

Serving our customers, communities and planet a little better every day.

Tesco's economic and social impact 2025



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About us.

The value our businesses bring to customers and communities:

TESCO

Tesco is a leading multinational grocery retailer which aims to serve customers affordable, healthy and sustainable food. We have again focused on delivering great value and quality for our customers across large stores, convenience and online.

www.tesco.com

BOOKER

Booker is the UK's leading food and drink wholesaler, serving independent retailers, caterers and small businesses from over 200 locations across the country. Booker is committed to delivering the best choice, price and service for its customers and owns the Budgens, Londis and Premier symbol group brands.

www.booker.co.uk

dunhumby

dunnhumby is a global leader in customer data science. It works with brands, grocery retail, retail pharmacy and retail financial services to provide technology, software and consultancy services. Its insights help retailers and brands to truly put the customer first, through engaging experiences which enhance loyalty and growth.

www.dunnhumby.com

one stop

One Stop is a retail convenience business with more than 1,000 shops across the country, including more than 300 franchise stores. One Stop has a mission to provide convenience and accessibility for all its customers, based from quality products and services at great prices.

www.onestop.co.uk

TESCO Insurance

Tesco Insurance and Money Services began life in 1997 as Tesco Bank and now helps more than two million customers protect what matters to them most across home, travel, pet and car insurance. We are also the second largest provider of travel money and have the third largest cash machine network in the UK with more than 3,400 ATMs in over 3,000 Tesco and One Stop stores.

www.tescoinsurance.com



Tesco Mobile is a joint venture between Tesco and Virgin Media O2 established in 2003. With over 5 million customers, we're the UK's biggest mobile virtual network operator. We're driven by our purpose to care for human connection. Serving local communities in over 500 phone shops across the UK, we keep our customers at the heart of everything we do to deliver award-winning customer service.

www.tescomobile.com

Where we operate

4,506 Stores globally

3,786 Stores in the United Kingdom

170 Stores in the Republic of Ireland

197 Stores in Hungary

184 Stores in the Czech Republic

169 Stores in Slovakia

Foreword.

At Tesco, we are driven by a core purpose to serve our customers, communities and planet a little better every day.

Our belief that every little helps has shaped our response to the extraordinary pressures of recent years, from the pandemic to the cost of living crisis. For our customers, whose incomes have been squeezed by inflationary pressures across the economy, we have maintained a laser-like focus on value, meaning that we have been the cheapest full-line grocer for over two years – cutting the prices of more than 4,000 products by an average of 12% in 2023/24.

For our communities, we donate more of our pre-tax profits to charity than any other FTSE100 company, and since 2016 our partnership with Fareshare has seen us redistribute more than 220 million meals to those in need. For our planet, we have continued to lead the industry and procure 100% of our electricity from renewable sources as we progress towards our 2035 target for carbon neutrality in our own operations.

As the UK's largest private sector employer, we know that our business is nothing without our hardworking colleagues and we are committed to supporting them at all stages of their career. Each year we actively bring tens of thousands of people into the world of work, developing the next generation of talent and equipping them with future-fit skills. During these difficult times, we have increased wages for our store staff by more than 25% since April 2022 and introduced a 24/7 Virtual GP service for colleagues and their families.

The same is true of our suppliers. We are proud to be UK agriculture's biggest customer and that's why we have provided significant support to the sector in recent years and why we continue to invest in its future through our Tesco Sustainable Farming Groups (TSFGs) and our Future Farmer Programme.

We recognise that with this substantial national footprint comes a unique role for Tesco, for the country as a whole and the local communities we call home. This report seeks to set out the sheer scale of the impact we have been able to have by harnessing Tesco's vast network of stores and colleagues. In 2023, Tesco's total contribution to the UK economy was £55.5bn, measured as Gross Value Added (GVA). Our stores act as an engine for growth, employing around 450 people and contributing an average of £85m GVA per parliamentary constituency (see methodology). Scaling this impact to a national level, we are directly partnered with over 3,400 UK suppliers and we are the UK's third largest corporate taxpayer – contributing enough tax to fund over 1,900 schools or 81 million GP appointments.

But more than that, this report also shows how we work closely with hundreds of Tesco Community Champions to give a helping hand where we can and how since 2016 we have awarded over £120 million in grants to more than 70,000 community projects. It is Tesco who has stepped in to provide vital postal and health services after their retreat from the high street. As demand for charitable support has risen, we have introduced the Tesco Stronger Starts scheme to fund projects aimed at young people and the nation's nutrition. Since July 2023, Stronger Starts has supported 6,000 community projects and over 700,000 children. As the impacts of climate change become clearer, Tesco is helping customers rise to the challenge, installing over 2,700 electric vehicle charging points across the country - the largest network of any UK supermarket.

We hope this report serves as a guide for how Tesco can work alongside policymakers to improve living standards for all – from building skills and career opportunities, to tackling climate change and creating an affordable, healthy and sustainable food system. We also hope it underlines the breadth and depth of our impact at the local level, where Tesco stands ready to continue playing its part.



Ken Murphy Chief Executive Officer

Executive summary.

From day one, Tesco has believed in making high quality food affordable for everyone. When Tesco founder Jack Cohen opened his first market stall in 1919, he sold surplus groceries and quickly drew in customers with the value he was able to offer. He shaped the Tesco brand around this unparalleled value, with low-cost Tesco Tea sold as his first own-brand product in 1924.



To protect Tesco's reputation for affordability as the brand grew, Jack knew he would have to innovate. Since he opened our first store in Edgware in 1929, Tesco has been at the cuttingedge of the UK food sector. We opened the first modern food warehouse in Britain in 1934. A decade later, we changed the face of shopping by introducing self-service to British customers. By the 1960s, we'd opened the first Tesco superstore, creating a space for customers to buy non-food items alongside their weekly shop.

Over the last century, Tesco has become the UK's largest retailer. We have built a nationwide network of close to 3,800 stores and around 300,000 people. As Tesco's footprint has grown, our stores have become an established feature of high streets and communities across the UK.

While our stores are still the place millions of customers visit for their weekly food shop, they have become so much more. They are somewhere parents take their kids to get uniforms ahead of their first term at school. Somewhere commuters can stop to refuel. Somewhere our customers can consult a pharmacist or have their eyesight tested. As Tesco has grown, we have adapted to the lives of our customers. Most recently, we have rolled out our Whoosh rapid delivery service to 1,500 stores - offering store to door groceries in as little as 30 minutes.

Throughout this growth and change, we have never forgotten the underlying reason for our success: our commitment to offering affordable and high-quality products every day. It was for this reason that to mark the 30th anniversary of the Tesco Express format, we opened the Burnt Oak Tesco Express, a stone's throw from the site of Tesco's first ever shop – returning to serve the community that helped Tesco become what we are today.

Tesco aims to be more than the sum of its parts. We recognise that our nationwide network provides a unique reach into the everyday lives of our customers, our communities and our environment. We work hard to ensure that our impact is positive: this report outlines recent achievements and our ambitions for the future.

This report is structured into four parts:



Our impact across the UK.

Tesco is embedded within every nation and region of the UK. For an average parliamentary constituency, we employ 450 people across five local stores, support five local suppliers, pay \pounds 1m in business rates and generate \pounds 85m in value added for the local economy.

This means we are a vital supporter of small businesses and farms, plus a major driver of economic growth. Tesco supports over 3,400 suppliers across the UK. On top of this we are investing in every region, from a new, semi-automated distribution centre in Kent to partnering with a wind farm in Dumfries and Galloway to guarantee we procure 100% of our electricity from renewable sources. We are contributing £55.5bn to the value of the UK economy, roughly equivalent to the whole of the North East of England, and we have one of the fastest-growing technology functions in the UK - helping drive further growth and innovation.

We are the UK's third largest corporate taxpayer, contributing enough to fund three schools or 125,000 GP appointments in every parliamentary constituency across the country.

2

Our customers.

While global shocks have put substantial pressures on household budgets in recent years, Tesco has worked hard to keep our products healthy, sustainable and affordable. During 2023/2024, we reduced the prices of over 4,000 products, mostly everyday essentials, by an average of 12%.

On top of this, we have strengthened our Clubcard deals and continued to offer competitive price-matching. This has ensured we have remained the most affordable full-line grocer for over two years.

At a time when the UK is facing a health crisis linked to poor diet, we recognise the role Tesco plays in ensuring our customers have access to healthy food. We led the way on voluntarily restricting sales (location and volume) of foods that are high in fat, salt and sugar. We have also introduced our Better Baskets campaign to make healthier options easier for customers to find. This includes replacing over 800 lines with healthier or more sustainable products, often at a lower cost. We remain focused on our UK target of increasing the sales of healthy products, as a proportion of total sales, to 65% by December 2025. We intend to achieve this through initiatives such as Better Baskets and by ensuring our commercial categories continue to be clear on how their plans contribute to this target.

Tesco is more than a supermarket. Our stores are a hub for their local communities, providing vital access to services that might otherwise be absent, such as cash machines, opticians, pharmacies, community rooms, post offices, defibrillators and Changing Places toilets for people with severe disabilities. 5 Stores on average in every constituency

3,400

Suppliers across the UK

£55.5bn

Contribution to the UK economy

4,000

Products reduced in price during 2023/24

800

Lines replaced with healthier or more sustainable products

65%

Target for sales of healthy products by December 2025



Our communities and colleagues.

We employ around 1% of working adults across the UK and provide diverse careers at all stages of working life, from those making their first steps into work all the way through to colleagues planning for retirement. Responding to the pressures facing many of our colleagues, we have been determined to reward colleagues for their contribution, increasing wages for our store staff by more than 25% since April 2022.

We also continue to invest in the health and wellbeing of our colleagues, be it through the launch of our Virtual GP Service, an industry-leading menopause policy or the right to request a flexible working pattern from day one. As we aspire to be an employer of choice, tenure at Tesco is much longer than the industry average: 44% of colleagues have been working in the business for over five years.

Alongside the services we provide to our customers, Tesco gives back directly to our communities. Since 2016, Tesco has awarded over £120m in grants to more than 70,000 community projects. Our £8m Stronger Starts programme, which supports projects across the country, includes many which promote children's health and wellbeing through healthy food and related activities. Our aim is to reach over 1 million children by December 2025.



Our planet.

Tesco is leading the industry with our green ambitions. We have set a target to be carbon neutral in our group operations by 2035 and are making strong progress towards this goal. We procure 100% of our electricity from renewable sources.

Our network of 2,700 EV charge points across over 600 stores is the largest network of any UK supermarket. Recently, we signed the largest corporate agreement for solar energy in UK history, securing enough electricity for 144 of our large stores annually.

Our work to drive sustainability has been guided by our Planet Plan. A key pillar of this is our commitment to end unnecessary waste. Since 2019, we have removed over 2.3 billion pieces of plastic from our own brand products, while our Community Food Connection scheme with FareShare has redistributed over 220 million meals for those in need since 2016.

Ultimately, to minimise our environmental footprint we need to drive change right to the source. To do this, we are working directly with farmers to support the uptake of low-carbon fertilisers and to trial a methane reducing feed supplement for dairy cows.

25%

Increase in hourly store pay since April 2022

44%

Of colleagues stay with Tesco for five years or more

70,000

Community projects supported since 2016

2.3 billion

Pieces of plastic removed from ownbrand products

100%

Of electricity procured from renewable sources

2,700

EV chargepoints across over 600 stores in the UK

Our impact.

Our economic impact at a glance:

2.

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Tesco is the largest UK retailer, with a presence in every region of the UK and around 300,000 employees.

We are a vital supporter of UK businesses, working with over 3,400 local suppliers.

We are a major investor in every part of the country, adding \pounds 55.5bn to the value of the UK economy.

We are the UK's third largest corporate taxpayer, contributing £4.56bn over the last year, enough to fund 1,900 schools or 81 million GP appointments.

Customers

On average, for every parliamentary constituency in the UK:

450

People employed

5 Local Tesco stores

5 Local suppliers

£85m

In GVA created for the local economy

£1m

Paid in business rates

Tesco GVA by constituency (£m, 2023)

0

2,000

Our impact across the UK.

Tesco is the UK's largest retailer. We operate around 3,800 stores across every part of the UK. Millions of Britons use a Tesco store every week for everything from small purchases to their weekly shop.

National presence, local impact

Tesco is the largest private sector employer in the UK, with around 300,000 colleagues in a huge variety of roles. Approximately 1 in every 100 working adults in the UK works for Tesco.

Unlike many large UK companies, Tesco is not limited to a single locality or region, and the bulk of our economic impact is outside of London and the South-East. This provides us with a unique role across the UK, both as an employer and investor.

While Tesco has a national presence across the UK, any measure of our economic contribution has to be understood as the sum total of activities and impacts that are intensely local. These activities and impacts can be broken down into three types of contribution to local economies:

- Direct economic impacts: This is the economic activity driven by customers shopping at Tesco's network of around 3,800 stores across the UK.
- Indirect economic impacts: These are the effects created by the considerable demand that Tesco provides for our UK suppliers, supporting businesses across the UK. Although we source food from around the world, almost 95% of Tesco's total spending on products is with UK-based suppliers.
- Induced economic impacts: This is the economic value that arises from Tesco colleagues, and staff members in our supply chain, spending their wages. This spending creates demand for goods and services in the local economies where our colleagues live and shop, supporting further businesses beyond Tesco's supply chain. The full methodology for this is set out at the end of this report.

Unparalleled impact

Calculated in this way, Tesco's economic impact in the UK is striking. In 2023, Tesco's total contribution to the UK economy was £55.5bn, measured as Gross Value Added (GVA). This can be broken down into:

- A direct impact of £13bn.
- An indirect impact of £22.8bn.
- An induced impact of £19.8bn.

For comparison, this is broadly equivalent to the GVA of the North East of England. This impact is spread across the UK. On average, Tesco activities generate around £85m in every Parliamentary constituency in the UK. In FY2023/24, every nation and region of the UK was represented among the 94 new Tesco stores.

The tax we pay

Tesco is a major taxpayer in the UK, both in terms of the tax it pays directly and the tax it collects on behalf of government. As a major bricks and mortar retailer, over a third of our taxes take the form of business rates. This is often an important contribution to local services, including education, social care, transportation and emergency services. The £4.56bn Tesco paid and collected in UK tax in FY2023/24 is the equivalent to funding three schools or 125,000 GP appointments in every UK constituency.

Our impact at a glance

£55.5bn

Contribution to the UK economy

Approximately 1 in every 100

Working age adults are employed by Tesco

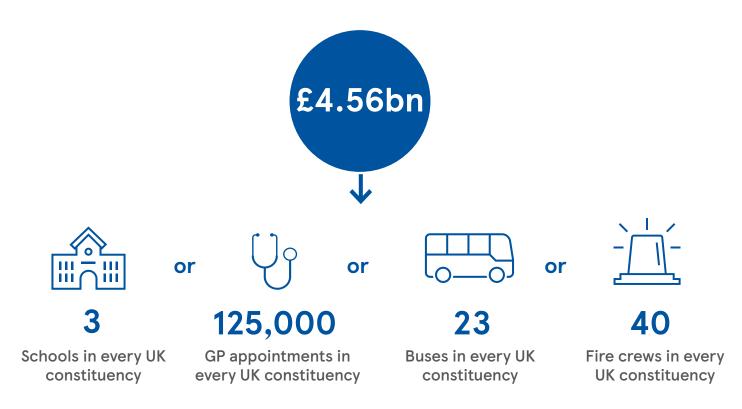
£4.56bn

UK tax contribution in FY2023/24



Bespoke economic modelling for this report shows that including direct, indirect and induced impacts, Tesco creates £55.5bn of economic value (Gross Value Added) and supports over 1 million jobs right across the UK.

The tax we contribute makes an important contribution to local services, including education, social care, transportation and emergency services.



An investor in regional growth

Tesco is investing in every region of the UK, from opening new stores, to developing our own renewable energy capacity and driving forward cutting edge improvements to logistics and distribution. This includes:



Cutting-edge distribution centre in the South East

We are constructing a new, semi-automated fresh food distribution centre in Aylesford, Kent.



New wind farm deal in Scotland

We added 300GWh of renewable energy capacity in 2024. To guarantee future green power, we signed a new wind farm deal in Stranoch in 2024, building upon five existing wind and solar farms in Scotland.



Extra freight capacity in the East Midlands

We introduced our tenth freight train, which will transport 600,000 cases of goods a week from our Daventry Distribution Centre, reducing carbon emissions by over 6,000 tonnes a year.



Serving new communities in Wales

We have opened new Express and One Stop stores in Cwmbran, Llandudno and Raglan, helping us serve more communities and provide high quality employment.



Planet-first store design in Yorkshire

Our planned Harrogate store will incorporate the latest lighting, heating and refrigeration technology, include customer EV charging points and create new wildlife habitats, to guarantee biodiversity net gain.

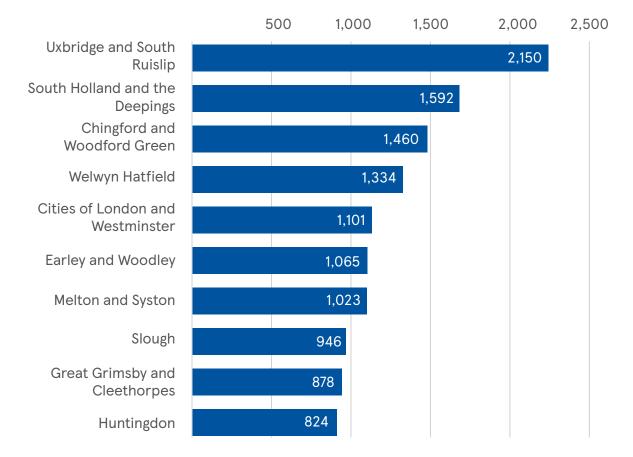


Store refurbishments in Northern Ireland

As part of a multi-million pound programme we are refurbishing more than 20 of our 50+ Northern Irish stores, including in Ballymoney, Knocknagoney, Carrickfergus, Derry/ Londonderry and Cookstown.

Tesco's top ten constituencies

Tesco GVA (£m, 2023)



Number of Tesco employees

	1,00	2,000	3,000	4,000	5,000	6,000	7,000
Welwyn Hatfield							7,119
Daventry		2,414					
Thurrock		1,958					
Newport East		1,906					
Dundee Central		1,873					
Thornbury and Yate	1	,748					
Lichfield	1,	722					
Earley and Woodley	1,	709					
Livingston	1,	703					
Enfield North	1,	687					

Our suppliers.

As Tesco has grown, so has our support for UK business. Almost 95% of our supplier spend is with the 3,400 UK-based businesses we partner with. Last year, we spent more than £30bn with these suppliers, driving growth across every region of the UK.

Tesco's indirect economic impact through our suppliers is key to our contribution to the UK. We know that Tesco customers want to support British food producers, and we have a firm commitment to helping them do this. Although we source food from around the world, 90% of our suppliers have operations in the UK. Almost 95% of total supplier spend for our UK stores is with these UK-based providers.

Tesco passed through more than £30bn of customer spending to these farmers and suppliers in 2023.

Valuing our relationships

The UK agriculture sector is a huge and vital part of this supplier community. We take our obligations to our farmers and growers very seriously as we know farming can be an uncertain and challenging business. Over the decades, Tesco has built up fair, long-term relationships with UK farmers - often based on longer contracts and 'cost of production+' models - to provide greater certainty on prices and to allow them to invest in the future of their businesses.

The Tesco Sustainable Dairy Group (TSDG) was set up in 2007 and now includes more than 400 dairy farms (see p. 17) who are paid on a cost of production+ model for the fresh milk they supply to Tesco. The Tesco Sustainable Lamb Group, established in 2016, provides another example where over 100 farmers are paid a bonus above the factory price for delivering against key environmental and welfare metrics.

Similar sustainable farming groups have been established for beef, poultry, eggs, potatoes, pork and cheese. These groups enable us to convene industry representatives; share knowledge between farmers, suppliers and Tesco colleagues; and trial innovations that can help reduce onfarm emissions and protect biodiversity.

Most trusted partner

As part of our ambition to be British agriculture's most trusted partner, we have taken action over

the last two years to provide immediate support to farmers to help them overcome inflationary challenges, including providing £75m in additional support for our beef, lamb, pork, poultry and egg farmers.

In addition to our Accelerator Programme, which aims to support some of the most exciting and innovative brands in the UK, we continue to explore ways to provide further support to British farmers and to help our customers to shop the best of British produce. For example, we introduced a Best of British page on our customer food delivery website. The page, which went live in April 2024, lists quality British produce from a number of our ranges, including meat, fish and poultry, dairy and eggs, and fruit and vegetables.

We seek to work constructively and fairly with all of our suppliers. We have been voted No.1 in the Advantage supplier survey for the ninth consecutive year.

Our suppliers at a glance

90%

Of our suppliers have UK operations

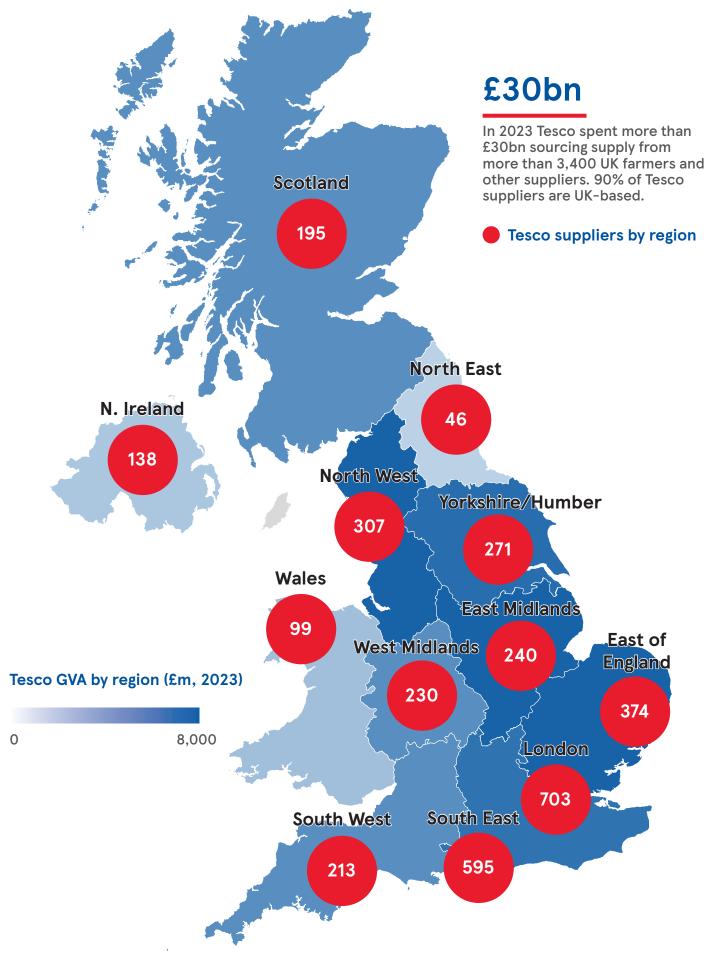
95%

Of our spending is with UK-based suppliers

over £30bn

Spent with UK suppliers

Supporting local suppliers across every region



Supporting our suppliers

As well helping farmers in the short-term, we want to put in place the building blocks for a sustainable, innovative and world-leading UK food and farming sector.



Spotlight on:

Fairness for farmers

66

I've been supplying Tesco with poultry and eggs for more than 20 years. When I set up Anglia, a free range and organic egg business 12 years ago, Tesco was our first customer, and supported us from day one.

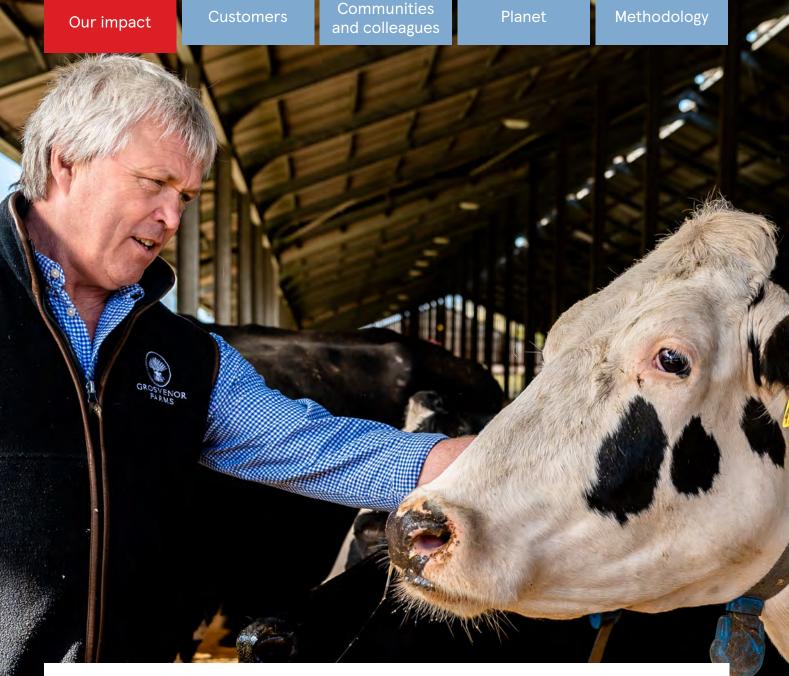
An egg producer needs a commitment to be able to invest and have the best welfare standards for the birds. The five-year contract I have with Tesco has allowed us to give long-term contracts to our producers, and has given me the security and confidence to invest in the most modern grading and efficient packing equipment. This has helped me grow my business, and has brought new jobs to the area too.

My daughter-in-law is now working in the family business and produces eggs for Tesco. She has just completed Tesco's Future Farmer Programme, which provides the next generation of UK farmers with knowledge and expertise on sustainable agriculture practices."

Future Farmer Programme

In July 2023, we partnered with Harper Adams University's School of Sustainable Food and Farming (SSFF) to launch our Future Farmer Programme, a multi-year initiative to help upand-coming British farmers develop their skills in sustainable agriculture. With recent surveys suggesting younger farmers have identified skills gaps in areas including sustainability and the environment, each year the programme is providing up to 75 young farmers with face-to-face and live online training on how to implement sustainable agriculture practices and protect biodiversity.

The nine-month course, which runs each year, also includes events and mentoring sessions on business operations and personal development. As part of the partnership with SSFF, Tesco will also fund research projects aimed at addressing some of the key sustainability challenges affecting agriculture.



The Tesco Sustainable Dairy Group (TSDG)

The TSDG was established in 2007 and is now the largest group of UK dairy farmers working directly with a retailer. All Tesco dairy farmers must adhere to the nationallyrecognised Red Tractor Assurance scheme, as well as the additional standards of the Tesco Sustainable Dairy and Cheese Group Livestock Code of Practice.

In return, the 400 farmers in the TSDG are guaranteed a set milk price linked to the fluctuating cost of production, ensuring they can make a sustainable profit. Long-term contracts give farmers the income certainty to invest in innovation, carbon reduction and animal welfare. Over the 2023 calendar year, members of the TSDG were paid almost £40m above market prices by Tesco, supporting British dairy farmers at a time of huge change for the industry.

The farmers of the TSDG are adopting industry-leading practices to cut emissions. Every year, all TSDG farms receive an independent carbon assessment report and are supported in deploying best practice in key areas such as nitrogen deposition, energy efficiency and improved soil organic matter. Since 2016, the group has reduced its carbon emissions by 8.5% - industry-leading in this area.



Customers.

TESCO

Our customer impact at a glance:

Tesco is consistently the UK's most affordable full-line grocer with Clubcard holders able to access savings worth over £350 a year.

2

We reduced the prices of over 4,000 products during 2023/24 by an average of 12%.

We want to help our customers to eat more healthily, replacing over 800 lines with healthier or more sustainable products, often at a lower cost.

Tesco stores are more than supermarkets. They are community hubs providing facilities which would otherwise be absent, including banking and health services.

Delivering value for our customers.

For Tesco, delivering value for customers is central to our wider role in the British economy and British society. As a supermarket we have a responsibility to help ensure that all households can choose high-quality healthy food at an affordable price.

At Tesco, the customer is at the centre of everything we do. Like any retailer, we owe our business to them and seek to earn their loyalty every day. Central to that commitment are two core responsibilities that have wider implications for economic and social life in the UK. First, keeping the cost of food affordable for households facing tight spending conditions. Second, helping ensure that customers can access healthy and good-quality food at a reasonable price.

Growing pressures

Tesco has always recognised the important role it has to play in delivering value for customers and helping with the cost of living. With food and non- alcoholic drinks now the fifth largest component of household spend in the UK, this is truer than ever. A highly competitive retail market means that UK households generally spend slightly less on food as a share of their income than equivalents in countries such as France and Germany.

Nevertheless, this critical spend has been squeezed by high energy and housing prices and falling real incomes for some households. With these pressures, it has never been more important to keep the weekly shop affordable.

Understanding customer needs

Over the last two years we have tracked the impacts of inflation and price uncertainty in the way our customers shop. Many customers have increased their use of Tesco's high-quality lowcost own brand and value lines, while others are looking to save money by not eating out and treating themselves at home with our Finest range. Tesco has therefore focused on keeping prices as low as possible without compromising on quality or the fair price paid to suppliers.

We have done this through a powerful combination of Aldi Price Match, Low Everyday Prices and exclusive Clubcard Prices deals, and by working closely with our suppliers – many of whom we have sought to give greater certainty to through longer-term contracts. We have also provided immediate financial support to some of the most vulnerable agricultural sectors, such as eggs and poultry.

Easing the squeeze

In 2023/24, Tesco reduced prices by an average of 12% on more than 4,000 lines, helping customers at a time when the UK faced the highest inflation in decades.

Tesco Clubcard holders have also been able to access additional value, worth over £350 a year. Through initiatives like these and price-matching, Tesco has been the cheapest full-line grocer for over two years.

Recognising the pressures many families face in the school holidays, children can eat free in Tesco Cafés with any adult Clubcard purchase – a scheme that served up more than 450,000 free meals in 2023.

In addition, to help with the cost of food, Tesco also tries to help manage the costs of other important things, like family holidays. As part of our commitment to value, Tesco Mobile has also extended its free roaming service for the EU and other popular holiday destinations until 2026. What's more, customers who take out a Clubcard Price deal will not need to worry about their bill going up mid-contract – as we promise to freeze the basic monthly usage price for the length of their contract.

Keeping the weekly shop affordable

Tesco initiatives to ease the cost of living



Keeping prices as low as possible

Lines with price saving measures, 2024/25



Healthy food, great value.

As the UK's largest retailer, Tesco's approach to healthy eating and drinking is closely linked to its social impact. We have been working hard to make healthy food affordable for all households, with all types of dietary needs.

Awareness of the importance of healthy eating is growing. There have been some positive changes in the UK diet over the last decade or so, including the reduction of added sugar. But on the whole, with obesity at record levels, there is more for us all to do to tackle the UK's health crisis.

Consumers are increasingly concerned about health and the barriers they come up against as they seek to shop and eat more healthily. Affordability is one of the three barriers that is most commonly identified, along with the need to make healthy eating easier and more relevant and inspiring. Tesco is committed to working in all three of these areas.

Healthy foods at competitive prices

The provision of great value on healthy and sustainable options is the number one priority. The key to improving the nation's health is ensuring that a healthy diet is available on any budget. Cost should not be an obstacle to eating well. Tesco can help achieve this by making sure our products are healthy as well as great value.

In 2021, Tesco set a target to ensure that by the end of 2025, 65% of all sales will be from healthy products. More widely, Tesco has:

- Replaced over 800 lines with healthier or more sustainable products, often at a lower cost over the last 18 months. We have focused on product lines important for shoppers on a budget.
- Since 2022, we have voluntarily restricted sales (location and volume) of products that are high in fat, salt and sugar.
- Expanded our range of plant-based products, providing satisfying alternatives to meat for all tastes.

Planning and choosing healthy eating

To help make it easier to plan and shop for a healthier diet and meal routine, we have focused on signposting and labelling in stores and on products to help customers identify healthy options and understand the nutritional or other health benefits of the food they buy. We have:

- Introduced the Better Baskets campaign, which makes healthier options easier for customers to find. Better Baskets includes in-store zones that signpost foods high in fibre, plant-based options and snacks under 100 calories. The Better Buy hub on tesco.com encourages customers to consider healthy options and suggests possible healthier choices. Volumes of Better Baskets products increased 12% in 2023.
- Continued to improve our labelling of products that are high in fibre, low in sugar or which have other health benefits – to help shoppers make more informed health choices.

Promoting healthy eating

Marketing and customer communications are key to all of this. Tesco has made the conscious choice to make healthy eating central to the way it engages with customers on their options at Tesco. We actively focus promotional activity on healthy eating. For example:

- We have increased promotions focused on healthy alternatives. This includes discounts on fruits, vegetables and whole grains.
- We use in-store and online campaigns to signpost healthy options and provide advice on how to shop for and prepare healthy family meals.
- We collaborate with expert-led organisations, such as the British Heart Foundation and Diabetes UK, to provide endorsed recipes and related support.



Introducing children to the skills of healthy cooking

As part of Tesco's Stronger Starts scheme, an £8 million grant scheme to support schools and children's groups with funding for food and healthy activities, Malmesbury Primary School secured £1,000 to provide extra-curricular cooking clubs for pupils of all ages and skill levels. The club is led by an after school leader, who runs three sessions a week due to their popularity.

In one club pupils cooked fresh pizza. They chopped their own ingredients, measured them out and followed the amount of time needed in the recipe. This was at the same time as learning about the history of pizza, and where and how peppers are grown.

Initially many of the pupils were hesitant to try new foods. However, after a few weeks of joining cooking club, they were tasting a variety of meals with little encouragement. Parents have commented on how their children want to try new food at home and how they are curious about wanting to explore other cuisines.

In addition to learning cooking skills, pupils have learnt other core skills such as measuring (maths skills); following instructions/a recipe (reading skills); and key life skills such as the need to wait for a desired outcome. Knowledge of how to cook fresh, healthy food is key though, with research showing that those who cook tend to eat more healthily, are happier mentally, and in better shape physically. Plus, it's a great way for children to bond with family and friends.

Tesco's funding played an important role in enabling Malmesbury Primary School to offer this activity.



Much more than a supermarket.

Tesco stores are more than supermarkets. They are community hubs providing services for our customers which would otherwise be absent, from over 360 pharmacies to more than 3,400 cash machines.

Many Tesco stores play a wider role in their communities by incorporating other functions and services. Our network of Community Champions act as a key link for local charities and community groups, helping them access our stores and resources, as well as receiving guidance on how best to benefit from Tesco grants and other initiatives. Across the UK, our stores provide:



More than 3,400 cash machines

Tesco has the third largest cash machine network in the UK, providing £17bn in cash via 285 million transactions every year.



More than 190 opticians

Providing access to essential eye health services.



More than 360 pharmacies

Providing access to prescription and non-prescription medicines, plus a wide range of NHS services.



More than 500 petrol stations

Filling up alongside the weekly shop saves time and adds convenience.



More than 80 post offices

Our post office counters provide everyday postal and banking services, including for small business customers.



More than 100 Changing Places toilets

Our large network of Changing Places toilets provide vital equipment and space for people with disabilities.



More than 3,000 defibrillators

Our defibrillators are a key part of the national network, helping to treat sudden cardiac arrest wherever incidents occur.



70 community rooms

Providing community groups and charities with free and fullybookable spaces.

Improving access to pharmacy services

Spotlight on:

Tesco community pharmacies

More than 360 Tesco stores across the UK incorporate a pharmacy service. These pharmacies can dispense NHS and private prescriptions and offer confidential expert advice on minor illnesses, including reviewing medications to ensure a patient is taking the right medication correctly.

All our community pharmacies offer the NHS Pharmacy First service, allowing local people to access expert advice without needing to see a GP. They also provide vaccinations, blood pressure and diabetes checks.

Tesco pharmacies are also open late and at weekends, making it easier for the entire community to access pharmacy services.

Community pharmacy

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I've been running the Pharmacy at our Yate Extra store since its opening in 2011, alongside seven other dedicated colleagues. Far beyond the over-thecounter medicines, we provide a full consultation service using the Pharmacy First Platform, helping the general public directly, or via referrals from GP practice, 111 and urgent care. This frees up appointments with GPs and improves access to treatment for all.

The convenience we offer customers by operating within Tesco allows us to have those everyday conversations which can help early interventions that support healthier lives. We often help people who feel they cannot afford to take time off work to get to the GP. The flexible hours we offer for consultations, including Sundays and late closing on weekdays, are essential to meeting the diverse needs of local people.

Our essential and growing role for local healthcare provision means I also work closely with South Gloucestershire Council and the Bristol, North Somerset and South Gloucestershire Integrated Care Board, to help coordinate the delivery of NHS services across the region, alongside hospitals, GPs and a range of specialists. On a personal level, I am proud to be one of the first community prescribers in my area, meaning I can prescribe a range of prescription-only medicines to help with minor ailments, as well as lipid management services after recent training.

Working at Tesco aligns so well with my own values. My pharmacy, alongside hundreds in Tesco stores across the country, provide a vital community service and we take the time to really understand our customers. We provide these services where there is a clear local demand and always treat people how they want to be treated."



Meeting the needs of our customers: Dementia Friends

There are an estimated 982,000 people living with dementia in the UK, projected to rise to 1.4 million by 2040. Every three minutes, another person develops the disease. One Stop has over 1,000 stores across the country and is using its position at the heart of communities to help those living with dementia.

One Stop has raised over £600,000 for Alzheimer's Society and supported more than 15,000 colleagues to become 'Dementia Friends' since 2019. This means that each of these colleagues have completed training via the Alzheimer's Society, which builds understanding around the effects of dementia and commits colleagues to take a positive action to support people who are living with it. This is helping One Stop stores to better support a range of customer needs in-store, by helping people to live well with dementia and continue to lead independent lives. One of One Stop's Dementia Friends is Jack Taylor, Community and Partnerships Manager, who said: Pr

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"Introducing the Dementia Friends programme into our business is like nothing we have ever done before with a national charity partner. The programme has allowed us to do more to support the amazing work of Alzheimer's Society beyond the traditional methods of predominantly fundraising for a cause. We continue to see positive impact stories being shared by our colleagues about how it has helped them in both home and work settings. Everyone who has undertaken the training has truly benefitted and gone on to make a positive difference for people living with dementia. It fills me with pride to see our colleagues wearing their badges and we will continue to encourage our colleagues to become Dementia Friends."

Communities and colleagues

Our community and colleague impact at a glance

Since 2016, Tesco has awarded more than £120m in grants to over 70,000 community projects.

111

2. Our Stronger Starts programme is aiming to reach 1 million children by December 2025, supporting their physical and mental wellbeing.

Our colleagues are the heart of our communities. We employ around 1% of working adults across the UK.

3

Tesco is committed to our colleagues. We have increased pay across our
stores by 25% since April 2022 and offer award-winning wellbeing support.

Methodology

Supporting local community initiatives.

Alongside the service Tesco provides to customers, our community grants – powered by the familiar blue tokens available in every large Tesco store – provide valuable funding for local projects across the UK. Since 2016, we have donated over £120 million in grants to more than 70,000 community projects.

Guided by our customers

Our grants have supported a wide range of initiatives, with customers voting for their preferred projects using blue tokens. This is a vital way of ensuring that the funding goes to causes that matter most to the local community.

Stronger Starts

Tesco's £8m Stronger Starts programme, launched in 2023, focuses on providing children with nutritious food and healthy activities to support their physical and mental well-being. Stronger Starts has set the target of reaching over 1 million children by December 2025. So far, it has supported 6,000 community projects and over 700,000 children.

As part of Stronger Starts, Tesco has also launched a £4m Fruit & Veg for Schools campaign. The project builds on Groundwork's finding that 78% of schools are currently having to provide food for children from their own budget.

Developed in partnership with the British Nutrition Foundation, the project is providing the funding for 400 schools and up to 140,000 children to receive at least one piece of fruit and veg a day during term time, giving their diets a healthy and nutritious boost. The funding is targeted to support pupils in schools where there is a higher than average free school meal ratio. In total, the campaign will provide around 16 million pieces of fruit and vegetables across the 2024/25 school year

Stronger Starts also covers a number of other initiatives, including Golden Grants (where local projects can access up to £5,000 in funding), Footie for All and Activity for All (a partnership with The Sun offering £300,000 in grants to improve children's access to physical activity) and Retail Apprenticeships (a project with Lifetime Training and The King's Trust to support young people from deprived areas to attain a Level 2 National Standard in Retail).

Giving back

Alongside Stronger Starts, Tesco organises an annual Winter Food Collection, in partnership with Trussell and FareShare, which sees millions of meals collected for local food banks and those most in need. Our November 2024 Collection saw 1.9 million meals donated by our generous customers. Our National Lottery sales have also raised £3.5bn for good causes over the past 30 years.

Community initiatives at a glance

Over

£120m

awarded since 2016

70,000

Community projects supported

220 million

meals redistributed through Tesco's FareShare partnership since 2016 Spotlight on:

Giving back to our communities

Fruit and veg for schools

St Paul's Roman Catholic High School in Glasgow is one of fifteen schools in the city to benefit from Tesco's Fruit & Veg for Schools campaign. All students can now access free fruit and vegetables throughout the school day, first via breakfast clubs, then during breaktimes, and finally at after school clubs. These regular encounters with fruit and veg are opening up conversations about healthy diets, preparing food and cooking in the home. Improved nutrition is also improving student concentration.

Lisa Bourke, Headteacher at St Paul's Roman Catholic High School in Glasgow, comments:

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The Fruit & Veg for Schools scheme has been amazing, and we are feeding a lot of hungry children, every day. The staff are noticing real positives in their classrooms in the young people. It's helping pupils study more, go to classes less hungry, making snacks for clubs, breakfast time, break time, lunch times, after school clubs and supported study. We are overwhelmed and very, very thankful."



Funding forest schoolers

Tesco's Stronger Starts scheme awarded £500 for Ewelme C.E. Primary School to organise 'forest school'. This initiative provided school children with an exciting new way to learn and covers a range of activities such as insect exploration, nature crafts, and toasting marshmallows. It aims to teach children about nature and the world around them, all while encouraging hands-on learning in an adventurous, outdoor setting.

Stephanie Pereira, a member of Ewelme C.E Primary School's PTA, said:

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Forest school is the highlight of every student's week and it's always wonderful to see them learning and growing in such a positive environment. We're thankful to the thoughtful customers at Tesco for choosing Ewelme to benefit from the Stronger Starts grant. We are a small school, so securing fundraising for new ways the children can learn means a lot."

Our colleagues are central to our business.

Our employer promise is to make every day a little better, not least as we act to make Tesco a great place to work for all. Across the UK, around 300,000 people work for Tesco: approximately 1% of all adults employed in the UK. Tesco works hard to ensure that these jobs are rewarding and support a good standard of living.

Tesco offers a wide range of roles and patterns of employment. Many colleagues have long, and even life-long, careers at Tesco. Others use a role at Tesco as a first job, a stepping stone back into work or for short-term or seasonal work.

Unlike many retailers, we have full collective bargaining arrangements in place with the unions Usdaw, Unite and URTU. 90% of our employees are covered by voluntary collective bargaining arrangements. These partnerships have helped us to take the lead on progressive employment practices and equip colleagues with the skills which develop future-fit careers.

Creating good jobs

Ensuring we offer high quality jobs is a priority for Tesco. It's our policy to offer new colleagues joining us a minimum of 16 guaranteed hours each week. We have increased hourly pay by more than 25% since April 2022, equivalent to an investment in our employees of over £750m. This includes a 9.1% boost since 2023, maintaining spending power for our colleagues through a period of high inflation.

In particular, Tesco is committed to the principle that our jobs should be an opportunity for social and economic mobility. Around a third of our staff are under 30. They are surrounded by examples of what they can achieve at Tesco: many senior employees have worked their way up from the shop floor to positions of UK-wide responsibility and leadership.

Tesco also looks to continue to break down barriers to employment. In November 2024, Tesco offered free Career Clinics to over 1,000 people across the UK, specifically targeted in areas facing higher deprivation and economic challenges. The Clinics were free to attend and aimed at giving people the valuable life skills and confidence to go forward into work, whether they were looking for a job at Tesco or somewhere else. More generally, we have taken other steps to remove barriers and increase diversity and inclusion in our workforce, including removing the requirement to submit CVs and complete psychometric testing for all frontline roles.

Everyone's welcome

Tesco's Black Action Plan and Diverse Talent Communities are examples of our efforts to be representative of the communities in which we play a part. We are committed to a robust approach to diversity, equity and inclusion, to ensure Tesco is a welcoming place for all colleagues, from all backgrounds. This approach is reflected in our workforce. 11% of our colleagues have at least one disability. 6% are veterans. 28% have caring responsibilities.

LGBTQ+ at Tesco is one of the largest employee networks of its kind across Europe. We also voluntarily report our ethnicity pay gap. This data gives us valuable insight into the experience of our ethnic minority colleagues and helps us to boost our recruitment efforts.

Long-term development, for all

Tesco takes on around 1,000 apprentices each year. In 2024, we also launched Stronger Starts apprenticeships, a groundbreaking scheme available to those without GCSEs but who are passionate about getting on the work ladder. Colleagues on the scheme benefit from expert one-to-one pastoral support from the King's Trust, a permanent contract and the chance to achieve a Level 2 National Standard in Retail. We are planning to offer 1,500 Stronger Starts apprenticeships by 2027.

Flexibity and support when you need it most

In addition to the right to flexible working from day one, Tesco has a range of industry leading family policies, including 26 weeks paid maternity and adoption leave, 6 weeks paid paternity leave and 6 months paid kinship leave.

We also seek to support colleagues at every stage

of their lives, whether it's:

- A Colleague Clubcard for you and a family member, unlocking in-store and online colleague discounts.
- A Lifestyle Break of up to 12 months, with your role kept safe until you return.
- An award-winning pension scheme, with matching contributions up to 7.5%.
- A menopause policy, which means that time off work due to menopause symptoms is not included in absence calculations, and a new menopause friendly uniform and colleague portal.

Working for Tesco at a glance

Over

1,000

Apprenticeships every year

25%

Increase in hourly store pay since April 2022

44%

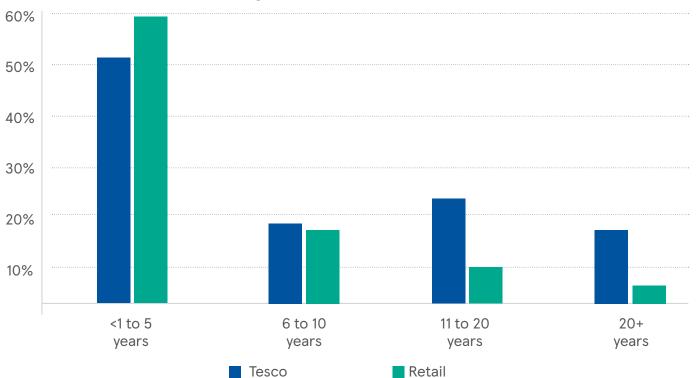
Of colleagues working for Tesco for over five years



A great place to work

Tesco's leading approach to employee pay, health and wellbeing means that 84% of colleagues recommend Tesco as a great place to work. Colleagues stay with us for longer than is usual across the industry: 44% of employees have been in the business for more than five years and almost 80,000 have worked at Tesco for more than a decade.

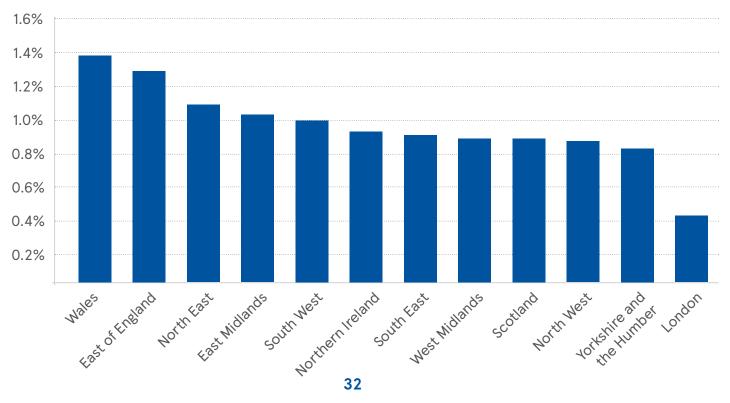
Tesco colleagues stay with us much longer than the industry average



Tesco tenure vs retail sector average

Percentage of regional jobs

Number of Tesco jobs as a percentage of total employment in each region



A place to get on

Movement to Work

Tesco is proud of its continued involvement as a lead employer within Movement to Work, a coalition of cross-sector UK employers, youth organisations and training providers all aiming to support young people aged 16-30 into work through high quality work placements.

Key aspects of our Movement to Work campaign have involved working with The Shaw Trust to support young people with disabilities, and Maximus UK to support those furthest from the labour market and who need help to build their confidence and develop skills.

These are some of the activities which underline Tesco's status as an accredited Disability Confident Leader.



66

The placement with Tesco was great as it showed me what I could achieve. You've got to want to work to get back to work and I really did, I just needed a chance to prove it.

Completing the placement with Tesco gave me the opportunity to prove that I could do it. Without the support from both Tesco and Maximus I wouldn't be where I am today – it's the best thing that has happened to me in 15 years. It's changed my life.

Being back in work has given me so much more. I'm better off financially, my confidence has grown and I feel I'm 'me' again. I'm extremely grateful to everyone who has helped me along the way."

Booker Butchery Academy

Caerphilly

Booker provides more than 100 apprenticeships and enrolled 33 apprentices onto its esteemed Butchery Academy in 2024. This Academy helps support colleagues to develop careers in butchery, guiding them through their first steps in the trade, right through to growing their career and potentially becoming an Institute of Meat Accredited Master Butcher. More than 20% of the UK's Master Butchers are now employed by Booker.



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Booker has given me the opportunity to earn, while continuing my studies at college. I started my career as a Level 1 Internal Trainee, learning the basics of butchery. After completing the initial training programme, I went on to gain valuable on the job experience. Since then, I have continued to learn on the job, becoming a Craft Butcher and completing a Level 3 Advanced Butchery Apprenticeship.'

In my role, I am proud to be able to support the development of colleagues and to help keep the butchery trade alive through the training and apprenticeships Booker offers."



Customers

Communities and colleagues Planet

Million a spin in Moscillaper.

Case study

Helping colleagues put wellbeing first

When Tesco colleagues said they wanted more support with health and wellbeing, one of the things we did was introduce a Virtual GP and enhanced Employee Assistance Programme (EAP) service.

In its first year, colleagues and their families have booked almost 15,000 appointments through our Virtual GP service. Colleagues particularly value the fact that they can get an appointment with a GP really quickly (an average of 98% of colleagues were offered an appointment within 24 hours), providing them with the support and advice they need.

The Virtual GP service has no limits on the number of times colleagues or their immediate families living or family members living in the same household can use the service – and there are no fees, apart from the cost of any prescription that may be issued. Statistics show that 7% of virtual GP appointments have been made for children under the age of 18.

Our investment in the health and wellbeing of colleagues also extends to our Employee Assistance Programme which offers colleagues access to exercise and movement specialists, sleep therapists, nutritionists and counsellors to support colleagues' emotional wellbeing. The service provides up to seven sessions free per 'presenting condition', which can be used for a mix of services, such as sessions with a counsellor, sleep specialist or nutritionist.

Colleagues can access another seven free sessions for a different presenting condition. Our 24/7 colleague helpline is also available to offer 'in-themoment' support from a counsellor.

Our investment in the wellbeing of our colleagues allows them to be at their best and to continue to provide a brilliant service to our customers. These benefits help us to boost colleague engagement and positivity about their jobs, so that we can attract and retain great colleagues.

Planet

Our planet impact at a glance:

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Tesco's green ambition is sector leading – our target is to reach carbon neutrality in our own operations by 2035 and and net zero in our full value chain by 2050.

2. We procure 100% of our electricity from renewable sources and have signed the largest corporate solar agreement in UK history.

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We have the largest EV charging network of any UK retailer - more than 2,700 EV charge points across over 600 stores.

Through our Community Food Connection scheme we have redistributed over 220 million meals since 2016 for those in need.

Methodology

Leading the industry on sustainability.

The effects of climate change are reshaping the world around us in ways that pose huge risks for both people and nature. Tesco is working in partnership with our customers and suppliers to drive the shift to a low carbon economy.

We take our obligation to minimise our environmental footprint very seriously, whether it is by using less energy more efficiently, or generating less carbon in our operations and those of our suppliers, or producing less waste in our stores and for our customers.

Our planet plan

In 2023, we brought together our key areas of activity on climate and nature in our Planet Plan. The plan has six pillars focusing on:

- Improving our products we partner with producers to help improve their practices, to protect nature and drive the highest standards of sustainability and welfare across our products.
- Decarbonising transport we are committed to a fully electric home delivery fleet by 2030 and are supporting our customers to switch to electric cars with over 2,700 charging points across more than 600 stores.
- Reducing store emissions we have procured 100% of our electricity from renewable sources since 2016 and we are investing in reducing emissions across our stores and distribution centres.
- Supporting sustainable consumption we are working to make Tesco the easiest place to shop for healthy, affordable and sustainable food.
- Eliminating waste we are acting to cut food waste across our supply chain and minimise the use of unnecessary packaging, especially plastics.
- **Protecting nature** we are striving to increase biodiversity, help protect waterways from pollution, protect natural habitats, and improve soil health.

This plan shapes the work we are doing across our business – from improving how we source and manufacture our products, how we run our stores and transport, through to helping our customers eat more healthy, sustainable food and tackling waste across the whole food value chain.

Our environmental progress at a glance

61%

Reduction in Scope 1 and 2 emissions from 2015/16 baseline

Almost **600**

Electric Dot Com home delivery vans in our fleet and on the road

95%

Of Express stores using heat pump technology

3,300

Hectares of crops in our low-carbon fertiliser trial

Communities and colleagues

Methodology

Industry-leading climate ambitions

In 2023, we were one of the first companies globally to have our Forests, Land and Agriculture (FLAG) and non-FLAG net zero target validated by the Science Based Targets Initiative (SBTi). We are set to exceed our 2025 reduction target of 60% (Scope 1 and 2 emissions) and continue to work towards an 85% reduction by 2030. This will put us on track for carbon neutrality in our own operations by 2035. We are also committed to net zero across our full value chain, aligned to a 1.5C trajectory, by 2050.

100%

We procure 100% of our electricity from renewable sources

2,700+

Tesco has the largest EV charging network of any UK supermarket

€750m

Value of sustainability-linked bond - first in the sector linked to Scope 1 and 2 emissions reduction performance launched

100% by 2030

All Tesco home delivery vans will be electric by 2030



2050

Tesco target: Scope 3 Customers

Communities and colleagues

Planet

Methodology

Guess watt.

This vehicle runs on electricity.

Case study

Investing in renewables

Reaching net zero needs transformational change in how we grow, produce and consume food. Tesco is making significant progress towards decarbonisation, via investments across the UK, including into renewables.

While we met our 2030 ambition to switch to 100% renewable electricity in our own operations ten years early – through a mixture of direct sourcing and renewable certificates – scaling up our use of clean renewable energy has never been more important.

That's why we are continuing our work to source green electricity from our own estate, setting out ambitious plans for 140 of our large stores to have solar panels within three years, up from 40 – an initiative which could generate as much as 20GWh of electricity, enough to charge the equivalent of 300,000 Tesco electric home delivery vans.

This project is one of multiple energy projects Tesco has announced over the last five years helping us to source green electricity directly from windfarms and solar parks across the UK. The recent signing of its largest UK **Power Purchase Agreement** (PPA), facilitated by EDF and securing 65% of the solar power generation from Cleve Hill Solar Park in Kent. means that PPAs will cover 45% of Tesco UK's expected 2030 electricity demand. The clean energy from the new solar park will be enough to power the equivalent of 144 large stores for a year.

Alongside solar, Tesco continues to invest significantly in wind power. Long-term agreements, such as that to take 150 GWh of power from Stranoch Windfarm every year, are central to sourcing renewable electricity, guaranteeing procurement over an average 20-year period, giving energy providers confidence to invest and creating new renewable energy for the National Grid.

With initiatives such as air source heat pumps being used to replace gas boilers, customer EV charge points installed across our estate, and electric home delivery vans replacing diesel ones, renewable electricity is increasingly vital.

Powering the clean energy transition

Tesco is not only decarbonising our own fleet, we are supporting our customers to do the same for their own vehicles. Tesco has more than 2,700 EV charge points across over 600 stores in the UK supporting drivers to travel the country using our network.

Tesco store with at least one EV charge point

Reducing unnecessary packaging.

Packaging waste is causing substantial harm to natural habitats, with over 171 trillion pieces of plastic floating across the world's oceans. Tesco recognises that to minimise our carbon footprint we must minimise the waste we create. To do this, we have adopted a strict approach: limiting packaging to only where it is needed, using recyclable materials and reusing what we can.

Embedding a new approach

Packaging plays a vital role in protecting products and reducing food waste. However, not enough is being done across the industry to make sure that packaging is only being used when truly necessary. Globally, less than 10% of plastic packaging which is produced is recycled. This needs to change.

At Tesco, we are committed to eradicating unnecessary packaging at every stage of the production cycle and are rapidly progressing towards completely recyclable packaging across all of our products.

The 4Rs strategy

Since 2019, we have followed the 4Rs strategy: Remove, Reduce, Reuse, Recycle. In short, we aim to minimise the use of packaging, particularly plastic. We ensure what we do use can be collected, reused or recycled so that none of it is wasted.

Specifically, this means:

- **Remove** we focus on removing unnecessary packaging and hard-to-recycle materials.
- **Reduce** we are constantly striving to reduce the amount of packaging we use to an absolute minimum.
- Reuse we are exploring new opportunities to reuse packaging in support of a circular economy.
- **Recycle** we aim to ensure all the packaging we use is fully recyclable and contains recycled content where possible.

Delivering permanent results

Our 4Rs strategy is already delivering real results. Since 2019, over 2.3 billion pieces of plastic have been removed from our own brand products. This includes:

- Over 62 million plastic tamper sleeves / reseal tabs removed or replaced with paper on our own-brand wraps, oils, vinegar, honey and sauces.
- Over 30 million clip lids removed from products such as dips, mascarpone and ricotta.
- Over 12 million plastic windows removed from desserts, cheese selection packs and pies.

Through packaging innovations, such as using recycled delivery boxes and cardboard tubes to create luxury loo rolls and paper towels, we have also saved over 5,900 tonnes of packaging since 2020. In a UK-first, we have also launched tubeless kitchen foil which we estimate will save 12.5 million cardboard rolls from needing to be produced, saving 330 tonnes of cardboard each year. On top of this, we became the first grocer to recycle used plastic food trays back into packaging – creating a full circular loop for our core chilled ready meals. We are also expanding what can be recycled locally. While most soft plastics aren't commonly accepted by local authorities, we have collected over 2,000 tonnes.

While we have substantially reduced our packaging, we want to go much further and we will continue to do so, guided by our 4Rs Strategy.

Our 4Rs strategy

What we're doing





Remove it where we can.

Some examples of how we're doing it

Reduce it where we can't.



Reuse more.



Recycle what's left.



We removed over 12 million plastic windows from desserts, cheese selection packs and pies.

permanently removed

from our UK business.



We cut 147 tonnes of plastic from packaging for mixers and flavoured water.

or reduced.



Launched own-brand refills for cleaning spray bottles. Shoppers can create a solution in old spray bottles by mixing refill capsules with tap water.

be saved each year.



In an industry first, we've begun recycling used plastic food trays back into packaging for our range of core chilled ready meals.

The scale of our actions



Of milk caps that can be recycled into new bottles (as a result of being made clear).

Acting to end food waste.

Food waste is a major contributor to climate change, with the UN estimating it accounts for 8-10% of global greenhouse gas emissions. It is also unacceptable when around one in seven households have reported going hungry at least once in the last month because they couldn't afford to eat. This is why we are working so hard to tackle it in every part of the supply chain.

220 million

Meals redistributed since 2016 via our partnership with FareShare.

100+

Suppliers so far have answered our call to disclose their food waste data.

20 million

Meals saved each year thanks to our Colleague Shop.

Over

300

Food waste-friendly recipes featured on our Tesco Real Food website for customers to enjoy and help reduce waste at home.

Our strategy is focused on four key areas:

Our own operations

We've introduced initiatives and measures across our stores to help reduce waste, such as Reduced in Price, Just as Nice areas and removing best before and use-by dates from a range of products.

Food we don't sell is redistributed to charities and community groups or offered to colleagues through our Colleague Shop. Any remaining surplus is converted into pet or animal feed or turned into energy. Since 2009, no food waste has gone to landfill in UK and Ireland.

2.

Our suppliers

We work in partnership with our suppliers to reduce waste – whether that's selling 'wonky' fruit and veg, taking bumper crops from growers or helping suppliers distribute surplus food to charity.

We were the first major retailer to publish our food waste data. We have encouraged hundreds of our suppliers to adopt a 'Target, Measure, Act' framework, as key partners for our ambition to reduce food waste in our supply chain. More than 60% of Tesco's fresh sales (by volume in the UK) is now provided by suppliers reporting on food waste.

3.

Our communities

We work with local charities, community groups and food redistribution volunteers, to ensure any good food left at the end of every day in our stores or distribution centres is available to people who need it.

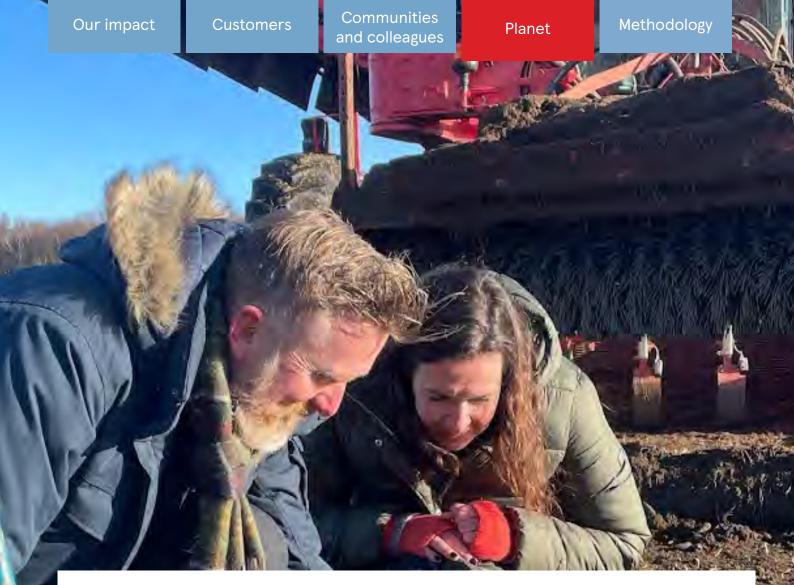
Our Community Food Connection scheme, which donates surplus food to local charities and communities, is the biggest of its kind in the UK, providing 4 million meals a month to charities and community groups.

4.

Our customers' homes

Our customers are central to the food waste fight, so we're supporting them with simple changes they can make at home.

This includes hints and tips, recipe inspiration and food storage advice to help them save money and stop good food from being thrown away.



Right to the source.

At Tesco we recognise the need to drive change all the way through our supply chains. To achieve this, we are working with our farmers and growers to support the uptake of low-carbon fertilisers and to trial methane reducing feed supplement for dairy cows.

In 2023, we started a programme with five of our largest field veg suppliers to launch the biggest commercial roll-out of low-carbon fertiliser. This will help boost UK food security while reducing greenhouse gas emissions by up to 50%. As part of the partnership, we have so far trialled eight fertiliser alternatives across more than 3,300 hectares of land.

Investing in low-carbon fertilisers made in the UK could also help farmers reduce their costs and create green jobs. In 2023, the trial meant 70,000 tonnes of field veg on Tesco's shelves, including lettuces, carrots, and potatoes, were grown using low-carbon alternatives.

Tesco also partnered with Grosvenor Farms – one of the least carbon intensive UK milk producers – to trial a methane reducing supplement on 400 cows this year. Methane from cattle burps is a substantial contributor to emissions and Tesco is committed to supporting our farmers to find innovative ways to reduce these.

Building on these partnerships, we are taking our work with our suppliers to the next level by establishing two low-carbon farms. These farms will explore innovations such as alternative fuels, state-of-the-art cold storage and carbon removal techniques. They will be at the heart of our efforts to provide farmers with a practical route to net zero.

Overview of Tesco's impact.

Our economic impact

- Tesco is the largest UK retailer, with a presence in every region of the UK and around 300,000 employees.
- We are a vital supporter of UK businesses, working with over 3,400 local suppliers.
- We are a major investor in every part of the country, adding £55.5bn to the value of the UK economy.
- We are the UK's third largest taxpayer, contributing £4.56bn over the last year, enough to fund 1,900 schools or 81 million GP appointments.



Our customers

- Tesco is consistently the UK's most affordable full-line grocer.
- We reduced the prices of over 4,000 products during 2023/24 by an average of 12%.
- We want to help our customers to eat more healthily, replacing over 800 lines with healthier or more sustainable products, often at a lower cost.
- Tesco stores are more than supermarkets. They are community hubs providing services which would otherwise be absent, from post offices to cash machines.



Our communities and colleagues

- Since 2016, Tesco has awarded more than £120m in grants to over 70,000 community projects.
- Our Stronger Starts programme is aiming to reach 1 million children by December 2025, supporting their physical and mental wellbeing.
- Our colleagues are the heart of our communities. We employ around 1% of working adults across the UK.
- Tesco is committed to our colleagues, increasing pay across our stores by more than 25% since April 2022 and introducing a 24/7 Virtual GP service for colleagues and their families in 2023.



Our planet

- Tesco is enacting its green ambitions towards a target to be carbon neutral in our own operations by 2035 and net zero in our full value chain by 2050.
- We procure 100% of our electricity from renewable sources and we have signed the largest corporate solar agreement in UK history.
- We have the largest EV charging network of any UK retailer - more than 2,700 EV charge points across over 600 stores.
- We are acting to end food waste. Through our Community Food Connection scheme with FareShare, we have redistributed over 220 million meals since 2016.

Methodology.

Tesco is the UK's leading grocery retailer with around 3,800 stores across the UK, employing around 300,000 colleagues and serving millions of customers every week. But Tesco's impact goes beyond just the people directly employed and the goods sold in store and online.

The analysis for this report comes from a bespoke economic model built specifically for this project by Global Counsel, based on a standard economic impact approach. The model is designed to analyse how the money spent in Tesco stores flows through to wages and income for suppliers and onward into the wider economy creating jobs and economic value in communities right across the country.

Sources of Information

The data used for this analysis comes primarily from Tesco's own internal systems. This includes data on the value of sales made by each individual store, payroll data for each store, office and distribution centre, and details of Tesco's purchases from its UK and global supply chain. Data was also taken from Tesco's most recent Annual Report and Financial Statements.

This data was cross referenced with public datasets. For example, Tesco's supplier data was matched to Companies House records, to build a picture of this spending according to the sector of the economy in which each supplier operates.

A number of Office for National Statistics (ONS) datasets were also used in this analysis, including the ONS input-output analytical tables, data from the ONS Business Register and Employment Survey, and employment data from the ONS Labour Market Survey. Additional Business Register and Employment Survey data for Northern Ireland was sourced from NISRA.

Tesco Supply Chain

In FY2023/24, Tesco spent over £34bn with around 3,800 separate suppliers. This spending, together with how it flows through the supply chain and the wider economy is one of the largest contributors to Tesco's overall economic impact. To analyse these effects as accurately as possible, some processing of this data was undertaken.

First, each supplier was matched up to a parliamentary constituency and a nation/region based on the postcode data for it supplied from Tesco's internal records.

Second, each supplier was matched up to a fivedigit SIC code from Companies House records. Where no direct match was available from the Companies House dataset, SIC codes were found using desk-based research. This allows for spending with each supplier to be allocated to economic and employment multipliers relevant to that its specific industrial classification.

Input-output model

The ONS describes its Input-Output tables as being constructed to present "a balanced and complete picture of the flows of products in the economy and illustrate the relationships between producers and consumers of goods and services". That is, they show how money spent in one sector of the economy flows through to components including wages paid, inputs purchased from other sectors and economic value added (GVA). They allow interdependencies between industries to be observed and are used by the ONS to set the level of annual current price Gross Domestic Product (GDP).

For this project, a bespoke model based on ONS input-output tables was created to flow multiple sources of data – Tesco store-by-store receipts, Tesco store-by-store payroll, other Tesco payroll data, and spend by supplier – in order to build a picture of the economic and employment impacts.

This analysis for Tesco uses the 2019 publication of ONS input output tables. The 2020 publication has specifically not been used as ONS advise that "the 2020 input-output table reflects the economy during the covid-19 pandemic" and that the 2019 tables present a more typical view of the UK economy. In this annex the word multiplier is used to capture two types of coefficient from the inputoutput tables that should, more formally, be referred to as multipliers and effects. A GVA multiplier is used to calculate the change in GVA for the economy resulting from a change in GVA for a given industry. GVA effects is used to calculate the change in GVA for the economy as a whole resulting from a change in output for a given industry. The same distinction applies to employment multipliers and employment effects. Though in the latter case what is found is the impact on the compensation of employees resulting from a change in GVA or in output - meaning this needs to be divided by the compensation of the relevant employees (or the average compensation of employees in that sector (perhaps in that region) for that industrial sector as a suitable estimate) to derive an employment number.

Economic impact calculation

The economic impact calculation follows the standard template of assessing direct, indirect and induced effects.

- Direct economic impact is the first-round effect that arises from the demand for goods and services that Tesco offer for sale in stores and online.
- Indirect economic impact is the effect that arises from Tesco's procurement from its UK-based supply chain. This includes both the procurement of goods for resale in Tesco stores and online, as well as goods and services purchased by Tesco for use in its own business operations.
- Induced economic impact is the increased economic value that arises from Tesco colleagues and staff members in supply chain companies spending (a proportion of) their wages in the UK. This spending acts as demand for goods and services within the local economies in which transactions take place, supporting further supply chains beyond Tesco's already extensive network.

The direct GVA created from demand for goods and services supplied by Tesco is calculated using the "income approach", which in essence counts wage values plus profits made and capital used (as measured by depreciation and amortisation). This is done nationally from data in Tesco's annual report and at a local level for individual Tesco locations using sales and payroll data for each individual store. For the indirect impact, ONS multipliers are applied to Tesco's own spending in the UK economy. In particular a matrix is created of suppliers to Tesco plotting the location of that spend against the industrial category of the supplier. That allows for the Type I multiplier to be applied for each industrial sector, building up a complete picture of how such spending flows through the economy and the GVA that is created from it.

For the induced impact, the indirect effect calculation described above is repeated but with a Type II multiplier applied to each industrial classification. As the Type II multiplier gives indirect plus induced effects, the indirect effect is subtracted to isolate the induced GVA value. The induced impact calculation implicitly assumes that wages are spent in the local economy in which they are earned (see limitations section below).

The total GVA impact is then the sum of the direct, indirect and induced GVA impacts.

Employment impact calculation

The employment impact calculation follows the same template described above for assessing direct, indirect and induced effects.

In these calculations, employment multipliers are used in place of GVA multipliers, with appropriate adjustments to account for the compensation of employees in that sector/region.

Locational Quotients

To derive constituency level and regional results from the multipliers contained in the national input-output tables, a regional or constituency specific version of the national input-output model must be created. This adjusts each national multiplier to reflect the specifics of the local or regional economy. Following best practice, this report achieves this by constructing and applying regional and constituency level Flegg Locational Quotients.

The economy of a region or a single parliamentary constituency differs from the national economy in its industrial structure – some regions may be stronger than the national average in the production of agricultural products but weaker in the manufacture of soft drinks for example. In considering a regional economy in the UK, inputs purchased from other regions within the UK are counted as value "leakage" from the regional economy but within the UK-wide multipliers these would all be domestic production. An adjustment to rectify this was proposed by Flegg et al in 1995 and subsequently refined. For this report, a Flegg Location Quotient was calculated for each of the new (2024) Parliamentary constituencies and for each nation and region using ONS data on local employment by 2-digit industrial classifications. These were then used to adjust ONS national multipliers to the regional and constituency level. For Northern Ireland the data available at the time of this study was more limited and Flegg Location Quotients were constructed by broader economic categories and matched, using an analysis of polling districts/wards to match to the 2024 constituency boundaries.

Limitations of input-output models

While input-output based modelling is the accepted standard approach to calculating the economic and employment effects of individual companies, activities or investments, such models necessarily have limitations in what they can analyse. The results in this report should therefore be read with the following caveats.

First, the input-output tables for a given year represent a static view of the economy. As the ONS says, they "provide a picture of the flows of products and services in the economy for a single year". As explained above, 2019 input output tables were used in preference to 2020 given the impacts of covid-19 on the latter. But some post pandemic impacts and effects following the war in Ukraine (and the impact that had on energy costs) will not be captured by the model.

Second, the method used for this report calculates the gross GVA and employment impact of Tesco's operations. But it does not construct or compare to a counterfactual of how spending would differ, and how resources would be deployed were Tesco not to exist.

Third, the calculation of induced impacts risks overstatement. This is a systemic effect arising from a number of factors, including a) the assumption that wages are spent in the local economy in which they are earned and b) the assumption that supply chains are able to flex (without price effects) to changes in demand.

Fourth, steps have been taken in this analysis to avoid over-counting for products that result from international supply chains. This includes removing from indirect and induced impact calculations any spend with suppliers that are based overseas and additionally using the ONS Type I multiplier (and our calculated Type II multiplier) to remove an element related to imported products consistent with the average for each industrial sector. Nonetheless, there is a risk that Tesco's internal systems see certain UK headquartered companies as being domestic suppliers where in practice those companies source a large proportion of their sales from overseas.

Fifth, data quality issues mean that any analysis of this type cannot be entirely accurate. For example, the industrial sector multiplier used for each of Tesco's aroud 3,800 suppliers is taken for that company's registration of its SIC code with Companies House. Companies may operate in multiple sectors. And where companies register multiple SIC codes, only the first is used here. Additionally, there may be uncertainty as to which category a given supplier should register leading to mixed of imperfect registrations. For example, a company selling tobacco products to Tesco may register as SIC code 12000 - Manufacture of tobacco products or as SIC code 46350 -Wholesale of tobacco products. There is no particular reason to believe that this effect has a particular directional bias and so it is likely to broadly cancel out over a large enough number of suppliers.





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