



TESCO PLC

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Mr Chris Hodge  
Corporate Governance Unit  
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29 July 2011

Dear Chris

### **Gender Diversity on Boards**

Tesco welcomes the opportunity to respond to the FRC's consultation on gender diversity on boards.

We believe that boards benefit from having a balance of members with a broad range of backgrounds, and that in building a board account should be taken of factors including diversity.

We do not think, however, that setting quotas for representation from different diversity groups is appropriate: it is important for companies to be able to select the best individuals based on their abilities and experience, in order to ensure that they can create an effective board with the best balance of skills, experience, independence and diversity to meet the particular needs of the business.

Board appointments should be based on merit and not determined by the need to meet arbitrary mandatory quotas. The adoption of such quotas could result in the wrong behaviours and lead to poorer outcomes for both the company and its shareholders.

Whilst we are generally supportive of the aims behind the proposals in the consultation and would welcome guidance on diversity policy, we do not feel it is necessary to amend the UK Corporate Governance Code (the "Code") specifically to include the additional wording set out in the consultation. We think the Code as currently drafted works well and provides an appropriate framework for effective corporate governance. We believe it would be more logical to consider the need for additional provisions when the Code is next reviewed in full, when the impact of the changes from the last Code update can be taken into consideration.

We hope that this response will be helpful to you. Please do not hesitate to contact us if you have any queries in respect of this response or would like to discuss any of the points we have raised further.

Yours sincerely

Jonathan Lloyd  
**Company Secretary**  
**Tesco PLC**