

## Statement of Compliance with Tesco Governance Code

At One Stop, we are committed to maintaining high standards of corporate governance. Good corporate governance is about implementing the right systems and structures across One Stop to facilitate effective management and sound business decision making. Due to the large scale of Tesco Group's operations and the variety of business activities carried on, the Tesco Governance Code (the 'Code') provides guidance on the minimum standard of governance principles that the Group's large UK incorporated companies should implement to achieve a high level of corporate governance, while supporting directors in compliance with their statutory duties.

During the period under review, the Company has complied with the Tesco Governance Code. An overview of how the Company has applied the Tesco Governance Code is detailed below. This statement of compliance can be found at [www.onestop.co.uk](http://www.onestop.co.uk).

### Culture and Purpose

The Tesco Group purpose is to serve shoppers a little better every day and this sits at the heart of how we run the business. Our purpose is underpinned by strong policies and procedures set out in the Tesco Code of Business Conduct. It sets out the ways we can make the right decisions for our stakeholders, using the Group values and leadership behaviours to ensure that through our conduct and decision-making we do the right thing for the business and deliver our strategic objective.

### Board Effectiveness

The Board comprises four directors, with the necessary skills and experiences to fulfil the role and responsibilities of the Board. Directors keep under review the size and composition of the Board to ensure it has the appropriate balance of skills, knowledge and experience. Upon appointment, Directors receive induction training which covers not only details on the operations of the business but also, amongst other things, guidance on their statutory duties as a director to ensure they understand their role as a director and to whom they are accountable.

The Board has adopted a schedule of matters reserved for its decision to ensure that the right decisions are being made in the right forum and that there is appropriate oversight of them. As is normal for a large business and as a subsidiary of a larger Group, the Company complies with the Group Delegation of Authorities, seeking permission to proceed where a significant business decision is required. However, the decision is ultimately taken by the Board with background papers provided to support any decisions setting out any benefits and risks, the financial implications and any relevant potential impact on stakeholders.

Directors have continued to be required to report actual or potential conflicts of interest to the Board for consideration and, if appropriate, authorisation. If such conflicts exist, Directors excuse themselves from consideration of the relevant matter. A Directors' and Officers' Liability Insurance policy is maintained for all Directors providing cover in respect of certain legal action brought against them.

The Board is supported by a Company Secretary who assists on a range of governance related matters and maintain corporate records.

### Risk

When making decisions, the Board considers the relevant risks and ensures that mitigating steps are put in place where appropriate and possible. Any significant risks or concerns are highlighted to the Company's Risk and Compliance Manager for consideration through the Company Risk management process. The latter is reviewed on a regular basis and covers all business units including the Company. This includes the maintenance of risk registers which detail the risks, the risk movement and the relevant key controls and mitigating factors. These are reviewed on a regular basis by the leadership team and the Audit Committee which helps to further promote sufficient oversight and management of risk.

### Remuneration

The Tesco PLC Board has overall responsibility for reviewing remuneration and related policies across the

Group ensuring they are appropriate, fair and supports the Group's strategy, creating value for stakeholders. The Remuneration Committee of the Tesco PLC Board approves the Remuneration Policy for Executive Directors and senior managers, having regard to pay across the Group. The Group is committed to rewarding colleagues with a total reward package that is competitive and provides them with choice and that they really value. The Board ensure that remuneration is paid in line with Group processes and the following principles:

- Competitive: setting pay with reference to internal relativity and external market practices.
- Simple: helping all colleagues to understand how they are rewarded.
- Fair: achieving consistent outcomes through flexible and transparent policies.
- Sustainable: aligning reward to business strategy and performance.