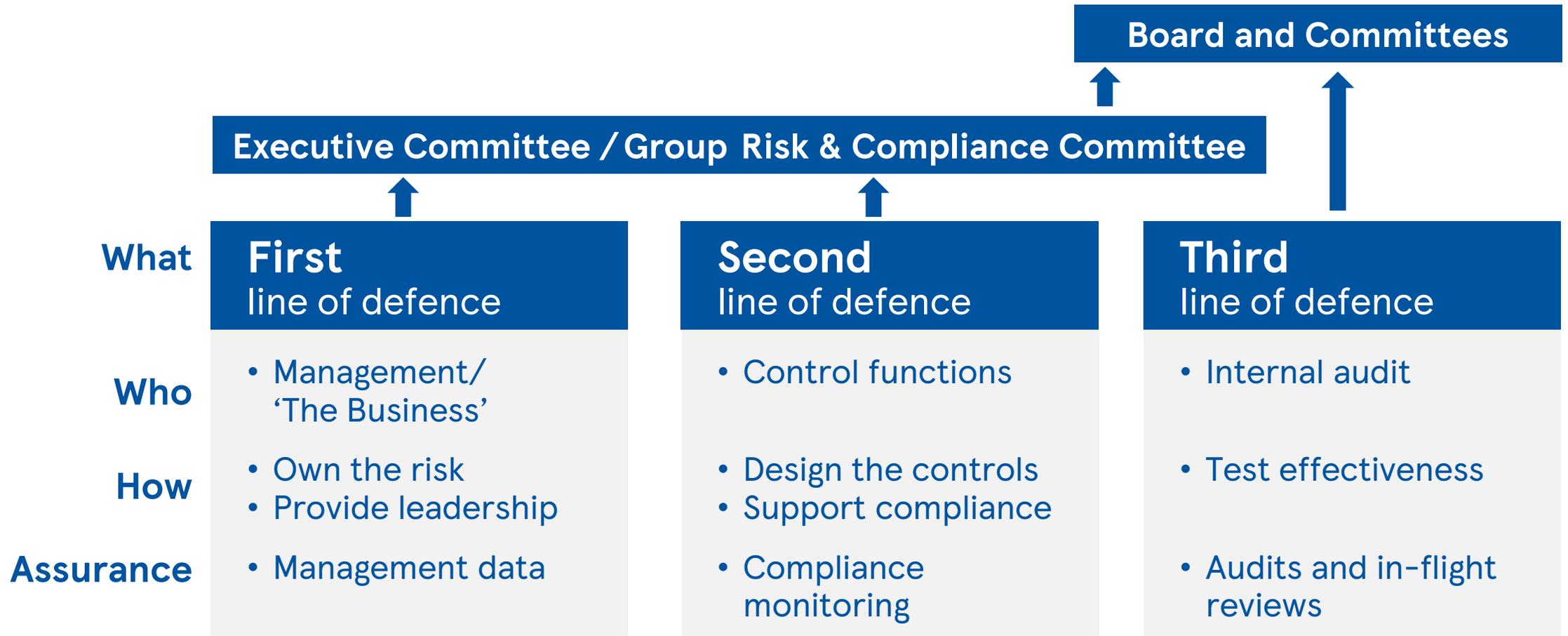
Jason  
Davies

Chief Risk  
& Audit  
Officer

David  
Ward

Ethics &  
Compliance  
Director

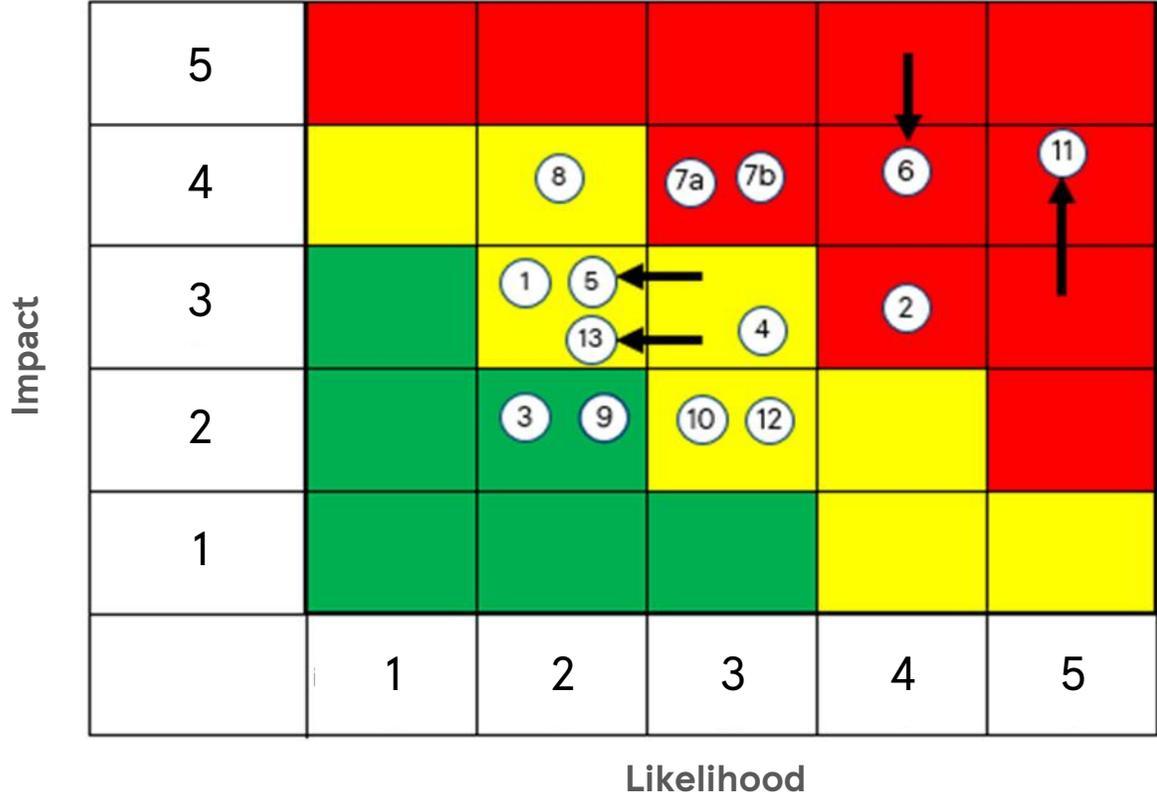
# Governance: three lines of defence.



# Risk management: Group principal risks.

## Risk

- 1. Customer
- 2. Transformation
- 3. Liquidity
- 4. Competition & Markets
- 5. Brand, Reputation & Trust
- 6. Technology
- 7a. Data Security & 7b. Data Privacy
- 8. Political, Regulatory & Compliance
- 9. Health & Safety
- 10. People
- 11. Brexit
- 12. Responsible Sourcing & Supply Chain
- 13. Booker Synergy Realisation & Integration



**Key Factors:** Political uncertainty • Investment • Effectiveness of internal controls  
 Recruitment & retention • Supply chain resilience • Economic outlook • Technology  
 Regulatory & legislative change • Customer insight • Changing customer demand

# Business Unit Principal Risk Prioritisation 2018/19 year end.

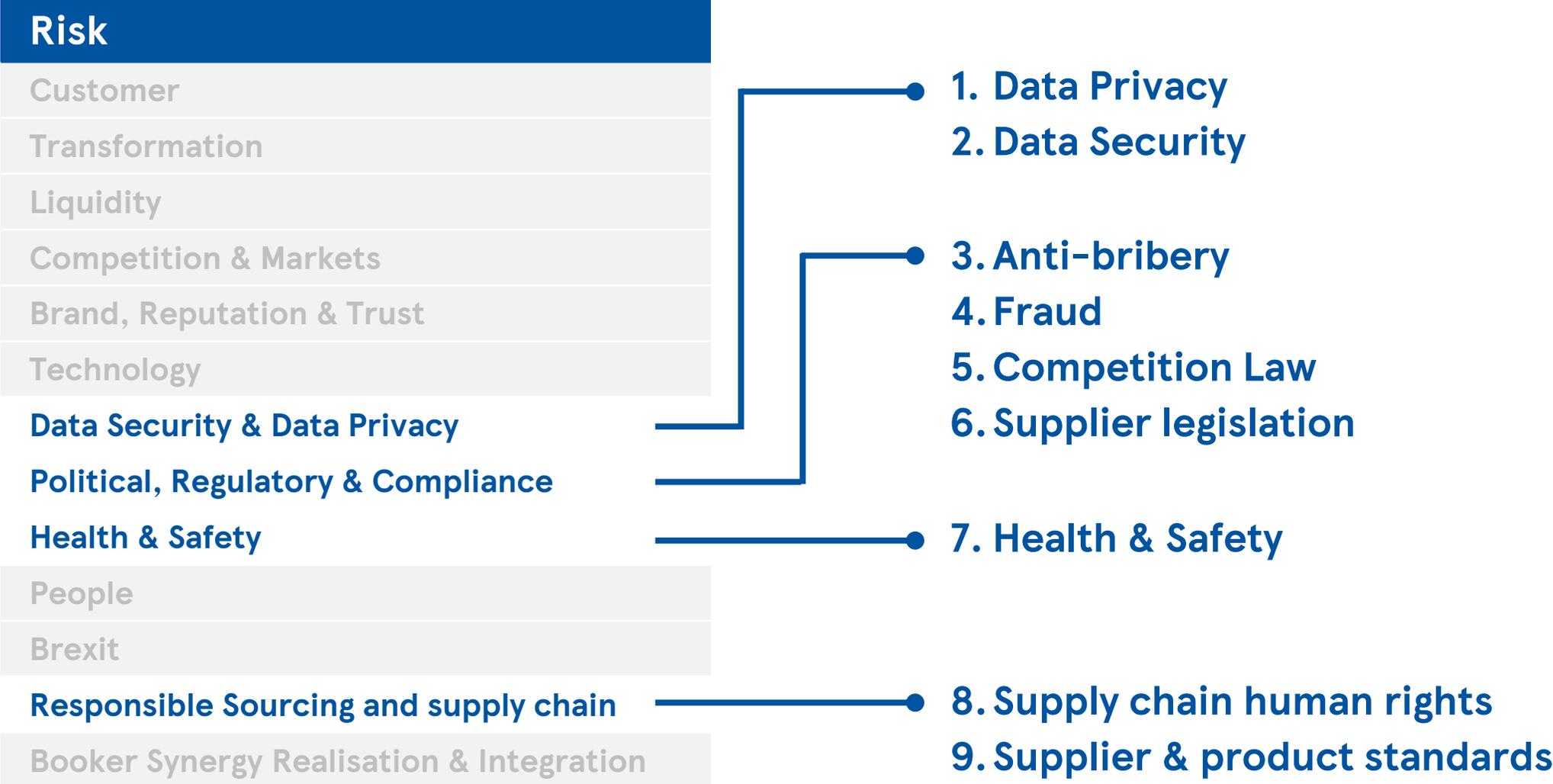
Principal Risks		UK	ROI	One Stop	Booker	CE	Thailand	Malaysia	Bengaluru	dunnhumby	Group	Rating	Movement Compared to Previous Year	
1	Customer	↔	↔	↔	↔	↓	↔	↔			↔	High Risk	↔	Stable
2	Transformation	↔	↔	↓		↔	↓	↔	↓	↔	↔	Medium Risk	↑	Increasing
3	Liquidity	↔	↔	↔	↔	↔	↑	↔		↓	↔	Low Risk	↓	Decreasing
4	Competition & Markets	↔	↔	↓	↔	↓	↑	↓		↔	↔	Risk not applicable		
5	Brand, Reputation & Trust	↓	↔	↔	↔	↓	↓	↔	↓	↔	↓			
6	Technology	↓	↔	↔	↑	↔	↓	↑	↓	↔	↓			
7a	Data Security	↔	↔	↑	↑	↔	↔	↔	↓	↔	↔			
7b	Data Privacy	↔	↓	↑	↑	↓	↔	↔	↓	↓	↔			
8	Political, Regulatory & Compliance	↔	↔	↑	↔	↔	↔	↔	↔	↔	↔			
9	Health & Safety	↔	↓	↔	↔	↓	↔	↔	↓	↔	↔			
10	People	↔	↔	↓	↔	↓	↓	↓	↑	↓	↔			
11	Brexit	↑	↑	↑	↑						↑			
12	Responsible Sourcing & Supply Chain	↔	↔	↔	↔	↔	↔	↔			↔			
13	Booker Synergy Realisation and Integration										↓			

**Tesco Mobile** has an independent risk process and their significant risks are discussed at the Tesco Mobile Audit Committee.

**Tesco Bank** is considered a separate entity performing its own risk management process. Regular bank updates are provided to the Executive Committee and Board.

Note: Group scores are weighted towards UK, since it comprises over two-thirds of the total Group.

# Key compliance risks and sub-risks.



# Risk, Controls and Assurance (RCA) framework.



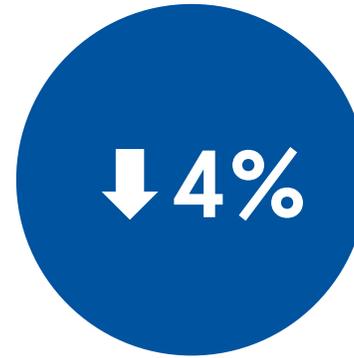
# Health and Safety.

## Programme:

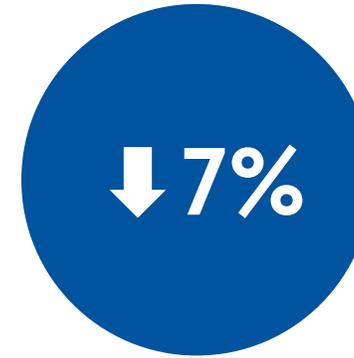
- Group Safety Blueprint implements RCA framework via controls, training and assurance
- Risk owner: Dave Lewis, supported by Group Safety Director and team
- Reporting to GRCC, Exec and Board

## KPIs:

- All customer and colleague injuries
- Time lost from work
- Serious injuries and fatalities
- Regulatory enforcement
- All data recorded by channel and business unit



Total injuries<sup>1</sup>

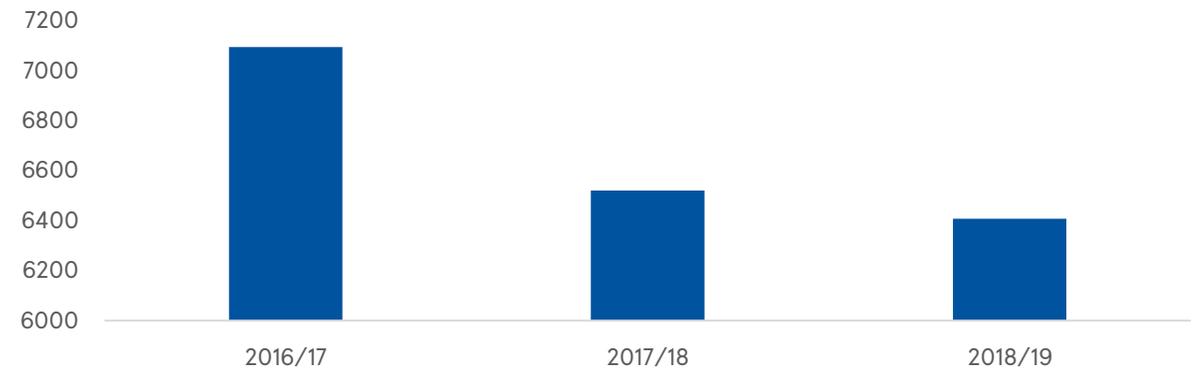


UK & ROI  
reportable injuries



Thailand  
accreditation

Lost time work related injuries to retail colleagues



1. Reduction from 2017/18 to 2018/19.

# Data privacy: delivering GDPR.

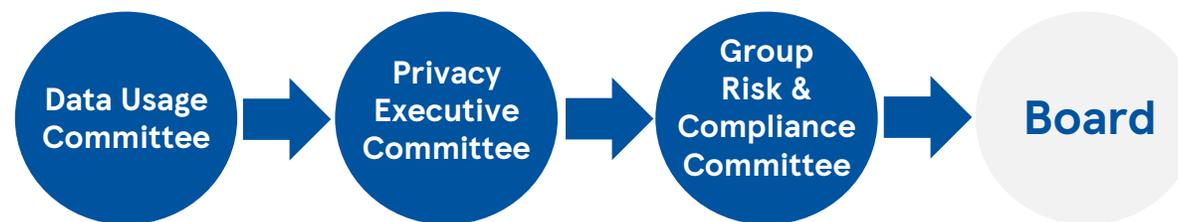
## Programme:

- PCP built around RCA framework via 34 privacy workstreams
- Risk owner: Group Customer Director & Group People Director, supported by Group General Counsel and Group Privacy team

## Workstreams:

- PIAs/PbD
- Due diligence
- Incident management
- Retention/ deletion
- Portability
- CCTV
- Training
- DSARs
- Data mapping
- Governance
- Regulatory reporting
- Policy, notice and consent
- DPOs

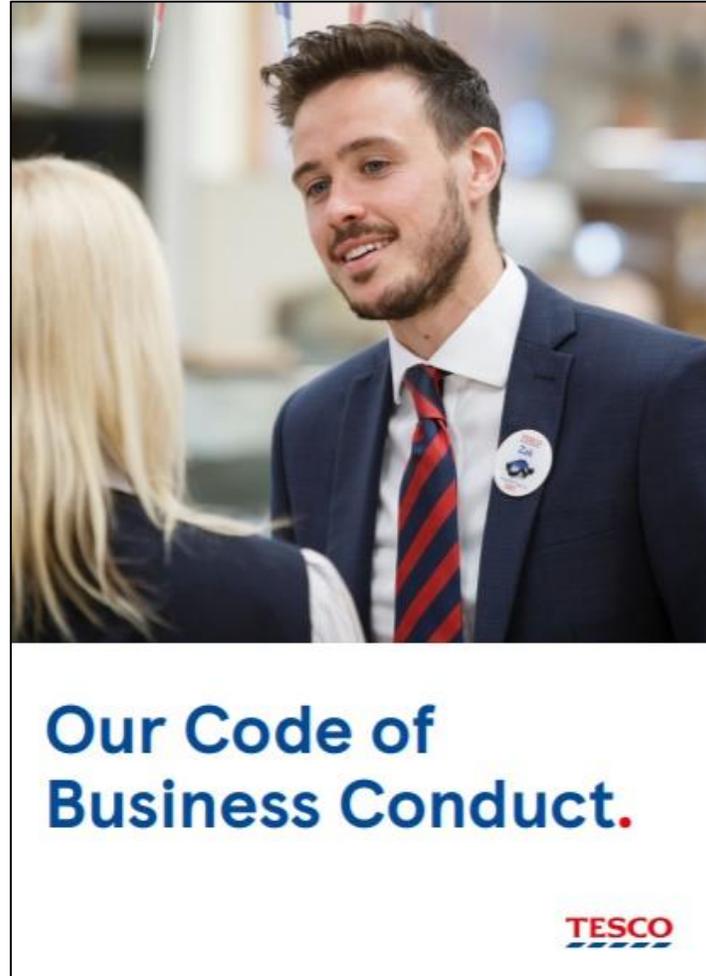
## Governance and oversight:



# Updated Code of Business Conduct.

## The What

Code Guidance pages  
'Follow the rules'



## The How

Living our Code pages  
'Do the right thing'

# Code of Business Conduct.

**26,000**  
colleagues

Annual Code  
certification exercise

**92%**  
agree

Annual speak-up surveys

**55,000**  
modules

Annual compliance  
e-learning campaign

# Risk management: equal pay litigation.

- Pay Policy: not determined by gender – same role, same pay
- Legal Tests
  - Comparability
  - Equal value
    - Different skills/demands
    - Different environment
  - Material Factor Defence
    - Separate labour markets: distribution/retail
- Claims driven by law firms/litigation funders
- Asda claims started 10 years ago – potentially 5 years + to any final decision

# Risk management: shareholder litigation (2014).

- FCA approved compensation scheme
  - £47m paid out
- 2 Shareholder groups
  - 112 reduced to 78
- Critical legal tests
  - Board knowledge
  - FCA/SFO findings
- Trial set late 2020

# Tax.

- We pay the right amount of tax in accordance with the tax laws in all of the territories in which we operate.
- Tax is considered in all significant business decisions but we do not undertake any transactions for the sole purpose of realising tax savings.

## The taxes we collect.

For the year ended 23 February 2019 the Group collected **£3.3 billion** in taxes.

<b>Excise duty</b> We collect excise duty from our sales of beer, wine and spirits of <b>£1,335m</b>	<b>Colleagues</b> Our 450,000 colleagues generate employment taxes of <b>£960m</b>
<b>VAT</b> We collected £8.4bn of VAT on our sales. After deducting the £7.5bn of VAT paid on our purchases, the net result is a VAT payment of <b>£908m</b>	<b>Insurance</b> Tesco Bank collects insurance premium tax on customer policies of <b>£49m</b>
<b>Profit tax</b> We collect income withholding taxes on certain payments we make of <b>£33m</b>	<b>Other</b> There are a number of other taxes we collect which in total this year added to <b>£6m</b>



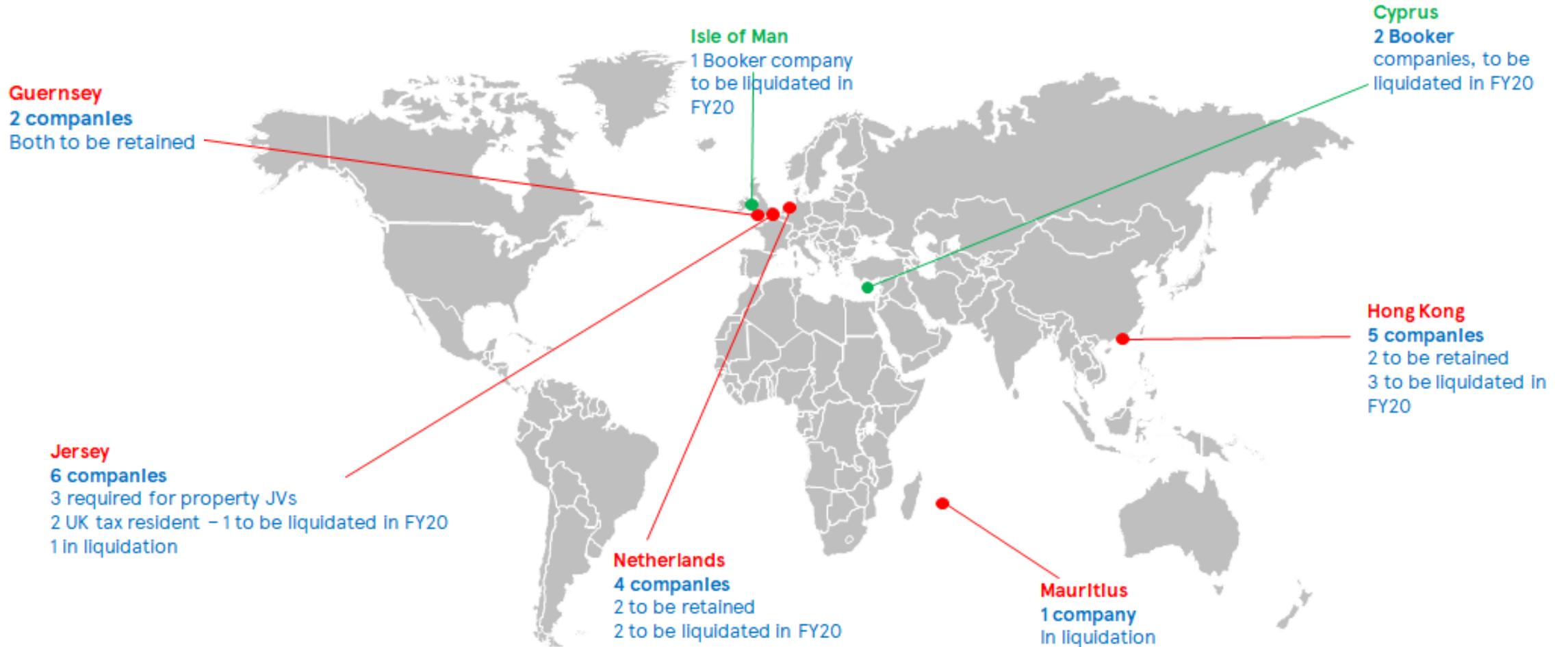
## Our tax contribution.

For the year ended 23 February 2019, the Group's total tax contribution was **£5.2 billion**, of which taxes borne were **£1.9 billion**.

<b>Business rates</b> The largest tax we pay is business rates which this year totalled <b>£725m</b>	<b>Profit tax</b> We pay corporate income tax of <b>£370m</b>
<b>Colleagues</b> As an employer of 450,000 colleagues we pay employment taxes of <b>£519m</b>	<b>Customs and Fuel duty</b> The duty we pay on goods we import as well as fuel duty across our vehicle fleet was <b>£139m</b>
<b>Environment</b> As part of our Little Helps Plan we continue to work hard to reduce our impact on the environment. The environmental taxes we paid in the year were <b>£41m</b>	<b>Other</b> We pay a number of other taxes across our business, including stamp duty and VAT we are unable to recover of <b>£120m</b>



# Simplifying our Group structure.



# Measuring and reporting our ESG work.

## 35

### Key Performance Indicators

- People
- Product
- Places

## Annual Report and Little Helps Plan progress update



## TCFD





# Our environmental impact.

Sarah Bradbury  
Group Quality Director

# Group Quality team.

## Colleague numbers

### Product safety technical

F&F 35

GM 27

Food Tech UK 80

Depot QA UK 48

Food Development and  
Chef network UK 55

### Group support functions

Regulation and  
standards 43

Audit programme 7

### Responsible sourcing

Environmental 15

Human Rights 31

Packaging 10

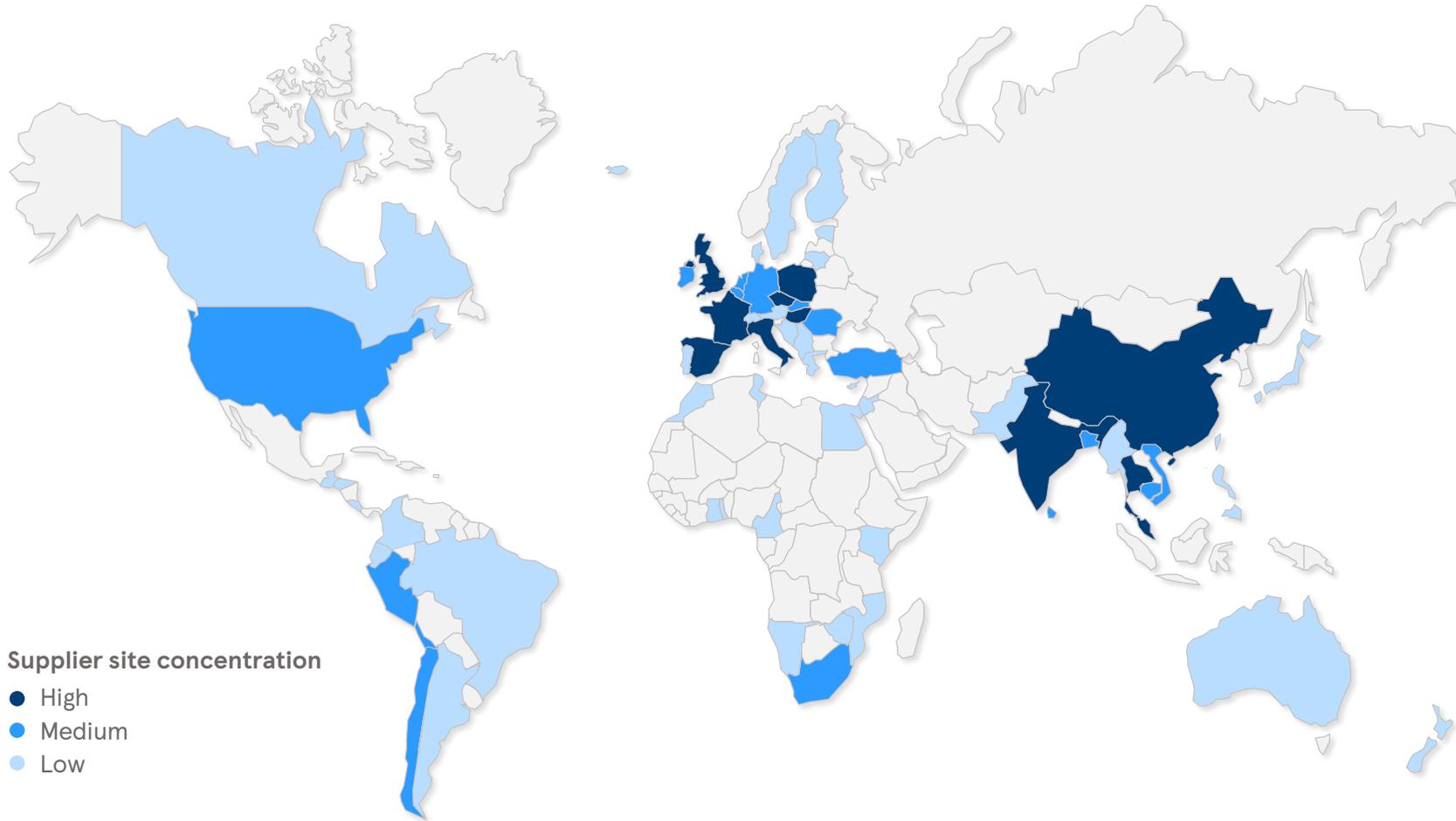
### Agriculture

Agriculture 8

**9 sourcing hubs with technical and ethical teams 125**

Group Quality responsibility in all markets

# Our sourcing footprint.



**80m**  
customer  
transactions

**6,993**  
stores

**2,749**  
food supplier sites

**c.20,000**  
UK farmers

**824**  
GM and clothing  
supplier sites

**73**  
countries

# Our environmental impacts.



**Commodities**



**Farm**



**Manufacturing**



**Own ops**



**Customer**

**Climate change carbon impact** 3.3 million tonnes of CO2e from our own operations

**Food waste** 44,297 tonnes from our UK operations

**Packaging** 928,649 tonnes of UK primary packaging (branded and Own Brand)

**Marine** 35,135 tonnes of wild caught seafood sold in the UK

**Deforestation** 860,000 tonnes of soy and 59,169 tonnes of palm oil

**Sustainable agriculture and fresh water**

# Our environmental commitments.

2006	2009	2010	2013	2016	2017	2018
<p>50% <b>carbon</b> reduction target per sq. ft. of store by 2020</p> <p>Target to reduce <b>packaging</b> by 25%</p>	<p>Zero <b>carbon</b> business by 2050</p>	<p>CGF 2020 Zero <b>Deforestation</b> target adopted</p>	<p>Commitment to publish our own <b>food waste</b> data annually</p>	<p>No food safe for human consumption will go to <b>waste</b> from our UK retail operations</p>	<p>Launch of <b>Little Helps Plan</b> commitments</p>	<p>Announced zero deforestation <b>soy</b> transition plan</p>

# Deforestation.

## Soy

Launched Zero Deforestation Soy Transition Plan 2018

100% soy from verified zero deforestation areas by 2025

### Footprint (Tonnes)

UK 500k  
Group 860k

### Progress

77% of soy for whole chicken products covered by zero deforestation credits 2018

## Palm Oil

Member of the Roundtable on Sustainable Palm Oil 2006 (RSPO) and Palm Oil Transparency Coalition (POTC)

### Footprint (Tonnes)

UK 33k  
Group 60k

### Progress

100% of palm oil in our UK ROI and CE Tesco Own Brand certified 2015 RSPO, and 37% in Asia

## Wood and Paper

Commitment to source 100% certified FSC / PEFC or from recycled sources

### Footprint

>3,500 UK products  
Mapping Group footprint

### Progress

87% of UK Tesco Own Brand wood and paper products (FSC / PEFC) certified

## Amazonian beef

Three year attempt to improve industry standards

### Footprint

Zero Brazilian corned beef

### Progress

2018 stopped sourcing Brazilian corned beef due to lack of progress

# Water.

## Marine

Member of the Sustainable Fisheries Partnership since 2011

Published data on source fisheries through Ocean Disclosure Project 2019

### Progress

Largest UK retailer of MSC certified seafood by volume **72%**  
All Own Brand canned tuna from pole and line FAD-free or MSC fisheries

## Clothing

Member of Zero Discharge Hazardous Chemicals organisation since 2015

Signed Greenpeace Detox commitment 2017

Members of Sustainable Clothing Action Plan - 15% water reduction target

### Progress

**88%** of cotton for clothing certified by Better Cotton Initiative

## Agriculture

Working with suppliers and industry on water stewardship initiatives including in Doñana, Spain, Western Cape, South Africa, Lake Naivasha, Kenya.

Water conservation initiatives with WWF in UK catchment areas

### Progress

**25** agricultural suppliers with water or biodiversity projects underway

# Sustainable agriculture.

## Sustainable Farming Groups

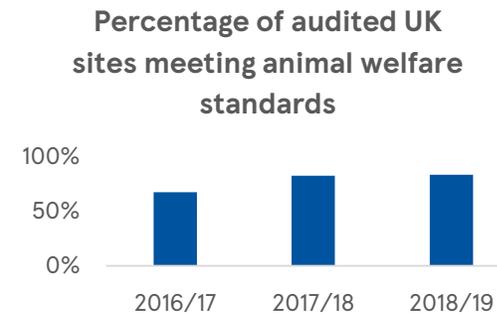
- UK agriculture's biggest customer
- c.20,000 UK farmers
- 10 Sustainable farming groups - Dairy, Beef, Lamb, Pork, Poultry, Egg, Salmon, Potato, Brassica, Top Fruit
- 2,300 direct contracts

## Future Farmers Foundation

- 50 Farmers per year
- 300 to date
- 58 Farmers supplying Tesco
- 32 Farmers indirectly
- Bespoke finance program alongside Natwest Bank

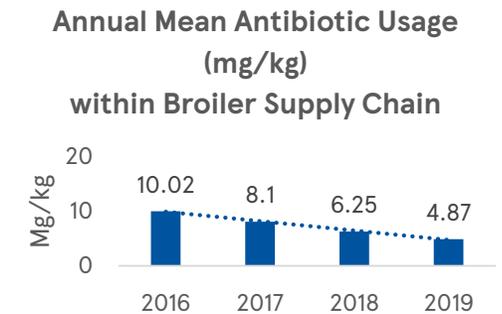
## Animal welfare

- 100% cage free eggs in UK, ROI, and CE by 2025, and by 2030 in Thailand
- Reviewing our position on broiler chicken
- Annually audit over 1,200 farms



## Antibiotics

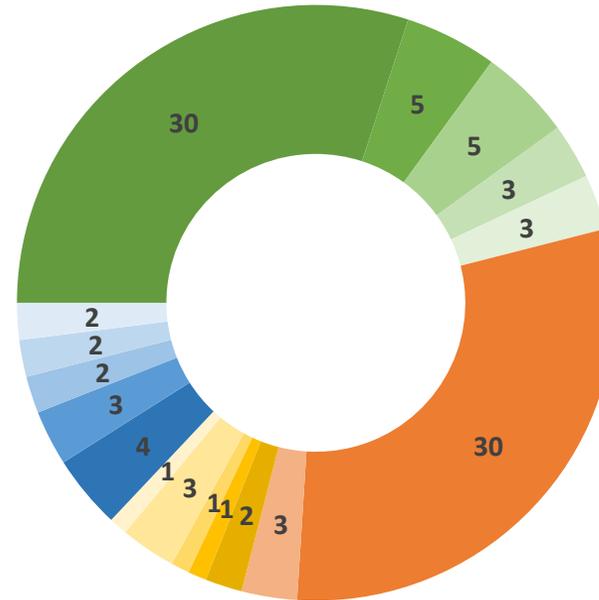
- Implemented 8 commitments in 2017 on the use of antibiotics
- Removed use of prophylactic antibiotics
- Tesco usage 9% lower than VARRS for chicken, 20% lower pork



# Tesco Sustainable Dairy Group.

- Established 2007, now with 600 dairy farmers
- Pay guaranteed prices and agree long term contracts.
- Since 2008 26% increase TSDG herd size, 13% yield improvements and 42% increase in total output
- Carbon footprint calculated for all TSDG farms annually and improvement plans agreed
- Audit all TSDG farms against QVIS balanced scorecard to ensure quality and sustainability

**QVIS (Quality, Value, Innovation & Service) scorecard**



<b>QUALITY</b>	<b>46</b>
Dairy Health Index	30
Milk Quality	5
Cleanliness	5
Red Tractor	3
Biosecurity	3

<b>VALUE</b>	<b>33</b>
Carbon footprint	30
Milk supply profile	3

<b>INNOVATION</b>	<b>13</b>
Environmental schemes	4
Early-adopter innovation	3
Supplier network engagement	2
Sequestration	2
Training	2

<b>SERVICE</b>	<b>8</b>
Public-facing engagement	2
TSDG conference attendance	1
Cross-sector initiatives (beef)	1
Workshop attendance	3
TSDG scholar or committee member	1



Volkswagen

Climate change.

Kené Umeasiegbu

Head of Environment

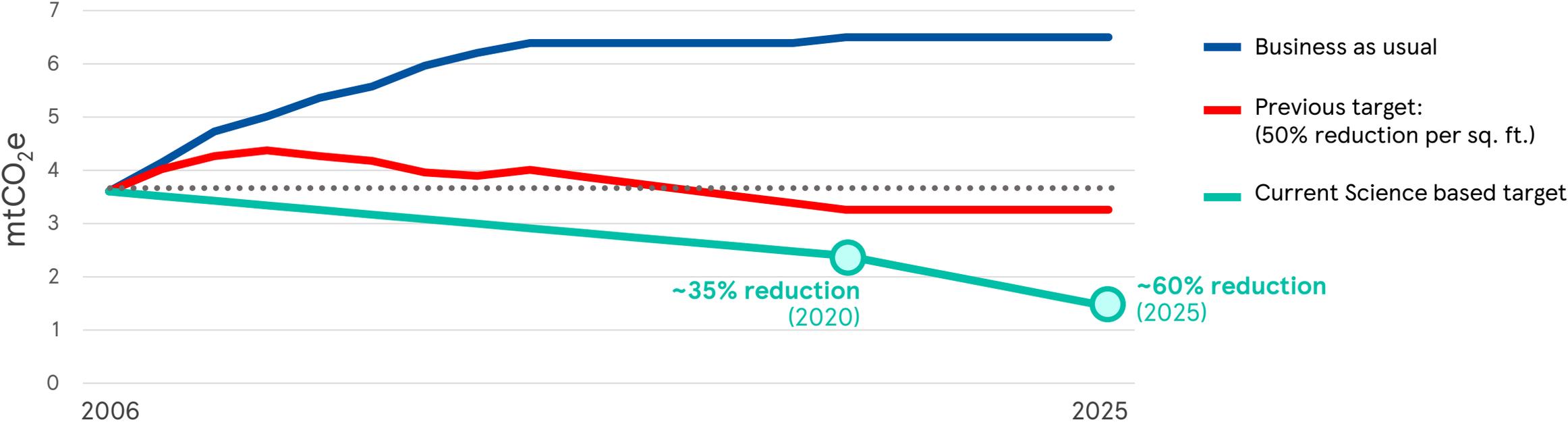
# Climate change.

- 2006** Set 50% carbon reduction target per sq. ft. of store by 2020
- 2009** first business globally to set a zero carbon goal
- 2015** achieved 42% carbon reduction per sq. ft.
- 2015** Carbon Trust report on achieving zero carbon ambition
- 2017** first business globally to set science-based climate change targets on 1.5 degree trajectory
- 2017** set clear targets for manufacturing and agriculture



# Evolution of own operations targets.

## Group absolute emissions forecasts



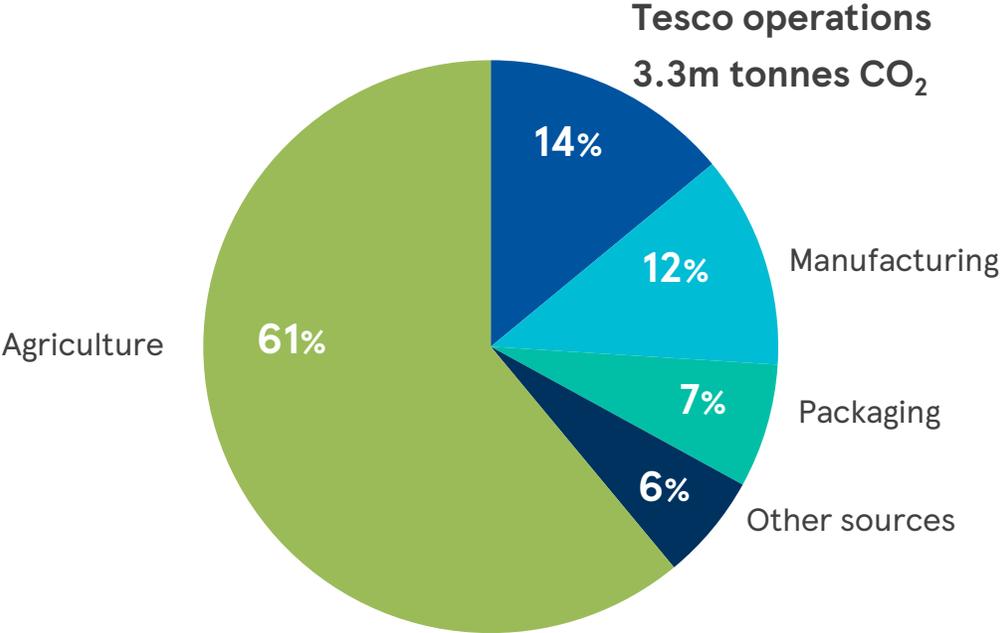
## Science-based targets.

- Targets endorsed by the Science-Based Targets Initiative, and announced in 2017
- First business to set own operations target on a 1.5 degree trajectory
- Supply chain targets are on a 2-degree trajectory

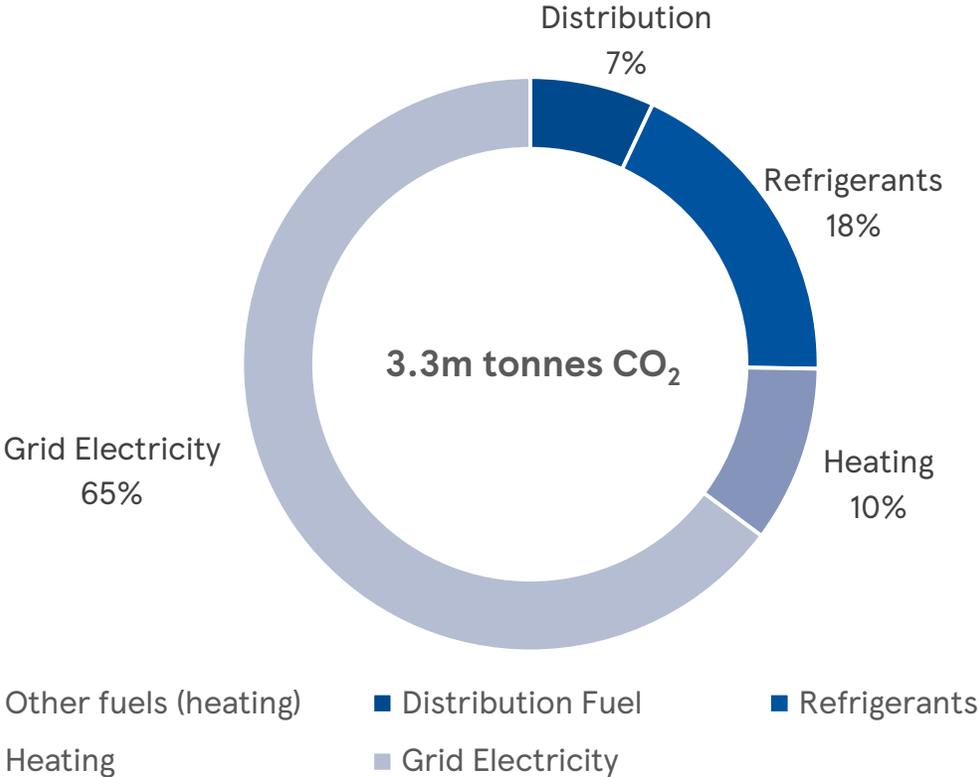
Science-based targets (2015 baseline)		2020	2025	2030	2050
Tesco operations (1.5 degree)		-35%	-60%	-85%	-100%
Supply Chain (2 degree)	Food manufacturing and production sites	-7%	-20%	-35%	
	Agriculture	-7%	-12%	-15%	

# Emissions hotspots.

Tesco value chain – 2015 Baseline



Tesco operations – 2015 Baseline



# Actions in our own operations.

## Energy efficiency

- £70m p.a. invested (2007 to 2015)
- LED lighting in **c.2,000** UK stores and **90%** of stores across International
- Automatic sensors in **100%** of UK, ROI and CE stores
- **22,000+** store colleagues trained since 2018

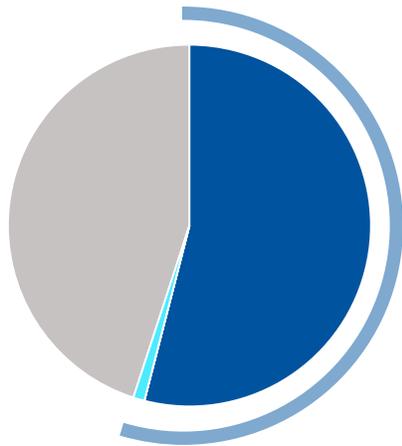
## Refrigeration

- Natural refrigeration in **1,000** UK stores
- Switch to low Global Warming Potential (GWP) gases aligned to maintenance schedule – **100%** of UK stores by 2030
- **35%** leakage reduction in Thailand since 2016

## Renewable electricity

- On track to deliver transition plan
- **100%** certificates in UK, ROI and Slovakia
- Phase 1 of Solar PV roll-out in UK from August 2019 (46 sites)
- Phase 2 of Solar PV roll-out in Thailand from July 2019 (19 sites)

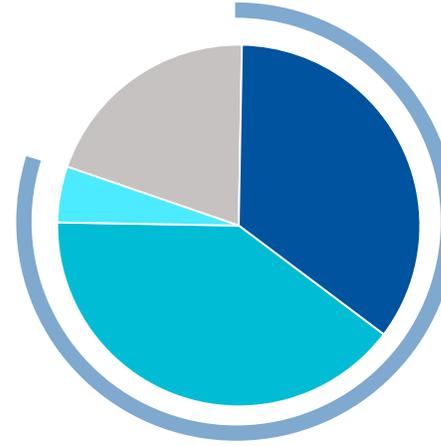
# Group renewable electricity roadmap.



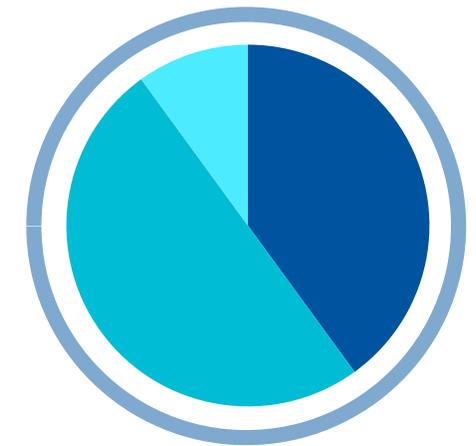
**2018/19**  
**58% actual to date**  
**100% in UK & ROI**



**2020**  
**65% renewables**



**2025**  
**80% renewables**

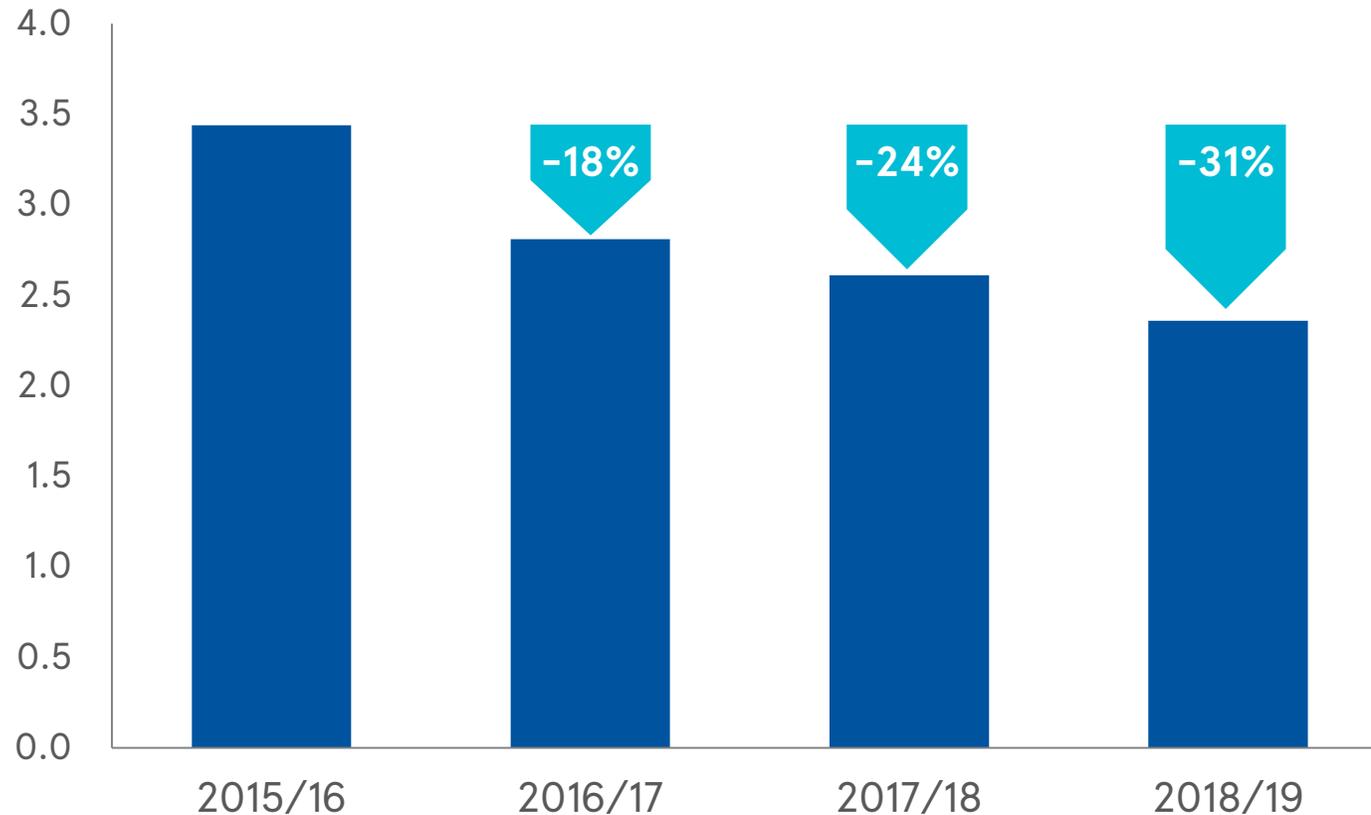


**2030**  
**100% renewables**

- Non-renewable electricity
- Renewable certificates
- Grid Power Purchase Agreements (PPAs)
- On-site generation

# Own operations emissions reduction.

Million tonnes CO<sub>2</sub> emissions



**31%**

absolute reduction in carbon emissions since 2015

**£37m**

energy efficiency savings since 2015

**Cash neutral**

transition to 100% renewable electricity

# Reducing transport emissions.

## Large distribution



Communicating and trialling new technology to encourage further investment

## Home delivery



Electric delivery van trial in London

## Customer vehicles

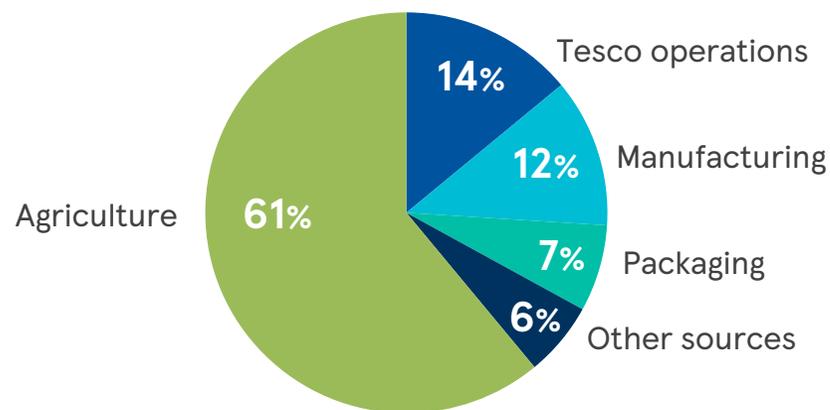


Largest retail EV charging network in Europe: 2,400 charging bays in 600 stores by 2021

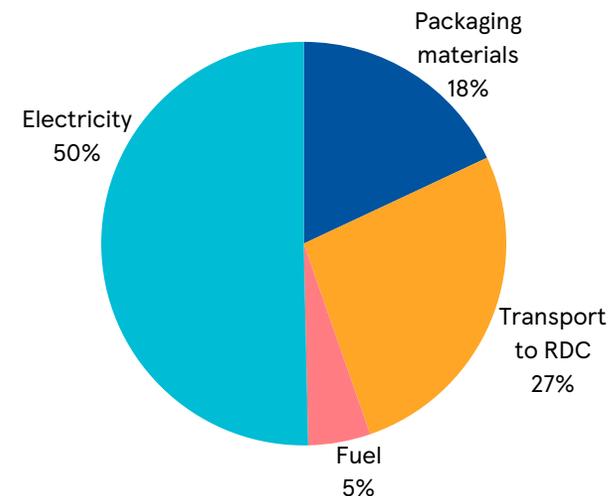
# Supply chain - manufacturing.

Supply chain science-based targets (2015 baseline)	2020	2025	2030
Manufacturing	-7%	-20%	-35%
Agriculture	-7%	-12%	-15%

Tesco Group Value Chain Emissions

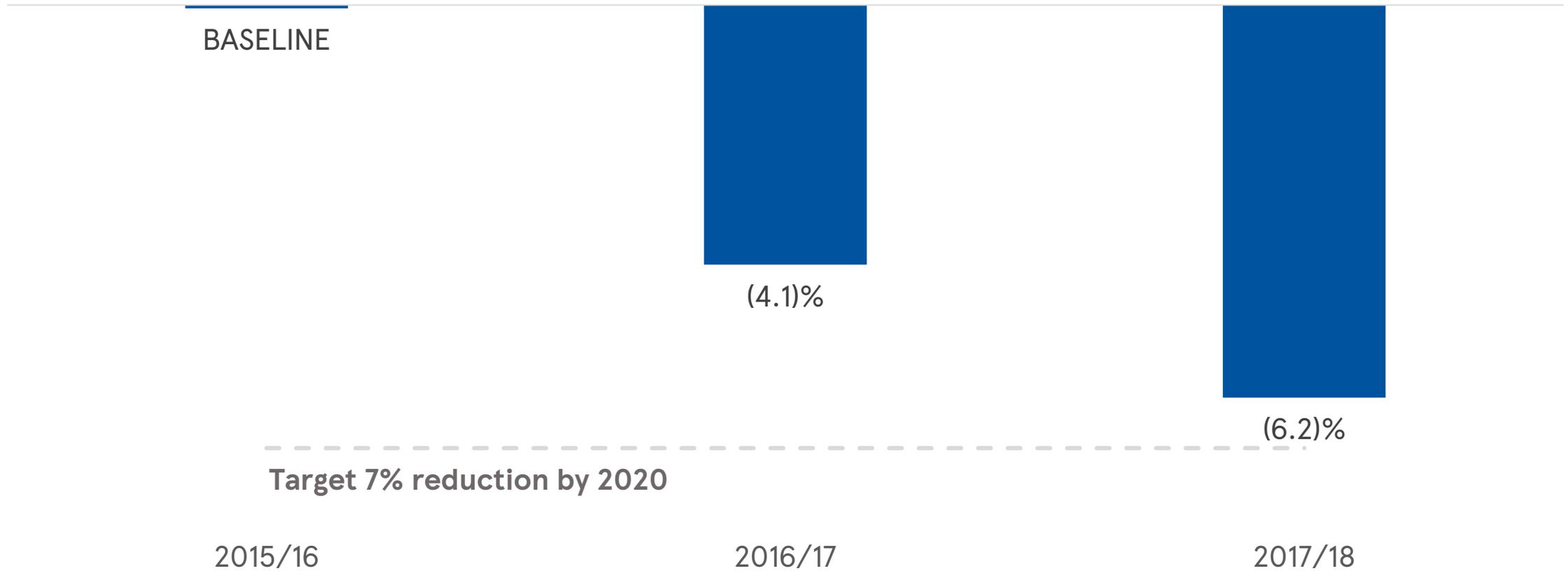


Typical Manufacturing Emissions Hotspots in Food Production



# Manufacturing emissions reduction.

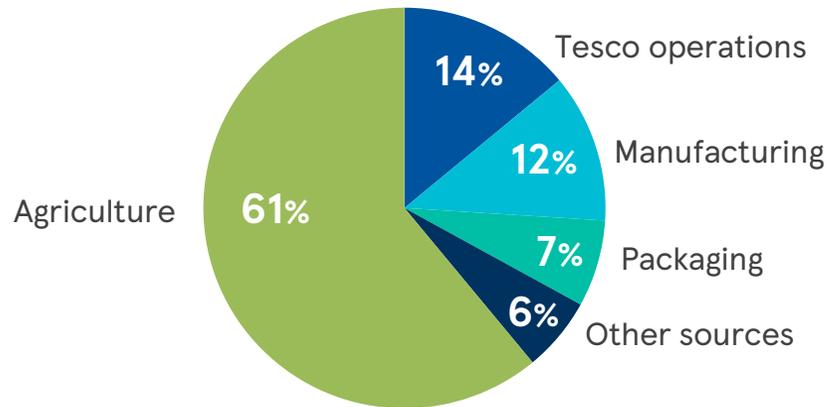
UK reduction based on a sample 56 of our largest suppliers



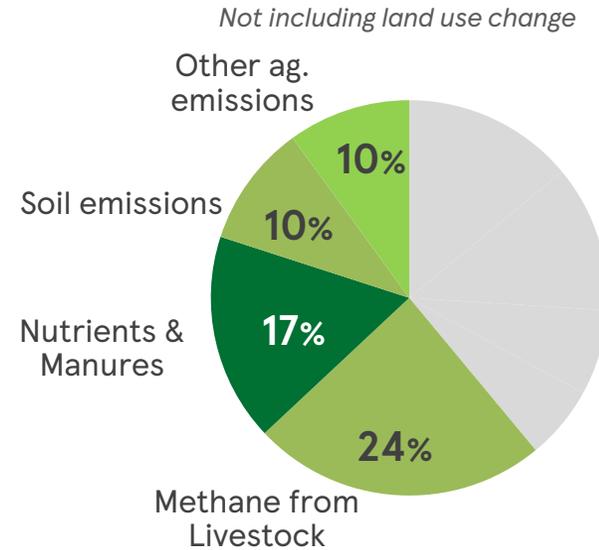
# Supply chain - agriculture.

Supply chain science-based targets (2015 baseline)	2020	2025	2030
Manufacturing	-7%	-20%	-35%
Agriculture	-7%	-12%	-15%

Tesco Group Value Chain Emissions



Agriculture Emissions Hotspots



# Current priorities in agriculture emissions.

- Robust methodologies to track emissions on a representative sample of farms covering:
  - Fertiliser emissions
  - Methane from dairy farms
  - 50% of in-scope farm-level data
- Scaling sustainability innovation with key suppliers
- Zero deforestation soy plan to address feed impact

# Climate change: future risks assessment.

- In 2017, Tesco signed the statement of support for the TCFD
- Risks assessment of 3 business areas: Produce, Protein and UK Property
- Analysis of physical and transition risks of business-as-usual and sub-2 degree scenarios to 2030
- Findings and plan to be shared by end of the year



# Break.



**Packaging.**  
Giles Bolton  
Responsible Sourcing Director

# Key packaging milestones.

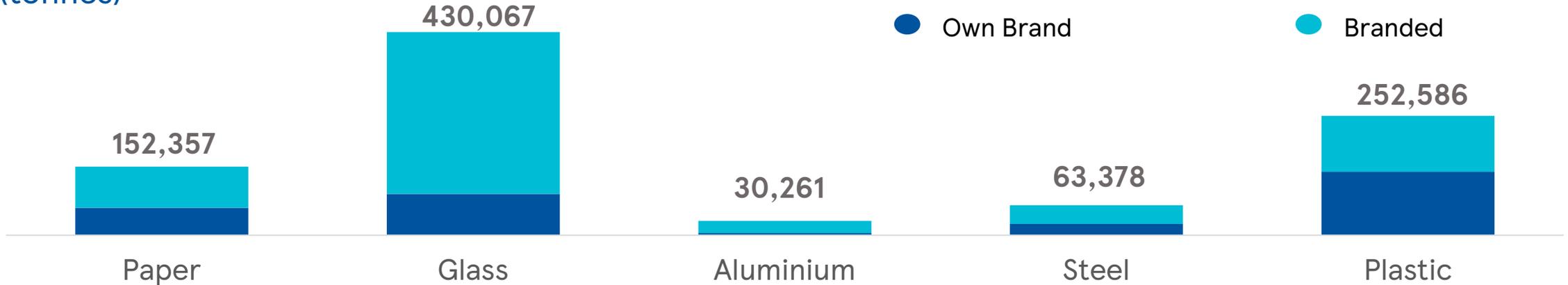
2007	2008	2010	2017	2019
Target to reduce branded and Own Brand packaging by 25% (by 2010)	Introduced on pack recycling labelling	Industry agreement to recycle 150,000 tonnes of packaging by 2012	Little Helps Plan packaging targets	Trials of soft plastic recycling; DRS; and plastic free produce

# Packaging: our commitments.

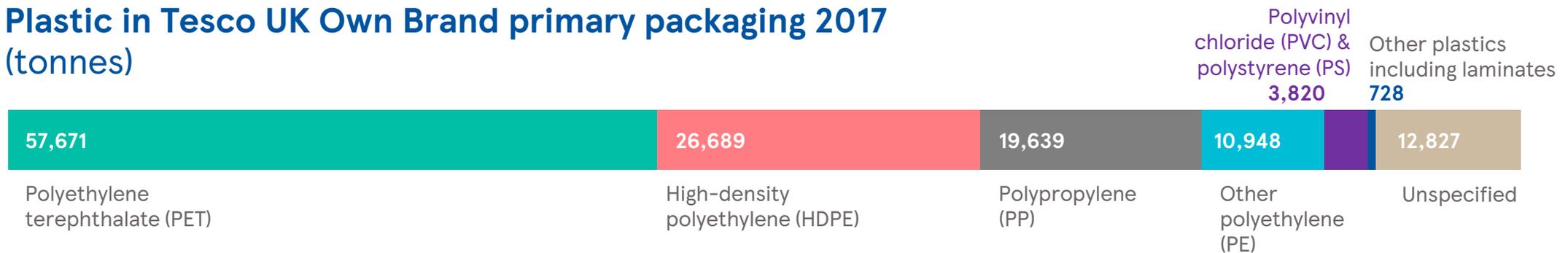
- 1. Our packaging fully recyclable by 2025**
  - 83% UK Own Brand packaging widely recyclable (2017)
- 2. End use of hard to recycle materials from UK packaging by end 2019**
  - exiting all harder to recycle plastics e.g. PVC
  - black plastic removed from Own Brand by end of 2019
- 3. All paper and board 100% sustainable by 2025**
- 4. Halve packaging weight by 2025 (2007 baseline)**

# Packaging: our footprint.

Packaging material for Tesco UK primary packaging 2017 (tonnes)

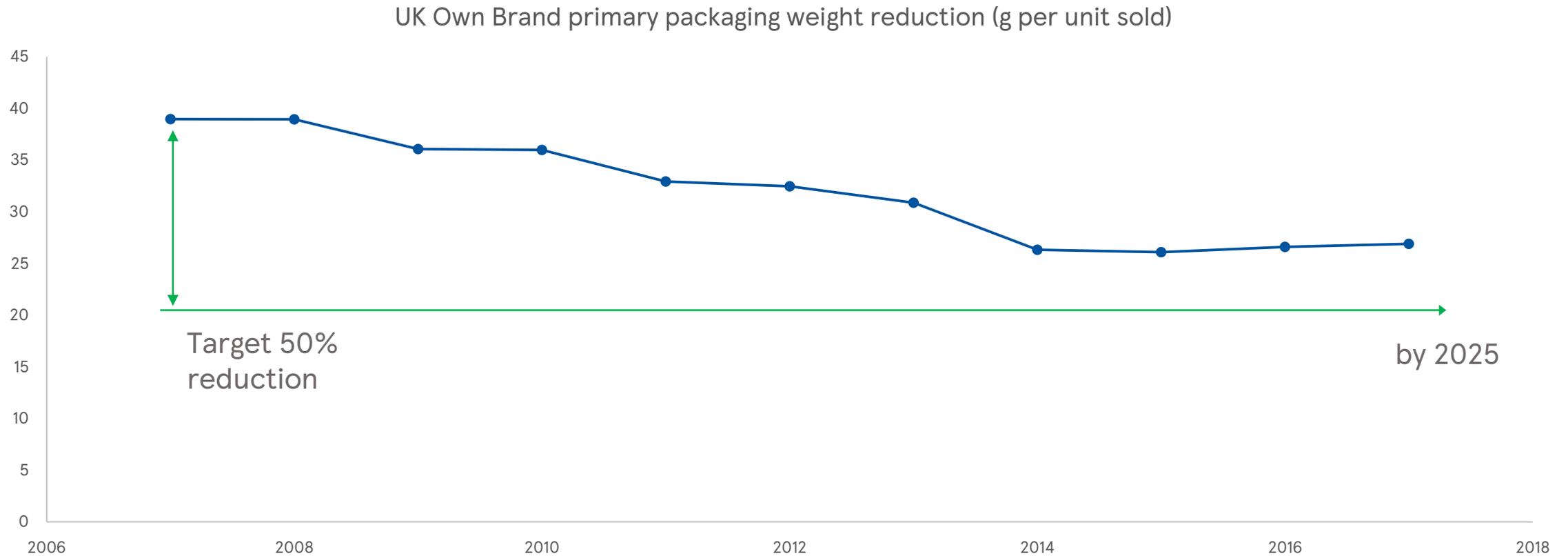


Plastic in Tesco UK Own Brand primary packaging 2017 (tonnes)



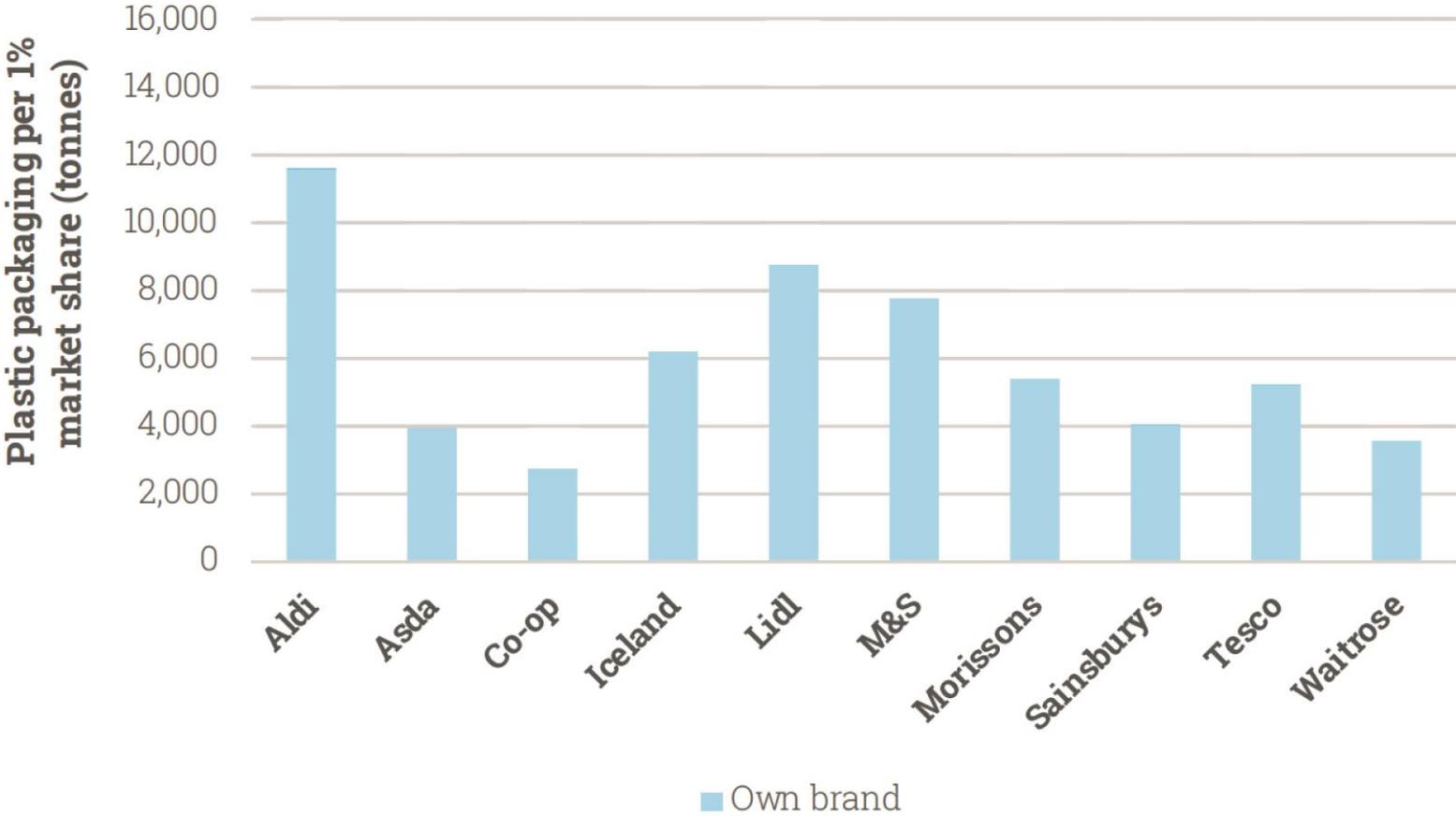
Source: Valpak 2017.

# Packaging: Long-term packaging reduction.



Source: Valpak 2017.

# Packaging: Benchmarking.



Source: 'Checking out on plastics', Greenpeace, 2018.



# Packaging: our approach: closed loop.

- 1. Sustainable packaging; Remove, Reduce and Redesign
- 2. Closing the loop; Retrieval and Recycling
- 3. Generating advocacy; awareness and informing



# Packaging: three point plan.

## 1. Sustainable packaging; Remove, Reduce and Redesign

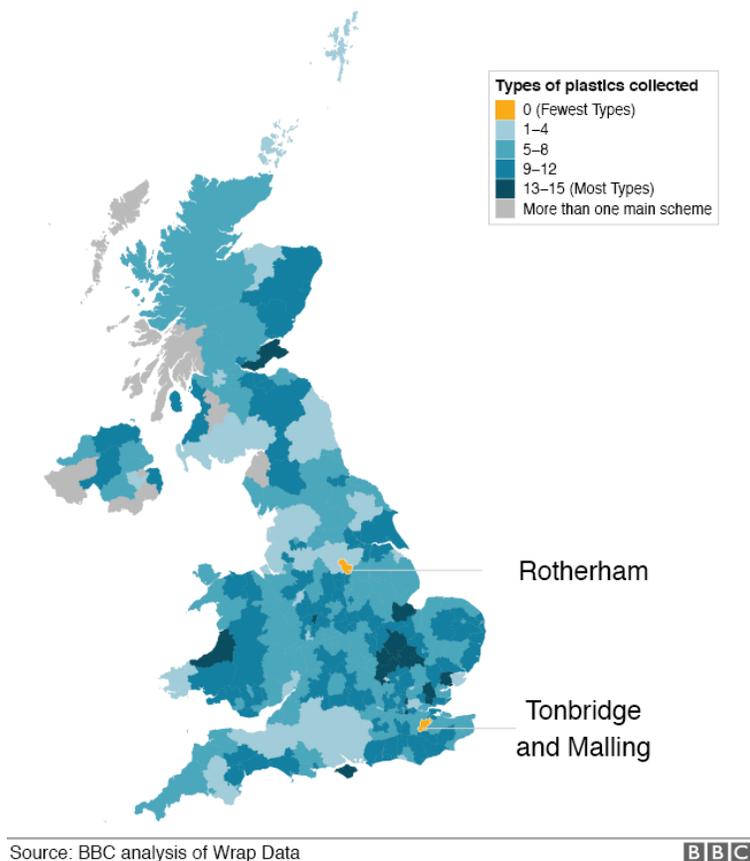
Red – Exit (poor for recycling and/or potentially harmful)	Amber – Hold (until infrastructure and/or scientific developments take place)	Green – Preferred (easily recycled, can have high recycled content)
PVC & Polystyrene	Home compostable E.g. Cellulose, Mater-bi & Natureflex	Sustainably sourced Wood, Board, Paper & Glassine
PVdC	Complex laminates/multi-layer films	Glass
Oxy degradable materials	OPP - Oriented polypropylene	PET - Polyethylene terephthalate
Acrylic (for food applications)	Acrylic (for bathroom products)	PE - Polyethylene (preferred material for flexible film)
PLA - Polylactic acid	PP - Polypropylene (for certain food applications)	HDPE & LDPE
Industrial compostable	New materials	PP - Polypropylene (non-food)
Polycarbonate		Steel & Aluminium
Rigid Water soluble plastics		
Expanded/Foamed Polymers		
* Black Plastics		

\* Black plastic refers to all dark coloured plastics that are non-detectable in recycling plants.

# Packaging: three point plan.

## 2. Closing the loop; Retrieval and Recycling

There are 39 different sets of rules for what can be put in plastic recycling collections in the UK.



- The inconsistency in collection protocol makes it difficult for us to help advise customers on what can be recycled and how best to do so
- Certain packaging formats in our portfolio are not currently recycled at kerbside, so we are looking for innovative solutions
  - Currently collect carrier bags and PE in our large stores
  - Trialling soft plastic recycling

# Packaging: three point plan.

## 3. Generating advocacy; awareness and informing



Packaging-free fruit and veg trials



100,000 bottles collected



10 stores testing soft plastics recycling



Refillable trials

Understanding how best to help customers; and engaging Government, NGOs and industry.

# Three point plan - test and learn.

24 graduates from across Tesco given brief to innovate to accelerate our ambition to reduce plastic

- Internal and external expert advisers brought in to support thinking
- A whole range of ideas, including:

193m hangers: Increasing re-use	Address 34+ convenience lines containing a plastic fork	Eliminate single use plastic on campus
 Remove bags from Grocery Home Shopping	 Reduce plastic in our bakeries	 Remove plastic from multipacks
Green Champions in store	Promote re-using fruit and veg bags	Improve on-pack labelling



Testing what can be scaled



# Tackling Global Food Waste.

Mark Little  
Head of Food Waste Reduction

# Global impact of food waste.



of all food  
**is wasted**



**goes hungry**  
around the world



of greenhouse gas  
**emissions**



**economic  
losses**  
per year

Source: World Resources Institute (WRI).

# Food waste.



**Upstream**  
***Manufacturing***  
1.85m tonnes  
***Agriculture***  
(unknown)



**Midstream**  
***Retail ops***  
0.26m tonnes

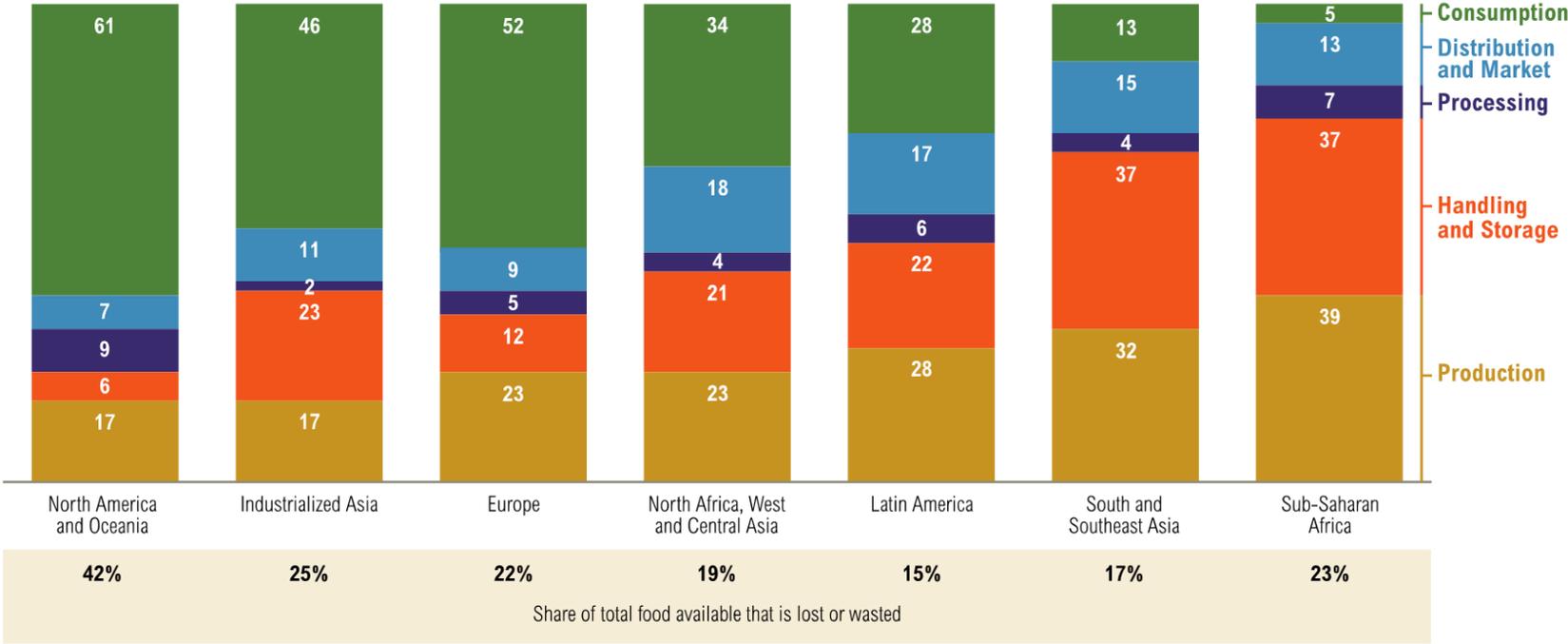


**Downstream**  
***Household***  
7.10m tonnes

Source: Food waste across the UK value chain, including Tesco - Waste and Resources Action Programme (WRAP).

# Food waste varies by geography.

FOOD LOSSES NEAR PRODUCTION ARE MORE PREVALENT IN THE GLOBAL SOUTH WHILE FOOD WASTE NEAR CONSUMPTION IS MORE PREVALENT IN THE GLOBAL NORTH (Percent of kcal Lost and Wasted)



Source: World Resources Institute (WRI).



# No time for waste at Tesco.

No food sent to landfill in the UK since 2009

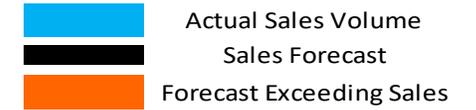


Our commitment: to help halve global food waste from farm to fork by 2030

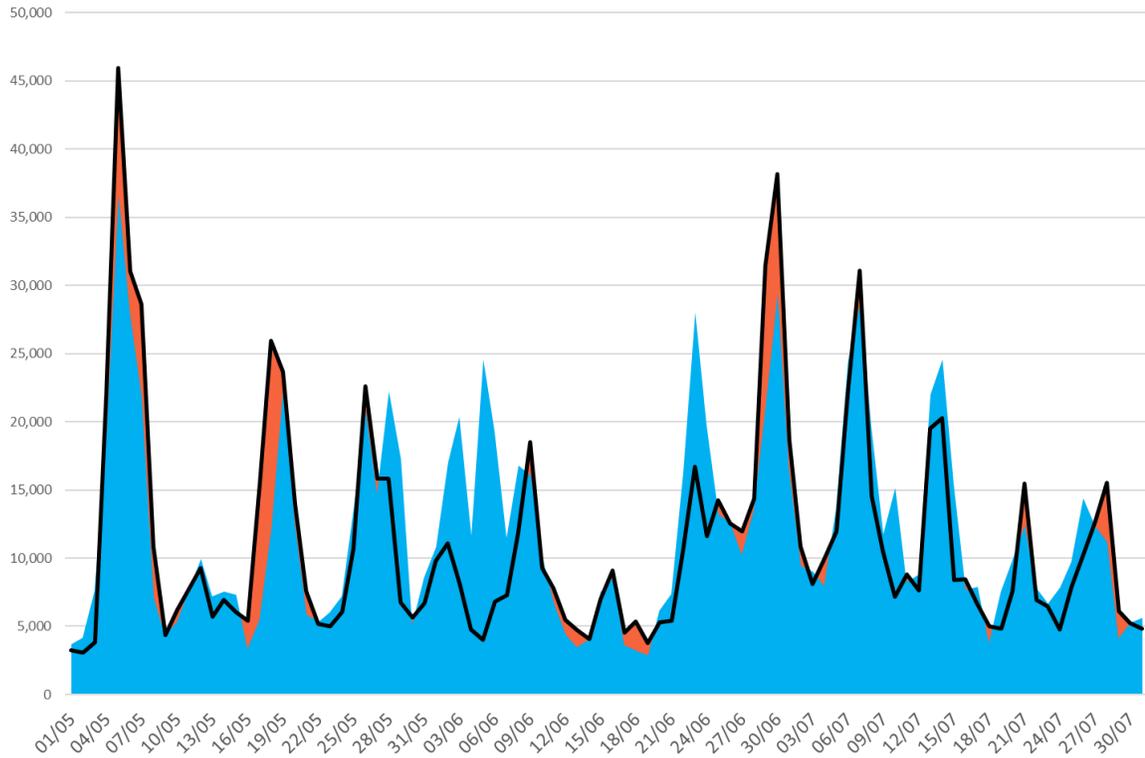
First UK retailer to publish our food waste data in 2013

# Matching supply and demand.

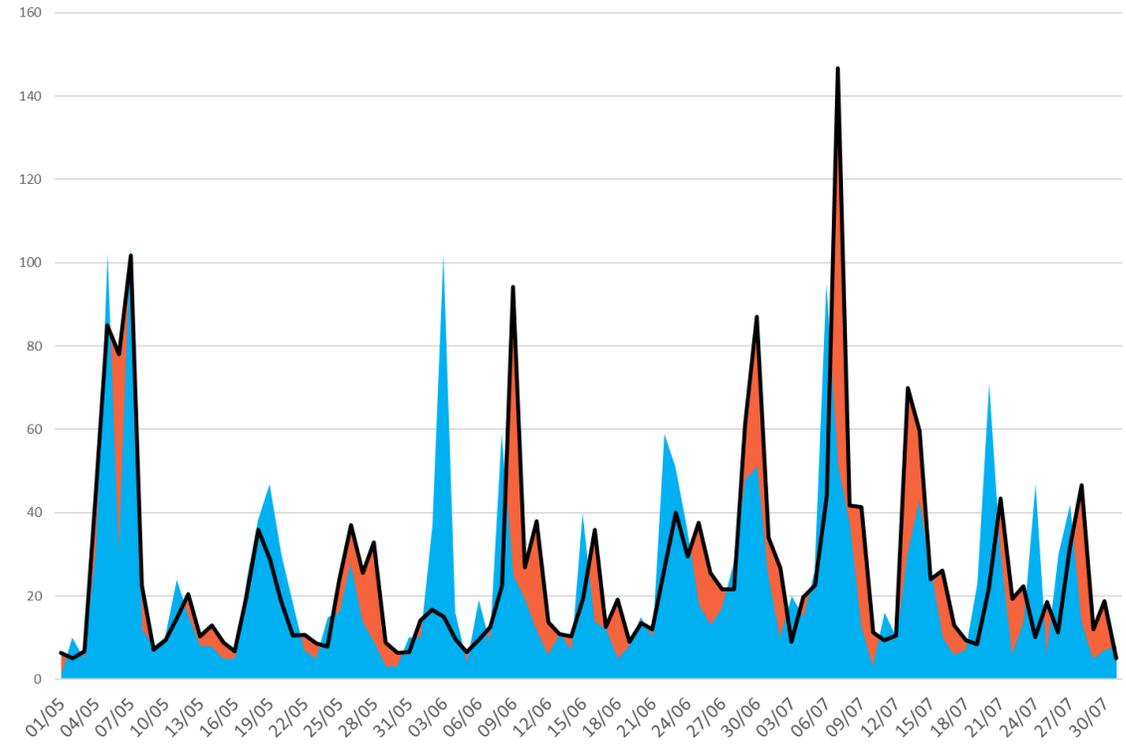
Tesco ¼lb beef burgers – sales forecast vs. actuals (May–July 2018)



Whole Estate

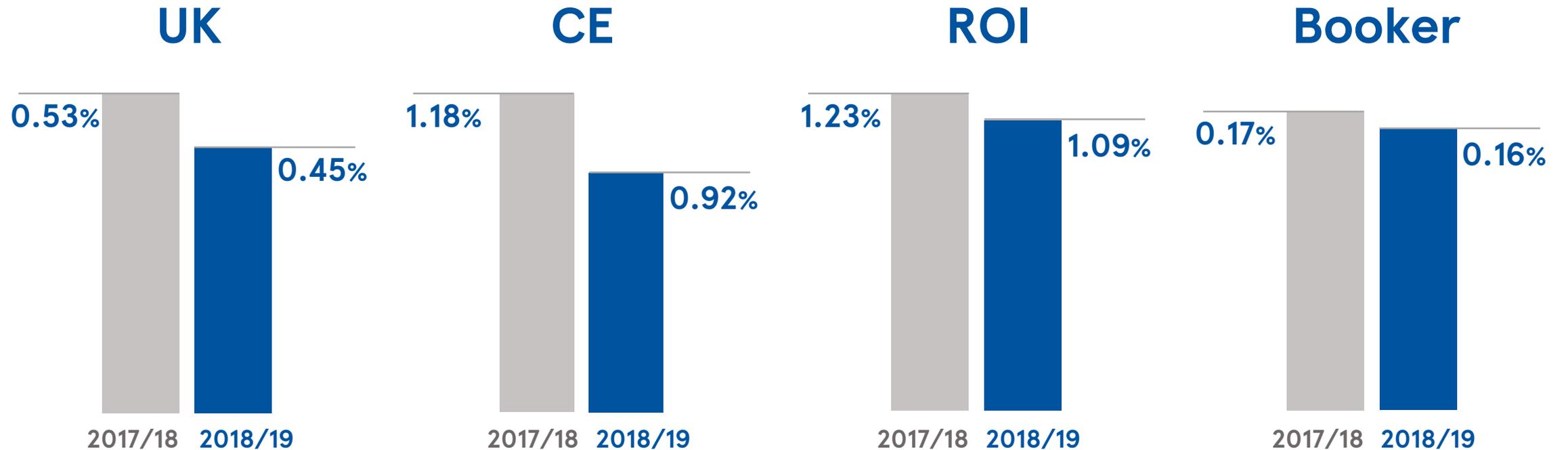


Hatfield Extra



# Halve food waste in our own operations by 2030.

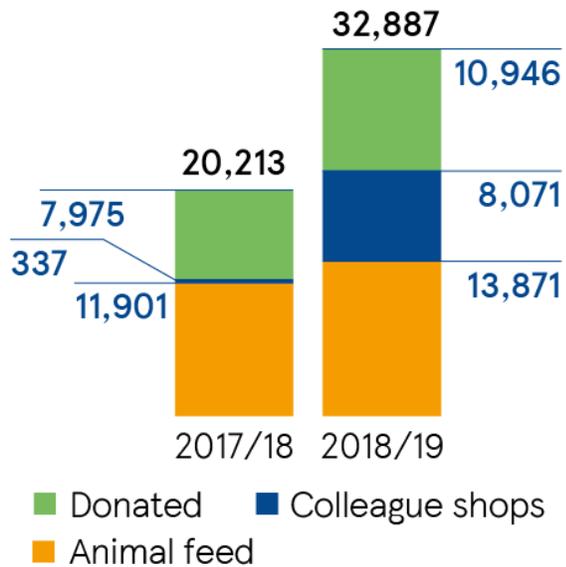
Total food waste as a percentage of total sales



# No food that's safe for human consumption will be wasted in our UK retail operations.

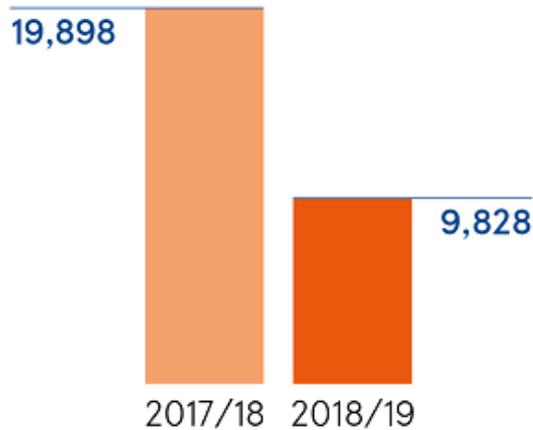
Total food surplus redistributed (tonnes)

▲ 63%

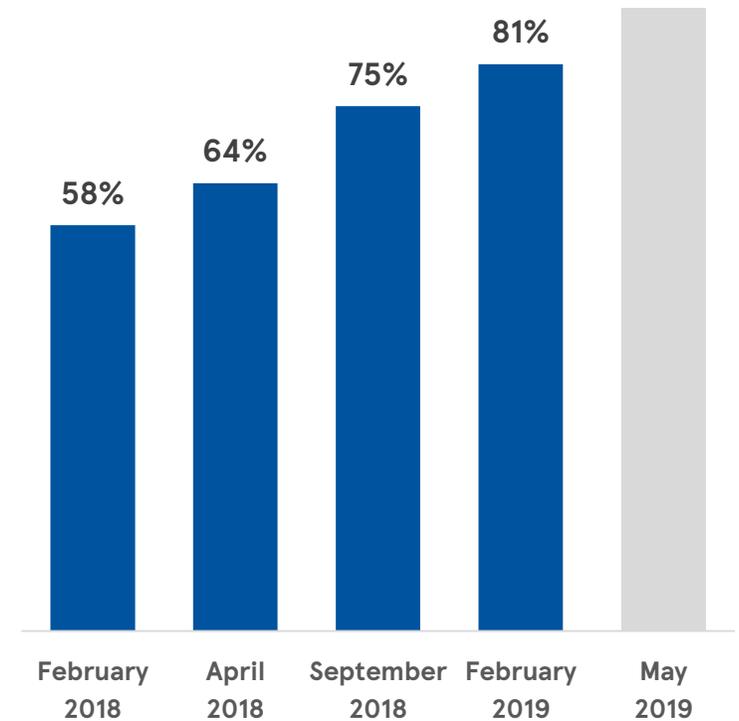


Food surplus safe for human consumption sent for energy recovery (tonnes)

▼ 51%



Milestones towards target<sup>1</sup>

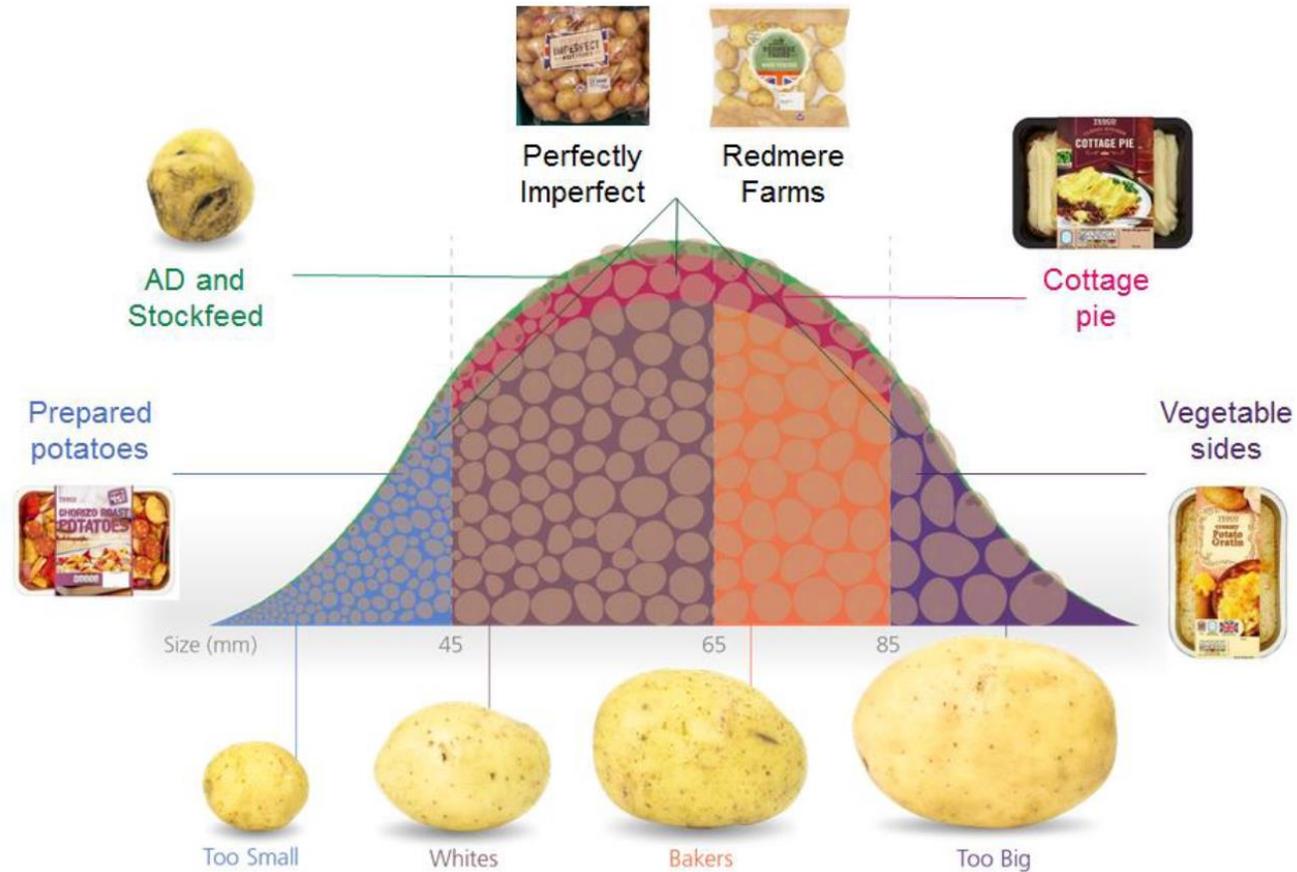


1. Percentage of surplus food safe for human consumption redistributed from our UK retail operations.

# Community Food Connection.



# Working in partnership to reduce food waste in our supply chains.



## Whole crop utilisation

# Help customers reduce food waste at home.

## Promotions

No BOGOFs on fruit and vegetables in the UK since April 2014

## Labelling

Over 180 best before dates removed from fruit and vegetables

## Innovation

Such as frozen avocado, beetroot, pomegranate and herbs



# UN Sustainable Development Goal Target 12.3.

By 2030,

halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses.



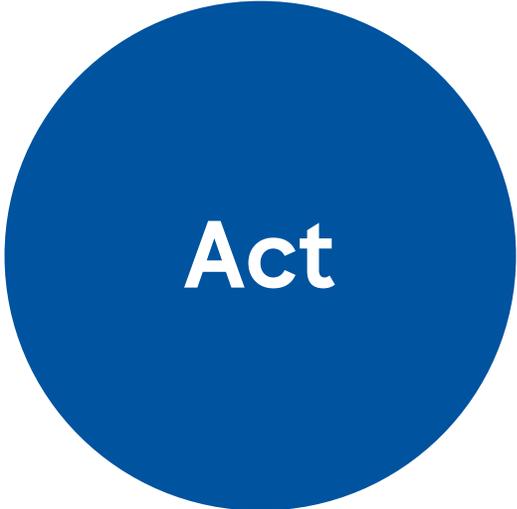
**Target**

**Endorse &  
adopt 12.3**



**Measure**

**Sign up for  
transparency**



**Act**

**Innovation**

# 27 Tesco Product Partners have published food waste data.

**KEPAK**

**AMT FRUIT**  
— PART OF THE MUÑOZ GROUP —

**PREMIER  
FOODS**

**BRANSTON**

greencore  
group

NATURALLY  
**G's**  
FRESH

**müller** Milk & Ingredients

**KERRY  
FOODS**

**BAKKAVÖR**

**dps**

**FRONERI**

**Yeo  
Valley**  
FAMILY FARM



RH GROUP

**ALLIED BAKERIES**

**ESPERSEN**

**dps**

**SEACHILL**  
PART OF THE HILTON FOOD GROUP

**Moy  
park**

**Arla**

**Samworth Brothers**  
QUALITY FOODS

**Ornua**

**NOBLE  
FOODS**



**SEACHILL**  
PART OF THE HILTON FOOD GROUP

**Moy  
park**

**HILTON**  
Food Group  
plc

**avara**

**GOMEZ**

**GREENYARD**

**CRANSWICK plc**  
Great British Taste

**Glinwell plc**  
Est 1977

**HILTON**  
Food Group  
plc

**avara**

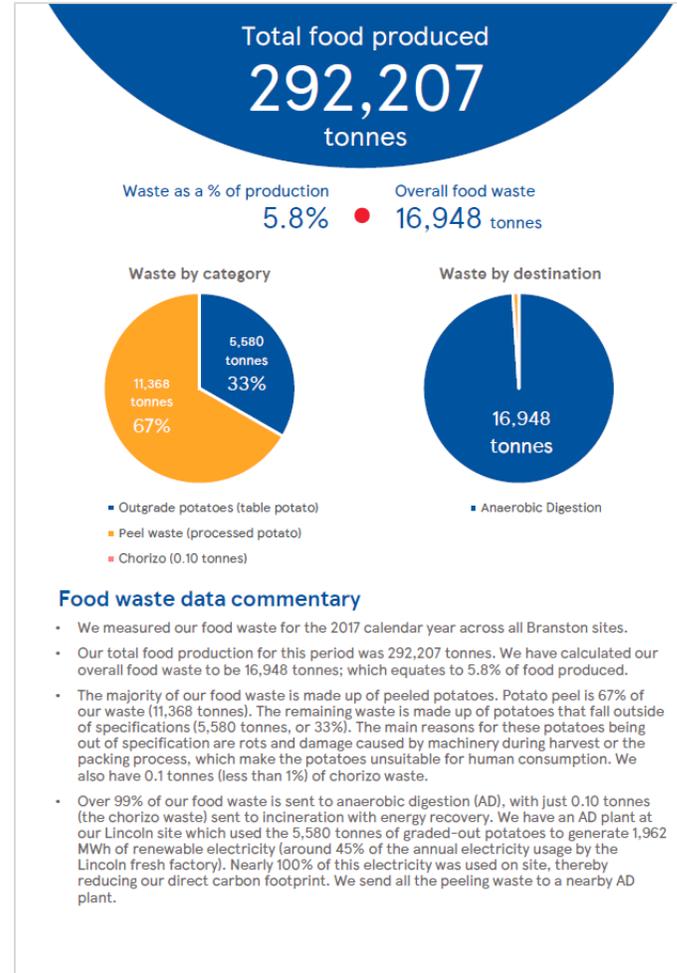
**TESCO**

# 27 Tesco Product Partners have published food waste data.



**Branston**  
Lincoln, England

Food waste inventory – January to December 2017



# 10 Branded Partners have signed up to Target, Measure, Act.



# Champions 12.3 achievements.



Establishing the business case for countries, cities and food businesses



Working with the IGD to agree principles for UK food industry



Advocating the case for target, measure, act to governments



**Our social contribution.**  
Christine Heffernan  
Group Comms Director

# Our social contribution: Birmingham Ladywood case study.



**13**  
Stores serving the local community

**£123m**  
economic contribution

**2,600**  
jobs supported

**90**  
supplier partners across Birmingham

**23,400**  
meals donated through Community Food Connection

**£110,400**  
donated via Bags of Help

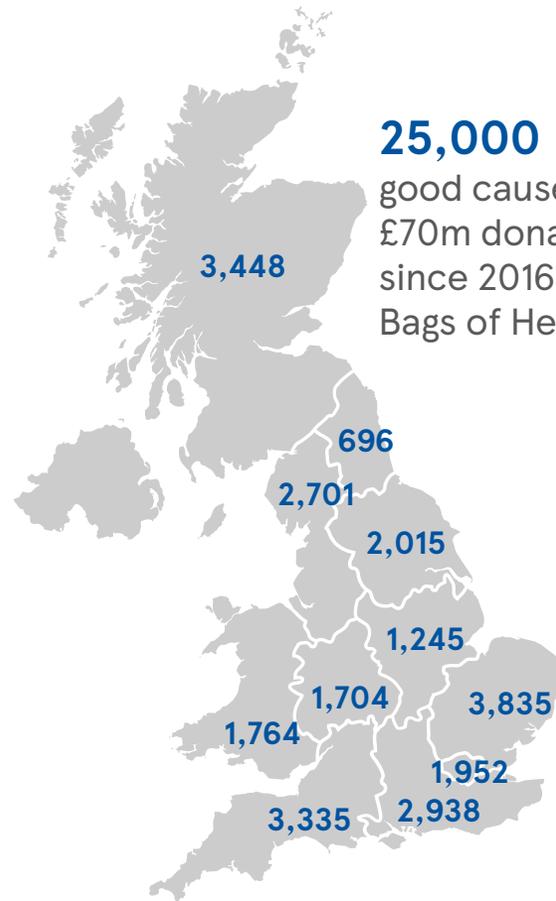
Source: Tesco in the UK: The socio-economic contribution in FY 2016/17, KPMG

# Our social contribution: supporting communities.



**41,000**

Local projects supported through our community grants programme globally



**25,000**

good causes and £70m donated since 2016 through Bags of Help



**Over 125 million<sup>1</sup>**

Meals provided through our food surplus donation programme globally

1. Includes food donated from stores and distribution centers across all of Tesco's markets.

# Health



First health range



GDA front of pack labeling



Reformulation



Sweet free checkouts



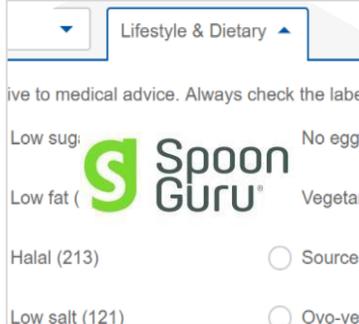
Free Fruit for kids



Customer health events



Energy drinks no longer sold to under 16's



Spoon Guru

- UK has the 3<sup>rd</sup> highest obesity rate in Europe<sup>1</sup>
- Increasingly interventionist approach to public health
- 7 out of 10 customers look to supermarkets to help them make healthy choices<sup>2</sup>

1. World Health Organisation.

2. 2CV 'Every Little Health' qual debrief Nov '15 / Basis PHE Attitudes to health qual debrief Jan'16.

# Health strategy.

Tesco is the easiest place to work and shop for you to make healthier choices.



**UK's leading workplace health programme**

- Healthy body
- Healthy mind
- Nutrition

**Make baskets healthier**

- Reformulation
- improving diets (swaps)
- Inspiration (always on)



Measured through:

Colleague survey

**Health profile score**

Using independent and verifiable measures such as 'healthy basket score'. Score generated via an independent assessment of each item, aggregated to a basket level.

# Reformulation.

- Improving health when we review a product without compromising on taste and quality
- Focus on overall nutritional profile – reducing sugar, saturated fat, salt whilst improving fibre and adding veg
- 33% ready meals now have 1 of 5 a day
- Targeting products most frequently bought by customers with the least healthy baskets to maximise impact

## Example of reformulation improvement

2008



- ↓ 34% fat
- ↓ 20% saturated fat
- ↓ 43% salt
- ↓ 41% sugar
- ↓ 30% calories

2019



# Health events.

- Reduced price of healthier products
- Offering healthier alternatives
- Dedicated healthy promotional aisle
- Jamie Oliver ambassador – recipes, scratch cooking



May 2017



January 2018



September 2018

# Health events.

## September 2018 event results:

- Sales of Helpful Little Swaps products increased by 17% year on year
- Helpful Little Swaps basket 12% cheaper than a standard basket
- Healthy Basket score increased at twice the rate of annual growth
- Biggest improvement in healthy basket score amongst groups with poorer health outcomes

## Summer 2019 event

Helpful Little Swaps basket indicative reductions

- ↓ 50% sugar
- ↓ 30% salt
- ↓ 40% fat & saturated fat



# CGF Trials.

## CGF 'One for Good' campaign in London

- Tesco co-chair with Danone
- 52 week trial, in 35 Express stores in Lambeth and Southwark
- Reposition unhealthy promotions and increase feature space for healthier promotions
- **Targeted outcome** – healthier basket, reduction in calories/spend, improved health score
- Collective learning on interventions that deliver positive impact
- Independent evaluation by Oxford University and Guys & St Thomas Charity to measure and evaluate goals



# Strengthening our always on health presence



Healthy brands and ranges



Jamie Oliver partnership



Café healthy choices



Health Signifier



Enhanced lifestyle and dietary free text search



Free Fruit for Kids

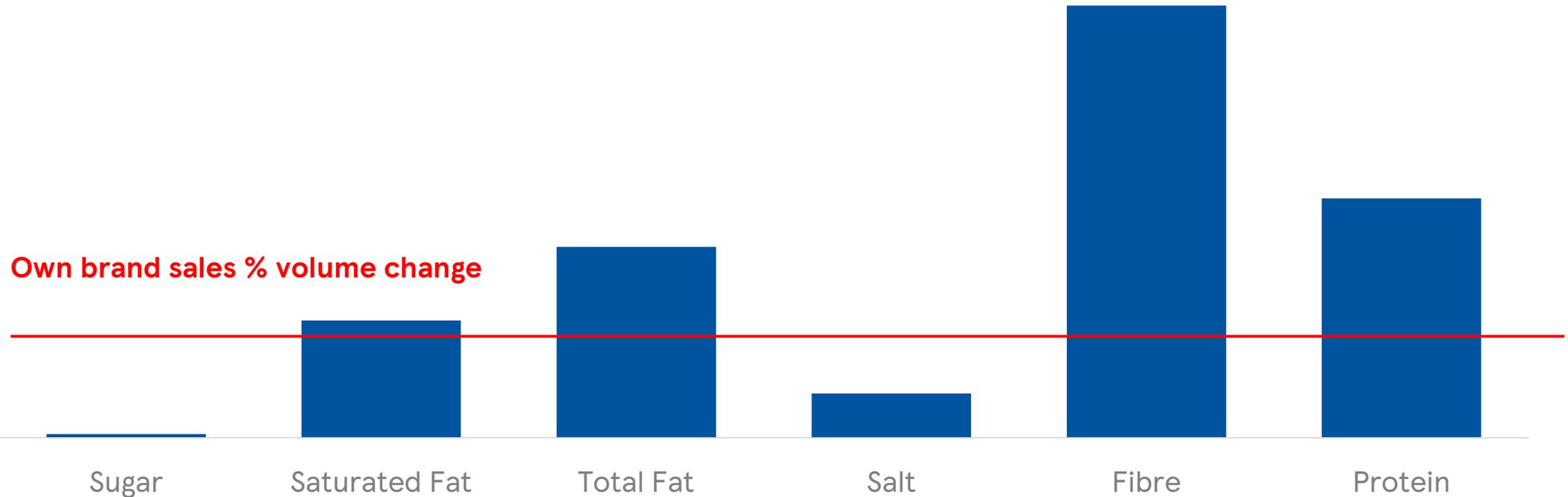


Little Helps for healthier living



# Tesco Own brand nutrient changes vs. volume growth

2018 vs. 2015 % Volume Change



Source: Kantar | Take Home Purchasing | Tesco Own Label | % Change Nutritional Volumes | 52 w/e 30<sup>th</sup> Dec 2018 vs 52 w/e 3<sup>rd</sup> Jan 2016.

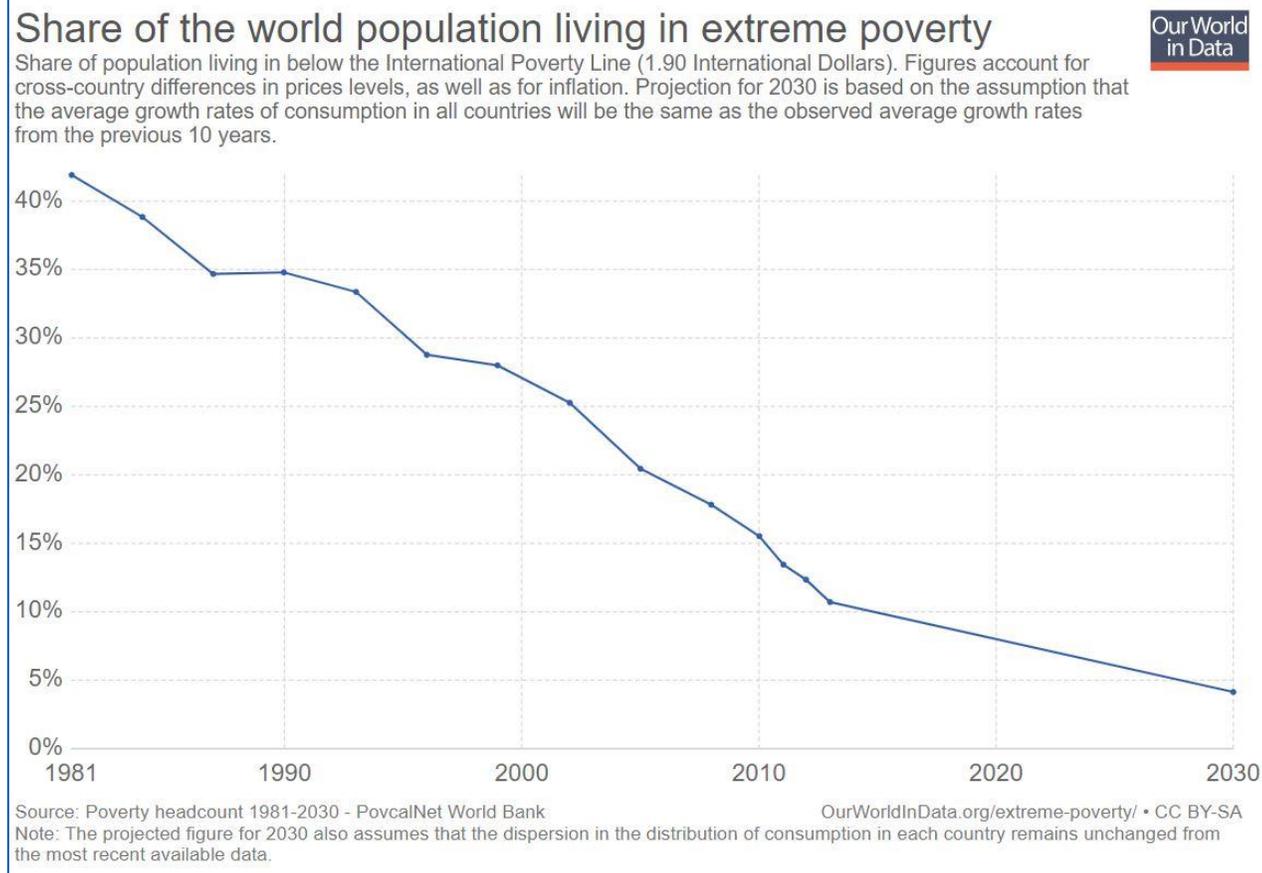
A young girl with dark skin and short hair is shown in profile, looking down at her hands as she works in a tea plantation. She is wearing a blue and white patterned t-shirt and a dark skirt. On her back, she carries a large, round, woven basket made of light-colored material, secured with dark straps. The background is a vast field of green tea bushes under a bright sky.

# Human Rights in our supply chain.

Giles Bolton

Responsible Sourcing Director

# The global human rights context.



## More people are on the move than ever before

- 258 million people now live outside their country of birth.
- 26 million are refugees or asylum seekers.

Source: United Nations 2017 figures.

## More people are known to be in forced labour than ever before



Source: United Nations 2017 figures.

# Human Rights: key milestones.

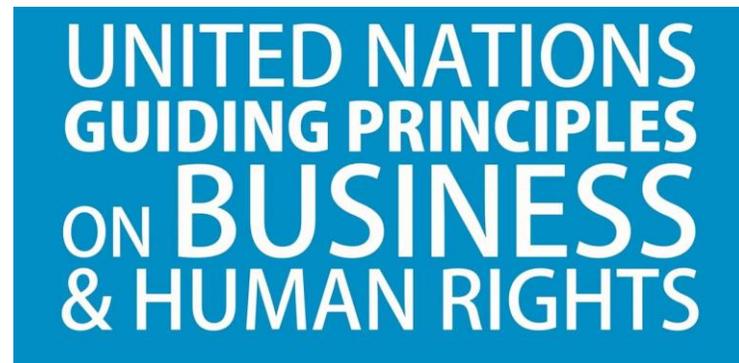
1998	2001	2005	2012	2010	2015	2017	2018	2019
Founder member of Ethical Trading Initiative (ETI)	Founder member of Supplier Ethical Data Exchange (SEDEX)	Gangmasters Licencing Authority established	UN Guiding Principles on Business and Human Rights	First Tesco responsible sourcing manager overseas	UK Modern Slavery Act	Consumer Goods Forum – 3 Priority industry Principles on Forced Labour	Ranked No. 1 Oxfam – Behind the Barcodes	Modern Slavery Statement – ranked 2 <sup>nd</sup> in FTSE 100 <sup>1</sup>

1. BRE Global Governance FTSE 100 Index Top 10 companies (April 2019).

# Our due diligence approach.



Based on international best practice



Informed by our supplier partners and expert stakeholders



# Our human rights commitments.

1. Ensure international human rights standards are respected at all our suppliers' sites (Tier 1).
2. Focus on the most serious risks to workers throughout our supply chains, working transparently with NGOs, unions and others to identify and address them (beyond Tier 1).
3. Support sourcing communities facing complex social and environmental challenges.

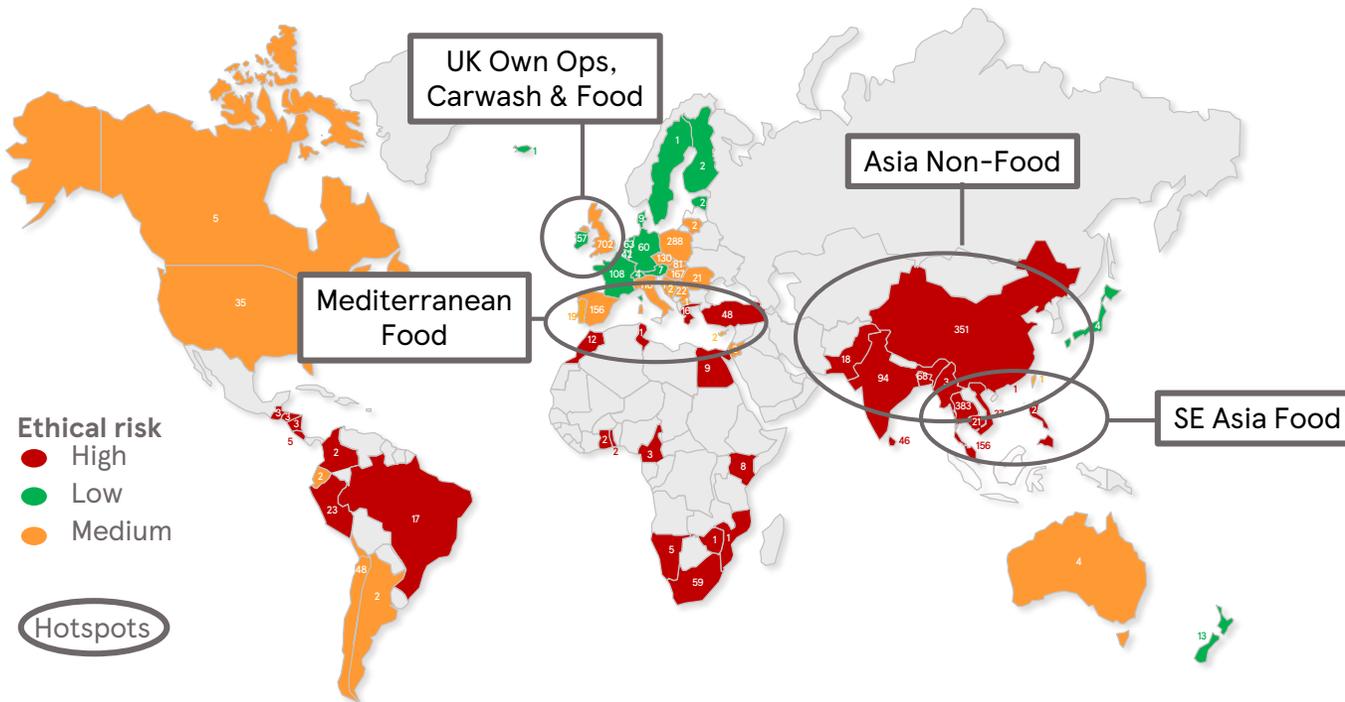
## Our focus areas

Preventing forced labour	Gender equality	Sustainable livelihoods	Worker representation
e.g. Issara Institute, Thailand	e.g. Improving Lives Programme in Assam India with Ethical Tea Partnership, Unicef	e.g. Living Wage, World Banana Forum	e.g. Peru supplier requirements

# Tier 1 human rights risk.

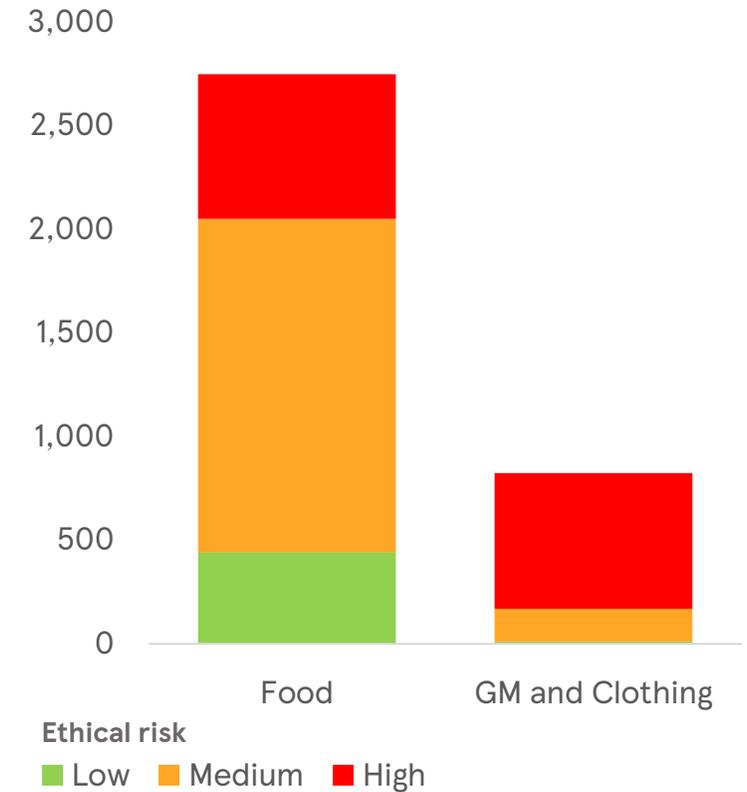
**98%** high-risk tier 1 supplier sites have had an audit in the last year (sites supplying UK)

No. of supplier sites by country, showing relative human rights risk of countries



Source: Risk rating from Food Network for Ethical Trade.

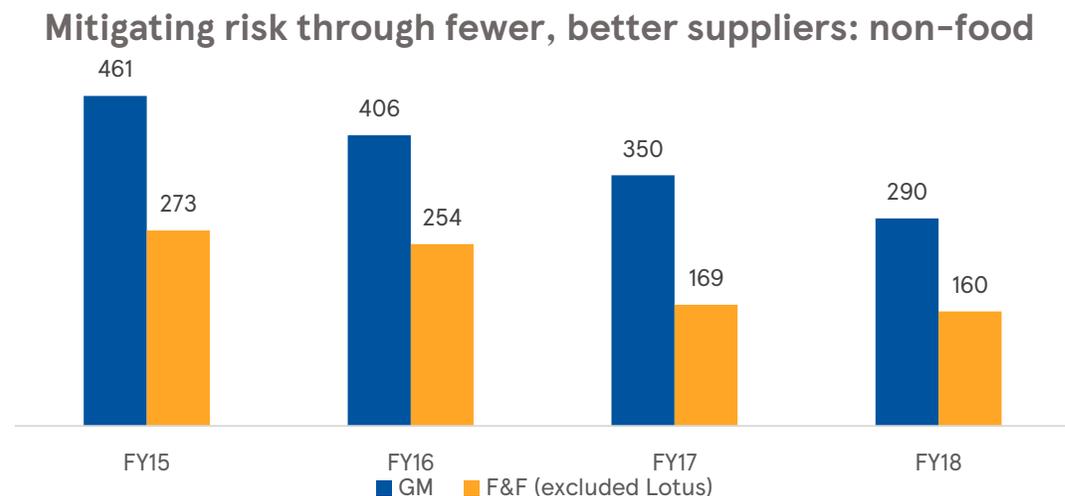
Site numbers by risk and business unit



# Tier 1 ethical assurance programme.

- **63%** high-risk tier 1 supplier sites where critical non-conformances have been identified (2018/19, sites supplying the UK)
- Of these **89%** had mitigation or remediation processes implemented on time
- **Remaining 11%**
  - 37 non-food supplier sites exited
  - 2 sites temporarily suspended on ethical grounds
  - cross-industry multi-stakeholder initiatives and long term collaboration

No. of Tesco Responsible Sourcing experts based in key countries	
China	21
UK	8
India	5
Bangladesh	3
Thailand	3
Costa Rica	1
Pakistan	1
South Africa	1
Sri Lanka	1
Turkey	1
<b>Total</b>	<b>45</b>



# Beyond Tier 1 – our top 10 supply chains.

	Key issues	Certification (UKROI)	Sector change
<b>Bananas</b>	Wages, union representation		100% World Banana Forum
<b>Berries</b>	Gender discrimination		N/A ETI/Oxfam Berries project
<b>Cocoa</b>	Livelihoods, child labour	  	100% World Cocoa Foundation
<b>Coffee</b>	Forced labour		100% Global Coffee Platform
<b>Cotton</b>	Livelihoods		100% <sup>1</sup> Better Cotton Initiative
<b>Palm Oil</b>	Forced labour		100% RSPO, Consumer Goods Forum
<b>Prawns</b>	Forced labour		N/A Issara Institute
<b>Seafood</b>	Forced labour		72% Seafood Ethics Action Group
<b>Sugar</b>	Health and safety, child labour		N/A N/A
<b>Tea</b>	Wages, gender discrimination	 	100% Ethical Tea Partnership

1. of 100% cotton products. Target is 100% BCI for all cotton by 2022.

# Collaborating beyond Tier 1.

## Global Reach:

- World Banana Forum
- Global Coffee Platform
- World Cocoa Foundation
- Seafood Ethics Action Group
- Better Cotton Initiative
- Gender Steering Group
- ACT for garment sector living wages



### UK

- Stronger Together
- Food Network for Ethical Trade
- Funding Futures
- Responsible Car Wash Scheme

### Spain

- Spanish Supplier Forum
- Stronger Together

### Italy

- ETI Italian tomatoes project

### Morocco

- Better Strawberries Project

### Peru

- ETI programme

### India

- Unicef Assam
- ETI Tamil Nadu

### Malawi

- Malawi 2020

### South Africa

- Stronger Together
- Tesco and Community Fund
- ETI Working Group

### Bangladesh

- Accord
- ETI Social Dialogue

### Thailand

- Issara Institute

# Human Rights case studies.



## 100% black tea Rainforest Alliance Certified

2 suppliers, 140 tea gardens

Kenya, India, Malawi

- Sector change through Ethical Tea Partnership
- Key projects:
  - **Malawi 2020** aims to close the living wage gap by 2020. Part of coalition which agreed first collective bargaining agreement
  - **Unicef Assam** 35,000 adolescent girls supported in tea growing communities

1. Source: Waves.



## 268 hand car washes

1 franchise partner

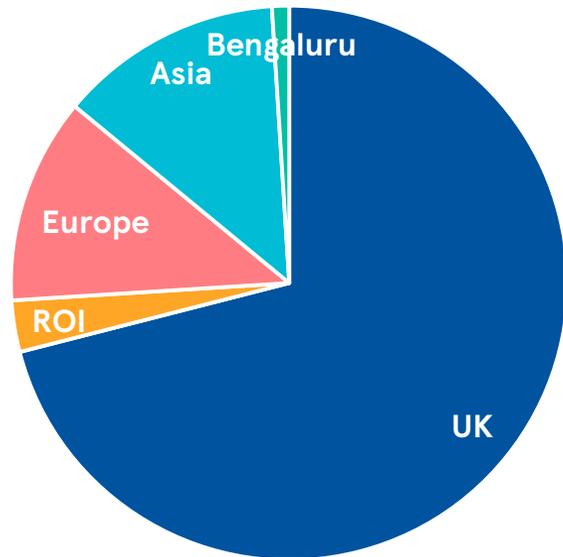
c.2,300 workers

- Industry leading compliance programme.
- Helping establish the Responsible Carwash Scheme to drive sector change.
- **£7.32** - Break-even cost of a basic hand car wash<sup>1</sup>

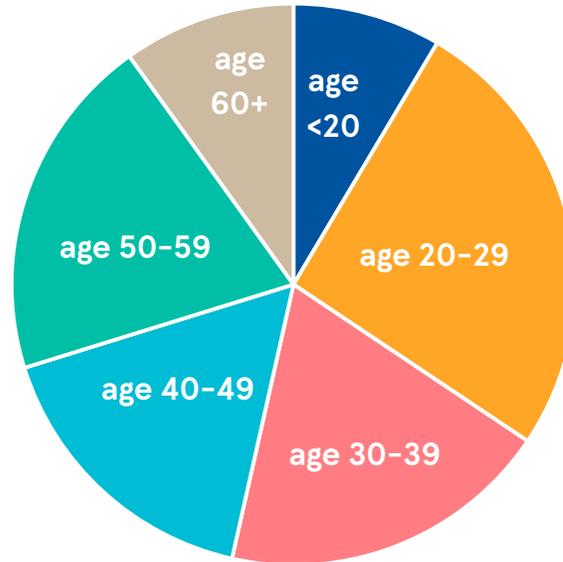


**People.**  
Natasha Adams  
Chief People Officer

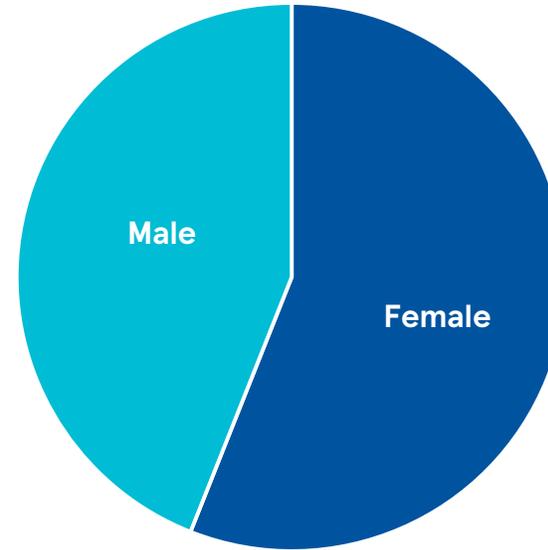
# Our colleagues.



by market location



by age<sup>1</sup>



by gender

**450,000**  
colleagues

**6,993**  
shops around the world

**Located in 10**  
different countries

**73 years**  
between our oldest and  
youngest colleague

1. UK only.

# People: the changing world of work.

## Diverse workforce



The changing mix of people in work

## Colleague proposition



The deal we get from work is evolving

## Technology & Automation



Technology is transforming how we work

## Health & wellness



We want work to help us live healthier lives

## Culture & values



Increasing expectations of employers



A place to get on.

# Building skills and growing careers.

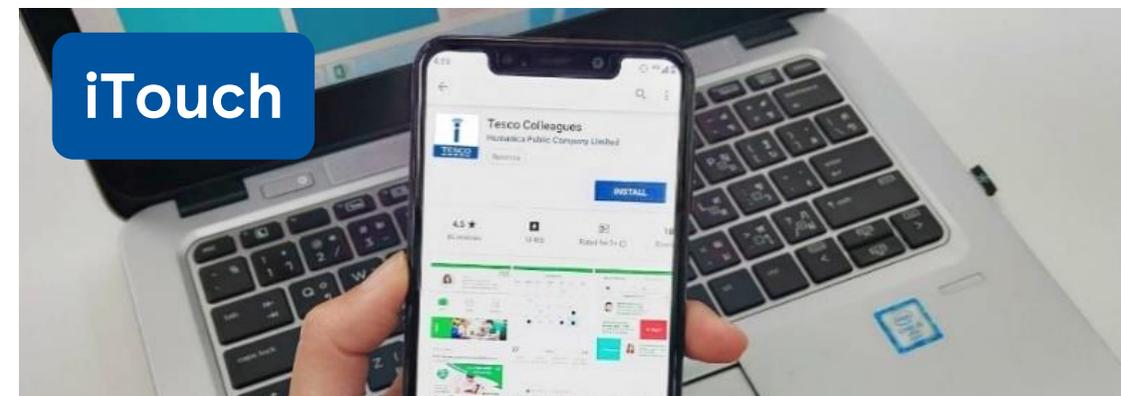


## Learning for all

- 515,000 training sessions for colleagues last year
- 10,000+ apprenticeships since 2012
- 2,000+ work experience opportunities for young people
- Prince's Trust Partnership – helping 10,000 young people

## Developing our Leaders

- c.18,000 colleagues received management training
- >5,400 hours to developing our Directors
- Promoted 60% more internal colleagues into senior roles



## Digital and Future Skills

- c.200 Digital champions supporting over 2,600 colleagues so far
- c.2,500 colleagues trained in Continuous Improvement, 41 colleagues completed Robotics Process Automation training
- Introduced a Software Development Apprenticeship with Makers Academy

**Underpinned by job families, flexibility and technology**

# Everyone is welcome.



**84% of colleagues**

say there is an inclusive culture at Tesco where people are accepted for who they are without judgement

## At the heart of the business

- Executive sponsor for Diversity & Inclusion
- External benchmarking completed

## Gender

- **31% Board, 31% Exec, 23% Director, 39% Manager** female representation
- Median gender pay gap 8.9% (3.1% when premiums removed)
- Strong succession pipelines - 45% female at business leader

## Inclusive culture

- All directors complete Inclusive Leadership Development
- Launching specific line manager and colleague training this year
- 5 long-standing colleague inclusion networks

# Colleague health and wellness.

8 Colleague Health Events since 2017. UK's largest ever workplace health survey



- >4 million pieces of free fruit
- Free fruit 'Always on offer' in stores
- 'Running on healthy' in distribution
- Helping colleagues make healthier choices by **educating and inspiring**



- Partnership with Mind
- Mindapples and Mind e-learning accessed by over **36,000**
- **15,000** accessed new financial wellness content within first month
- Piloting Mental Health first aiders, and launching core manager training



- **13,000** colleagues accessing Gympass
- **300,000** colleagues participated in Race for Life
- Health checks available to all colleagues through Nuffield since 2017

# Total reward.

## Simple

Colleagues given choice; reward is simple, clear and easy to understand

## Fair

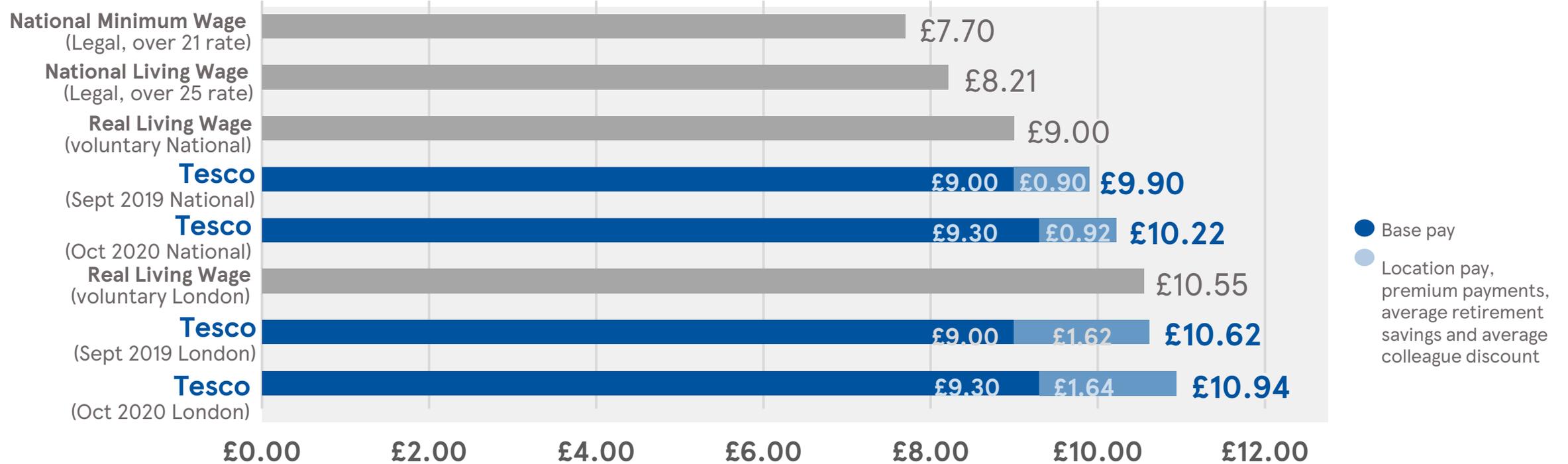
Consistent terms and conditions building trust and transparency, with clear rationale for any differences

## Competitive

We assess competitiveness on a total reward basis

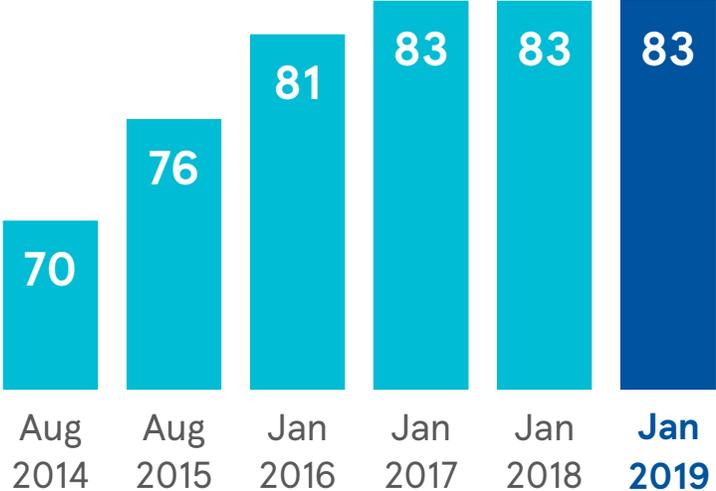
## Sustainable

A balance of fixed and variable pay, that is sustainable for the business



# Driving colleague engagement.

**83% of colleagues**  
would recommend Tesco as  
a great place to work



Moving to a more continuous listening approach over the next year



**Quarterly Colleague Forums** running for 15+ years



**Challengers community** of 300 colleagues

**USDAW partnership**



**Colleague Contribution Panel** hosted by our NED's



# Closing Remarks.

Dave Lewis

Group Chief Executive

Suppliers



Customers



Responsible  
production

Behavioural  
advocacy

Responsible  
consumption



# Summary.



## Governance

- Corporate renewal plan
- Risk management and mitigation
- Protocols and processes embedded within the business and culture
- Code of business conduct - speak up culture



## Environmental

- Target, measure, act
- Own operations and supply chain commitments, including climate change, waste, sourcing
- Closing the loop on packaging waste



## Social

- Community reach and contribution
- Skills development and opportunities to get on
- Proactive risk management in the supply chain
- Greater access to healthier products for all

**Affordable,  
healthy,  
sustainable  
food for all.**

Core Tesco  
competence



Working together



# Future of Food.



**Professor Michael Bourlakis**



**Dr. Tara Garnett**



**John Shropshire**



**Lord John Krebs**



**Anna Taylor**



**Professor Pamela Ronald**



**John Mandyck**



**Professor Corinna Hawkes**



**Patrick Coveney**



**Dave Lewis**



**Tim J. Smith**

**01** Increase consumption of fruit, vegetables and grains

**02** Reduce consumption of food high in fat, sugar and salt

**03** Reduce the impact of red meat on health and the environment

**04** Improve soil health and agriculture

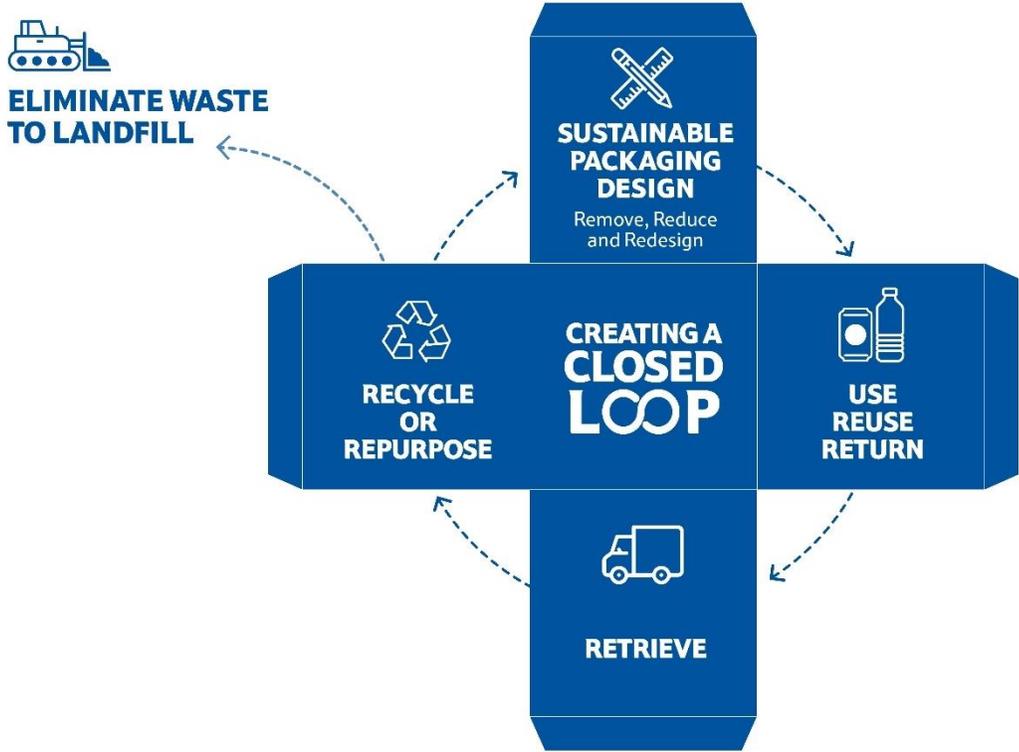
**05** Protect biodiversity

**06** Improve food safety, animal health and welfare, and reduce antimicrobial resistance

**07** Reduce GHG emissions

**08** Reduce waste

# Packaging.





# SUSTAINABLE DEVELOPMENT GOALS



# Our key contributions to the UNSDGs in 2018/19.



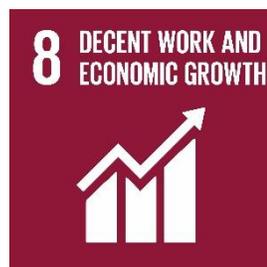
**62.7 million** meals donated to local charities and community groups across the UK, Ireland, Central Europe and Asia.



**69%** of colleagues and **55%** of UK customers agree that Tesco helps them lead a healthy lifestyle.

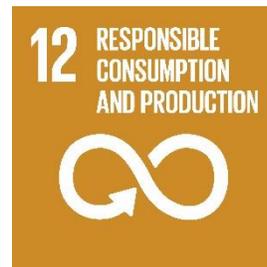


**58%** of electricity sourced from renewable sources.



**77%** of Tesco colleagues agree they have the opportunity to learn and develop.

**98%** of high risk supplier sites audited for human rights standards.



**81%** of food surplus safe for humans redistributed from UK retail operations.

**2,914** tonnes of hard to recycle materials removed from UK Own Brand packaging.



**31%** reduction in GHG emissions since 2015/16.



**72%** of wild caught seafood in the UK certified by MSC.



**100%** of **palm oil** in UK, Central Europe and Ireland Own Brand products RSPO certified. **37%** Asia.

# Q&A.



**Kate Ewart**

Product Development Director

# Lunch.

## Disclaimer.

This document may contain forward-looking statements that may or may not prove accurate. Forward-looking statements are statements that are not historical facts; they include statements about Tesco's beliefs and expectations and the assumptions underlying them. For example, statements regarding expected revenue growth and operating margins, market trends and our product pipeline are forward-looking statements. Phrases such as "aim", "plan", "intend", "anticipate", "well-placed", "believe", "estimate", "expect", "target", "consider" and similar expressions are generally intended to identify forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from what is expressed or implied by the statements. Any forward-looking statement is based on information available to Tesco as of the date of the statement. All written or oral forward-looking statements attributable to Tesco are qualified by this caution. Tesco does not undertake any obligation to update or revise any forward-looking statement to reflect any change in circumstances or in Tesco's expectations.