



Little Helps Plan.

Sustainability update 2020/21



Serving shoppers a little better every day.

Inside

- 1 Introduction
- 2 COVID-19
- 3 CEO's message
- 5 Little Helps Plan
- 6 Stakeholder engagement
- 8 The big issues
- 9 People
- 16 Product
- 23 Planet
- 31 Places
- 36 Governance
- 37 Performance

More information

-  Visit www.tescopl.com/sustainability for more information.
-  More information can be found by clicking this icon that appears throughout the report.
-  Topic-specific factsheets provide further information on our strategies, methodologies, policies and standards. Links to all factsheets are available on page 37.
-  For comments and feedback on our Little Helps Plan, talk to us at cr.enquiries@tesco.com.



Tesco is a team of 360,000 colleagues, with stores in the UK, Republic of Ireland, Czech Republic, Hungary and Slovakia.

We are guided by our purpose, to serve shoppers a little better every day.

Three values steer everything we do:

- No one tries harder for customers;
- We treat people how they want to be treated; and
- Every little help makes a big difference.

Serving means more than a transactional relationship with our customers. It means acting as a responsible and sustainable business for all stakeholders, for the communities we are part of and for the planet.

Little Helps Plan 2020/21 highlights.

82%
of colleagues believe Tesco is a great place to work

54%
reduction in absolute Scope 1 and 2 GHG emissions vs 2015

>£60m
worth of meals donated to UK food banks and charities

£129m
donated through fundraising and corporate giving

1 billion
pieces of plastic removed from our packaging in the UK

51.9 billion
calories removed in the UK since 2018

82%[◊]
of unsold food redistributed in the UK

11%
of the way towards halving the environmental impact of the average UK shopping basket

Data highlighted in this report with a [◊] has undergone independent limited assurance. See page 20 for further information.

A year like no other.

COVID-19 has brought challenges to every part of our business. Our colleagues' response encapsulated the true spirit of Tesco: helping as many people as possible get the food they need in a safe way.

Food for all

- More than doubled the number of home delivery slots available, with 1.5 million delivery and Click+Collect slots available each week.
- Priority access to online slots given to more than 850,000 vulnerable customers.
- NHS, emergency service and care workers given priority access to our stores.
- Introduced improved payment terms, paying nearly 2,000 suppliers immediately, instead of the usual 14 days.

Safety for everyone

- Everyone entering our stores is required to wear a face covering, unless they are exempt, in line with government guidance.
- Traffic light system introduced to help manage the number of people in larger stores at any one time.
- Social distancing measures introduced in all our stores, including floor markings, hand sanitisers and protective screens at our checkouts.



Find out more at
www.tescoplccom/covid-19.

Supporting our colleagues

- Colleagues who become ill with COVID-19 or need to self-isolate are paid from the first day of absence.
- Clinically Extremely Vulnerable or high-risk Clinically Vulnerable colleagues advised to remain at home at certain periods on full pay.
- Thank you payments, totalling around £130m, paid to colleagues across the Group.
- Mental wellbeing tools, Headspace and SilverCloud, made available to all our 300,000 UK colleagues.

Helping communities

- Over £60m worth of meals donated to food banks and charities, including our partners FareShare and the Trussell Trust.
- Extended our partnership support to the British Red Cross by donating £2m.
- £8m donated to more than 10,000 local groups through our Bags of Help community grants.
- Nearly €1m donated in Ireland in support of local causes nationwide, and we made our largest ever food donation to food banks in Central Europe.

Making a big difference.

'Every little help makes a big difference'. This is the Tesco value that underpins our approach to sustainability. And for me, the emphasis is on making a big difference.

This approach has never been more important than during the pandemic. Colleagues across the business have gone above and beyond, making a big difference every day – serving customers, keeping everyone safe, looking after each other and supporting the wider community. I couldn't be more proud.

The opportunity we now face is to harness this energy and commitment to make a big difference as we emerge from the pandemic. The past 12 months have clearly shown us how the fortunes of businesses like ours both depend on and impact the outside world.

This is why the Little Helps Plan matters.

Joining Tesco part way through the year, I've been struck by the spirit of the team and how our purpose – serving shoppers a little better every day – comes to life wherever you look in the business.

We think about serving in the broadest sense. This means going beyond merely transactional relationships either in-store or online. It means helping customers live affordably, healthily and sustainably. It also means serving the interests of all our stakeholders, of all the communities we are part of and ultimately the planet itself.

COVID-19 has shaped our progress over the past 12 months. We decided early to change our approach to absence, ensuring any member of the team falling ill or needing to self-isolate would receive sick pay from day one. Colleagues across the business have gone all out to support the wider community, enabling us to donate more than £60m worth of meals to UK food banks and charities, as well as providing extra support for the British Red Cross and Salute the NHS. We also prioritised serving more than 850,000 vulnerable customers during the lockdown. In addition, we made free fruit and vegetables available to eligible Healthy Start families and offered 1,000 placements to young people as part of the UK Government's Kickstart programme.





82%
of unsold food
redistributed

51.9
billion
calories removed

COVID-19 added complexity to some of our programmes, including our work to reduce packaging at a time when public health considerations around virus transmission demanded greater caution. However, I'm very pleased that we continued to make good progress towards some of our longer-term commitments. This includes removing 51.9 billion calories from the food

we sell, permanently removing 1 billion pieces of plastic from our products, redistributing 82%^o of our unsold food that is safe for human consumption in the UK and achieving our commitment to switch to 100% certified zero net deforestation soy by 2020.

We've also set ourselves some new goals. These include fast-tracking progress in the UK business to become net zero by 2035, committing to increase the sales of plant-based meat alternatives by 300% by 2025 and ensuring that all our soy comes from whole regions that are verified as deforestation-free by 2025.

The pandemic has shone a spotlight on the health of the nation. I am proud of the market-leading steps we are taking to help our customers enjoy a better balanced diet by making the healthy option easy, enjoyable and affordable. In March 2021 we announced ambitious new commitments to improve the healthiness of the average UK and Irish shopping basket by increasing the proportion of healthy products to 65% of volume sold by 2025. We have also extended our commitments to help customers in Central Europe eat more healthily, and to further improve access to healthy alternatives for Booker's business customers.

During the year we introduced our new sustainability-linked financing strategy, which includes a £2.5bn revolving credit facility linked to the achievement of three of our Little Helps Plan targets. We also launched our first ever sustainability-linked bond which is linked to our commitment to reduce greenhouse gas emissions.

The year ahead will no doubt continue to challenge our business and society more widely as we recover from the pandemic. I am confident that the business is in a strong place, and that by continuing to make the right decisions for our customers, communities and the planet we will set ourselves up for continued success.

Ken Murphy
Group Chief Executive
May 2021

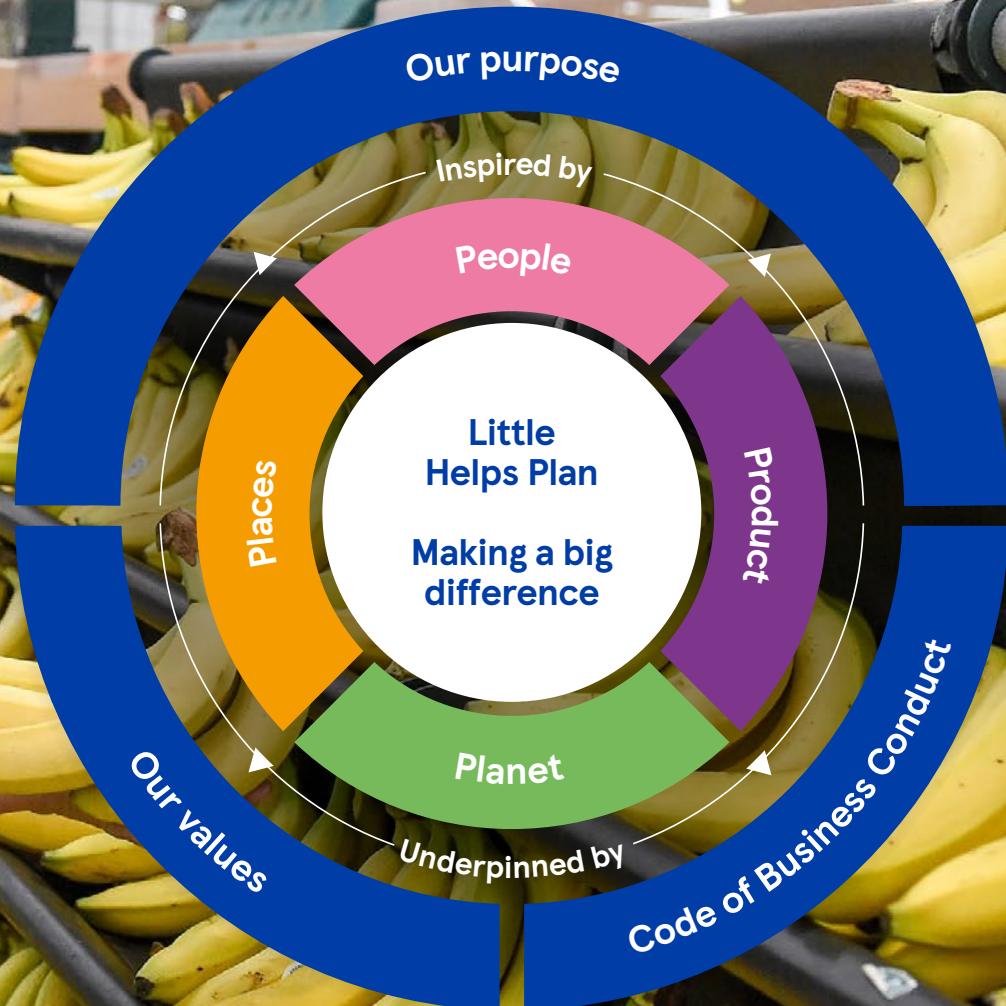
Little Helps Plan.

The Little Helps Plan is the framework we use to shape our long-term approach to sustainability. It sets out how we make a big difference to our stakeholders and the environment.

We aim to tackle some of the biggest social and environmental challenges facing the world today. The Little Helps Plan enables us to demonstrate, monitor and improve our performance, both within our own operations and the wider supply chain.



Learn more in our Little Helps Plan factsheet.



Listening to our stakeholders.

Every year we ask our stakeholders and colleagues about the key issues they really care about. This process – a materiality review – helps us identify and prioritise our most material issues, and ensures that we are constantly working towards the right goals in a fast-changing world.

Our commitment to delivering the Little Helps Plan, across all four pillars, is unchanged by this exercise. That's because important issues like climate, packaging, health, human rights and supporting communities are always high on our stakeholders' agenda.



Read more in the Stakeholder section on page 8 of the Tesco PLC Annual Report and Financial Statements 2021.



We are always interested in feedback. You can get in touch at cr.enquiries@tesco.com.



Customers

want great quality affordable food that's produced in a responsible, sustainable way. They want us to make it easy for them to lead healthier, more sustainable lives.



Colleagues

are at the heart of our business. Their views and opinions help us to continually improve and ensure that Tesco is always a great place to work and shop.



Communities

including our suppliers, NGOs and policy-makers expect us to contribute positively on important issues like tackling deforestation and protecting human rights.



Shareholders

want to see us driving progress and reporting on our material sustainability activities and performance to help them make informed investment decisions.

"Get rid of all the unnecessary plastic packaging... everything seems to have plastic and a lot isn't recycled."

UK customer

How we're listening:

- Announced the removal of 1 billion pieces of plastic.
- Introduced soft plastic recycling points to 171 large stores in the South West of England and Wales, with plans to roll out to all large stores nationwide.
- Partnered with Loop to trial the introduction of reusable packaging.
- Avoided 2,000 tonnes of unnecessary packaging through packaging reduction projects.



More information on our packaging activity is on page 22.



The big issues.

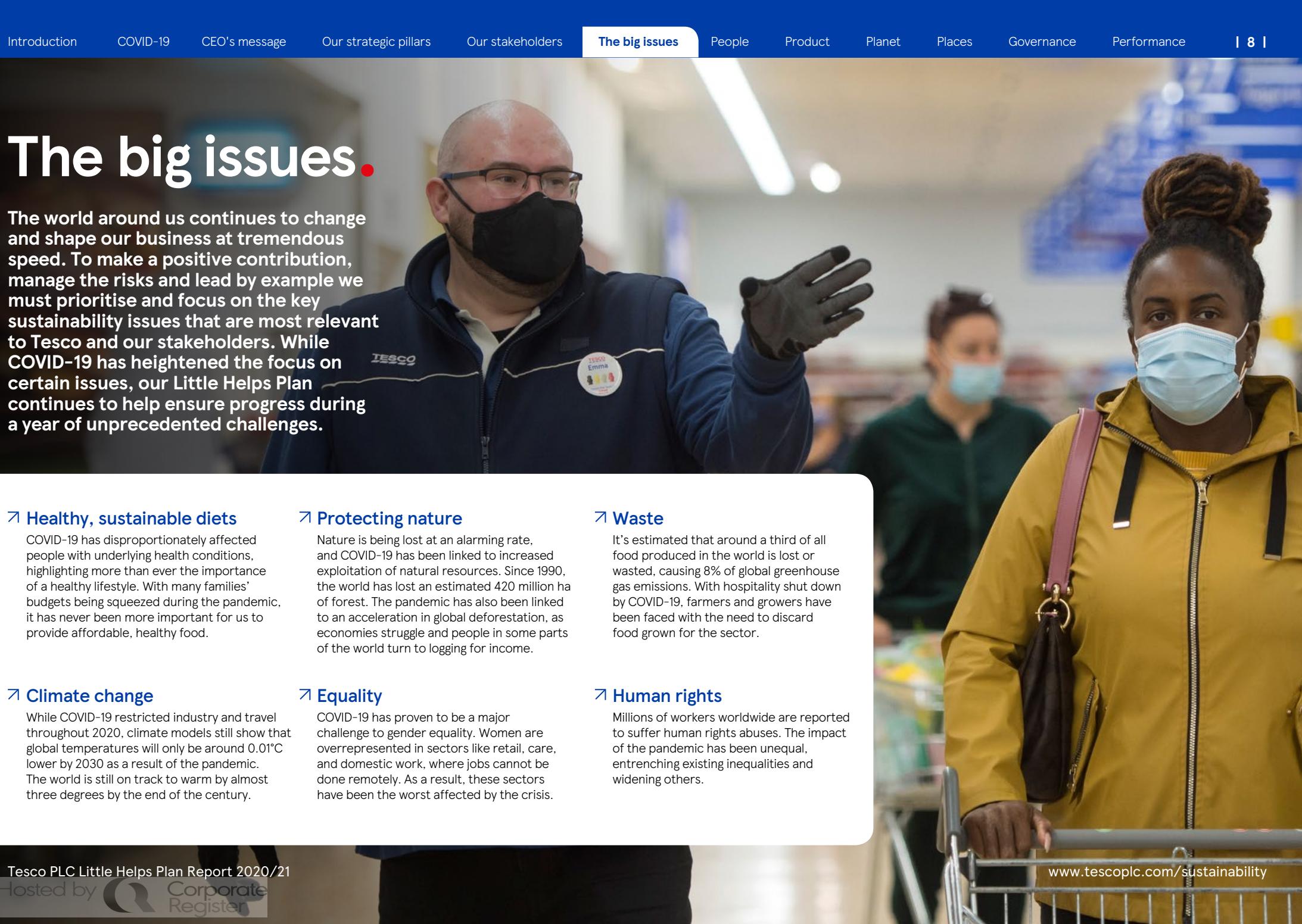
The world around us continues to change and shape our business at tremendous speed. To make a positive contribution, manage the risks and lead by example we must prioritise and focus on the key sustainability issues that are most relevant to Tesco and our stakeholders. While COVID-19 has heightened the focus on certain issues, our Little Helps Plan continues to help ensure progress during a year of unprecedented challenges.

↗ Healthy, sustainable diets

COVID-19 has disproportionately affected people with underlying health conditions, highlighting more than ever the importance of a healthy lifestyle. With many families' budgets being squeezed during the pandemic, it has never been more important for us to provide affordable, healthy food.

↗ Climate change

While COVID-19 restricted industry and travel throughout 2020, climate models still show that global temperatures will only be around 0.01°C lower by 2030 as a result of the pandemic. The world is still on track to warm by almost three degrees by the end of the century.



↗ Protecting nature

Nature is being lost at an alarming rate, and COVID-19 has been linked to increased exploitation of natural resources. Since 1990, the world has lost an estimated 420 million ha of forest. The pandemic has also been linked to an acceleration in global deforestation, as economies struggle and people in some parts of the world turn to logging for income.

↗ Equality

COVID-19 has proven to be a major challenge to gender equality. Women are overrepresented in sectors like retail, care, and domestic work, where jobs cannot be done remotely. As a result, these sectors have been the worst affected by the crisis.

↗ Waste

It's estimated that around a third of all food produced in the world is lost or wasted, causing 8% of global greenhouse gas emissions. With hospitality shut down by COVID-19, farmers and growers have been faced with the need to discard food grown for the sector.

↗ Human rights

Millions of workers worldwide are reported to suffer human rights abuses. The impact of the pandemic has been unequal, entrenching existing inequalities and widening others.

People.

People, from those in our supply chain to the colleagues who serve our customers and our communities, are at the heart of what we do.

In a year that has challenged many, our value to 'treat people how they want to be treated' has never been more important.

We are immensely proud of our dedicated colleagues, who work tirelessly to ensure Tesco is a safe place to shop and work, and somewhere everyone feels welcome.

Highlights:

82%

of colleagues told us
Tesco is a great place
to work

1,000

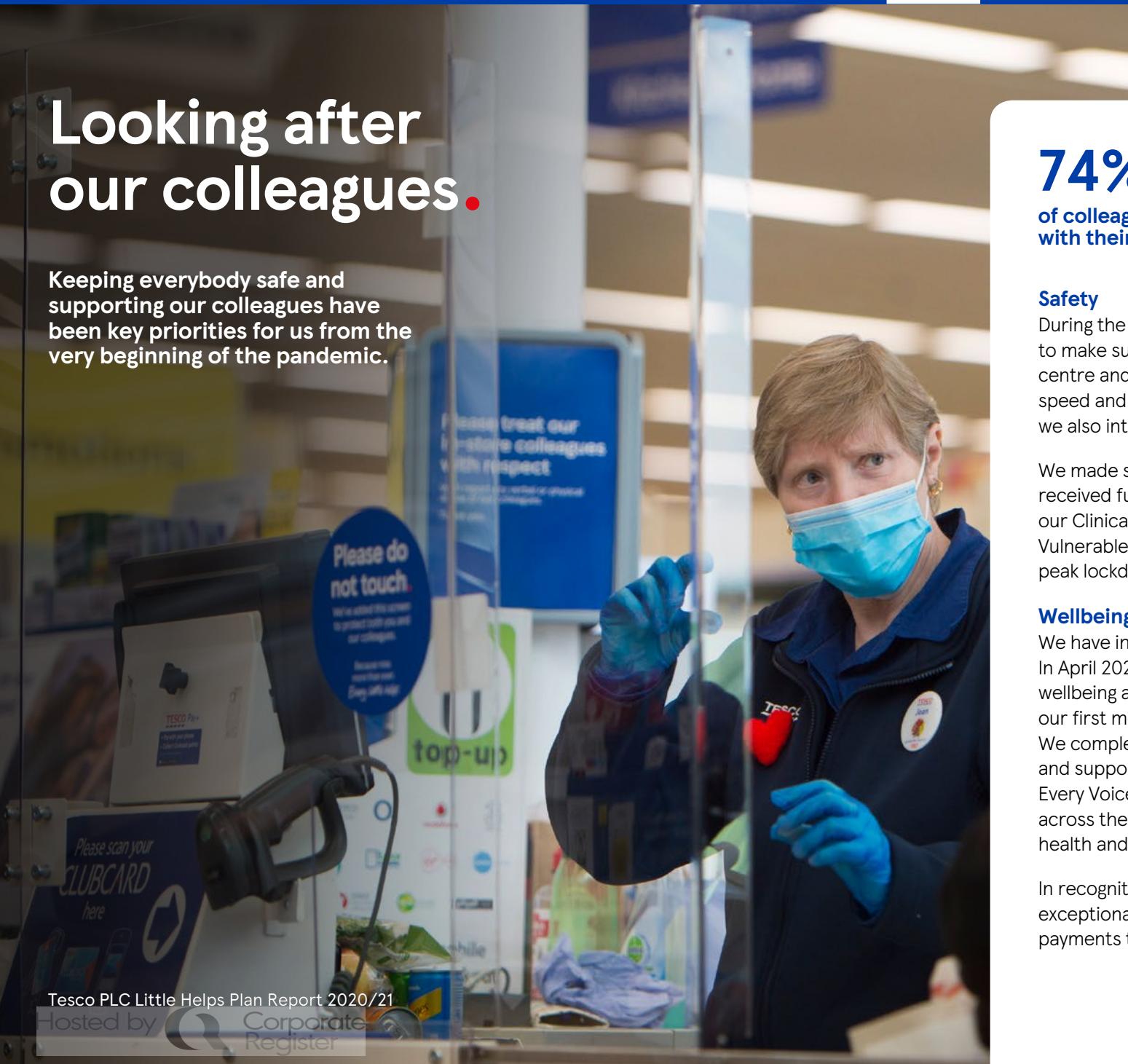
young people
offered Kickstart
scheme placements



Visit www.tescopl.com/sustainability for
more information.

Looking after our colleagues.

Keeping everybody safe and supporting our colleagues have been key priorities for us from the very beginning of the pandemic.



74%

of colleagues feel supported with their health and wellbeing

Safety

During the spring of 2020 we implemented physical measures to make sure that every colleague in every store, distribution centre and office felt safe at work. We did this at unprecedented speed and on a massive scale. Beyond the physical measures, we also introduced countless adaptations to ways of working.

We made sure that every colleague who needed to self-isolate received full pay from the first day of absence. And we enabled our Clinically Extremely Vulnerable and high-risk Clinically Vulnerable colleagues to stay at home on full pay during peak lockdown periods.

Wellbeing

We have increased our support for colleagues' mental wellbeing. In April 2020 we provided colleagues with free access to wellbeing apps Headpace and SilverCloud. We followed this with our first mental health campaign for colleagues: #imhereforyou. We complemented this campaign with more specific guidance and support for colleagues working from home. In our annual Every Voice Matters colleague survey, 74% of colleagues across the Group reported feeling supported with their health and wellbeing.

In recognition of our colleagues' tireless efforts during an exceptional year, we awarded colleagues with thank you payments totalling around £130m.

Everyone's welcome.

We want our colleagues to feel they can be themselves at work and are committed to helping everyone be at their best, celebrating colleagues' different abilities, ethnicities, faiths, genders and sexual orientations.

In our annual Every Voice Matters colleague survey, 81% of our colleagues feel they can be themselves at Tesco. We are determined to become a workplace where everyone feels welcome.

We have launched an innovative suite of inclusivity training for all directors, including workshops on understanding bias, race, intersectionality and privilege. Our Executive Committee members have all taken part in a mentoring programme, developed with Arrival Education, to support diverse young talent from outside our business. As well as supporting mentees, the programme aims to give our most senior leaders the inspiration, insight and skills they need to develop socially and ethnically diverse talent within Tesco. We will extend this programme beyond our Executive team in 2021.

81%

of colleagues believe they can be themselves at Tesco



Learn more in our diversity and inclusion factsheet.



Everyone's welcome continued



We have introduced Diverse Talent Communities, sponsored by our Executive team. These communities focus on helping colleagues from minority ethnic backgrounds accelerate their careers at Tesco through bespoke career planning, increased visibility and senior sponsorship. We are now exploring opportunities to support colleagues from other underrepresented groups in a similar way.

Over the past year we have reviewed our policies and processes to ensure colleagues always feel welcome, including:

- **Resourcing:** Taking steps to ensure diverse shortlists for senior positions and refreshing our careers website to be more inclusive.
- **Onboarding:** We aim to make sure that all new starters understand what inclusion means at Tesco, and to make inductions fully inclusive, digital and easy to access.

- **Policies:** Our policies for maternity, paternity and adoption now apply across the Group, ensuring a consistent experience for colleagues.

- **Workplace adjustments:** We have redesigned and relaunched our approach to workplace adjustments for the UK.
- **Data:** Our 'This is Me' campaign invites our colleagues to voluntarily share their personal diversity information with us. This valuable insight gives us a better understanding of our workforce as we aim to enhance our reporting on diversity.

Job creation and skills development.

We helped thousands of people faced with temporary unemployment due to lockdown restrictions, creating around 50,000 temporary roles during the first UK lockdown. Many of these colleagues continue to work with us in newly created roles, including the 20,000 permanent jobs we created to meet increased demand for online deliveries.

We continue to offer high-quality work placements to young people. Through the UK Government's Kickstart scheme, we offered six-month work placements to 1,000 young people in areas of high unemployment, with 900 places filled by November 2020. Through Job Centre Plus' Movement to Work scheme we have offered 618 placements, with 344 becoming colleagues. In addition, during 2020 more than 14,000 young people took part in our programme with the Prince's Trust and the Institute of Grocery Distribution (IGD), which aims to develop young peoples' employability and life skills. We are aiming to reach 50,000 by the end of July 2021.

Helped over
40,000

young people develop their employability and life skills since 2018



Learn more in our job creation and skills factsheet.

We also continued to operate our graduate programmes, welcoming 60 young people onto our new Business Graduate Programme in the UK. A further 40 young people in their penultimate year at university will join our new Business Diversity Internship in 2021.

Successful interns are offered a place on our Business Graduate Programme. In 2021, 45% of those offered roles in our young people programmes will be from minority ethnic backgrounds.



Human rights.

Our responsibilities for the welfare of people goes far beyond those we employ directly.

We aim to ensure that all the jobs we help create, directly and through our supply chain, are decent, fair and safe and that human rights are always respected. We take a zero-tolerance approach to any breach of human rights. We are committed to upholding the standards of the internationally recognised Ethical Trade Initiative Base Code.

97%

of our high-risk tier 1 supplier sites were audited in the last year

The COVID-19 crisis has impacted our suppliers in many ways, giving rise to new human rights risks and further exacerbating poverty-related issues.

The pandemic has hit clothing suppliers particularly hard. Right at the start of the crisis, we committed to paying for every clothing order that had been completed or was in production. We also focused on ensuring garment workers were paid correctly and that health and safety measures and personal protective equipment were in place for workers.

We aim to be the leading major retailer on human rights. Gaining external recognition by independent assessments such as the Corporate Human Rights Benchmark and Oxfam's Behind the Barcodes campaign gives us confidence that our approach is the right one. In 2020, we secured the leading position of any food retailer in both these assessments.



Human rights continued

Our human rights strategy focuses on four key pillars:

Sustainable livelihoods

We aim to ensure decent incomes for the poorest people in our supply chain. We have identified priority products and ingredients where poverty is most severe and where we can make the most difference.

Forced labour

We aim to prevent all forms of forced labour and ensure all victims are remediated. In addition to our own operations, we collaborate on several programmes linked to tackling forced labour.

Worker representation

We want workers to have a voice and to improve their working environment. We promote dialogue between trade unions, suppliers, industry organisations, certification and audit companies and governments.

Gender equality

Our aim is for more women to be in leadership positions and for all women to be safe at work. We focus on identifying gender equality issues in our operations and supply chain and are working to mitigate and remediate any that we find.

Key activities include:

- All of our banana producers have completed the independent salary matrix, enabling us to gain visibility of any gaps in living wage provision. We are now working to agree a long-term plan for closing gaps in collaboration with our suppliers, the World Banana Forum, the IDH Living Wage Steering Committee and the wider industry.
- Before selling our business in Asia, we completed the remediation of recruitment fees paid by migrant workers to secure work at the Tesco Malaysia operations. We continued to implement our new responsible recruitment requirements for our Thai and Malaysian suppliers to ensure compliance with the Employer Pays Principle.
- Through the Seafood Ethics Action Alliance (SEAA), which we chair, we completed a risk assessment of all the fisheries supplying the UK market. We also developed a new two-year industry action plan to drive improvements in working conditions.
- We have partnered with IDH and Unilever on an initiative in Assam India – the Women’s Safety Accelerator Fund – a bold new programme to address women’s safety and gender-based violence in the Indian tea sector.



Learn more in our human rights factsheet.

Product.

We sell millions of items every day and aim to provide great value, healthy, sustainable products that are affordable to all.

We are committed to ensuring our products are grown, sourced and produced in a responsible and sustainable way. And we are mindful of how our customers will use them.

Highlights:

**51.9
billion**

calories removed
since 2018

1 billion
pieces of plastic removed



Visit www.tescoplccom/sustainability for more information.



Making healthy, sustainable food affordable to all.

We know our customers want to lead healthier, more sustainable lives. They also want supermarkets to make it easy for them to do so.



In March 2021 we updated our health strategy to reflect changing customer lifestyles and growing demand for healthier and more sustainable food. Our aim is clear: to help our customers eat more healthily in line with the UK Eatwell Guide – an evidence-based model for a healthy, balanced and more sustainable diet.

Our healthy, sustainable diets strategy

Our approach is centred on improving the healthiness of UK and ROI customer baskets by:

- Increasing the sales of healthy products, as a proportion of total sales, from 58% to 65% by 2025.
- Increasing the sales of plant-based meat alternatives by 300% by 2025.
- Making products healthier through reformulation, including increasing the percentage of ready meals that contain at least one of the recommended five-a-day portions of fruit and vegetables from 50% to 66% by 2025.

We have made similar commitments in Central Europe and aligned our approach in Booker.



Learn more in our healthy, sustainable diets factsheet.

Healthy, sustainable diets continued

Increasing the sales of healthy products

We use the Tesco Health Score – a measure based on the UK Government’s nutrient profiling model – to track the healthiness of our products and ranges. To help minimise unhealthy ingredients, this model assesses a product’s fat, salt and sugar content. And to help promote healthy ingredients, it gauges the fibre, fruit and vegetable content.

We want to remove barriers to buying healthy food and will continue using promotions and pricing to encourage customers to try healthier products. We are committed to everyday low prices and to making it easier and more affordable for our customers to eat more fruit and vegetables.

We have extended our Fresh 5 initiative from the UK to Central Europe, giving customers great offers on five different items of fruit and vegetables every two weeks. This complements in-store activities to increase the visibility of healthier products and our long-term commitment to provide customers with clear information and advice on healthy diets.

Reformulation

By improving product recipes we have made hundreds of our customers’ favourite foods healthier, hitting our target of removing more than 50 billion calories from our products since 2018.

Highlights include removing:

- 22 billion calories from our sandwich range by reducing the fat and added sugar.
- 8.2 billion calories from our cakes and morning goods through reformulation and changes to portion size.
- 7.6 billion calories from ready meals.

We have also increased the vegetable content in our products. Today, 50% of our ready meals contain at least one of the recommended five-a-day portions of fruit and vegetables, and we aim to increase this to 66% by 2025.



Healthy, sustainable diets continued

Encouraging plant-based diets

Our healthy, sustainable diets strategy aims to help us achieve our ambition of halving the environmental impact of the average UK shopping basket.

The shift to a more plant-based diet is key to this. In September 2020 we became the first UK supermarket to commit to increasing the sales of plant-based meat alternatives, setting ourselves the goal of increasing sales by 300% by 2025. Over the past 12 months, we have grown such sales by 96% compared with our 2018 baseline.

Today, we have over 350 plant-based meat alternative products on our shelves, a 167% increase since 2018. We continue to increase the proportion of lines that are plant-based. And we are continuing to invest in plant-based innovation, bringing brands into our incubator programme and enabling them to benefit from a full year of support from Tesco's Product team.

Over

350

plant-based meat alternative products on our shelves

96%

growth in sales of plant-based meat alternatives since 2018



A world without waste.

We have no time for waste in any form. Our fight against food waste calls for action on farms and in manufacturing, in-store and at home. We aim for zero good food going to waste in our operations and we closely monitor supply and demand to minimise the amount of unsold food at the end of each day.



42%

reduction in food waste since 2016/17

82%[◊]

of unsold food safe for human consumption redistributed in the UK

We have reduced overall food waste in our operations by 42% since 2016/17 and are making good progress toward our ambition of halving food waste by 2030. Just 0.37%[◊] of the food handled across the Group in 2020 ended up as waste. We have also increased the amount of unsold food we redistribute to charities for people that need it, helped in part by a new partnership with OLIO in the UK, a food sharing social enterprise, and FoodCloud, an app which helps connect unsold food from our stores with community groups in the UK, Republic of Ireland, Czech Republic and Slovakia. In 2020/21, across the Group, we redistributed over 70,000 tonnes of surplus food to charities, colleague shop and animal feed.

In the UK, 82%[◊] of unsold food safe for human consumption was redistributed in 2020/21, up from 77% last year. In Central Europe the amount of unsold food redistributed was 87%.

◊ KPMG LLP was engaged to provide independent limited assurance over the selected food waste data highlighted in this report with a [◊] using the assurance standard ISAE (UK) 3000. KPMG has issued an unqualified opinion over the selected data. KPMG's full assurance statement is available at: www.tescoplccom/reportinghub.

Food waste continued

Helping customers avoid food waste

In the UK, 71% of edible food waste happens in the home. It is estimated that the average UK household could save £60 per month by reducing food waste. During 2020, we rolled out the No Time for Waste Household Challenge in partnership with environmental charity Hubbub. This aims to provide customers with handy tips on planning, storing food correctly and making the most of leftovers. Six months on, the reset in customers food waste behaviours is still evident as 83% of households have continued to waste less and 80% were spending less money on food.*

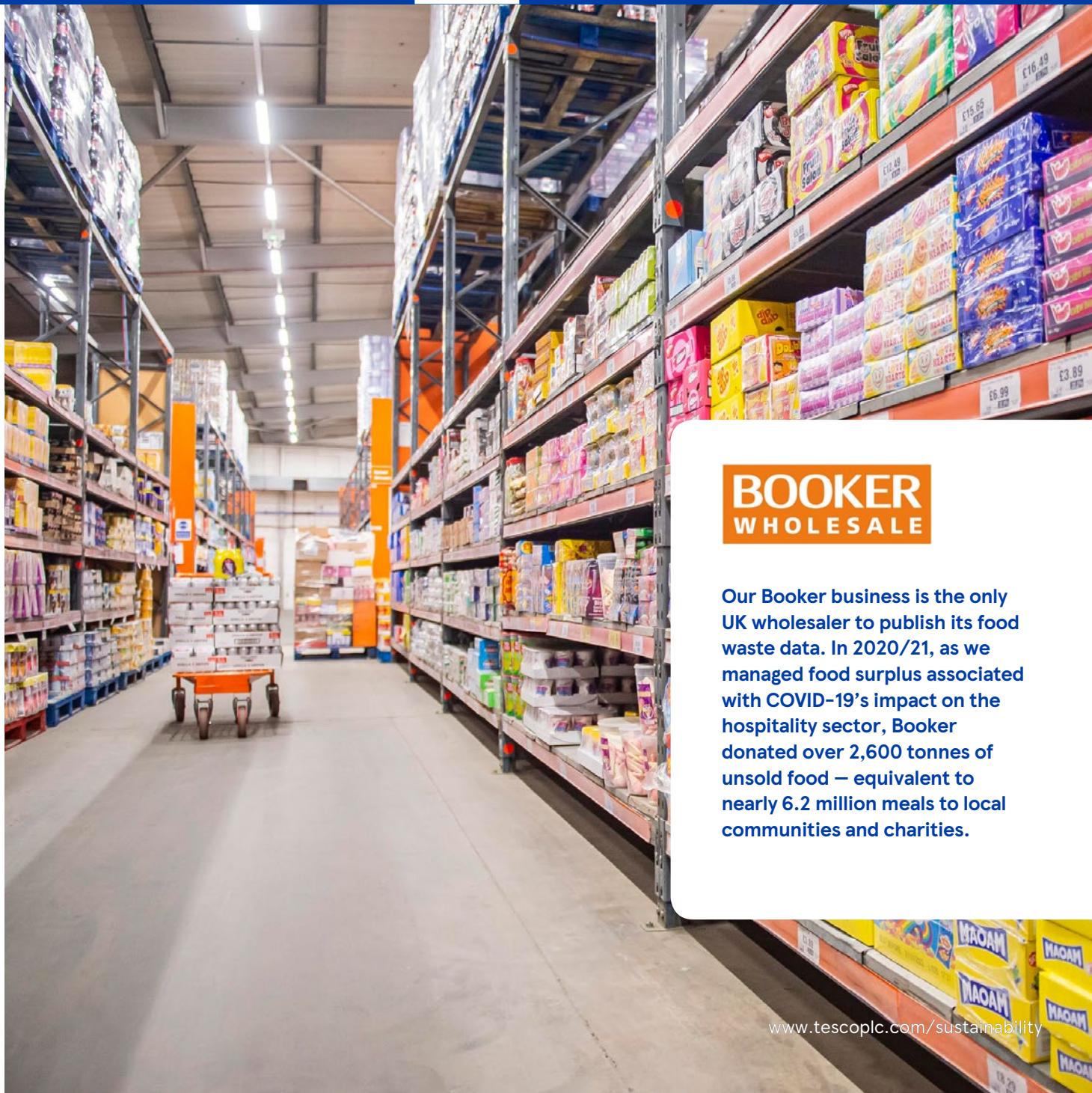
Supporting suppliers

We continue to encourage our suppliers to reduce food waste in their businesses. To date, 71 suppliers, collectively responsible for over half of fresh food sales in the UK and a third of fresh food sales in Ireland, have responded to our calls to publish their food waste data. This is up from 38 the year before. Of those with comparable year-on-year data, 24 have reported reductions ranging between 2% and 89%. In September 2020, we confirmed that we have cut 155,000 tonnes of food waste from our supply chain through working in partnership with our suppliers. A number of suppliers in Central Europe also reported their food waste for the first time in 2020/21.



[Learn more in our food waste factsheet.](#)

* Based on responses by 35 trial participants who answered the six-month follow-up online survey in February 2021, carried out by Hubbub.



Packaging.

This year, we partnered with Plastic Energy, SABIC, Sealed Air and Bradbury's Cheese to conduct a trial to prove that soft plastic, that would typically go to waste, can be recycled multiple times into new food grade plastic as part of a closed loop recycling system. We collected the waste packaging from customers in-store and our partners were able to create new recycled plastic that packaged the cheese that we then sold in store.

Our 4Rs strategy aims to help us, our suppliers and our customers reduce packaging waste. It is based on four principles: to Remove packaging where we can, Reduce it where we can't, Reuse more and Recycle what's left.

So far, in the UK we have permanently removed 1 billion pieces of plastic from our products. This includes removing plastic from tinned multipacks, fruit, vegetable and bakery items and greetings cards. We have also removed secondary lids from yoghurts, fresh cream, picnic salads and baby wipes.



In other areas of our business we have had to temporarily increase the amount of packaging to protect health during the COVID-19 pandemic. This has included temporarily re-introducing plastic delivery bags for Tesco.com customers.

We're committed to ensuring all packaging materials are fully recyclable by 2025 and we aim to use as much recycled content as we can. In 2019, 84%* of the volume of our Own Brand packaging was recyclable. We continue to work with suppliers to eliminate hard-to-recycle materials and we no longer use black plastic, PVC or polystyrene in our packaging. In Ireland, we became the first retailer to announce plans to create a recycling solution for soft plastics for all 151 stores. We have also begun rolling out soft plastic recycling points to 171 large stores in the South West of England and Wales with plans to roll out to all large stores nationwide.



1 billion
pieces of plastic
permanently removed



Learn more in our packaging factsheet.

* In accordance with the producer responsibility obligations, we report our recycling performance a year in arrears.



Planet.

Our ability to produce food depends on a healthy, natural world. It is in our interest to do what we can to tackle climate change and protect and restore precious ecosystems.

We are committed to minimising our environmental impact – including working with suppliers and partners to protect nature and helping our customers live more sustainably by reducing the environmental impact of the average UK shopping basket.

Highlights:

54%

reduction in our absolute Scope 1 and 2 GHG emissions vs 2015

11%

of the way towards halving the environmental impact of the average UK shopping basket



Visit www.tescopl.com/sustainability for more information.

Progressing to net zero.

Climate change is one of the biggest challenges facing the world. The risks associated with a changing climate pose a serious threat, not only to our direct operations but also to our supply chain. That's why we are taking action and are committed to becoming a net zero carbon business.



10%

reduction in Scope 1 and 2 GHG emissions vs 2019/20

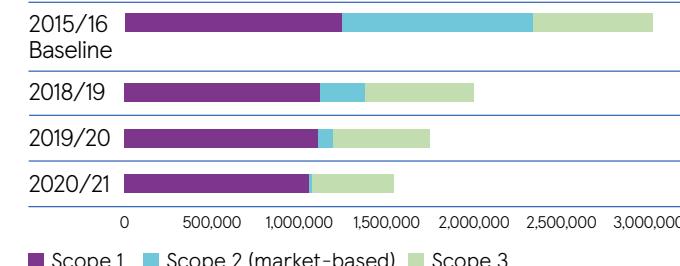
UK: Net zero by
2035

Our approach follows targets approved by the Science Based Targets initiative (SBTi) in line with the 1.5-degree Paris Climate Agreement. Overall, we aim to reach net zero emissions from our own operations by 2035 in the UK and by 2050 across the Group.

During 2020/21, Scope 1 and 2 greenhouse gas (GHG) emissions across the Group were 10% lower than 2019/20 and 54% lower than our 2015 baseline. We achieved this despite the unprecedented challenge presented by COVID-19.



Group emissions in tonnes CO₂e



■ Scope 1 ■ Scope 2 (market-based) ■ Scope 3

Climate change continued

Renewable energy

In 2015, we established that grid electricity accounted for 65% of our carbon footprint. We set an ambition to reduce our demand and switch to 100% renewable electricity in our own operations by 2030, developing and publishing our renewable electricity transition roadmap. In 2020, following the sale of our Asia and Poland businesses, we procured more renewable certificates in Central Europe, achieving our goal of 100% renewable electricity across the Group ten years early.

Challenging ourselves to go further, our roadmap principle also ensures we create additional renewable energy generation. We have fitted 60 stores across the business with solar panels and plan to roll out more in the year ahead. We have also now signed the largest unsubsidised Power Purchase Agreement (PPA) portfolio in the UK, which is 100% additional.* This energy totals up to 590GWh and will supply the Tesco Group with around 21% of our electricity demands. These PPAs are

helping to transform the UK National Grid. An example is our partnership with Low Carbon, a renewable energy investor, in a project which will involve the creation of three new solar farms in the UK.

Now that 100% of our electricity is renewable, transport is one of the largest sources of emissions in our own operations, alongside heating and refrigeration. Despite increasing home deliveries during the COVID-19 pandemic, we have also managed to reduce carbon emissions from transport by working hard to achieve load and route efficiencies.

We have pledged to have a fully electric home-delivery fleet in the UK by 2028. We have already launched 30 electric vans in London and we plan to introduce more over the next year. In September 2020, we became signatories to EV100, the global initiative focused on accelerating the transition to electric vehicles (EV) for businesses and the public.

We know EV are fast becoming a popular choice in the UK and that the charging infrastructure needs to keep up with this demand. To help our customers cut their transport emissions, we are rolling out 2,400 EV charging points across 600 stores. To date, we have installed over 1,400 charging bays in almost 400 UK stores.



100%
renewable electricity in our
own operations, achieving
our goal ten years early

Climate change continued



Beyond our own operations

A large proportion of our overall footprint, our Scope 3 emissions, lies in our supply chain. We have set science-based targets for our manufacturing and agricultural supply chains. We have made good progress against our first milestone, achieving our 2025 target of reducing manufacturing emissions by 20% five years early.

Challenging ourselves to develop more stretching Scope 3 plans, we are currently reviewing the breadth and ambition of our targets to ensure we maximise our potential to influence change across our supply chain.

Sustainability-linked bond

To demonstrate the strength of our focus and the seriousness we place on tackling the climate crisis, in January 2021 we launched a €750m sustainability-linked bond based on our commitment to reduce GHG emissions. This builds on our sustainable financing strategy, which also contains a £2.5bn revolving credit facility. Under this, interest rates are linked to the achievement of long-term environmental goals targeting GHG emissions, renewable electricity and food waste.

Climate-related risks

Climate change presents a considerable risk to our business. We are committed to assessing, mitigating and disclosing the risks involved as a signatory to the Taskforce on Climate-related Financial Disclosures (TCFD). You can find full information on our risk-modelling approach and the actions we are taking in the Tesco PLC Annual Report and Financial Statements 2021.

Launched

€750m

sustainability-linked bond



Learn more in our climate change factsheet.

Restoring nature in food production.

With the global population set to reach 10 billion by 2050, pressure on the natural world is intensifying fast. Food production will need to increase to feed everyone and with that comes increased pressure on ecosystems, soils and biodiversity. We are committed to promoting a more sustainable food system, one which protects and restores nature.



Halving the environmental impact of food

As the UK's largest retailer, we have an important opportunity to help our customers reduce their environmental impact. In 2018, we joined forces with WWF-UK to help make shopping baskets more sustainable by halving their environmental impact as measured through the Sustainable Basket Metric.

The Sustainable Basket Metric measures seven critical environmental issues in the food system – climate change, deforestation, sustainable diets, sustainable agriculture, marine sustainability, food waste and packaging waste. This year we published the baseline data on which to measure our progress and reported on some of the actions we are taking, including our work on plant-based meat alternatives.

We estimate that we are 11% of the way towards our target of halving the environmental impact of the average UK shopping basket.

Working together



F&F children's clothing range

Beyond reducing the impact of food products, we are also working with WWF to raise awareness and funds to help address important sustainability challenges. F&F has created a children's clothing range, incorporating wildlife images and facts, made with 100% organic cotton. For every product sold, F&F is donating 5% of the sales to WWF. To date, we have donated £200,000.

Tackling deforestation.

Forests constitute nearly a third of the world's land area, and about 420 million hectares have been lost through conversion to other land uses since 1990.

We are committed to protecting these precious habitats and have achieved our target of zero net deforestation by 2020 through the certification of our palm oil and soy.

Soy is a key ingredient in animal feed. We know it still presents a challenge to forest ecosystems and we have strengthened our soy commitment to ensure that by 2025 we will source only from whole areas and regions verified as deforestation-free. Compared to certification at individual farm level, this approach aims to transform whole areas of agricultural production with sustainable land-use planning agreements, supported by systems that monitor deforestation.

Zero net deforestation on palm oil and soy



[Learn more in our tackling deforestation factsheet.](#)



We believe that by working together with our suppliers and others in the food industry we can stop commodity-driven deforestation. Alongside PepsiCo, we co-lead the Productive Landscapes working group in the Consumer Goods Forum's Forest Positive Coalition. We expect all

our relevant suppliers to meet the terms of our zero-deforestation soy transition plan. We also continue to support action in the Cerrado and co-chair the Statement of Support for the Cerrado Manifesto.



Supporting healthy oceans.

Covering three quarters of the Earth's surface, oceans are home to some of the planet's most unique and diverse creatures. They also serve as a key source of food, with more than three billion people depending

on the oceans as their primary source of protein. As the UK's biggest fishmonger, Tesco has an important role to play in promoting healthy oceans and fish stocks.

We are committed to sustainably sourcing all our wild fish, and we work with our suppliers to participate in fishery improvement projects. We offer customers a

growing range of Marine Stewardship Council (MSC) certified seafood, with over 180 lines including fresh, frozen and canned. In 2020/21, 63% of our wild fish was MSC certified. This is a reduction on the previous year's performance, principally driven by the industry-wide loss of mackerel certification. We are active members of the North Atlantic Pelagics Advocacy (NAPA) group, established in 2020 to help recover mackerel's certification.

Tuna, an integral part of millions of people's diets across the globe, is amongst the species most at risk from being either overfished or fished at a maximum sustainable level. This year, together with WWF and in consultation with tuna experts and suppliers, we developed a new 'Seascape' approach to marine sustainability that mirrors the landscape approach we have adopted in our Zero Deforestation Soy Transition Plan. This will involve us working in partnership with Own Brand suppliers to introduce new due diligence processes to ensure healthy fish stocks and help us achieve our 100% tuna MSC certification goal by 2025 before transitioning to an industry-wide Seascape approach by 2030.

180

Over 180 lines of MSC certified seafood



Learn more in our marine factsheet.



Made Mindfully.

In March 2021 we launched our Made Mindfully symbol to help customers identify products that are produced, grown or made in an environmentally responsible way.

We use third-party lifecycle analysis (LCA) to evaluate the impacts of the materials we source. Products that satisfy our sustainability principles, that ensure a more positive impact on the environment than their conventional alternatives, are labelled with the Made Mindfully symbol.

Currently, over half of our clothing is Made Mindfully, using responsibly sourced materials including organic cotton and recycled polyester. We also apply the Made Mindfully symbol to our toys, greeting cards and home textiles.



Places.

We know how important it is to support the communities we serve.

This work has never been more essential than over the past year. The impact of COVID-19 has been devastating for many individuals, families and groups. It has also been a challenging time for our charity partners, who have all faced increasing demand alongside falling income due to cancelled events and closed retail shops.

Highlights:

£129m

donated through
fundraising and
corporate giving

36,000

community groups
supported with
more than £85m
in grants since 2015



Visit www.escoplccom/sustainability for
more information.



Supporting communities.

COVID-19 saw us extend our support further to communities that needed it most. We created online delivery slots and provided prioritised in-store shopping hours to help our most vulnerable customers.



5,700

charities and community groups supported with meals every month in the UK

113 million

meals provided to charities in the UK since 2016

To show our thanks and appreciation to NHS workers, we provided a dedicated shopping hour in-store, and donated food and ingredients to provide them with one million nutritional meals through SalutetheNHS. We also extended our partnership support to the British Red Cross by donating £2m to help its COVID-19 response.

We have been working in partnership with others to help tackle food poverty and make sure everyone has access to good quality, healthy food. In the UK, we continue to support Marcus Rashford's food poverty campaign. And from November 2020 to March 2021, we offered the 500,000 eligible families who use weekly Healthy Start vouchers an additional £1 coupon to spend on fresh and frozen fruit and vegetables.

In February 2021, we launched the second phase of our Community Cookery School, in partnership with our Health Ambassador Jamie Oliver and FareShare, which helps to train community cooks in delivering helpful and practical food education to families in their communities.

Food redistribution.

Many families have struggled to access affordable, healthy food throughout the pandemic. To help, we strengthened our partnerships with food banks to ensure that food was provided where there was greatest need.

UK

- We continued to provide unsold food to charities from our stores and distribution centres via our Community Food Connection programme throughout COVID-19. We have provided over 113 million meals in this way since 2016.
- With our food redistribution charity partners FareShare and the Trussell Trust, we also donated an additional £15m of food to community groups and food banks.
- We responded to the Trussell Trust's need for ongoing food provision by holding an extra National Food Collection event in August 2020. This was additional to our annual collection in November, and resulted in a total of more than 1.3 million meals being donated.

€146k

worth of food collected through
the Tesco Surplus Food Donations
Programme in Ireland



Learn more in our food redistribution factsheet.

Republic of Ireland

- We held three separate food appeals in stores throughout 2020, collecting a total of €146,000 worth of food to support the 291 causes we work with through the Tesco Surplus Food Donations Programme.

Central Europe

- We continued to donate food unsold at the end of the day from our stores to food banks in Czech Republic, Hungary and Slovakia.
- We also made our largest ever one-off food donation to food banks, worth £450,000, to help with the increased demand for their services as family budgets were squeezed by the pandemic.





Glasgow Children's Hospital Charity,
recipients of Tesco Community Grants.

Supporting communities with grants.

During the last 12 months, we adapted our community grant programmes to the changing circumstances brought about by the COVID-19 pandemic, which has reduced many of the fundraising opportunities normally open to charities and community groups.



Learn more in our community grants factsheet.

UK – Tesco Community Grants

- Following the March 2020 COVID-19 lockdown, the Tesco ‘Bags of Help’ initiative focused on providing more immediate help to those in need through £500 emergency grants.
- These emergency grants supported 8,000 community groups across the UK.
- We have since provided funding to 2,000 children and young people’s groups across the UK and to charities helping to support mental health.

£8m

donated to more than 10,000 groups through
our Bags of Help Community Grants

Republic of Ireland – Community Fund

- The Tesco Ireland Community Fund programme helps our local store teams and community colleagues identify those most in need. During 2020/21, this programme donated nearly €1m to more than 1,700 local causes affected by the pandemic.

Central Europe – You Choose, We Help

- Our ‘You Choose, We Help’ scheme, the largest of its kind in the region, supported 683 community groups this year through a special Christmas grant award. Over the past five years, this scheme has supported 4,000 community groups.

Fundraising.

COVID-19 has presented a huge challenge for our charity partners, who have all faced increasing demand alongside falling income due to cancelled events and closed retail shops.

The pandemic has also had a significant impact on our normal fundraising activity, with many planned events needing to be cancelled or changed. Despite this, across the Group our colleagues and customers collectively raised more than £20m to support good causes.

During the year, we held two fundraising appeals across all our UK stores to help raise much-needed funds for our health charity partners, Cancer Research UK, British Heart Foundation and Diabetes UK. In September, customers were able to support the appeal by rounding up their shop to the nearest £1. Customer donations amounted to nearly £1.5m, with Tesco matching contributions to bring the total charity donation to £3m to support our Health Charity Partnership.

**More than
£20m**
raised by colleagues and
customer donations



Learn more in our corporate giving and
fundraising factsheet.



Governance.

Our Little Helps Plan is embedded in every part of Tesco. Our governance structure ensures that people from right across the business play a part in delivering our ambition to make a big difference.

The Corporate Responsibility Committee oversees the Group's social and environmental performance. Committee members are collectively responsible for ensuring the Board devotes sufficient focus to sustainability issues in a way that builds trust, respect and confidence in Tesco. You can find further information about the Corporate Responsibility Committee, including issues discussed in this year's meetings, in the Tesco PLC Annual Report and Financial Statements 2021.

Our Chief Executive Officer and senior executives all champion our Little Helps Plan. They ensure that all business decisions and strategic planning take due consideration of environmental and social issues. Our Group Communications Director, Christine Heffernan, is the Little Helps Plan Executive sponsor and she chairs the Corporate Responsibility Steering Group.



“The past 12 months have been a year like no other. I have been incredibly impressed with the way the whole team at Tesco has responded to the ceaseless challenges that have come their way and continued to make progress against the Little Helps Plan. The commitments and actions have never mattered more.”

The Corporate Responsibility Steering Group comprises experts from across the business and is responsible for monitoring progress against our Little Helps Plan commitments and ensuring appropriate strategies are in place. The Steering Group meets bi-monthly to discuss external trends and developments, review business performance and escalate updates as required to the relevant leadership teams and Corporate Responsibility Committee.

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

Performance.

KPI performance



Click here for our year-on-year performance against all Little Helps Plan KPIs.

Factsheets

- ↗ Little Helps Plan
- ↗ Diversity and inclusion
- ↗ Job creation and skills
- ↗ Colleague health, safety and wellbeing
- ↗ Human rights
- ↗ Healthy, sustainable diets

SUSTAINABLE DEVELOPMENT GOALS

Tesco contributes in different ways and to different degrees to all the SDGs.
Find out more at www.tescoplc.com/sdgs.

Indices, benchmarks and scorecards

Indices, benchmarks and scorecards provide us with an external perspective on our sustainability performance and help us track and assess our progress. They provide us with insight into emerging issues and help us better understand our stakeholders' interests and concerns. You can find further information on our performance in a selection of external benchmarks at www.tescoplc.com/reportinghub.

↗ Food waste

↗ Packaging

↗ Animal welfare

↗ Climate change

↗ Sustainable agriculture

↗ Marine

↗ Tackling deforestation

↗ Community grants

↗ Corporate giving and fundraising

↗ Food redistribution



Visit www.tescoplc.com/reportinghub for further information about our performance and reporting.



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