

Section 172(1) Statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this Section 172 requires a director to have regard to, amongst other matters, the:

- likely consequences of any decisions in the long-term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the company.

In discharging our section 172 duties we have regard to the factors set out above. We also have regard to other factors which we consider relevant to the decision being made. Those factors, for example, include the interests and views of our customers, our suppliers and members of the Tesco Group.

We acknowledge that every decision we make will not necessarily result in a positive outcome for all of our stakeholders. By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision-making, we do, however, aim to make sure that our decisions are consistent and predictable.

As is normal for large companies, we delegate authority for day-to-day management of the Company to senior management in setting, approving and overseeing execution of the business strategy and related policies. We review matters relating to financial and operational performance; business strategy; key risks; stakeholder-related matters; governance; compliance; legal and regulatory matters over the course of the financial year. This is done through the consideration of reports which are sent in advance of each Board meeting.

The Company's key stakeholders are its colleagues, customers, suppliers and the local communities in which it operates. The Group's Code of Business Conduct defines the standards and behaviours expected of colleagues when interacting with our stakeholders. This is a fundamental part of the Company's culture and training which supports delivery of our Values and protects the reputation of the Company.

The views of and the impact of the Company's activities on those stakeholders are an important consideration for the directors when making relevant decisions.

While there are cases where the Board itself judges that it should engage directly with certain stakeholder groups or on certain issues, the size and spread of both our stakeholders and Tesco Group means that generally our stakeholder engagement best takes place at an operational or group level. We find that as well as being a more efficient and effective approach, this also helps us achieve a greater positive impact on environmental, social and other issues than by working alone as an individual company. For details on some of the engagements that takes place with the Company's stakeholders so as to encourage the directors to understand the issues to which they must have regard please see pages 70 to 72 of the Tesco PLC 2024 Annual Report.

During the period we received information to help us understand the interests and views of the Company's key stakeholders and other relevant factors when making decisions. The Board receive reports and presentations on our financial and operational performance, non-financial KPIs, risk, ESG matters and the outcomes of specific pieces of engagement (for example, the results of employee, customer and supplier surveys and focus groups). As a result of this we have had an overview of engagement with stakeholders and other relevant factors which allows us to understand the nature of the stakeholders' concerns and to comply with our section 172 duty to promote success of the Company.


Examples of how we have had regard to the matters set out in section 172(1)(a)-(f) when discharging our section 172 duty and the effect of that on decisions taken by us are set out below.

Board activity	Board consideration
Financial performance	<p>Throughout the year, the Board has continued to track the financial and business impact of macroeconomic uncertainty relating to cost and wage inflation, which continue to impact customers, as well as the continuing challenges of a changing competitive landscape. The Board reviewed the financial position of the Company, considering the strategic direction and the long-term viability of the Company to ensure that future liabilities could be met. In addition, the Board reviewed the Company's performance and practices for paying its suppliers.</p> <p>Directors review and approve significant capital expenditure in line with business plans. No significant proposals were approved in the period.</p>
Operational performance	<p>The Board reviewed the operational performance of the Company receiving updates on initiatives including the ongoing need for strategic investment in the business and remodelling of cafes.</p>
Wider stakeholder engagement	<p>Throughout the year the Company engaged with colleagues through colleague surveys, conferences and wider group colleague forums.</p> <p>The Board receive updates on service delivery for customers, reviewing customer satisfaction and customer initiatives.</p> <p>Through Tesco Group policies, the Company is able to support colleagues and ensure the health and safety of colleagues and customers in cafes.</p> <p>The Board reviewed and adopted the Group Modern slavery statement.</p>

Further details on employee engagement are set out in the Directors' Report on pages 5 to 7.

In accordance with requirements this section 172(1) statement will be published on the Tesco PLC website at www.tescopl.com.

Approved by the Board of Directors and signed on behalf of the Board by:



Robert Welch
Director

for and on behalf of Tesco Services Limited

Tesco Family Dining Limited

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