

TESCO



Little Helps Plan

Working together to make a big difference

October 2017

Welcome to our
Little Helps Plan.





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Our purpose and our values.



Dave Lewis
Group Chief Executive

“Over the last three years we have spent a lot of time listening – to our colleagues, our customers, our suppliers and our stakeholders – to understand what they think makes Tesco unique, where we need to do better and where we have an opportunity to make the biggest difference. Much of what we’ve done in the past three years has been driven by their insight.”

What has been clear to me from the very start is that serving customers is at the heart of Tesco. For many years, our customer proposition, “Every Little Helps”, has been iconic and helped to guide everything we do.

To help deliver this proposition, over the last three years we have worked hard to rearticulate our purpose and values, reflecting in particular the ideas and suggestions of Tesco colleagues. Through this process we developed a new purpose for our business – ‘serving Britain’s shoppers a little better every day’.

In support of our purpose, we also developed a new core value for our business: ‘Every little help makes a big difference’. It’s a philosophy for how small actions can add up to make a big difference – running the business in a way that makes a positive contribution to our colleagues, customers and communities.

The Little Helps Plan builds on the progress we have made so far. It is driving us further to make Tesco a place where colleagues can get on, whatever their background; to help our customers make healthier choices and enjoy good quality, sustainable products at affordable prices; to help tackle food waste from farm to fork. It spans three areas core to our operating model and the long-term success of our business:

Our people

It all starts and finishes with our colleagues, who work together to serve our shoppers every day in 6,809 stores around the world. We want to be a great place to work and to get on.

Our products

As a leading food retailer, the food we produce and sell and the way we source it matters. Our suppliers tell

us they value long-term partnerships and want to work together to offer customers truly sustainable products now and in the future.

Our places

Finally, it’s about the impact we have on the thousands of communities we are part of all over the world. We want to continue to make a positive difference to the things that matter in the local communities in which we serve.

We have identified targets and actions in each of these three pillars and, in turn, the pillars are underpinned by a clear commitment to minimise the environmental impact in our own operations.

We can’t make progress alone. Progress requires partnership and that’s why in 2015 we joined the UN Global Compact, an initiative that encourages businesses worldwide to work together to adopt sustainable and socially responsible policies. Today, as we outline our new plan, we recommit to that Compact. As a business, we are also particularly proud to chair Champions 12.3, a coalition of leaders dedicated to helping the world reach the UN Sustainable Development Goal target of halving global food waste by 2030.

We will share our progress and learnings along the way, because being open and transparent will help us make a big difference more quickly. Above all, we want to keep listening and to work with all our stakeholders to understand how Tesco can make the biggest difference.

A handwritten signature in black ink that reads 'Dave Lewis'.

Dave Lewis
Group Chief Executive
dave.lewis@uk.tesco.com

Our Little Helps Plan.

In embarking on the development of the Little Helps Plan we began a listening programme. As well as engaging our colleagues, customers, supplier partners and stakeholders across the business, we worked with YouGov to understand the views of leading campaigners, opinion formers and policy experts both in the UK and our international markets.

The result is a plan made up of three pillars; our people, our products and our places, and underpinned by our foundation activity. These areas are core to our business model and the delivery of the Plan will be embedded in our day to day business operations.

Accountability is led at an Executive level by Jane Lawrie, Group

Communications Director, and at the Board level by Dave Lewis, Group Chief Executive. Our Corporate Responsibility Committee, chaired by Lindsey Pownall, Non-Executive Director, governs the plan.

Every little help makes a big difference.



Foundations:

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

Getting on at Tesco.

“Tesco understand that working flexibly is important for many colleagues. I am a gymnastics coach and the new colleague app means I can fit shifts around my coaching schedule.”

Carolle Kay
Tesco Caterham

It is only possible to serve our shoppers a little better every day through our colleagues' hard work and skills. We employ over 450,000 people around the world and we recognise that we have a clear role to support them. That's why our target is to help our colleagues succeed by providing them with the flexibility, skills and reward to 'get on' within Tesco, but also to fulfil their ambitions outside of work.

We want to encourage everyone in our business to be themselves and reach their potential – whoever they are, wherever they work, whatever they do. Inclusivity, and creating a culture where everyone feels welcome, is integral to our business. We have monitored gender pay since 2002 and earlier this year published an analysis in line with the UK Government's new reporting requirements, but covering the period from April 2015 to April 2016. While our gender pay gap is significantly below the UK average of 18.1%, we know there is more to do to close the gap. Additionally, 27% of the Board and 36% of our senior managers (directors and managers) are women. Some of the actions we have taken have been to relaunch our Women in Business network, that brings together female leaders,

as well as conducting unconscious bias training. As part of the Little Helps Plan we will continue to report against gender diversity and pay as well as take actions to ensure everyone has the opportunity to get on.

We are investing in training for our colleagues so they can develop their skills and have access to a greater number of roles. This year we have introduced a new apprenticeship scheme, which offers UK colleagues across stores, distribution and the office 2,500 new apprenticeship places in areas such as HGV driving, project management and technology. As technology transforms society and the workplace, digital skills will be particularly important, so we're responding with a dedicated programme to ensure that all our colleagues, no matter what their role, have the digital competence and confidence to thrive in the workplace.

We recognise the importance of a fair and sustainable reward policy that helps to attract, retain and motivate the best people. In June, we made our biggest investment in UK store pay for a decade, increasing pay by 10.5% over two years for hourly paid store colleagues.

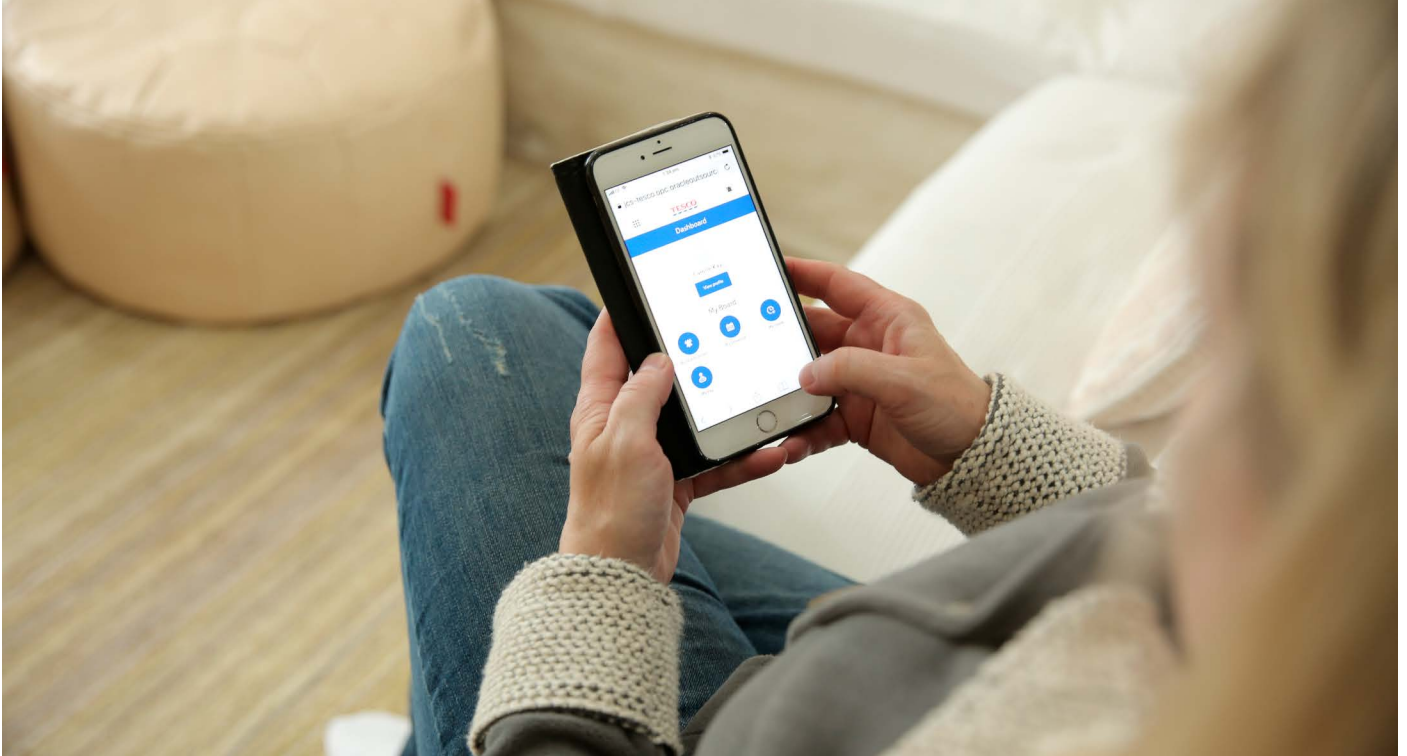
Our target:

To help our colleagues succeed by providing them with the flexibility, skills and reward to 'get on'

For more information visit www.tescopl.com/people



Providing colleagues with the flexibility to ‘get on’.



Technological change can be perceived as a challenge. Crucially, it's also a significant opportunity. An opportunity for us to give our colleagues the chance to manage their work around their lifestyles. At the same time it can help the business ensure the right people are in the right places at the right times, so that customers benefit from the best possible shopping experience.

As part of our commitment to flexible working, we have started to trial a new app in the UK that allows colleagues to see their shifts, manage overtime, request holiday and see how much they will be paid.

In time the app will also give colleagues the option to swap shifts, request shift changes and even take shifts in different stores - providing them with genuine flexibility and control over their hours so that they can better juggle competing priorities in their lives.

Those colleagues with flexible contracts, all of which guarantee a minimum number of hours, can request more hours, how many, and during which weeks and days. Importantly, it will also allow colleagues to track how much they have earned at any given point rather than having to wait until pay day to check.

Helen Knight, Manager of the Gatwick store, says "Tesco is listening to colleagues and looking for opportunities to help give greater flexibility. The new app really helps managers to see everyone who is available for shifts and distribute any overtime more fairly."

We have committed to rolling out this app across the UK first and then introducing it to all international markets. In fact, we've made a head start in our Asian stores where we have already started to introduce a simplified version of the app with similar functionality.

Quality, healthy and sustainable products.

We work in partnership with 15,000 suppliers and producers to offer great quality, healthy and sustainable products to our customers at affordable prices.

That requires playing a leading role in tackling some of the key challenges facing food production and consumption. We are working with our suppliers and a number of partners to ensure there is no place for human rights abuses, including modern slavery, in our supply chain. We are also taking steps to protect and sustain natural environments for the long-term with our commitments on zero net deforestation, sustainable agriculture and addressing climate change. And we are leading the

industry in the drive for truly sustainable fisheries and reducing marine pollution.

Through the products we sell and the way we sell them, we can help to make it easier to live healthily and promote wellbeing for all, in line with UN Sustainable Development Goal 3.

We have worked with suppliers to reduce the salt, sugar and fat in many of our products as well as promoting Helpful Little Swaps to colleagues and customers.

We have also announced a joint commitment with 24 of our largest food suppliers to adopt the Sustainable Development Goal target to halve food waste by 2030.

Together we are taking steps to reduce food waste in the supply chain as well as innovating to help customers reduce waste in their homes.

These challenges are too big for any individual organisation to solve alone and require genuine collaboration. Our ability to keep delivering more sustainable products to customers is reliant on building trusted, open and fair partnerships with suppliers as well as NGOs and other organisations across the wider industry.

Our targets:

To help make sustainable products accessible and affordable for all

To support all of our colleagues to live healthier lives and help our customers make healthier food choices every time they shop with us

To help halve global food waste, farm to fork, by 2030

For more information visit www.tescopl.com/littlehelpsplan



From farm to fork.

Sourcing

We are committed to sourcing all our bananas for the UK and Ireland from Rainforest Alliance Certified™ farms. We work closely with them to ensure decent working conditions, wages and environmental management. Nearly 80% of our bananas are from producers - in Colombia, Costa Rica, Ecuador and West Africa - who we have been doing business with for more than five years. These long relationships help them to plan ahead and effectively invest in their farms and workforces.



Health

In May we held our first ever health event for colleagues and customers. For colleagues this included: free fruit, mental health awareness training and raising £1 million pounds for our National Charity Partners. For customers it included 'Helpful Little Swaps' in stores and online, highlighting products lower in sugar, fat or salt compared to the regular alternatives; lower prices on over 200 healthier products; and free blood pressure and Type 2 diabetes risk assessments through our in-store pharmacies in partnership with Diabetes UK and the British Heart Foundation.



Food waste

In 2016/17, 11,424 tonnes of surplus food donations, equivalent to 28.5 million meals, helped community organisations cook food and support their community. The Bo'ness Academy pupils run a Community Café and their delicious 'Nothing Wasted Banana Bread' featured in our Food Love Stories advert.



Sourcing with care.

“Tesco understands that overcoming challenges in the supply chain cannot be done alone. Their commitment to MSC certified seafood is helping to ensure the future health of the world’s oceans.

They are helping customers to choose certified sustainable seafood and recognise sustainable fishing, which will help ensure healthy fish stocks, and healthy oceans for generations to come.”

Rupert Howes
Chief Executive,
Marine Stewardship Council



Credit: World Cocoa Foundation

Building strong, trusted partnerships is essential in addressing some of the challenges we face in our supply chain.

The global population is expected to grow from around 7 billion now to 9.7 billion by 2050, placing further strain on our natural resources.

Inequality continues to grow in many countries and customers want to know more than ever that the people who have made their products have been treated fairly.

We need to work with our partners and those who are leading efforts to deliver the UN Sustainable Development Goals if we are to succeed in building a truly sustainable world.

Our commitment to sustainable sourcing and working in partnership is not new. This year we are celebrating 10 years of the Tesco Sustainable Dairy Group, which since being established has paid £270million above the cost of production to farmers. By working closely with its 720 farmers, we have also improved animal welfare standards and reduced greenhouse gas emissions. This unique

approach, rooted in understanding, trust, shared risk and mutual benefit, is being applied to other producer groups, including pork, beef, chicken and potatoes.

Beyond our direct supply chains, we are helping drive efforts to address entrenched social and environmental issues. Our 45 responsible sourcing managers, based across 11 key sourcing countries, work with multi-stakeholder organisations such as the Ethical Trading Initiative, the Sustainable Agriculture Initiative and the World Banana Forum. Whether it’s the empowerment of women workers in the South African fruit industry, water use in Spanish salad production or poor conditions in the cotton industry, we are actively working towards solutions.

We continue to build open and engaging relationships with NGOs, trade unions and other civil society groups. These relationships are integral to our human rights and environmental due diligence, helping us to identify areas of greatest risk, and take action to address them.

Starting with our most important products and ingredients.

One of the commitments in the Little Helps Plan is to lead the industry in addressing the sustainability challenges in our supply chains. We want to give our customers peace of mind that the products they regularly buy from us are sourced with respect for the environment and people, while remaining affordable. In the UK, we are prioritising the environmental and social risks associated with 20 products and ingredients. These have been selected either because they are bought regularly by customers or because they have the biggest sustainability impacts.

We have already made significant progress. For example, we are on track with our roadmap to reach 100% responsibly sourced cocoa by the end of 2018. This not only covers

our own label chocolate but also cocoa used in other Tesco UK products, such as biscuits, cakes, desserts and cereals. To reach this commitment we will source through a combination of responsible cocoa programmes: Rainforest Alliance Certified, Cocoa Horizons, Fairtrade and UTZ.

Notably, 100% of palm oil in our UK own label food products already comes from sources certified to the Roundtable on Sustainable Palm Oil standards. However, significant challenges remain for the palm oil industry. Developing the right conditions for a sustainable palm oil market is not something that we can achieve alone, which is why we are working with the Consumer Goods Forum (CGF), with other retailers and the Roundtable on Sustainable

Palm Oil (RSPO). As members of the CGF we have committed to mobilise our resources to help achieve zero net deforestation by 2020.

Often we will need to work with the wider industry to address specific entrenched issues. For example, in our tea supply chains, we are working in Malawi with Oxfam, the Malawian tea industry and leading tea brands to improve wages and working conditions across the industry. In Assam, India, we are working with UNICEF to help prevent the trafficking of children into domestic slavery and sexual exploitation.

More examples of our work within the supply chains of our top products can be found at www.tescopl.com/top20.

Addressing the sustainability challenges in our top 20 products and ingredients.

- Bananas
- Corned beef (Amazon origin)
- Fresh beef
- Berries
- Chicken and eggs (using soy feed)
- Citrus fruits
- Coffee
- Cocoa
- Cotton
- Milk
- Palm oil
- Potatoes
- Prawns
- Rice
- Salads (e.g. fresh tomatoes and cucumbers)
- Sugar
- Tea
- Tuna
- Wild fish
- Wood and paper

A healthier place to work and shop.

“It’s so confusing; I’ve heard frozen vegetables are healthier, is that true? And when it comes to pre-prepared food it’s even harder to work out what’s good for you and what isn’t.

Supermarkets could do more to help: better labelling, better directions, more fresh foods and smoothies, group organic and healthy ranges together, bring back more local foods into the supermarket.”

Mum
Liverpool



We want to make it easier for colleagues and customers to eat well and lead a healthier life by offering a range of Little Helps. This means simple, realistic and practical actions to help colleagues and customers make sustainable changes.

Little Helps like reformulating all our own brand soft drinks to contain less than 5g of sugar per 100ml - below the threshold for the UK soft drinks levy. In fact, we have already reduced calories and removed over 8,000 tonnes of sugar, fat and salt across a range of 2,000 products including breakfast cereals, yoghurts and ready meals through the ongoing recipe change of our own label products.

In May we held our first ever ‘Little Helps to Healthier Living’ event for colleagues and customers. For customers this included ‘Helpful Little Swaps’ in store and online, highlighting products lower in sugar, fat or salt compared to the regular alternatives. Products with signage suggesting them as a ‘Helpful Little

Swap’ saw a 30% greater uplift in sales versus other healthier versions.

Our Healthy Little Differences Tracker reports the nutrient profiling score (as defined by the Food Standards Agency) of the products we sell, and through this we have been able to measure the impact of interventions on shopping behaviours. During the period of the health event we saw a significant improvement in the score of the average shopping basket at Tesco: the biggest increase we have seen outside of seasonal changes.

We are also committed to the health and wellbeing of our colleagues. This year we have launched regular health events for colleagues. We gave away over 13 million pieces of fruit to colleagues, provided opportunities to get active, offered free mini health checks in partnership with Nuffield and raised awareness around mental wellbeing, highlighting the tools and assistance available to support healthy minds.



In local communities, we are helping families overcome barriers to healthier eating through our National Charity Partnership with Diabetes UK and the British Heart Foundation. One example is the Make, Move & Munch Clubs that supports parents to eat better and access practical and helpful exercise advice. The programme features free sessions held in six areas with high levels of health inequality across the UK. The clubs provide recipes, skills and support to help families cook quick, healthy and affordable meals from scratch. The percentage reporting that they were eating at least 5 portions of fruit and vegetables per day increased from 49% at the start of the programme to 78% at the end.

Overcoming barriers to healthy eating.

Colleagues and customers tell us that even with the best intentions, eating more healthily can be difficult. Through customer research we have identified five main barriers to eating healthily. Finding opportunities to overcome these forms the basis of our work to support colleagues and customers to make healthier food choices every time they shop with us.

1.

Taste

Every time we change our food and drink recipes, we will make them healthier as long as there is no impact on taste or quality. We have removed over 11 million calories in all of Tesco own brand soft drinks and were the first supermarket to reformulate all of our range below the threshold for the sugar levy (5g per 100ml).

We also help colleagues and customers with specialist dietary needs to enjoy the food they love.

2.

Cost

As part of our May 2017 health event, we identified over 200 products with no red traffic lights and reduced their prices. We also reduced the price of seasonal fresh vegetables and fruit, offering 49p deals on bananas, apples and nectarines. We are committed to ensuring that colleagues and customers always pay the same price or less for the healthier version.

3.

Information

In 2005 we were the first retailer in the UK to put nutrition information on the front of packs, based on Guideline Daily Amounts. More recently, through 13 new online filters, we are helping customers quickly and easily search for healthy, dietary and lifestyle options, including low fat, gluten free and lactose free.

4.

Time

We are inspiring colleagues and customers with simple, cook from scratch recipe ideas, such as Nana's 'Magic' Soup and Ali's 'Tricked You' Citrus Salmon, which we have featured as two of our Food Love Stories.

5.

Access and visibility

We want to make healthier choices more visible and easy to find in our stores. This is why in 2015 we removed all sweets from checkouts, including convenience stores, replacing them with snacks that meet specific nutritional guidelines. We were also the first retailer in the UK to give children free fruit in our large stores and have given out over 24 million pieces of fruit in 2017/18 so far, helping embed healthy eating habits.

Tackling food waste.

“We have been challenging Tesco and other supermarkets on transparent reporting of food waste for years now. The commitment to ensure that supply chain waste is measured and reported makes Tesco the world-leading supermarket on transparent food waste reporting, and represents a significant step towards meeting the global goal to halve food waste by 2030.

It's time for other businesses to follow suit, and for Tesco, along with the rest of the world's supermarkets, to demonstrate, if they can, that their businesses are not inherently wasteful.”

Tristram Stuart
Food waste campaigner



At Tesco, we have no time for waste. We think it's simply not right that good food goes to waste. We're not the only ones. Food waste is recognised as a key sustainability challenge in the UN Sustainable Development Goals (SDGs).

That's why in 2013 we were the first UK retailer to measure and publish food waste data for our UK operations. We were also proud to become members of Champions 12.3, a coalition of leaders chaired by our CEO Dave Lewis. This group is dedicated to accelerating progress towards achieving the UN Sustainable Development Goal target 12.3 - to halve global food waste by 2030.

As part of the Little Helps Plan we have set out an ambitious target to help halve food waste from farm to fork by 2030 - aligning to the SDG 12.3. This new target demonstrates that we are not just tackling food waste in our own operations, but have a shared responsibility to tackle food waste in our supply chains and in our customers' homes.

In September 2017, we announced a joint commitment with 24 of our

largest suppliers to halve food waste by 2030, publish food waste data for their own operations within 12 months and work with us to reduce food waste both in the supply chain and also in the homes of customers.

We believe partnership breeds innovation. Our Perfectly Imperfect range is a great example - wonky fruit and vegetables are offered to customers at lower prices. This initiative helps prevent food waste on farms and in production, and also provides customers with great value. In the last 12 months, we have sold over 10,000 tonnes of Perfectly Imperfect produce in the UK and Central Europe. The range includes cucumbers, strawberries, courgettes, pears and many other popular fruits and vegetables.

Helping customers to reduce waste in the home is also vital. Salads are one of the UK's most wasted foods by households with around 37,000 tonnes thrown away from homes each year, equivalent to 178 million bags of salad. That's why we have introduced new re-sealable bags on selected lines of fresh leaf salad, which will keep food fresher for longer and help customers reduce food waste.

2016/17 food surplus data.

Measuring food surplus and waste in our UK operations has helped us identify hotspots and understand the root causes. We have now applied the same methodology across our five European markets.

The food waste data on the right gives a picture of how much food safe for human consumption went to waste in Tesco stores and distribution centres in 2016/17.

In our UK operations we sold 9,957,374 tonnes of food to customers. This generated just 38,696 tonnes of food surplus that was fit for human consumption and of this, 16,391 tonnes were sent to energy recovery.

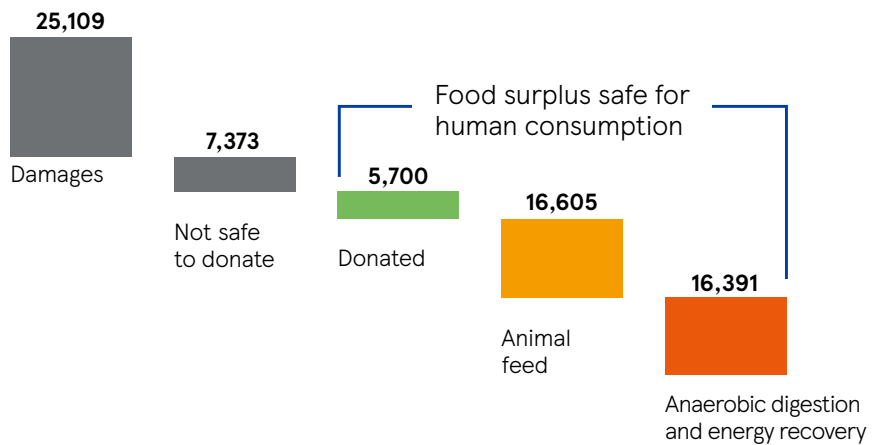
In our Central European operations we sold 3,352,692 tonnes of food to customers in 2016/17. This resulted in 27,143 tonnes of food surplus that was fit for human consumption, of which 19,000 tonnes were disposed of.

In the Republic of Ireland, 544,128 tonnes of food was sold to customers generating 3,481 tonnes of food surplus fit for human consumption, with 2,892 tonnes of this going to anaerobic digestion.

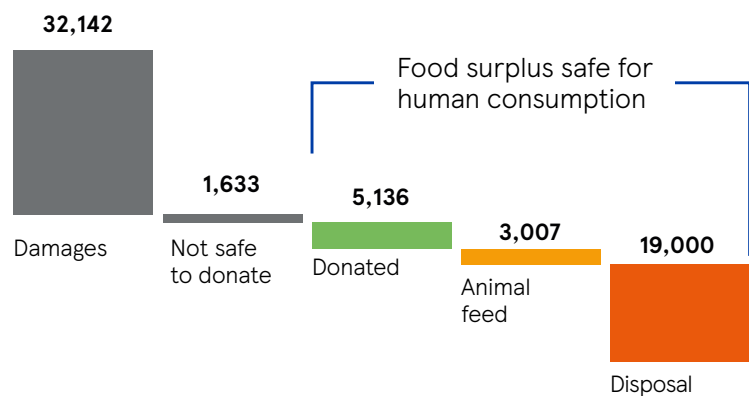
We are sharing learnings across our markets to help minimise these levels of waste. One example is through our food surplus donation programmes, which in 2016/17 saw us donate 11,424 tonnes of surplus food to help feed people in need.

We will continue to publish data on our food waste annually in order to measure progress towards our targets. Full details of our food waste data can be found at www.tescopl.com/foodwaste.

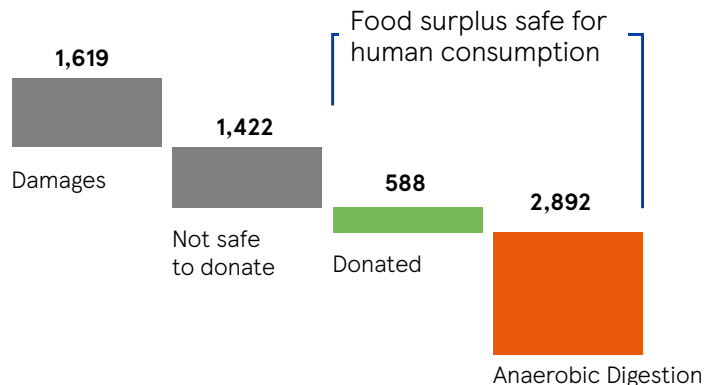
2016/17 food surplus: progress against our target - UK (tonnes)



2016/17 food surplus: progress against our target - Central Europe (tonnes)



2016/17 food surplus: progress against our target Republic of Ireland (tonnes)



Local communities.

“The biggest advantage of ‘You choose, we help’ is the close relationship we develop with local communities. Local people decide which of the nominated projects should receive grants. I’m pleased to be part of the programme. It is a source of financial support for organisations, but is also an opportunity to show local people how we can make a positive impact.”

Urszula Wiśniewska

Manager of Możesz więcej Poland
(An organisation helping children with disabilities)



We are proud to be a valued part of over 6,000 communities around the world. We recognise that when our communities are thriving, it helps our business to thrive too. The benefits we bring to communities around the world are social as well as economic: through the local people we employ, the local businesses we work with and the local causes we support.

We believe in acting locally to make a real difference to the issues that matter to our customers and colleagues. Our stores often act as neighbourhood hubs for local people and community groups to meet. We now have 56 community rooms across the UK, which we make available for classes and activities, from mother and baby groups to dance classes or digital literacy classes. In addition there are many thousands of community groups our stores have a relationship with through our community programmes.

Our colleagues really care about their communities and are often catalysts for action. We’ve recognised this formally through our Community Champions programme. While we have over 320 official Community Champions in the UK, there are many more colleagues making a big difference in their local community.

We have established programmes in all our markets across the UK, Republic of Ireland and Central Europe, which put the power in the hands of our customers to choose, through regular in-store voting, the local projects that Tesco supports financially. Through these programmes we have already distributed over £39 million and supported more than 18,000 projects to date.

Wherever we operate, we also work closely with food banks and local charities to help feed people in need in local communities. In 2016/17 we have donated the equivalent of 28.5 million meals to help feed people in need across the UK, Republic of Ireland and Central Europe. Our food redistribution programmes in the UK and Republic of Ireland use an innovative app to connect our stores with local organisations that can make best use of our surplus food. In Central Europe we have developed long-term strategic partnerships with national food banks, and in Asia we work with a range of partners to ensure that our surplus food reaches people in need.

We will continue to support the local causes that our colleagues and customers around the world care about, and be a good neighbour wherever we operate.

Good neighbours.

“Oldham has a number of social and economic issues, but its sense of community is one of the best I’ve ever felt. When we run a campaign, such as a Neighbourhood Food Collection, we find that it’s people with the least who give the most.

“Tesco is an important part of the town, with four large and seven convenience stores in and around the area. We’re one of the biggest employers in Oldham and have become an integral part of the community by taking part in many

charitable projects. We’ve cleaned up a canal towpath close to one of the stores, helped to clear some allotments and volunteered to do litter picks in the street.

“We meet with the other stores every four weeks and share ideas for upcoming projects. We listen to what the community needs to build a stronger connection with them.”

Marie Toora
Store Manager,
Oldham Chadderton, Superstore

One of the organisations Oldham stores support is the UK Education & Faith Foundation (UKEFF), which was set up to help vulnerable people in struggling communities. One of the most popular projects is the food hub, which was created about three years ago to help people in Oldham who weren’t getting the support they needed.

The food hub gets up to 130 people arriving every Monday for breakfast or a cup of coffee, and gives out food parcels to those who need them. Tesco’s Community Food Connection has allowed them to offer a larger variety of items as well as grow the hub. The food hub is not only about the provision of food but also the social support that the food hub brings.

In Oldham there are also 14 community groups that have received financial support through our Bags of Help initiative in the UK. These groups have been specially chosen by customers who voted in our Oldham stores.

Our target:

To help our local communities thrive by positively contributing both socially and economically.

For more information visit www.tescopl.com/places



The policies that underpin our plan.

Underpinning the three key pillars of the Little Helps Plan are a number of areas where we remain committed to doing the right thing. For example, it's right to make sure we tread lightly, minimising our impact on the environment through reducing our carbon emissions and packaging. Other areas such as maintaining product safety and quality, ensuring a culture of health and safety, and safeguarding the personal information of our customers are equally important. These represent core expectations of our stakeholders and are embedded in the way we do business.

Climate change

This approach is evident in our long-term commitment to tackling climate change. Ten years ago we set out ambitious targets to halve our carbon emissions per square foot from our stores and distribution centres by 2020 and become a zero carbon business by 2050.

Investments of over £700 million in energy and refrigeration efficiency have helped us achieve a 41% reduction so far, but we recognise that there is more we need to do in

order to achieve our goal of becoming a zero carbon business. We have therefore worked with experts to set tough new science-based targets aligned with the Paris Climate Accord's 1.5 degree aspiration.

We are already well under way with our work to achieve this. In 2017 we switched to 100% renewable energy in the UK, supported by renewable energy certificates, and we are expanding on-site generation across the Tesco Group from an initial

investment of £8 million in solar generation in Thailand. Our aim is to expand our renewable electricity mix across the Group to include over 50% from grid power purchase agreements and on-site generation by 2030.

Our targets:

Reduce absolute carbon emissions from our operations from 2015 levels: 35% by 2020, 60% by 2025 and 100% by 2050

Source 65% of our electricity from renewable sources by 2020 and 100% by 2030



Packaging

Packaging plays a crucial role in ensuring the safety and quality of the products we sell. However, it also has a significant environmental impact, which is why we are committed to finding more sustainable packaging solutions.

For example, we have removed polystyrene from our fish packaging and replaced with a more environmentally friendly plastic,

avoiding 653 tonnes of polystyrene being used. Another example, is our meat trays where we have replaced a two layer plastic tray with a single layer plastic, thereby making 84 million trays easier to recycle and removing 96 tonnes of plastic.

Overall, over 78% of the packaging on all our own brand products is recyclable, but this is dependent on the local authority collecting it. We are working with the industry to

address systemic recycling challenges such as black plastic food trays and plastic films.

We have made considerable progress but we recognise there is more to do. As part of the Little Helps Plan, we are setting out new commitments to ensure that our packaging is always proportionate, sourced sustainably and recyclable or compostable.

Our targets:

Our packaging will be fully recyclable or compostable by 2025

All paper and board used will be 100% sustainable by 2025

We will halve packaging weight by 2025 (2007 baseline)



| | |
|------------------------------|---|
| Governance and ethics | <p>Our Code of Business Conduct describes our most important legal obligations and the policies that guide our conduct in order to protect our reputation and ensure that we live our purpose and values. Our Code is regularly updated to reflect emerging risks and new legislation. All colleagues across the Tesco Group are required to complete annual refresher training on the Code of Business Conduct and ongoing in-depth e-learning on newly updated policies and key risk areas. Our Group Compliance Committee monitors the implementation of the Code of Business Conduct.</p> |
| Health and safety | <p>We want Tesco to be a safe place to work and shop. We promote a culture in which safety is everyone’s responsibility and colleagues are encouraged to speak up if they have any concerns. All colleagues undertake health and safety training specific to their role and the particular risks involved.</p> |
| Product safety | <p>We work closely with our suppliers to ensure our products meet the highest safety and legal requirements. We have a range of manufacturing and farming standards for both food and non-food products (including clothing, home, household, toys and electrical products) and cover the lifecycle of all products from raw materials through to the shelf edge and online. Our highly trained technical team guide and upskill our suppliers on delivering these standards and carry out extensive tests to ensure compliance.</p> |
| Cyber security | <p>We take the integrity and privacy of our customers’ and colleagues’ data seriously. We have a clear data security governance plan and undertake regular third party penetration testing. We have active monitoring and processes in place to identify and deal with IT security incidents, and have recently rolled out enhanced Information Security Awareness Training for our colleagues.</p> |

Our targets and actions.

For each pillar of our plan we have defined a number of priority **Targets and Actions**. **Targets have been developed to apply to all our retail businesses across the Tesco Group, including Republic of Ireland, Central Europe and Asia.**

With the majority of our customers being in the UK, implementation will begin with the UK business operations. The social, political and economic landscape in our other international markets does differ and we need to recognise this as we implement our plan. That’s why we will take learnings from the UK and consult with expert stakeholders within each of our international markets to develop appropriate plans and country specific timelines. Nevertheless, we are committed to making progress on all areas of the Little Helps Plan in all of our markets.

In the coming months we will set out the measures and KPIs against our targets and actions. We will regularly report progress against each of these actions on our PLC website as well as publishing an annual update on our Little Helps Plan.

Our people

| Target | To help our colleagues succeed by providing them with the flexibility, skills and reward to ‘get on’ |
|-----------------|---|
| Action 1 | To have a competitive total reward package that colleagues value |
| Action 2 | 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 |
| Action 3 | Provide opportunities to help young people develop their employability skills and start their careers |
| Action 4 | Introduce a new suite of contracts and new technology to give colleagues both certainty, greater flexibility and control over their own work schedules |
| Action 5 | Continue to build an inclusive culture where everyone has the opportunity to get on |
| Action 6 | Help colleagues look after their physical and mental wellbeing so they can be at their best at work and home |

Our products – sourcing

| Target | To help make sustainable products accessible and affordable for all |
|------------------|--|
| Action 1 | Lead the industry in addressing the sustainability challenges in our supply chains starting with our most important products and ingredients |
| Action 2 | Build trusted partnerships with our suppliers |
| Action 3 | Ensure international human rights standards are respected at all our suppliers' sites |
| Action 4 | Focus on the most serious risks to workers throughout our supply chains, working transparently with NGOs, unions and others to identify and address them |
| Action 5 | Support sourcing communities facing complex social and environmental challenges |
| Action 6 | Reduce supply chain carbon emissions by 7% by 2020 |
| Action 7 | Achieve zero net deforestation in our sourcing of raw materials by 2020 |
| Action 8 | Sustainably source all our wild fish |
| Action 9 | Improve water quality and biodiversity in vulnerable agricultural regions |
| Action 10 | Treat all animals in our supply chain humanely at all life stages |

Our products – health

| Target | To support all of our colleagues to live healthier lives and help our customers make healthier food choices every time they shop with us |
|-----------------|---|
| Action 1 | Help colleagues look after their physical and mental wellbeing so they can be at their best at work and home |
| Action 2 | To partner with leading health charities to align and amplify our collective expertise and help colleagues and customers make healthier choices |
| Action 3 | To help increase the consumption of fruit and vegetables to encourage colleagues and customers and to adopt healthier eating habits and improve their diets |
| Action 4 | To help remove cost barriers to healthy eating by ensuring that customers always pay the same price or less for the healthier version |
| Action 5 | Every time we change the recipes across our own label food and drink we always make them healthier as long as there is no impact on taste or quality |

Our products – food waste

| Target | To help halve global food waste, farm to fork, by 2030 |
|-----------------|--|
| Action 1 | No food that is safe for human consumption will be wasted inside the UK operation by the end of 2017 |
| Action 2 | Halve food waste in our own operations by 2030 |
| Action 3 | Work in partnership with our suppliers to halve food waste in our supply chains by 2030 |
| Action 4 | Help halve household food waste in the markets where we have retail operations by 2030 |

Our places

| Target | To help our local communities thrive by positively contributing both socially and economically |
|-----------------|---|
| Action 1 | To facilitate food surplus donation programmes in all our stores in order to provide meals to those in need By the end of 2017 (UK and Republic of Ireland) By the end of 2017/18 (Malaysia) By the end of 2018 (Thailand: hypermarkets in Bangkok) By the end of 2020 (Central Europe) |
| Action 2 | Support the projects and causes that matter to the local communities in every community where we operate |

Our foundations

| Climate change | |
|-----------------|--|
| Action 1 | Reduce absolute carbon emissions from our operations from 2015 levels: 35% by 2020, 60% by 2025 and 100% by 2050 |
| Action 2 | Source 65% of our electricity from renewable sources by 2020 and 100% by 2030 |
| Packaging | |
| Action 1 | Our packaging will be fully recyclable or compostable by 2025 |
| Action 2 | All paper and board used will be 100% sustainable by 2025 |
| Action 3 | Halve packaging weight by 2025 (2007 baseline) |

UN Global Compact and Sustainable Development Goals.

As members of the UN Global Compact, we have demonstrated throughout this report our progress against many of the business principles. The table below acts as an index to where further information on our progress can be found.

Our Little Helps Plan has also been developed to demonstrate and report against the action we take to advance broader societal goals, such as the UN Sustainable Development Goals. At www.tescopl.com/sdgs we have outlined how our work supports and aligns with these goals.

| Areas | Principles | Links to progress information |
|-----------------|--|--|
| Human rights | 1 Businesses should support and respect the protection of internationally proclaimed human rights. | www.tescopl.com/humanrights |
| | 2 Businesses should make sure that they are not complicit in human rights abuses. | www.tescopl.com/humanrightspolicy www.tescopl.com/ethicaltrading |
| Labour | 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. | www.tescopl.com/ethicaltrading www.tescopl.com/codeofbusinessconduct www.tescopl.com/unions www.tescopl.com/ukgarmentindustry |
| | 4 Businesses should uphold the elimination of all forms of forced and compulsory labour. | www.tescopl.com/humanrightspolicy www.tescopl.com/ethicaltrading www.tescopl.com/forced-labour-cotton-industry |
| | 5 Businesses should uphold the effective abolition of child labour. | www.tescopl.com/ethicaltrading www.tescopl.com/children-in-tea-communities www.tescopl.com/sourcing-cocoa-responsibly |
| | 6 Businesses should uphold the elimination of discrimination in respect of employment and occupation. | www.tescopl.com/inclusion www.tescopl.com/ethicaltrading |
| Environment | 7 Businesses should support a precautionary approach to environmental challenges. | www.tescopl.com/environment |
| | 8 Businesses should undertake initiatives to promote greater environmental responsibility. | www.tescopl.com/foodwaste www.tescopl.com/palmoil |
| | 9 Businesses should encourage the development and diffusion of environmentally friendly technologies. | www.tescopl.com/energy-efficient-stores www.tesco.com/community-food-connection |
| Anti-corruption | 10 Businesses should work against corruption in all its forms, including extortion and bribery. | www.tescopl.com/whistleblowing www.tescopl.com/anti-bribery |



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| The logo for the United Nations Global Compact, featuring a globe with the text "UN GLOBAL COMPACT" above it and "COMMUNICATION ON PROGRESS" below it. | <p>This is our Communication on Progress in implementing the principles of the United Nations Global Compact and supporting broader UN goals.</p> <p>We welcome feedback on its contents.</p> |
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| The FSC logo, which includes a stylized tree icon, the letters "FSC", the website "www.fsc.org", the word "MIX", and the text "Paper from responsible sources". |
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