



# TESCO PLC

*This report has been prepared to determine the ESG compliance status of the company based on IdealRatings ESG methodology.*

## Company Description

Tesco PLC, incorporated on November 27, 1947, is engaged in retailing and associated activities in the United Kingdom, China, the Czech Republic, Hungary, the Republic of Ireland, India, Malaysia, Poland, Slovakia, South Korea, Thailand and Turkey. The Company also provides retail banking and insurance services through its subsidiary, Tesco Bank. The Company's operations in the United Kingdom is the within the Company, with over 3,000 stores. The Company's in-store picking model is complemented by a small number of specialized dotcom-only stores, which allow the Company to respond to customer demand. The Company's Click & Collect service is a part of its multichannel offering and enables customers to pick up their shopping when and where it suits them. It has over 1,500 Click & Collect collection points for general merchandise and over 150 Grocery Drive-thru outlets in the United Kingdom.

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## Company Summary:

Name:	Tesco PLC	Core Business Activity:	Food Distribution / Convenience Stores
Ticker:	TESCO:LSE	Country:	United Kingdom
ISIN:	GB0008847096	Exchange:	London Stock Exchange

## Company Peers:

Wal-Mart Stores, Inc.  
 Kohl's Corporation  
 Marks and Spencer Group Plc  
 Macy's, Inc.

## ESG Screening:

IdealRatings reviewed the most recent released reports and credible news sources for Tesco PLC. IdealRatings has set 50 threshold for each category of ESG screening; Environment, Social and Governance. The company has to get a score of 50 or above to **pass**. In case the company failed one of the three aforementioned aspects it **fails** ESG screening overall.

## Sector Related Aspects:

Aspect	Threshold
Environment	50
Social	50
Governance	50

### Environment

Management System

Air Emissions

### Social

Human Capital

Supply Chain

Community Involvement

### Governance

Antitrust

Anti-Corruption

Reporting & Transparency

Accountability

## Environment:

Threshold	Company Score	Compliance
50	100	<b>PASS</b>

In terms of **Management System**, Tesco PLC has clearly stated its environmental policy upon which it abided by and integrated in its business plans. The company has ensured to involve its stakeholders in its environmental aspect, and made sure to use their expertise in limiting its environmental impacts. With regards to **Air Emissions** the company disclosed its Greenhouse Gas emissions in its annual report website and on CDP, which it is a signatory of this project.. As a mean of reducing it, Tesco PLC has worked on reducing its building emissions in its stores built before 2006, and also set plans for reducing its fleet emissions too.

**Social:**

Threshold	Company Score	Compliance
50	63.5	PASS

The Company's attention towards its **Human Capital** was clear in various aspects. Its stated diversity policy was manifested in having 27% females on the Board of Directors and 57% in the total count of employees. Tesco ensured that its employees have relevant training and reported it in hours. Tesco has set a detailed compensation policy. On the negative side, in reference to employees' related legal proceedings, the company was fined after shelf stacker lost five toes in a lift accident as reported by the Telegraph in January 2014. In addition to this, there is a pending case, as reported by the Mirror UK, where a driver is suing the company for having serious illness caused by rats at work, as per his statement. No mention of employees human rights training being done.

Having a large **supply chain** across 70 countries, Tesco has set out an Ethical Trading Initiative to ensure that its suppliers are abiding by a specific code of conduct. To monitor the vast array of suppliers, audits are done on a regular basis; 2,600 were carried out in 2013/2014. It should however be noted that the company didn't report the results of these audits. As reported by RTE News, Tesco had terminated its contract with Silvercrest for the supply of frozen beef burgers which was shown to contain 29% of horse meat. As a mean of giving back to the **community**, the company has been involved in local community development through main three main programs; reducing food waste, improving health, and creating opportunities.

**Governance:**

Threshold	Company Score	Compliance
50	55.5	PASS

The Company has both an **antitrust** policy and an **anti-corruption** policy. In terms of **reporting and transparency**, the role of CEO and chairman are split and there is a Board committee responsible for nomination of members and another responsible for remuneration; overall Tesco PLC has good corporate governance in terms of policies. Tesco doesn't tie its executive's compensation to its ESG performance. In spite of such, the company's **accountability** measures were low. This was reflected in two lawsuits; in February of 2013, the Office of Fair Trading, which is responsible for protecting consumer interests throughout the UK, concluded that Tesco was guilty of communicating its pricing to rival retailers through a supplier three times in 2002 and, after a decade long lawsuit, determined a £6.5m fine. In addition to this, in October 2014, the Financial Conduct Authority (FCA), commenced a full investigation of the accounting irregularities at the company after the company allegedly overstated forecast of profits.

**Compliance Status:**

Based on the available information and the above figures according to IdealRatings ESG methodology, Tesco PLC is to be considered **ESG Compliant**.





## Disclosures

This research is for our clients only. This research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. The research reports are published at irregular intervals based on clients' request or as appropriate in our analysts' judgment.

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