

Progress

Sustainability Report 2026

Tesco PLC

Welcome to our 2026 Sustainability Report

At Tesco, ‘Every Little Helps’ guides our sustainability journey. From cutting carbon and reducing waste to promoting healthier diets and supporting inclusive communities, we believe that consistent actions add up to big change. This report shows how we are turning that approach into progress to help build a food system that works better for people and the planet.

Information in this report relates to the Tesco Group, including subsidiary undertakings of Tesco PLC as set out in the Annual Report and Financial Statements 2026.

Our Sustainability Report is part of a comprehensive reporting suite that showcases our sustainability progress, including:

- Annual Report (including TCFD and Nature)
- Modern Slavery Statement
- Everyone’s Welcome Report
- Sustainability Reporting Hub (including data methodologies and Deloitte Assurance Report)

Front cover features one of our vegetable farmers and participant in our Future Farmer Programme.



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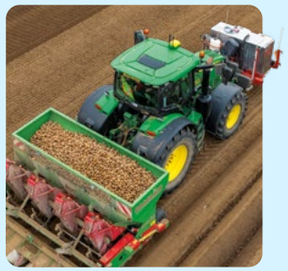
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Highlights





Climate change and nature

68%
reduction in emissions from our operations, exceeding our 2025 target of 60% across the Group from our 2015/16 baseline

260,000
two kilo packs of potatoes grown on our low carbon concept farm, went into stores in February 2026

Low carbon concept store
opened in Harrogate



Food waste and packaging

44,554 tonnes
of surplus food has been redistributed to people or animals in the UK

99%
of our Own Brand packaging is recyclable in the UK, of this 87% is recyclable at kerbside



Health

65%
of our UK and ROI food sales are healthy

Over
500,000
customers served in our UK pharmacies every week



Colleagues

Over
£200m
investment in pay for our UK hourly paid Tesco store colleagues, delivering an above inflation pay increase of 5.1% which came into effect in March 2026

Over
215,000
young people have benefited from our work with The King's Trust and other youth partners over the last four years – from employability programmes, developing skills and confidence, to opportunities for the future

Communities

Since September 2024 over
15.7m
portions of fruit and veg have been given to children in the UK

Over
123m
meals provided to charities, community groups, and colleagues throughout the Group this year



Group CEO introduction

Year in review



Ken Murphy, Group Chief Executive

As the UK's leading food retailer, serving our customers, communities and planet a little better every day, we depend on a resilient and sustainable food system. Without it, our suppliers can't grow the food needed to feed the nation. Against an uncertain economic and geopolitical backdrop, we are already seeing the impact of a changing climate, with droughts, flash floods, and wildfires affecting food supply chains and the communities that rely on them, all around the world.

Sustainability, and seeking the protection of workers' rights across the food value chain, is central to everything we do. We are as committed as ever to playing our part in reducing our impact on the planet. It's how we protect the shopping basket, remain competitive, keep food affordable over the long-term, and ensure a steady supply of healthy, quality food for our customers. It's why our colleagues, together with our suppliers and partners, work tirelessly to drive sustainability across our operations and supply chain. Our planet plan guides our actions in six key areas and I'm proud that last year we achieved several of our near-term goals.

We exceeded our target for Scope 1 and 2 emissions reduction; healthy food now represents 65% of our total sales in the UK and ROI, up from 58% in 2019; and we have completed the roll-out of LEAF Marque certification across our global fresh produce supply base which supplies the UK, helping to reduce emissions, protect nature, and increase supply chain resilience in the process.

Now many of our 2025 commitments and targets have drawn to a close, we are taking the opportunity to adapt and hone our approach, with a much sharper focus on the areas where we know we can make the greatest difference.

Our aim to achieve net zero across our value chain by 2050 remains key. To help us achieve this, we have clear commitments on health, nature and waste, as well as remaining focused on reducing emissions across our own business and supply chains. That's why we are shifting from things that aren't driving the impact we are aiming for, such as plant-based meat alternatives, towards those that are, like doing our part to remove the barriers customers face in accessing healthy, sustainable food.

> Many of the challenges where we need to make further progress are areas that no company can tackle alone. It will take shared efforts across supply chains, government and the entire food industry to overcome the most complex issues facing our food system.

We have also learned a lot about the challenges we and the industry face, and where more work is needed. For instance, despite our best efforts, we haven't met our Group-wide target to halve food waste in our own operations by December 2025. We remain committed to achieving this before 2030, in line with UN Sustainable Development Goal 12.3.

Many of the challenges where we need to make further progress are areas that no company can tackle alone. Addressing them will require shared responsibility across supply chains, government and the wider food industry — from calling for necessary regulatory change to supporting sustainable farming practices that can work at scale. This means a shift in how we think, act and collaborate, treating sustainability not just as the right thing to do, but as a business imperative. Most of all, the next phase of sustainability will require a partnership approach.

We have learned the most significant progress comes from working together. Partnering with suppliers on our low carbon concept farms, supporting Tesco Sustainable Dairy Group farmers to stay financially and environmentally sustainable, working with the British Nutrition Foundation (BNF) to get more fruit and veg into schools, or teaming up with FareShare, Olio, the Coronation Food Project and Alliance Food Sourcing to cut food waste and redirect surplus food to those who need it most.

That's why you'll see us increasingly use our reach to bring together farmers, industry, innovators, government and civil society, and working together as an industry to find new and innovative solutions. Working together is how we will drive systemic change and accelerate progress.

Our focus on collaboration is just as true inside our business. Our dedicated colleagues continue to drive improvements across the Group. Without them, the progress we have made simply would not have been possible.

We are all living through a period of real uncertainty, nevertheless we remain committed to driving sustainable change in the areas where we can make the greatest difference, and to achieving net zero. Doing so won't just be good for our planet; it will benefit the people who produce our food, and the customers who buy it, by creating a stronger, more resilient food system.

Ken Murphy
Group Chief Executive



Stewart Gilliland,
Chair of the Sustainability Committee and Non-executive Director

As Chair of the Sustainability Committee, I have seen first-hand the determination across Tesco to embed sustainability into every part of the business. This year, the Committee has helped guide the transition from our 2025 commitments and targets to a sharper set of priorities which have been informed by our stakeholders, and will help us deliver the greatest impact for customers, communities and the planet while continuing to support the Board in embedding sustainability into our Group strategy.

The Committee's oversight has spanned the breadth of the planet plan, from accelerating innovation in our own operations to strengthening resilience in supply chains. I was pleased to visit our new low carbon concept store in Harrogate (see **page 13**). The store demonstrates how practical solutions can help us decarbonise retail and inspire change across the industry. Alongside this, we have supported progress on healthier baskets, nature-based solutions and waste reduction, while continuing to champion human rights and community programmes such as Fruit & Veg for Schools.

The Committee remains focused on its core responsibilities: overseeing delivery of Tesco's sustainability priorities, monitoring emerging risks and supporting the Board in embedding sustainability into decision-making. Through this work, we help Tesco use its scale to drive positive change where it matters most.

Our purpose

Sustainability is core to our purpose and how we drive long-term value for our stakeholders. It is a key component of our strategic priority to create value for customers through quality, price, range and customer experience.



As food systems come under increasing pressure, sustainability is key to our long-term resilience. Our actions today help meet customer needs and strengthen supply chain stability for the future.

Christine Heffernan, Group Chief Communications and Sustainability Officer

Sustainability, including our planet plan, is governed at Board level by our Sustainability Committee and part of performance-based remuneration for our senior management. In June 2025, Christine Heffernan was appointed as our Group Chief Communications and Sustainability Officer, underlining our commitment to being a responsible business.

The Executive Committee supports the Board in developing the sustainability agenda to balance short, medium and long-term objectives, and reviews expenditure required to deliver our net zero commitments.

Defining our most important topics

In 2024/25 we carried out a materiality assessment to identify and understand the ESG topics that matter most to our business. Using a double materiality approach, we assessed both the issues that could have a significant impact on Tesco and those where our activities could significantly affect people, society and the environment, as detailed on the next page. Our process is designed to ensure our plans continue to address the right areas, manage risks, impacts and opportunities, and support our readiness for forthcoming legislation.

As part of the assessment, we reviewed the Group's operations and mapped our value chain covering upstream, downstream and our own operations. A long list of ESG topics was created by drawing on our previous materiality assessments, our existing sustainability reporting, peer reporting, existing principal risks and sustainability frameworks such as Sustainability Accounting Standard Board (SASB). We conducted internal and external stakeholder engagement via a combination of focus groups and interviews. Secondary survey data was used to incorporate the views of customers, suppliers and colleagues, ensuring the output reflected our full value chain.

ESG topics were quantified and prioritised by scoring the magnitude of impact and likelihood, in alignment with our Group Enterprise Risk Management Framework. This was a centrally coordinated exercise, led by a core cross-functional team designed to leverage expertise to curate a consistent and coherent understanding of our most important sustainability topics.

The output was validated by internal subject matter experts and senior leaders across the Group prior to review and approval at our ESG reporting and disclosure group, and Audit Committee.

By defining our most important ESG topics, the outcome of our materiality assessment informs our approach and supports the prioritisation of our sustainability targets and commitments.

Monitoring our material ESG topics is an ongoing process. We will continue to perform annual reviews of our material sustainability topics with a more thorough update to be completed every three to four years or if there is a significant internal or external event.

Our commitments

Following the conclusion of a number of our sustainability commitments in December 2025, our materiality assessment has helped inform six key long-term commitments which we will use to help guide our work in this space.

- **Net zero across the value chain by end of 2050 validated through SBTi**
- **Net zero across our own operations by end of 2035**
- **Achieve year on year healthy sales increase every year to 2030 (excluding Booker)** NEW
- **50% food waste reduction in own operations before 2030**
- **Lead industry to accelerate the transition to circularity by 2035** NEW
- **Nature-led net zero approach** NEW

Read about our key commitments on **page 6**.



Our purpose continued

Market drivers shaping our sustainability strategy

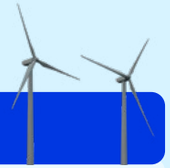
Food production generates roughly one third of global carbon emissions each year and remains the primary driver of biodiversity loss*. Our dependence on natural resources, and the pressures this places on them, continues to shape climate, nature and environmental challenges across our value chain.

Progress in packaging recyclability, recycling collections and processing infrastructure, and advances in reducing food waste reflect growing consumer expectations for more resource efficient, circular solutions. At the same time, rising customer expectations for healthier and more sustainable diets are influencing product decisions, as customers increasingly seek affordable food that is more nutritious and less processed.

In a similar way, heightened expectations regarding fair work, inclusion and human rights continue to guide how we support our colleagues and the workers within our global supply chains.

We remain focused on balancing our long-term sustainability ambitions with our aim to offer customers affordable, quality food today. Together, these forces shape the market dynamics that inform the evolution of our approach to sustainability.

* UN supported studies Greenhouse gas emissions from agrifood systems. Global, regional and country trends, 2001–2023.



Climate

Retailers are increasingly exposed to climate-related risks across the entire value chain. Agricultural and manufacturing emissions, pressure on global supply chains, and growing physical climate impacts all challenge the resilience of how we source products.

Risks are also faced in logistics and store operations, where energy use, fuel dependency, and extreme weather events can be disruptive. At the same time, customer expectations are shifting with demand for greater transparency into how food is sourced, as well as the impact of evolving regulation. Together, these pressures underline the need for retailers and the wider food industry to work towards decarbonisation.

Sustainability Topics:

- Decarbonising transport
- Reducing store emissions
- Improving our products (reducing Scope 3 emissions)

Read more **page 11**.



Nature

Global ecosystems face growing pressure from agriculture, deforestation, pollution and the effects of climate change. Water is becoming a critical issue as climate change alters weather patterns and increases stress on resources. Nutrient runoff and pesticide use continue to be a concern, while biodiversity loss is accelerating due to habitat conversion and unsustainable land use. Regulatory changes and rising consumer, investor and business expectations are reinforcing the need to address these impacts within our own supply chains, making protecting and restoring nature a key focus.

Sustainability Topics:

- Water
- Biodiversity
- Soil health

Read more **page 16**.



Circular economy

The shift toward a circular economy is accelerating as regulators, investors, businesses and consumers demand reductions in waste and resource use.

Food waste is under intense scrutiny due to its environmental impact and cost implications. Packaging faces growing pressure from extended producer responsibility laws, restrictions on single-use plastics, and rising consumer expectations for recyclability and reuse. These trends reflect a broader move toward closed-loop systems, making waste prevention and material recovery critical for long-term resilience.

Sustainability Topics:

- Food waste
- Packaging
- Food redistribution

Read more **page 23**.



Health

Health considerations are reshaping the food retail sector as consumers increasingly seek healthier, more nutritious options, driven by public health concerns and government regulations such as HFSS legislation.

Growing focus on ultra-processed foods (UPFs) is also influencing consumer sentiment and purchasing decisions. Retailers and suppliers have an opportunity to lead by reformulating ranges, improving product labelling, and actively supporting customers to make healthier choices through clearer information, availability and affordability.

Sustainability Topics:

- Sustainable and healthier lifestyles

Read more **page 29**.



People

Businesses today operate amid rising expectations around workplace culture, employee health and safety, and the protection of human rights across global supply chains.

At the same time, expectations around fair work continue to strengthen. Businesses have an obligation to support fair wages, safe working conditions and respectful treatment of workers—recognising that sustainable, resilient supply chains depend on people being protected and rewarded fairly for their contribution.

These factors continue to shape regulatory requirements, investor priorities and consumer behaviour, making them central to long-term competitiveness and resilience.

Sustainability Topics:

- Human Rights
- Colleague wellbeing

Read more **page 36**.



Governance

Strong governance is increasingly critical as stakeholders demand accountability for environmental and social impacts. Global frameworks and emerging due diligence laws require companies to integrate ESG risks into board-level oversight and supply chain management. Investors are prioritising transparency and sustainable sourcing as indicators of long-term resilience, while consumers expect brands to uphold responsible practices across global supply chains. These pressures make robust governance structures—covering strategy definition, performance monitoring, and credible reporting—essential for compliance, risk management, and maintaining trust in a rapidly evolving market.

Sustainability Topics:

- Ethical business conduct
- Sustainability governance and risk

Read more **page 50**.

These four drivers are covered by our planet plan

Our commitments

Roadmap to net zero

As part of our journey to achieve net zero across our full value chain by 2050, we have reviewed and updated our sustainability commitments to ensure they remain ambitious, credible, and aligned with our stakeholders' expectations. We are building on strong foundations, with significant progress already achieved in this area.

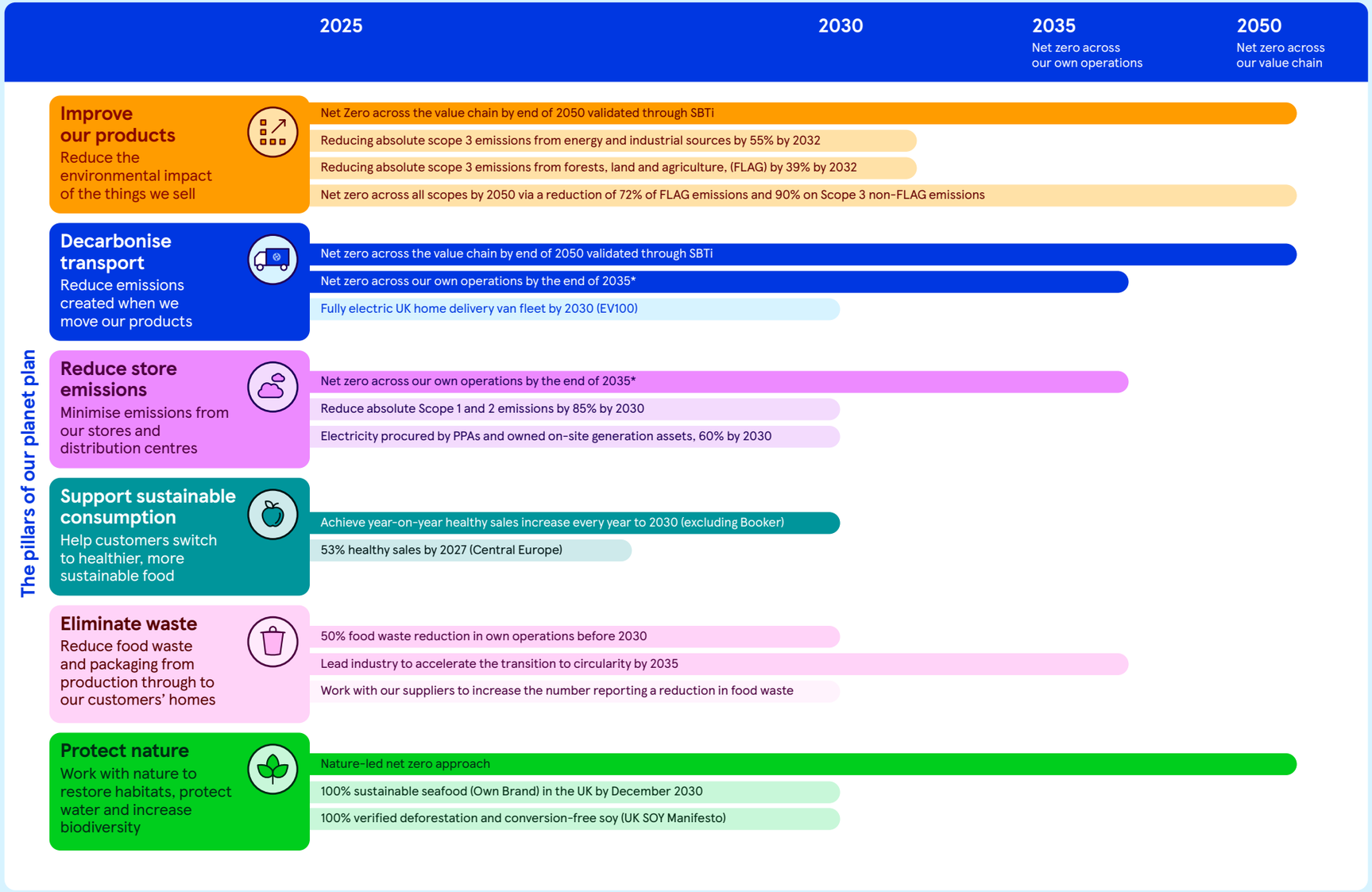
Our six updated sustainability commitments focus on the areas where we can have the greatest impact and accelerate change by leading and convening the food industry. We are placing greater emphasis on the systemic shifts most needed – sustainable farming, decarbonisation, healthier diets, circularity and packaging reform – while maintaining strong governance over our ongoing commitments.

Progress against targets, including those achieved and retired

As part of this refresh, we have retired 14 commitments which ended in December 2025. These have either been embedded into policy, for example our sourcing standards now include a requirement for all shell and ingredient eggs for the UK and ROI to be cage-free, and produce for the UK to be LEAF Marque certified. Other targets have served as stepping stones towards our new commitments or were interim targets. For example, our previous packaging targets will be consolidated into our commitment to lead the industry to accelerate the transition to circularity by 2035. In some instances, we did not fully deliver the impact we had hoped for, such as our target to grow plant-based meat alternative sales by 300% by 2025, where market decline and changes to customer preferences have led us to update our approach. We will keep our health targets under review as legislation evolves.

Further detail on these changes, along with performance against each target, is available in the relevant sections of this Report and in the Databook.

* We are committed to net zero across our own operations by 2035. Our approach prioritises avoiding and reducing emissions first, with offsetting used only for residual emissions. To reflect this approach, 'net zero operations' is a more accurate description than our previous wording of 'carbon neutral'. This is a change in wording only. Our targets, baselines and methodologies remain unchanged, and the updated language aligns with evolving expectations from regulators, investors and assurance providers.



Our value chain

Positive impact for customers, communities and the planet

Our value chain, from sourcing raw materials to delivering products to customers, demonstrates how sustainability and collaboration are encouraged at every stage.

Through strategic partnerships with suppliers, NGOs, and local communities, we ensure environmental and social responsibility is integrated across our value chain and delivers on our purpose to serve customers, communities, and the planet a little better every day. This end-to-end approach ensures sustainability is not treated in isolation, but as a core principle that underpins decision-making in relation to our value chain.



Building on our partnership approach with our farmers, suppliers, communities and charity partners will be essential in tackling the most significant sustainability challenges we face, and will help us deliver on our core purpose of serving customers, communities and planet a little better every day.

Claire Lorains, Group Quality, Technical and Sustainability Director

Upstream

Starting with our suppliers, we collaborate with strategic partners to help suppliers establish sustainable farming practices that protect nature, reduce emissions, and create fair wages across our value chain. We source responsibly including through ethical trade partnerships and work with manufacturers to drive innovation in efficiency and packaging.

Trialling sustainable innovation

Nature programme initiatives

Packaging removal and reduction

Promoting rights and equal opportunities for supply chain workers

Operations

At the heart of our business are our values and our people. We invest in our colleagues, stores and distribution centres to ensure we operate responsibly and sustainably. Across our operations, we focus on reducing our emissions and tackling food waste at our stores and distribution centres.

Valuing colleagues and supporting their wellbeing

Converting food surplus into animal feed

Energy efficiencies in stores and distribution centres

Every little helps

Trialling delivery fleet electrification

Sourcing renewable electricity

Rolling out electric home delivery vans

Downstream

We are focused on being the most convenient place to shop for healthy, sustainable food. We do this by working with customers and partners to reduce impacts, create shared value, and personalise the shopping experience to support healthier choices.

Making healthy food more affordable and accessible to our customers

Free Fruit & Veg for Schools

Customer EV charging

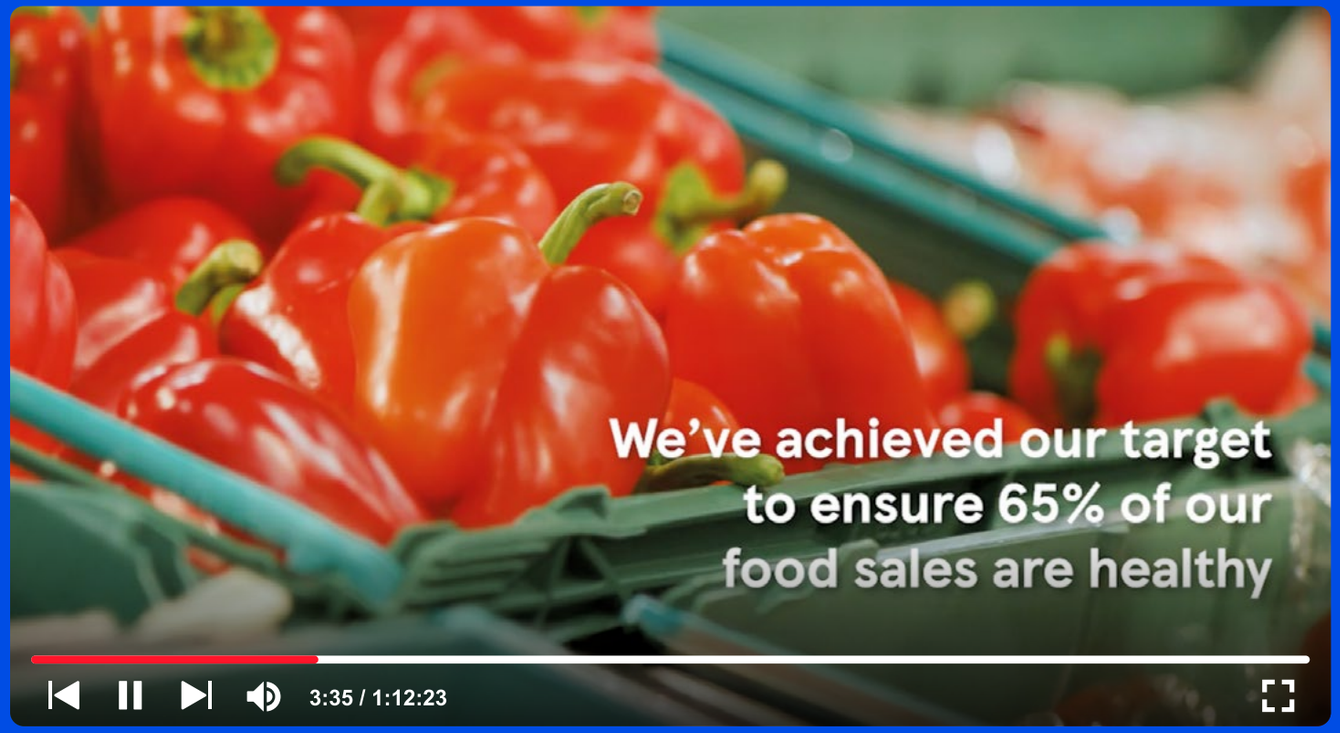
Health charity partnerships

Food surplus redistribution supporting communities

Press play!

We are focused on making a positive impact where it matters – in the heart of our communities across the UK, ROI and Central Europe.

Our 2025/26 sustainability highlights video brings together some of the key progress we have made over the last year. These highlights include opening our low carbon concept store in Harrogate, our Free Fruit & Veg for Schools programme, and ensuring our food redistribution programme reaches those most in need. It reflects the day-to-day actions across our business to reduce emissions and support communities, as we work towards our commitment to reach net zero across our value chain by 2050.



Up next:

Watch more videos showcasing our key sustainability progress over the past year, highlighting the actions we are taking and the impact we are making.



Low carbon concept farms.



Free Fruit & Veg for Schools.

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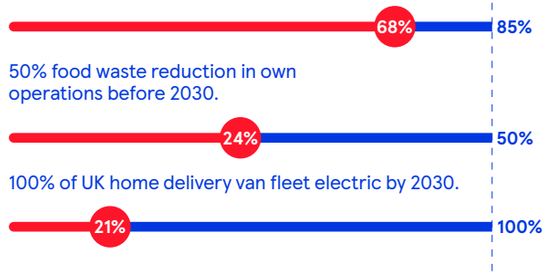
Planet

We want to play our part to address the impacts the food system has on climate and nature. With the vast majority of environmental impacts occurring in our wider value chain, our focus is on partnering with our suppliers and farmers to ensure we provide our customers with healthy, sustainable, affordable food.

10 Our planet plan
11 Climate change
16 Protecting nature
20 Sustainable agriculture
23 Circular economy

Progress towards our longer-term targets

Reduce absolute Scope 1 and 2 emissions by 85% by 2030 and net zero by 2035 (baseline 2015/16).



50% food waste reduction in own operations before 2030.

100% of UK home delivery van fleet electric by 2030.

FY 2025/26 key achievements

- Reduced our Scope 1 and 2 emissions by 68%, exceeding our December 2025 operational emissions reduction target.
- Over 5,000 tonnes of surplus food has been converted into animal feed at our new facility.
- Seven nature programme partnerships now in place helping protect nature in our supply chains.
- Opened our new low carbon concept store in Harrogate.

Policies

View all of our policies in the **Governance section** of this Report.

SUSTAINABLE DEVELOPMENT GOALS

Overview

Our planet plan

We have built six pillars that cover our work across Planet: from sourcing and making products responsibly, to running more energy efficient stores and transport. We are helping people enjoy healthier, more sustainable food, while cutting waste across the food chain. And with our nature pillar, we are playing our part to protect landscapes connected to food production.

The pillars of our planet plan:

Improve our products
Reduce the environmental impact of the things we sell

Decarbonise transport
Reduce emissions created when we move our products

Reduce store emissions
Minimise emissions from our stores and distribution centres

Support sustainable consumption
Help customers switch to healthier, more sustainable food

Eliminate waste
Reduce food waste and packaging from production through to our customers' homes

Protect nature
Work with nature to restore habitats, protect water and increase biodiversity

Global food production generates a third of greenhouse gas emissions, with as much as 40% of food produced going uneaten. Meanwhile the impact of extreme weather events such as droughts and floods, and threats to nature such as declining soil health are impacting food supply chains, including the farmers and suppliers we rely on.

It is clear sustainability will become ever more critical to building a stronger, more resilient business. We continue to be guided by our planet plan, which brings together our key areas of activity under six pillars, and reflects the interdependencies of the food system and the natural environment. Alongside delivering the plan for our own operations, we continue to look at ways we can have the greatest impact, both in the supply chain, and in our customers' homes.

Our plan continues to focus on our commitment to reaching net zero across our full value chain by 2050, validated in line with the Science Based Targets initiative (SBTi) pathway for limiting global warming to no more than 1.5°C average above pre-industrial levels.

We took some positive steps in a number of areas last year, but we know future progress will be harder won and will depend on tackling some of the most challenging issues facing our food system at an industry level.

We recognise the growing link between environmental and human impacts in our supply chain. To read more about our work to protect and maintain the human rights of everyone working in our business and our wider supply chains, please visit our Human rights section (**page 43**).

See our **data methodologies**.

Read about climate risk management in our **Annual Report (page 41)**.

Climate change

Commitments

Net zero across our own operations by the end of 2035.

Net zero across our value chain by the end of 2050 validated through SBTi.

Targets

Net zero across our own operations by the end of 2035, with interim targets to:
- Reduce absolute Scope 1 and 2 emissions by 85% by 2030, ahead of our SBTi target of 82% by 2032.
- Procure Group electricity demand increasingly via Power Purchase Agreements (PPAs) and on-site generation at 60% by December 2030.
- Fully electric UK home delivery van fleet by 2030 (EV100).

Net zero across our value chain by 2050, with interim targets to:
- Reduce absolute Scope 3 emissions from energy and industrial sources by 55% by 2032, 90% by 2050 (baseline 2019/20).
- Reduce absolute Scope 3 emissions from forests, land and agriculture by 39% by 2032, 72% by 2050 (baseline 2019/20).

Climate change is a global challenge with far reaching implications for our business, supply chain, colleagues, and customers. Together with environmental sustainability, it is recognised as a principal risk to our organisation, which is why reducing climate emissions is one of our core KPIs.

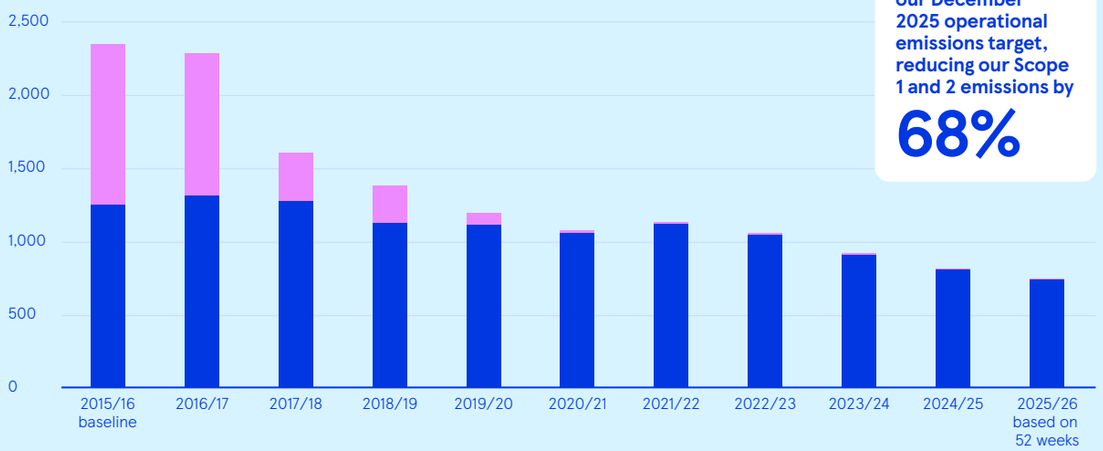
In 2023 we became one of the first companies globally to set a SBTi-aligned net zero target across our full Group value chain by 2050, including our forests, land and agriculture emissions (FLAG). This validation from SBTi follows the latest methodology developments and the inclusion of new data points on areas such as deforestation and land conversion, as well as more ambitious supply chain decarbonisation commitments, aligned with a 1.5°C pathway.

We are taking forward recommendations from the UK government's Transition Plan Taskforce (now coming under the International Financial Reporting Standards Foundation). Our planet plan strives to address emissions within our operations, our value chain and beyond, ensuring we play our part in driving system change across the industry. We continue to deploy our transition plan internally to deliver our strategy. For more information on our approach to reducing emissions, please see our TCFD statement in our Annual Report.

We are prioritising absolute emissions reductions. Once we reach our reduction targets in 2050, any residual emissions within Scope 1, 2 and 3 will be neutralised by carbon removals in line with SBTi guidance. On Scopes 1 and 2, we have committed to reach net zero by 2035 and will offset unabated residual emissions (less than 10%) annually.

We are proud to have exceeded our December 2025 operational emissions reduction target, reducing our Scope 1 and 2 emissions by 68%, ahead of our 60% reduction target against a 2015/16 baseline. Thanks to the significant progress we have made in recent years in reducing our Scope 1 and 2 emissions, these now represent around 1% of our total emissions with the majority of our total footprint sitting in our value chain (Scope 3). Our total emissions footprint is now 68.1 million tCO_2e/year, down from 73.1 million tCO_2e/year reported in 2024/25. This change has primarily been driven by a reduction in fuel and energy related activities, including the sale and use of fuel, reflecting wider customer behaviour change. Our latest carbon footprint data, covering Scope 1, 2 and 3 emissions, is summarised in the chart on **page 12**.

Scope 1 and 2 (market-based) emissions ('000s tCO_2e)



We have exceeded our December 2025 operational emissions target, reducing our Scope 1 and 2 emissions by 68%

Operational emissions (Scope 1 and 2)

While a relatively small part of our overall footprint (734,003 tCO_2e, 52 week basis), our Scope 1 emissions relate to the direct emissions that are created from our activities. These include the running of our home delivery vans and larger distribution fleet owned by Tesco, the heating, ventilation and air conditioning of our stores and offices, and our refrigeration units.

Scope 2 emissions relate to indirect emissions that come from the production of electricity to power the buildings we own or occupy. Since 2015/16, we have increased the proportion of electricity sourced through Power Purchase Agreements (PPAs) and direct sourcing such as through the installation of on-site solar. This has been done in accordance with our renewable electricity transition roadmap.

In 2020, we achieved our goal of 100% renewable electricity across the Group through a combination of renewable energy certificates and direct sourcing.

Meeting our Scope 1 Greenhouse Gas (GHG) reduction targets requires transformational change in our stores and distribution network. We are increasing heat pump technology to remove gas heating systems, and working to decarbonise refrigeration by switching to natural refrigerants. Separately, we are decarbonising our distribution fleet through a combination of efficiency projects and asset replacements.

Within our Group capital strategic plan, we continue to identify capital expenditure that specifically supports delivery of our Scope 1 climate transition. We have a programme of capital investment built into our long-term plan which supports the removal of Scope 1 emissions and the delivery of our target to be net zero in our own operations by 2035.

In addition, to support the delivery of our decarbonisation plans we have an internal carbon price (ICP). This aims to ensure that any strategic decisions such as potential new stores, business acquisitions and divestments, or other decisions which would give rise to changes in the level or classification of our emissions, are identified at the earliest opportunity and mitigated accordingly. The price is reviewed annually and governed by the Group operational decarbonisation steering group.

Climate change continued

Our total emissions footprint (based on 52 weeks)



Scope 1

Refrigerants, HVAC, transport (logistics)	1%

Scope 2

Purchased electricity	0%

Scope 3

Purchased goods and services (including deforestation) (Cat 1)	53%
Fuel- and energy-related activities (Cat 3)	5%
Upstream transportation and distribution (Cat 4)	1%
Downstream transportation and distribution (Cat 9)	5%
Use of sold products (Cat 11)	33%
End-of-life treatment of sold products (Cat 12)	1%
Investments (Cat 15)	0%
Capital goods, waste generated in operations, business travel and employee commuting, processing use of sold products, downstream leased assets and franchises (Cat 2, 5, 6, 7, 10, 13, 14)	1%

At the start of 2022, we introduced ESG metrics into our remuneration policy. The Performance Share Plan (PSP) for 2024 and 2025 includes three ESG targets, each with an equal weighting of 8.3%, 25% in total. In the 2026 scheme there are two ESG targets with an equal weighting of 7.5%, 15% in total. Carbon reduction for Scopes 1 and 2 forms one of the targets in all three schemes, aligned with our commitment to be net zero in our own operations by 2035.

We launched the first of our sustainability-linked finance products in 2020, and now have:

- A revolving credit facility refinanced in November 2022, with interest linked to the achievement of our ambitious environmental targets on GHG emissions reduction, food waste reduction and increasing the percentage of female and ethnically diverse colleague representation amongst our top global leaders to improve diversity and inclusion.
- A sustainability-linked bond (€750m). We were the first retailer to launch two sustainability-linked bonds with the coupon linked to our Scope 1 and 2 emissions reduction targets. In October 2021, we issued a sterling sustainability-linked bond (£400m), again linked to our Scope 1 and 2 emissions reduction targets. The reference year for these bonds is 2025/26 financial year.
- A sustainability-linked supply chain finance programme, which supports suppliers through preferential financing terms to bolster climate best practice across our broader supply base.

Powering our sites

We moved to 100% renewable electricity procurement across the Group six years ago (a decade ahead of our 2030 RE100 target). We achieved this through a combination of renewable energy certificates, investing in the installation of solar panels and wind turbines at our stores and distribution centres to generate renewable electricity on-site, and through off-site PPAs.

Our total footprint has been calculated using Scope 1 and 2 emissions from 2025/26, fuel related emissions from 2025/26 and other Scope 3 emissions based on 2024/25. Our net zero validated targets are based on the SBTi scope, which excludes certain emissions, such as those from cooking the food we sell, or consumers driving to our stores. Our total 2025/26 emissions within SBTi scope were estimated at 55.7 million tCO_2e per year. We report on the categories that are material to Tesco based on their contribution to our end-to-end footprint. Upstream leased assets (category 8) are not singled out as a separate category as any emissions coming from leased buildings are already incorporated into our operational footprint. Our Group inventory shows a reduction of 7% of emissions since our baseline in 2019/20. Our total emissions footprint is now 68.1 million tCO_2e/year, down from 73.1 million tCO_2e/year in 2024/25. This change has primarily been driven by a reduction in fuel and energy related activities, including the sale and use of fuel, reflecting wider customer behaviour change. Deloitte have assured selected categories of our Scope 3 footprint to the value of 15,709,312 tCO_2e. Deloitte's full assurance statement is available **here**.

This year, we opened a new DC in Aylesford which is equipped with the largest array of solar panels across our estate. We have also added rooftop solar panels to 29 of our UK existing stores in 2025/26, with a potential annual generation of over 8,000MWh.

Booker has added solar power generation to another two stores – Newton Abbot and Watford, bringing the total to seven across the Booker estate. In Hungary, our DC in Szigetszentmiklós includes over 8,000 solar panels with an annual expected generation of 4,500MWh. 46 stores across Hungary now also feature solar panel systems.

In addition to this, over the past six years, we have announced multiple energy projects, helping us source renewable electricity from windfarms and solar parks across the UK. Cleve Hill Solar Park went live last year, with the site expected to provide 10% of our electricity demand in the UK.

In 2025/26, the equivalent of 24% of Group electricity demand was covered by electricity generated through on-site generation and off-site PPAs. This falls short of our interim December 2025 target of 45%. This figure increases to 32% based on contracted average generation from operational sites. Including the delivery of future projects, the PPA agreements in place are contracted to cover 48% of our electricity demand.

We have experienced challenges in our Central European and Irish businesses as the renewable electricity markets are less advanced, or highly competitive and therefore not as commercially viable. Looking ahead, we recognise achieving our target of sourcing 60% of our Group electricity through PPAs and on-site generation assets by 2030 will be challenging in the current environment.



Climate change continued

Operating our stores and distribution centres

In the UK, we have continued to reduce energy consumption by fitting doors to our store fridges. Doors have been added to fridges in 79% of UK convenience stores, and 332 of our large stores. Fridges fitted with doors use approximately a third less energy than open-fronted fridges. We are also replacing older fridges with high-tech models which will also use doors, reducing air spilling out into the store. These measures mean fridges need to use less electricity to keep cool, and less heating is needed to maintain the ambient temperature in store.

For our heating, ventilation and air conditioning systems, we are removing gas boilers and transitioning to electric heat pumps. In the UK, more than 95% of our convenience stores now use heat pumps, as well as 45 of our larger stores. We are also optimising heating settings and decommissioning older, less efficient combined heat and power units.

In April 2025, we introduced our new Group Energy Control Centre. The facility remotely monitors assets and identifies any energy-related issues with our maintenance team. This helps to ensure we track and govern energy efficiencies appropriately, helping us operate our buildings in a more sustainable way.

This year we signed a three-year agreement with EDF who are providing us with cutting-edge Battery Energy Storage Systems (BESS) optimisation – enhancing energy efficiency at three of our superstores while supporting grid stability. This works by converting electricity into chemical energy for storage and then back into electrical energy when required. Trialling new technology such as this helps drive sustainable, flexible energy solutions for the future.

This year, we also opened our low carbon concept store in Harrogate.

More than
95%
of our convenience stores in the UK now use heat pumps

45
larger stores operating with heat pumps in the UK

Spotlight on:

Harrogate store, built different

Achieving our climate ambitions requires transformational change across our stores and distribution network.

Our low carbon concept store in Harrogate brings together our latest thinking and technology to create a store designed with sustainability at its heart, as we work towards our commitment to be net zero across our own operations by 2035.

From its timber frame and recycled concrete slab, through to the solar panels that will power 20% of the store's expected electricity needs, the design and development of the building is shaping the future of low carbon buildings in the UK, playing a key role in the new Pilot UK Net Zero Carbon Buildings Standard.

Recycled foundations
The building is on the site of an old gas works – the concrete base was crushed and recycled to build the store foundations.

Community garden
We created a community garden in partnership with local groups, designed for long-term community use and care.

Local craftsmanship
The roof was made in Yorkshire with the help of local expertise.

Timber frame
The timber frame emits 81% less carbon than steel during its construction.

Materials
UK-grown timber was used in the façade construction, along with reused stone repurposed from a local stone yard.

Heat pump technology
Heat pump heating and cooling is used in-store, rather than a traditional gas boiler.

Lower-impact refrigerants
Our first store to use low impact refrigerant gas across both heating and cooling the store, as well as for its fridges and freezers.

Fridge doors
Doors have been installed on the fridges and freezers to keep the cool air in, reducing the amount of store heating needed.

Solar panels
Solar panels on the roof are expected to generate 20% of the store's electricity demands.

Rainwater harvesting
The store will collect rainwater to help flush its toilets and conserve fresh water.

Shopfloor
The shopfloor has been made using materials including stone from Derbyshire quarries.



Climate change continued

Spotlight on:

Accelerating towards an electric fleet

We are committed to rolling out a fully electric home delivery van fleet in the UK by 2030. So far, we have 1,249 electric home delivery vans in the UK (21% of the fleet), seven electric home delivery vans in ROI, and five electric Booker branch delivery vans.

Heavy Goods Vehicle (HGV) electrification is more challenging as the technology and infrastructure required is not yet available. Limits to electrical network capacity, significant costs and wait times for upgrades mean that we are using a site-by-site strategy for our distribution centres. Our strategy includes a range of options from full electrification to lower emissions fuels as an interim solution.

So far in our distribution fleet, we have four electric large goods vehicles, avoiding around 30,000 diesel-fuelled road miles every year, and 42 trucks powered by biomethane produced from animal and food waste – saving up to 6,473 tonnes of CO_2e annually.



Transport

Within the Group's operations, transport constituted around 50% of our footprint for 2025/26. We are on course to deliver our target of all our UK home delivery fleet to be electric by 2030. This year we introduced 547 electric vans across the UK, with 1,249 in total in operation, representing 21% of the fleet.

We are also working to switch all our distribution fleets to low-carbon alternatives by 2035 where possible, based on available market solutions. As a result, we expanded trials for alternative fuels. This year we have trialled Hydrotreated Vegetable Oil (HVO) across the entire Booker Best Food Logistics fleet, in one Tesco UK distribution centre and in three One Stop distribution centres to understand whether this alternative fuel could work in our operations. We have since moved away from adopting it due to concerns around commercial viability, but continue to monitor the market for potential use in the future. In our UK distribution fleet, 42 new Bio-CNG trucks have been rolled out at Livingston distribution centre, cutting GHG emissions by up to 83% compared to similar diesel trucks, whilst also providing more fuel-efficient deliveries. We view these trials as an interim measure while we wait for long-term technological and infrastructural advancements to come online.

Alongside our fuel trials, we have deployed five solar panelled refrigeration units across our UK distribution fleet to keep our products cold during transit, reducing our reliance on diesel.

We have also replaced 170 diesel fridge trailers with electric fridges in Booker Best Food Logistics. These allow our fridge trailers to be powered by electricity when on the road.

We are also working directly with suppliers and partners on sustainable long-term solutions. This includes transport efficiencies such as backhaul and double stacking trials, and deploying electric hook up points across our distribution centres, increasing driver telematics and ensuring all new vehicles in our Booker business are fitted with low-rolling resistance tyres to improve efficiency. Additionally, where we use third party transport providers such as in ROI, we are working closely with our partners to trial lower emission vehicles, with the associated emission reductions falling into Scope 3. We are also moving more freight on our dedicated rail system.

Spotlight on:

20 years on track

In 2026, we will celebrate 20 years of Tesco rail, following the launch of our first service from Daventry to Scotland in 2006. Our network has since grown to 10 regular services per week, with an additional service operating during the busy Christmas period. Over two decades we have continued to innovate, including the introduction of refrigerated and frozen services across the network.

HGVs account for around 21% of the UK's domestic transport emissions, so expanding our rail freight network is a key opportunity to cut our carbon footprint by moving more goods off the roads and onto lower-emission rail.

Using rail also enables us to deliver directly to stores from rail terminals which removes the need for intermediate distribution centres, reducing road miles and handling time, and ensuring faster, fresher deliveries.

Once our trains have delivered goods to their destination, we work closely with suppliers located near rail terminals to load goods onto the return journey. This reduces empty mileage and maximises the environmental benefit of rail, making sure each journey, outbound and return, carries goods – cutting even more road miles from our operations and those of our suppliers.





2006
First service launched – Daventry to Scotland

2010
First service to London launched – moving trunks from Daventry Grocery to Thurrock

2012
Opened Daventry International Rail Freight – a fully integrated road-to-rail logistics operation enabling us to load trains directly on-site

2024
10th service to Manchester launched – moving direct to store loads for the North West

2026
We currently move on average seven million cases per week using Tesco rail. In addition, 40 of our suppliers also use this service

Climate change continued

Emissions in our value chain (Scope 3)

With almost 99% of our total carbon footprint coming from production of goods in our supply chain and the use of our products by customers, collaboration across our value chain is essential. We are currently focused on where we have the greatest influence in our supply chain to deliver impactful projects in line with our strategic commitments.

Agriculture is one of the most significant sources of our emissions, accounting for 38% of our total footprint.

We work directly with our farmers and suppliers in forums including our Sustainable Farming Groups, where much of our work is currently focused. The majority of emissions come directly from farming activities – such as enteric methane from livestock, land use change including deforestation linked to soy grown for animal feed in poultry and pig supply chains, fertiliser application, and fuel used on farms.

- Reducing these agricultural emissions requires transforming how food is produced, and collaborating across the supply chain. Key activities include livestock improvements, adopting precision agriculture to increase yields without increasing inputs, and seeking to stop deforestation and ecosystem conversion across our supply chains.
- Encouraging low carbon farming practices which also support the protection and restoration of nature on farms, is central to this shift. This year we introduced financial incentives for more than 400 of our Sustainable Farming Group farmers to help achieve joint environmental goals, including animal welfare improvements, biodiversity and soil health, and emissions reduction.
- We also launched a significant extension of our environmental data baselining programme to help up to 360 British lamb and beef farmers capture soil, water and nature data at scale for the first time. The scheme, in partnership with Soil Association Exchange (SAX), will provide farmers with tailored advice to strengthen farm resilience and efficiency, and accelerate progress towards a more sustainable food system.
- Our two low carbon concept farms in our arable and livestock supply chains continue to trial innovative farming techniques, including low carbon fertilisers, cold storage technology, and nature-based solutions such as herbal leys and cover crops.
- Building resilience, protecting soil health, and restoring ecosystems will help ensure our supply chain is better prepared for the impacts of climate change. Both climate mitigation (reducing emissions) and climate adaptation (responding to extreme climate impacts) are essential to securing a future-fit agricultural system in a net zero economy.
- We have invested into the landscape project, Exchange Market, managed by SAX. The scheme supports UK arable farmers to reduce on-farm emissions through tailored, advisor-supported mitigation plans. In 2025, participating farmers received an average of £6,600 for actions such as lowering conventional fertiliser use, switching to lower-emission nutrient sources, reducing fuel use, and integrating grazing into farming systems to recycle nutrients.

Jump to **future-fit farming**.

Emissions driven by manufacturing in our upstream supply chain, including energy for heating and cooling in manufacturing processes, are estimated to be around 4% of our total emissions. We have asked our suppliers to set science-based targets and transition to net zero. We also engage our top suppliers annually to measure progress. This allows them to set ambitious roadmaps, helping to reduce emissions in our supply chain. We are working closely with our top 50 food and grocery supplier partners, accounting for over 46% of our business, to develop joint sustainability plans which can be integrated into our long-term commercial plans. Of these, 88% have already set a public net zero commitment, and 60% have science-based targets validated through SBTi.

This year, we launched a series of webinars open to all suppliers, aimed at sharing best practice to support the decarbonisation of manufacturing and transport emissions across our supply chain. The aim is to upskill suppliers and inspire them to accelerate decarbonisation in their own operations and their supply chain.

In addition, we have undertaken site visits with key suppliers to gain deeper insight into their decarbonisation efforts within their manufacturing operations. These visits help us strengthen our understanding and allow us to share practical learnings with suppliers.

While transport emissions remain challenging to reduce in our supply chain, we coordinated a roundtable with major suppliers to identify key solutions to roll out in partnership with wider industry and government. This roundtable will now take place twice a year.

The extraction, manufacture and use of fuel in customers' cars is a material source of emissions within our business at 23% of our total footprint. Decarbonising these emissions relies on scaling electric vehicles in the markets we serve.

Engaging all our suppliers on their own decarbonisation journey is critical to transitioning to a net zero economy, and we remain committed to supporting our suppliers on this journey.

> Engaging all our suppliers on their own decarbonisation journey is critical to transitioning to a net zero economy.

Our sustainability-linked supply chain finance programme, in partnership with Santander, rewards suppliers with preferential financing rates for addressing and reporting emissions.

Emissions data and climate-related risks reporting

Tracking progress against our targets requires measuring and reporting, which can be complex. We have been investing to improve the way we measure Scope 3 emissions. For example, we work closely with the British Retail Consortium (BRC) Mondra Coalition which brings together the food industry to tackle the challenge of consistent carbon reporting across the value chain. By developing cross-industry tools and standards for product-level sustainability data, we can generate key insights to accelerate decarbonisation whilst ensuring we measure progress accurately.

Our latest footprint includes improvements in data capture compared to our previous inventory. Our Purchased Goods and Services emissions now include 9% primary data, reflecting the work of a number of our key suppliers, including Arla, Müller, Hilton, Avara, Noble, DPS, Cranswick, 2 Sisters, Dunbia and ABP, who have all been able to share high quality farm data which we independently assessed, to include in our latest footprint. This will continue to improve as we develop our supplier engagement in the next year. Our inventory now also includes our work with Mondra, which allocates emission factors at ingredient level in an automated way, rather than at a product line level. This means the resulting emission factor is specific to the product and thus more accurate. About 68% of food and beverages emission factors used in our inventory were derived from Mondra. We will continue to refine these data points, and start addressing other categories beyond food & beverages.

In addition, in 2025/26 Deloitte was engaged for the first time to provide independent limited assurance of the fuel elements of category 3 and category 11 Scope 3 emissions. We know good data is an enabler to help inform priorities and action, and is also critical to track progress against our net zero targets.

Read more about our **data methodologies**.

High quality data and strong collaboration with our suppliers remains central to driving meaningful action, and we are continuing to evolve how we work together to accelerate progress.

Secaro, formerly Manufacture 2030, has supported our supplier engagement in previous years, and we appreciate the role it has played. At this stage, however, we have decided to shift towards an approach that focuses on more direct and targeted engagement, reflecting the practical support our suppliers tell us is most helpful. With this in mind, we are no longer a member of Secaro and will not be participating in the 2026 campaign. We will continue to monitor developments within Secaro and will keep future options under review as we shape our wider supplier engagement approach.

Understanding our exposure to climate change is also important to prioritise action where it is most needed. We continue to model and report on this using the Taskforce for Climate-related Financial Disclosures (TCFD) framework. The impact of climate change to the business is detailed in our TCFD report.

Read more about how we model exposure to climate change risks in our **TCFD statement (page 34 in our Annual Report).**

Looking ahead

- We will continue to work with key suppliers to decarbonise our emissions hotspots, including agricultural emissions in beef, dairy, poultry and pork, and drive decarbonisation in manufacturing operations within our supply chain.
- We will encourage our key agriculture suppliers to measure farm-level carbon footprints, generating insights to support decarbonisation and improve the accuracy of our supply chain emissions reporting.

Protecting nature

Protecting and restoring nature is fundamental to our business resilience. Our ability to source quality food relies on healthy soils, clean water, thriving ecosystems, and a stable climate. Climate volatility and ecosystem loss reduces yields and puts key sourcing regions at risk. We must play our part to protect and restore nature to ensure long-term food security, build supply chain resilience, and deliver net zero.

Commitment

Nature-led net zero by 2050.

Targets

100% wild caught sustainable seafood (Own Brand) in the UK by the end of 2030.

100% verified deforestation and conversion-free soy (UK Soy Manifesto – industry ambition).

We work with our suppliers and farmers to help them protect nature on farms and build supply chain and on-farm resilience through sustainable sourcing practices. These efforts prioritise our highest risk commodities, including working towards:

- Deforestation and conversion-free supply chains for our key forest risk commodities.
- Supporting suppliers to comply with the delayed EU Regulation on Deforestation-free Products (EUDR).
- Completing the rollout of LEAF Marque certification across our global grower base supplying Tesco UK.
- 100% sustainable seafood (Own Brand) in the UK by the end of 2030, with ongoing partnerships to protect marine ecosystems and improve fishery practices.
- Support farmers in our key UK supply chains to address nature risks and opportunities.

Read more about **LEAF Marque certification** in sustainable agriculture.
Read about climate risk management in our **Annual Report (page 41)**.

We also collaborate with other organisations through partnerships that aim to protect nature within sourcing regions and food production landscapes. Highlights include:

- Launching three landscape projects (bringing the total to seven) with suppliers and nature experts through our Nature Programme which are driving restoration and protection in at-risk habitats and catchments and piloting nature friendly interventions.
- Collective action on water as part of the UK Food and Drink Pact's Water Roadmap: working with suppliers and partners to address water related risks in key sourcing locations.
- As a founding investor in the Responsible Commodities Facility, collaborating with investors to scale up financial incentives for Brazilian farmers to produce deforestation and conversion-free soy, driving landscape level change and supporting resilient, low carbon supply chains.

Industry collaboration is a key part of our action on deforestation. We recognise there are limits to what we can achieve alone, and we can have a greater impact when we work with others. We are part of the Consumer Goods Forum's Forest Positive Coalition, as well as the Retail Soy Group, Retailers Palm Oil Group, UK Soy Manifesto and UK Sustainable Commodities Initiative. We use these groups to discuss shared challenges and solutions, facilitate collaborative action in sourcing landscapes, and engage with government on public policy that supports our objectives on forests.

To inform our work, we assess emerging risks and opportunities to ensure our focus areas remain relevant. Through the Taskforce on Nature-related Financial Disclosures (TNFD) LEAP approach, we have identified that nature-related risks, including soil degradation, water scarcity, pollinator loss, and rising pest and disease pressures—are increasing in significance, intensified by climate change, regulatory shifts and wider environmental degradation. As a result, this year we have expanded our climate change principal risk to include nature-related risks. We have focused our efforts on taking forward recommendations from our assessment, working closely with sourcing teams and suppliers to embed insights, define practical mitigation actions and leverage opportunities. We are also integrating these outcomes in our approach to build resilience and futureproof our highest risk ingredients.

For more detail on how we are engaging with the TNFD framework, see our **Annual Report (page 32).**

Supporting supply chain resilience through sustainable sourcing practices

Sustainable sourcing is a key priority for us. We use sustainable sourcing practices to protect and restore nature and to ensure our supply chains remain resilient for the long-term.

Deforestation and conversion-free supply chains

We know the biggest impact on nature happens at the start of the supply chain, where raw materials are produced. This is particularly the case for forest risk commodities such as soy, palm oil and cocoa. For our key forest risk commodity supply chains, our aim is to source from deforestation and conversion-free supply chains that support net zero and supply chain resilience.

Read more on our **Protecting Forests policy**.

It remains challenging to source fully traceable commodities due to the complexity of global supply chains. The delayed EUDR sets requirements to trace products back to farm level by providing farm geolocation data to verify that plots are deforestation free. We support the aims of this regulation and have been working with our suppliers to prepare for EUDR in compliance with the law. We are investing in data systems to improve traceability and due diligence processes, and support our ability to identify and address deforestation risks.

By requiring evidenced deforestation free production across multiple commodities and markets, the EUDR will raise standards across whole industries and drive increased traceability through supply chains. We support the adoption of aligned regulation in the UK to continue driving the transformation of forest risk commodity supply chains.

We also collaborate with others through partnerships that aim to protect nature within sourcing regions and food production landscapes.



Protecting nature continued

Our work on deforestation in our Own Brand supply chains predates EUDR. We committed to achieving deforestation, and where relevant, conversion-free supply chains, for our key forest risk commodities by the end of 2025. This work has been driven by a mix of certifications that include requirements for deforestation and conversion-free production, engagement with the suppliers and traders that have most influence in commodity markets, and pre-competitive collaboration to address shared challenges through industry-specific groups in the UK, as well as through the Consumer Goods Forum's Forest Positive Coalition.

Delivery of these plans also forms part of our climate work, with land use change a key contributor to achieving our SBTi net zero emissions targets. We recognise that action to protect forests and natural ecosystems must also balance and support the needs of communities that rely on forests for their livelihoods, particularly smallholders.

We recognise that landscape-level action is required to address the issue of agriculture-driven deforestation and conversion, and to build supply chain resilience. We collaborate with NGOs, industry and investors on landscape projects in sourcing regions to address risks and drive improvements.

Jump to **building resilient landscapes** section.



Our progress toward achieving our commitments is set out below, with detailed data reported in the databook:

- **Soy:** We are founding members of the UK Soy Manifesto and committed to verified deforestation and conversion-free (vDCF) soy in Own Brand products by the end of 2025. Supply chain complexity and regulatory uncertainty have made it difficult to achieve this target. As of December 2025, 14% of soy across our Group supply chains is verified deforestation and conversion-free. We remain committed to this goal and will continue to work toward it by working with industry groups such as the Retail Soy Group and UK Soy Manifesto, engaging with the traders that play a critical role in global soy markets, and investing in the Responsible Commodities Facility, which provides a direct incentive to producers to protect native ecosystems (see **page 19**).

See more on our **approach to sourcing soy responsibly**.

- **Palm oil:** Across the Group we continue to be 100% RSPO certified across all palm oil types including derivatives. In addition, we committed to ensuring 100% of the palm oil (crude palm oil and palm kernel oil, excluding derivatives), in our Own Brand products across the Group is vDCF by December 2025. Against this target, we achieved 99% vDCF crude palm oil and palm kernel oil via sourcing RSPO certified palm oil under a segregated chain of custody, where no mixing of certified and uncertified materials has taken place. The remaining volume was due to a small number of suppliers continuing to use mass balance, including while they transitioned to segregated supply during 2025. The requirement for vDCF palm oil will now be moved into our sourcing policy. Limited availability of segregated derivatives, due to complex supply chains, means not all palm oil derivatives in our supply chain are vDCF. We will continue to work with the industry to develop options for sourcing deforestation and conversion-free palm oil derivatives, while working to support smallholders in palm oil supply chains (see **page 19**).

See more on **our approach to sourcing palm oil responsibly**.

- **Cocoa:** We committed to ensuring 100% of the cocoa in our Own Brand products is deforestation free, and set a target of achieving this by the end of 2025. Currently all cocoa in our products is certified under standards that require deforestation-free production. However, traceability is limited in the cocoa sector, due to the mixing of cocoa from certified and uncertified farms. Our ability to influence this is limited. As a result, 19% of our cocoa is vDCF. For our Finest block chocolate, we are working with our supplier to build on-farm resilience and improve farmer livelihoods (see **page 19**).
- **Wood and paper:** We continue to meet our commitment for 100% deforestation-free wood and paper in Own Brand products by requiring FSC or PEFC certification for any non-recycled content. The requirement for vDCF wood and paper will now be moved into our sourcing policy.

See more on **our approach to sourcing timber responsibly**.

- **Coffee:** We committed to ensuring 100% of the coffee in our Own Brand products is deforestation-free. We set a target of achieving this by the end of 2025. Although this target was delivered in 2024, in 2025 this dropped to 95% as some supply chains moved to models in which certified and uncertified material is mixed in the supply chain. We are working with suppliers to address this. 100% of the coffee used in our Own Brand products is Rainforest Alliance or Fairtrade certified.
- **Beef:** In 2018 we took the decision to stop sourcing beef from Brazil due to the high risk of deforestation, traceability challenges, and limited leverage to change supplier practices.

> We will continue to work on delivering deforestation and conversion-free supply chains by implementing our sourcing policies for the most material forest risk commodities in our supply chains.

Our approach to marine supply chains

The marine environment faces a wide range of complex challenges that make sourcing sustainable seafood increasingly difficult. Overfishing of key stocks, Illegal, Unreported and Unregulated fishing (IUU), and impacts on non-target species and marine ecosystems all contribute to the pressure on global fisheries, alongside persistent human rights concerns.

These risks are heightened by the complexity of global supply chains, where seafood may pass through multiple owners and processing stages, leading to limited traceability which can increase exposure to fraud, mislabelling, and forced labour. Similar challenges exist within aquaculture, where environmental impacts, fish welfare issues, and the sustainability of feed remain key areas of concern.

Our marine strategy covers both wild-caught and farmed fish products and focuses on the health of fish stocks, impacts on non-target species, and the health of the marine ecosystem. We work with the Sustainable Fisheries Partnership (SFP) and other partners to collect data on our source fisheries, risk assess them, and work with our suppliers on any improvements that are needed.

We aim to sustainably source all our wild-caught seafood through certification. Where certification is not yet available, we work with our suppliers to engage in Fishery Improvement Projects (FIPs). As recognition of our progress towards 100% sustainably sourced seafood (Own Brand) by the end of 2030, we were awarded MSC Retailer of the Year in 2025. This award acknowledged the growth in the number of our MSC-certified products, including meeting our commitment to source 100% MSC-certified tuna across Tesco UK and Booker by the end of 2025. We have now moved this requirement into our sourcing policy. At the beginning of 2026, 85% of our wild-caught seafood was MSC certified in the UK.

Over the last year we have worked with our partners and suppliers to protect the health of non-target species. This included one of our suppliers implementing the trial of FloMo technology to reduce the impact of trawl gear. By modifying the in-trawl environment, this technology provides more favourable conditions that maximise the survival of non-target species and improves the overall quality of the catch.

99%

vDCF crude palm oil and palm kernel oil via sourcing RSPO certified palm oil under a segregated chain of custody

Protecting nature continued

Building resilient landscapes through collaboration

We are playing our part to protect nature by collaborating with others to support landscape scale initiatives across our agricultural supply chains. These initiatives aim to address systemic issues including water pollution, water scarcity and deforestation, as well as support our understanding of how we can measure outcomes of nature-based interventions in key sourcing regions.

Due to the early stage of industry-wide methodologies for measuring nature-based impacts, and the complexity of our supply chains, it remains challenging to set robust metrics or targets, including those related to emissions reduction. However, we are investing in baseline data to track relevant outcomes through projects in our nature programme. We are exploring appropriate indicative measures for nature recovery aligned with the TNFD framework, providing a foundation to strengthen measurement as standards continue to mature.

Our nature programme

We launched our nature programme in 2023, partnering with suppliers and nature experts to implement nature-led net zero solutions, while protecting and restoring nature at a landscape level. The programme provides a total of £500,000 of funding to partners each year. Three further partnerships were established this year, adding to the four existing projects:

- Working with Rural Hub Herefordshire on landscape recovery to help protect the River Wye.
- Working with the Sea Ranger Service to restore seagrass habitats in the Netherlands.
- Working with Earthworm Foundation and cocoa supplier, Baronie to support smallholder farmers in Ivory Coast integrate nature-based solutions.

As part of our nature programme we also continue to support collective action on water through WRAP's UK Food and Drink Pact Water Roadmap.

Recognising the critical importance of protecting water resources for food security, nature and local communities, as well as supporting our suppliers to build resilience against increasing water-related pressures, we continue to support a combined industry aim of sourcing 50% of the UK's fresh food and drink from areas of sustainable water management by 2030.

Alongside other signatories, we fund several multi-year water stewardship projects, coordinated by WRAP and led locally by delivery partners such as local Rivers Trusts, WWF and Good Stuff International, to support suppliers, farmers and local communities to improve water quality, availability and resilience in key sourcing regions across our UK and global supply chains.

In 2026, WRAP will be developing a Water Roadmap Results Framework, with outcomes and indicators that chart progress and further strengthen reporting.

Given our nature programme is still at an early stage, we are primarily focused on supply chains that supply into our Tesco UK business. As our programme grows we will explore opportunities across the Group.

> We are playing our part to protect nature by collaborating with others to support landscape scale initiatives across our agricultural supply chains.

Spotlight on:

Nature-led farming in Spain

As part of our nature programme, we have partnered with local e-NGO ANSE (Asociación de Naturalistas del Sureste), AMT FRESH (part of AMFRESH Group), and a number of our key produce suppliers, to strengthen biodiversity and support a more resilient food supply chain in southeastern Spain.

We are working with nine suppliers to collect baseline data on soil health, water use and biodiversity, and provide tailored support to help growers implement nature-friendly practices, including planting hedgerows, incorporating organic matter to improve soil health, and trialling water-efficient irrigation systems.

These measures aim to enhance the overall resilience of farming systems, and support continuous improvement against the Linking Environment and Farming (LEAF) certification standards, with learnings shared with the wider industry.

Since the launch of the project in 2024, we have made good progress, implementing on-farm improvements, including the planting of more than 22 hectares of native plants, such as hedgerows, grasses, shrubs, and trees to support sustainable pest control, water management and soil health.

As the project progresses, the hedgerows and permanent ground cover will mature, providing habitats for wildlife and improving soil health and water retention. Over time, these practices aim to contribute towards creating a farming system that is resilient to climate change and supports long-term food production, while contributing to the protection of the Mar Menor basin.

ANSE
ASOCIACIÓN DE NATURALISTAS DEL SURESTE



We are working with

9

suppliers to collect baseline data on soil health, water use and biodiversity

22+

hectares of native plants planted to support sustainable pest control

Protecting nature continued

Transparence Cacao in partnership with Baronie and Earthworm Foundation

Through our Finest block chocolate range, and in partnership with our key supplier Baronie, we are supporting the Transparence Cacao programme, an initiative focused on producing high-quality chocolate while improving the sustainability of cocoa sourcing. The programme works with farmers and cooperatives in the Dominican Republic, Ecuador, Peru, Sao Tome and Cote d'Ivoire, focusing on four priorities: improved livelihoods, product quality, traceability and environmental protection. Agroforestry has been central from the start, promoting biodiversity while enabling farmers to diversify their income streams.

To deepen environmental impact beyond certification, Earthworm Foundation has joined the partnership as part of our nature programme, and will work over the next two years with farmers in the Tonkpi region of Cote D'Ivoire.

Beginning with two cooperatives within our supply chain, Earthworm Foundation will carry out whole-farm diagnostics and develop tailored improvement plans to build resilience through crop and income diversification, soil restoration, and ecosystem protection. The project promotes agroforestry, composting, reduced synthetic fertiliser use, responsible pesticide practices and improved access to finance, while supporting living income initiatives, helping both farming communities and natural ecosystems thrive.

Sustainable palm oil production in Papua New Guinea (PNG) with WWF

Building on the legacy of our partnership with WWF (2018–2023), we are helping to support a more sustainable future for palm oil production in PNG. Our shared goal is to support the protection of forests and indigenous and local community rights from commercially-driven deforestation, backed by investment in practical, on-the-ground initiatives. PNG, a major sourcing region for the UK and a principal target for UK DCF palm initiatives, is home to the world's third largest rainforest, covering 65% of its land area. However, the future of this rich forest basin is under threat, with large-scale palm oil production a serious issue.

Our contribution has enabled WWF-PNG to establish essential relationships with the PNG government, industry bodies, palm oil grower associations, and local communities responsible for wildlife management. The WWF-PNG team assessed challenges of land tenure to inform policy advocacy, completed an economic assessment to identify socio-economic challenges impacting smallholder livelihoods and their palm oil production practices over time, and engaged with the local community and government to support a rapid biodiversity assessment, with the aim of re-establishing the wildlife management area adjacent to plantations.

Outcomes of this work will enable further advocacy opportunities in PNG and the UK, with public and private sector engagement helping to support farmers and local communities protect biodiversity.

The Responsible Commodities Facility

We are founding investors in the Responsible Commodities Facility (RCF), a fund that provides financial incentives for farmers in Brazil who commit to deforestation and conversion-free soy cultivation. We have co-funded this initiative, alongside other UK retailers, providing low-interest loans to farms that have produced 244,000 tonnes of deforestation and conversion-free soy since the initiative began. The project is now in its fourth year, with our founding £5m investment catalysing further investment from several commercial and concessional investors, which has enabled the fund to scale to six times its original size. The current cycle is expected to enable the production of more than 300,000 tonnes of deforestation-free soy while conserving around 40,000 hectares of native vegetation.

The project represents a strategic investment in the development of deforestation and conversion-free production of our most prominent forest risk commodity through a scalable financial mechanism that provides clear financial incentives to producers on the ground. By working with others to reach more producers through the RCF we aim to support the growth of a resilient, low carbon soy sector in Brazil.

Looking ahead

- We will continue progressing toward the UK Soy Manifesto goal of 100% deforestation and conversion-free soy as a priority, while working with suppliers and industry to address shared challenges in achieving this.
- For products facing the highest nature-related risks, we will continue to partner with key suppliers to embed actions that protect nature and help build resilient, low carbon supply chains.
- Through our nature programme, we remain focused on partnering with key suppliers and supporting farmers to adopt nature-friendly practices that improve soil and water health and strengthen biodiversity.

Spotlight on:

South Africa: Water Roadmap collective action

We are supporting action as part of the UK Food and Drink Pact's Water Roadmap to restore and protect water systems for food production in South Africa's Western Cape – a major global fruit supplying region providing around 20% of the UK's citrus and grapes. Climate pressures such as prolonged drought and flooding are disrupting harvests and supply chains in the region.

The Upper Breede River is a vital source of water for agriculture and local communities. In partnership with WWF South Africa and working with local landowners, suppliers and community members, our investment has helped deliver positive economic, social and environmental impacts. From April 2023 to September 2025, we have engaged 60 farmers to ensure ongoing management. The project has also delivered:



£1m
of funding unlocked for on-the-ground action restoration activities

100+
local jobs created for water restoration activities, generating opportunities for youth and women experiencing unemployment

2,500
hectares of land protected to restore ecosystems

10,000
native trees and shrubs planted to manage workflow and enhance soil water retention

Sustainable agriculture

Future-fit farming

We work closely with our farmers and suppliers to ensure we have long term, resilient agricultural supply chains that uphold high ethical and animal welfare standards, minimise the impact on the climate, and protect nature, while also being economically viable for all parts of the supply chain.

Commitment

Net zero across the value chain by end of 2050 validated through SBTi.

Reducing the environmental impact of how we produce our food, and ensuring we protect and restore nature, make up two key pillars of our planet plan, so it's critical we continue to help develop and promote sustainable agriculture practices.

We have long-standing partnerships with many of our farmers and growers, including through our Sustainable Farming Groups (SFGs), which cover our key agriculture supply chains, allowing us to test and trial innovation, while sharing knowledge and best practice.

Supporting our farmers

We know conditions for farmers in the UK and elsewhere remain challenging, and we recognise our role in helping them build businesses that are financially and environmentally sustainable. In January 2025, we published our Greenprint for UK Farming report alongside our partners Harper Adams University's School of Sustainable Food and Farming. Informed by our farmers, the report set out several recommendations for the industry and government to help with the transition to a low carbon agriculture sector. Since its publication, we have been acting on the report's recommendations, including supporting our farmers across the five key areas of the report: setting a clear vision for the sector; promoting financial certainty; getting innovative technology onto farms; a standardised approach to data and insight; and attracting future talent. This work has included introducing financial incentives for over 400 farmers to help achieve shared sustainability goals, rolling out a data baselining programme for farmers, as well as calling for a standardised environmental data framework across the UK, and testing and scaling innovation on our two low carbon concept farms.

We continue to listen to our farmers about how we can best support them. During the summer of 2025, we surveyed hundreds of farmers across the UK to ensure the areas identified in our Greenprint for UK Farming report remain relevant. We also held an in-person listening event, Greenprint Live, at our UK headquarters. The event saw more than 50 of our SFG farmers come together to share knowledge, take part in roundtable discussions, and hear from expert speakers on several aspects of sustainable agriculture.

Read our **Greenprint for UK Farming report**.

Our Sustainable Farming Groups

The work we do through our SFGs is key to addressing challenges in the farming sector. Our SFGs include groups dedicated to our milk, cheese, beef, lamb, pig and potato farmers, who all benefit from fair and transparent pricing structures, as well as utilising long-term contracts. Farmers on the groups work together to share evolving knowledge and best practice, as well as helping to shape and build sustainability at farm level, improving environmental, economic and animal welfare outcomes.

Our work with our SFG farmers this year has included:

- Our Tesco Sustainable Dairy Group (TSDG) was set up in 2007 to tackle milk price volatility, and it continues to offer our 371 British dairy farmers support at a time when the market price for milk remains unstable. All our TSDG farmers are paid according to a cost of production+ model. In 2025/26 we paid over £6m on top of the model to support our farmers through a period of market volatility.
- 160 farmers on our Tesco Sustainable Lamb Group now benefit from three-year contracts. Farmers are paid a bonus above the factory price for delivering against a bonus matrix. Incentives in the first year of the contract were linked to productivity metrics and the planting of herbal leys – diverse pastures of grasses, legumes and herbs which are used to enhance soil health, improve livestock nutrition, and boost biodiversity. Farmers in the group have also benefited from our environmental data baselining programme, run in partnership with Soil Association Exchange.



Spotlight on:

Incentivising sustainable farming

In August 2025 we launched a programme of additional financial incentives and data collection support for more than 400 farmers across our dairy, pig, lamb and beef SFGs to achieve key environmental and animal welfare goals. As part of the programme, 260 of our British dairy farmers which make up a significant part of our TSDG can earn up to an extra 2.5p per litre of milk if key targets on emissions reduction, animal health, feed conversion efficiency and genetic improvements are achieved, with the group also taking part in a year-long baselining exercise to establish targets for soil, water and biodiversity improvements. Farmers can benefit from more than £9.5m worth of additional payments in the scheme's first year.

Our farmers tell us collecting data is vital to measure and drive improvements in sustainability and efficiency on farms. To help them achieve this, we launched our Sustainable Farming Programme with the Soil Association Exchange (SAX). The programme is helping hundreds of our British lamb and beef farmers capture soil, water and biodiversity data at scale for the first time, as well as providing farmers with tailored advice to strengthen farm resilience and efficiency, accelerating progress towards a more sustainable food system.

Over
400
farmers across our dairy, pig, lamb and beef SFGs offered support to achieve key environmental and animal welfare goals

Sustainable agriculture continued

- The Tesco Sustainable Beef Group includes our British farmers who supply Aberdeen Angus British beef for the Tesco Finest range. We provide additional payments over the base rate to farmers who achieve sustainability linked targets. These targets focus on efficient production and the use of selective breeding to improve outcome measures such as animal welfare. During 2025/26 we paid nearly £3m in bonuses to Beef Group farmers.
- We relaunched the Tesco Sustainable Pig Group (TSPG) at the start of 2025. The group enables us to work with farmers and processors so they can improve welfare, trial innovation, increase quality standards and build collaboration within the industry, with bonus incentives linked to adaptive farrowing, health and welfare data collection and carbon reduction plans.
- Financial assistance is available for over 1,500 Tesco farmers who switch to sustainable farming methods through our partnership with NatWest.
- We remain committed to developing sustainable feed cost models that deliver fair, transparent pricing for our Own Brand egg and poultry suppliers, recognising that feed accounts for more than 70% of their production costs.

Animal welfare

Rearing livestock well and ensuring high welfare standards apply throughout an animal's life are vital to ensuring high-quality products. Animal health is a key consideration for our customers and is an important part of our wider sustainable farming agenda, interconnected with minimising farm gate losses and net food wastage.

Our approach includes our Tesco Welfare Approved (TWA) standards, which are species-specific, and apply to farms supplying Tesco UK and ROI, irrespective of country of origin. These standards are aimed at ensuring transparency across our supply chains and are regularly reviewed by industry experts to drive improvement. All farms supplying Tesco must also comply with a recognised farm assurance scheme, such as Red Tractor or RSPCA Assured, in addition to meeting our TWA requirements. We also focus on responsible antibiotic usage and action on antimicrobial resistance as part of the Food Industry Initiative on Antimicrobials (FIIA) and in line with our antibiotic use commitments, which include publicly reporting progress.

December 2025 saw the deadline for a number of our animal welfare and sustainable sourcing commitments. 100% of our shell eggs and our ingredient eggs for Tesco UK and ROI are now sourced from cage-free hens. This commitment will now be incorporated into our sourcing policy for eggs. Due to market challenges in Hungary and Slovakia, and avian influenza challenges in Booker's catering supply chain, we fell short of achieving our shell egg commitments in Central Europe and Booker. 97% of our key suppliers now report animal welfare outcome measures across the UK and ROI, which aids our insight into animal welfare and where we can improve.

In March 2025, we met our aim for all UK fresh chicken to be reared at a maximum stocking density of 30kg/m², giving birds 20% more space than the industry standard.

Building resilience in our global supply chains

LEAF Marque certification requires farms to take a whole business approach to delivering more sustainable farming, with growers encouraged to continuously improve against a number of key metrics, including climate resilience, biodiversity, soil health, and greenhouse gas emissions reduction. We have achieved our commitment of rolling out LEAF to our entire global grower base supplying the UK with fruit and vegetables (over 5,600 growers). While rollout is complete, 9% are still progressing through the two-year LEAF Marque transition process. This requirement will now be moved into our sourcing policy.



100%
of our shell and ingredient eggs in Tesco UK and ROI are now sourced from cage-free hens

Spotlight on:

Partnering on low carbon farming

A key part of our approach to sustainable agriculture is understanding the barriers farmers face, and the support they need to lower emissions. Informed by our farmers, our Greenprint for UK Farming report set out recommendations for industry and government to help farmers transition to a low carbon agriculture sector. One of the key areas identified in the report was supporting innovation.

Our low carbon concept farms – in partnership with key vegetable suppliers, and with livestock processor, ABP, are exploring current and future innovations such as low carbon fertilisers, alternative fuels, state-of-the-art cold storage, and GHG removal techniques, as well as improvements in soil health, grazing management, biodiversity assessment and management, and genetic improvements. The farms aim to provide farmers in our supply network with a practical demonstration of a route to net zero.

Low carbon concept farm in Lincolnshire

In partnership with our suppliers Branston, TH Clements and Heygates, we have successfully grown potatoes, broccoli and wheat on the farm this year.

50 tonnes of broccoli and purple sprouting broccoli hit our shelves in September 2025, giving customers a taste of veg grown using a variety of low carbon techniques including cover cropping, which locks nutrients into the soil and improves drainage.

Potatoes have also been grown using low carbon methods, with around 260,000 two kilo packs of potatoes available in stores in February 2026. The potato crops grown at the farm have benefitted from a variety of growing techniques to reduce their environmental impact. As we begin the second year of the project, we will be adding peas and leeks into the rotation with our supplier Greenyard Frozen.



50
tonnes of broccoli and purple sprouting broccoli, grown using low carbon techniques, went into stores in September 2025

260,000
two kilo packs of potatoes, grown using low carbon techniques, went into stores in February 2026

Sustainable agriculture continued

Agri T-Jam

We know the crucial role innovation plays in developing a resilient farming sector. However, farmers tell us gaining access to innovation funding, as well as the ability to test and scale practical innovations on farm, continues to be an issue. To drive agri-tech innovation, and to help innovators gain access to our supply chain, we delivered another successful year of the Tesco Agri T-Jam, our annual competition which showcases breakthrough ideas set to transform the future of farming and food supply. The winning innovation gains fast-track introductions to our supplier network, as well as a trial with one of our supply chain partners. The 2025 competition focused on technologies that help businesses achieve net zero, protect and restore nature, and improve animal health and welfare. This year's winner, Proton DX, has developed a portable molecular diagnostics platform that identifies key infections in under 30 minutes. This rapid, on-site testing revolutionises herd health by eliminating the weeks-long wait for external lab results and is now engaging with our supply base to scope industry trial work. Trials in our supply chain will evaluate real-world performance—speed and accuracy of detection, impact on antibiotic stewardship, welfare outcomes, and operational fit—creating a clear pathway for responsible scale-up across sectors. Through this work, Agri T-Jam continues to turn promising ideas into tangible benefits for farmers, suppliers, animals, and the environment. Previous winners include Crop Intellect, whose R-Leaf technology breaks down nitrous oxide from the air into harmless nitrogen and oxygen, feeding plants and reducing greenhouse gases. R-Leaf is currently being used on our low carbon concept farm in Lincolnshire.

Supporting the next generation of farmers

One of the main challenges affecting the agriculture industry is in attracting the next generation of farmers. We want to champion sustainable agriculture as much as we can, and further strengthen UK farming as an innovative sector that can drive green growth in the wider economy. With this in mind, we launched the Future Farmer Programme in July 2023, in partnership with Harper Adams University's School of Sustainable Food and Farming. The annual nine-month course, which is now in its third year, includes events and mentoring sessions on business operations and personal development, and is designed to help up-and-coming British farmers develop their skills in sustainable agriculture. A new element on regenerative agriculture was introduced in 2025.

Learn more about the **Tesco Future Farmer Programme**.

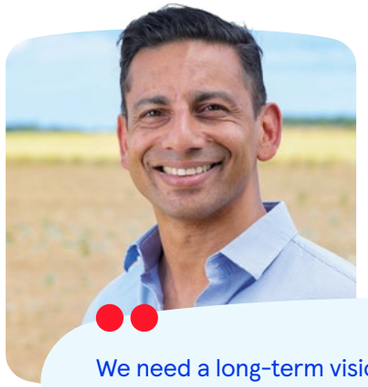
Future Dairy Partnership

Many of the challenges we face in the food industry will require collaboration and effective partnerships between retailers, suppliers, and government. Now in its second year, the Future Dairy Partnership aims to accelerate the reduction of carbon emissions, enhance animal welfare and protect and restore nature, whilst promoting a shared vision for a sustainable dairy industry in the future.

Working with our milk processors, Arla and Müller UK and ROI, the group will build on the success of the Tesco Sustainable Dairy Group, and drive progress across several key areas, including innovation. This year the partnership has launched a number of projects, including enhanced soil testing, enhanced grass quality testing and nature-led initiatives such as habitat mapping and nutrient balances. Additionally, the partnership will review how to scale up these innovations for adoption across the whole of the UK dairy industry.

Looking ahead

- We will continue to support and champion UK agriculture through our supplier partnerships and Sustainable Farming Groups by sharing best practice and incentivising change that will ensure a more resilient UK agriculture sector.
- We remain committed to working with farmers to drive improvement through the standards we use, such as LEAF Marque certification, which we have rolled out across 400 UK farms and over 5,600 global growers.
- We will keep supporting our farmers in reducing the risks of trialling new innovations, drawing on learnings from our Sustainable Farming Groups and our low carbon concept farms in Lincolnshire and Wiltshire.



We need a long-term vision for UK agriculture that creates a level playing field across the food industry and protects the high standards we have built. British farmers need clarity on the role they can play in the UK's transition to net zero, alongside the right policy conditions to invest in and benefit from that transition.

Ashwin Prasad, UK CEO



Circular economy

Packaging

We are supporting a circular economy through our strategy for packaging and plastics, including championing reuse, and our redistribution model for food surplus. This approach is designed to support societal shifts towards closed-loop production and consumption.

Packaging plays a vital role in protecting products, extending shelf life, and preventing food waste, but it also contributes to environmental impacts when systems fail to collect, recycle or reuse materials effectively. Balancing these trade-offs is becoming increasingly complex. In addition, there is growing customer expectation for retailers to offer more sustainable packaging with simple, convenient and affordable reuse options.

Our 2025 target was to achieve 100% recyclability across all Own Brand packaging. Today, 99% of our Own Brand packaging by weight in the UK is recyclable through kerbside collection, council collection sites, soft plastic collection points at large supermarkets, and bespoke in-store recycling services. Of this, 87% of our Own Brand packaging by weight is recyclable in the UK at kerbside. This has been a significant achievement and we are proud of the progress we have made. We aim to get as close to 100% as possible, but a small proportion of materials remain. For example, they may be hard to recycle or required for product safety, or they are used to extend product shelf life – such as seals on milk bottles and corks in wine bottles.

Commitment

Lead industry to accelerate the transition to circularity by 2035, starting with effective packaging Extended Producer Responsibility (EPR) and Deposit Return Scheme (DRS).

Our target that all paper and board used in the UK will be 100% sustainable by December 2025 was not met due to limitations with transparency in this space.

After years of voluntary industry commitments on packaging reduction, the introduction of Extended Producer Responsibility (EPR) and Deposit Return Scheme (DRS) legislation in the UK will help create the much-needed level playing field to drive even greater change. We will now retire our voluntary targets, and focus on how we can work together across the food industry to achieve our new commitment – to lead the industry in accelerating the transition to circularity by 2035, starting with an effective packaging EPR and DRS.

Setting a 2035 deadline aligns this commitment with our wider sustainability roadmap, including net zero in our own operations by 2035, and reflects the time needed for infrastructure reform and widespread customer behaviour change. It is an ambitious but achievable goal, focused on making circularity the norm through design innovation, reuse systems and policy advocacy, so that packaging never becomes waste. We will continue to share progress in future reporting.

We are committed to delivering DRS in the UK by autumn 2027 in line with government legislation. DRS plays a critical role in increasing recycling rates and reducing litter, which in turn cuts plastic pollution and supports a circular economy. To ensure success, positive customer engagement is essential. We are applying lessons learned from our operations in ROI, Hungary and Slovakia to design a customer-centric scheme for the UK. We are also collaborating closely with Defra and advocating for the Welsh government to support a UK-wide approach that achieves the scale needed to deliver meaningful environmental benefits. Our goal is to align and be ready to launch a successful scheme in 2027, covering plastic and metal drink containers.

We have also been part of the Deposit Management Organisation (DMO) which is focused on creating a sustainable closed-loop system for beverage containers in the UK.

Separately, we are committed to meeting our obligations under the UK's EPR regulations, which require businesses to cover the full net cost of collecting, recycling, and disposing of household packaging waste. Our priority remains on helping to build a circular packaging system by actively reducing packaging. EPR shifts the onus for packaging waste onto producers. For us, that means taking full responsibility for our Own Brand products, while suppliers remain accountable for their branded goods. We see these changes as a positive opportunity to accelerate progress toward a circular economy.

While EPR and DRS are mandatory, leading in this area means influencing how these systems operate in practice and driving faster, more effective implementation across the sector. This includes going beyond compliance to help shape a circular packaging system that works for customers, suppliers and the planet.

Driving industry collaboration

Although our new commitment and continued focus on our 4Rs strategy (Remove, Reduce, Reuse, Recycle) provides a clear framework for closing the loop on packaging, we cannot deliver the scale of change required alone. Progress depends on a consistent, joined-up approach across packaging and recycling systems, and stronger collaboration across retailers, suppliers, recyclers and government.

We collaborate with industry and NGO partners, including PackUK, the organisation responsible for managing the UK's new packaging EPR system, WRAP, and the Ellen MacArthur Foundation (EMF) to accelerate progress on circular packaging. Through the UK Plastic Pact we support cross-industry action to reduce plastic waste, and through our work with the EMF we access training, shared innovation platforms and expert guidance on infrastructure, reuse systems and flexible plastics. These partnerships strengthen our ability to drive credible, aligned industry change.

We have also been appointed Deputy Chair of the Scheme Administrator Steering Group (SASG) for PackUK. This group brings together government, local authorities, and industry leaders to support the rollout of the EPR scheme, shaping a system that maximises environmental benefits from packaging while ensuring efficiency and effectiveness.

500 million
bottles have been returned to date in Hungary

Spotlight on:

DRS in action

We offer customers a deposit return on bottles in stores nationwide in Slovakia and Hungary. The scheme in Hungary launched in 2025, and is available at 152 stores across the country. It allows customers to bring back PET and glass bottles, and aluminium cans to claim back a deposit made on purchase. Customers can choose to receive their deposit back via bank transfer, vouchers, or in the form of a donation to charity. To date customers have returned over 500 million bottles. In Slovakia we operate a similar scheme which has been in place in 135 stores since 2022.

Tesco Ireland now has 345 Reverse Vending Machine (RVM) units in its 191 stores. In the second year of the scheme, almost 8.4 million customers returned 247 million containers – an average of 29 containers per customer visit. The scheme also has an excellent return rate, versus containers sold, with customers returning 104% overall, reflecting the fact customers are also returning containers bought elsewhere.



Circular economy continued

Spotlight on:

Switching from plastic to cardboard trays

At Booker, Farm Fresh catering mushrooms are now packaged in cardboard trays, reducing the amount of plastic used. Our catering customers have responded positively to the change. As well as reducing single-use plastic, the new packaging can be flattened and recycled more easily than before, saving customers recycling bin space and helping to reduce their overall trade waste disposal costs.

This switch is forecast to save over 280 tonnes of plastic waste annually.

280 tonnes
of plastic waste saved annually



We have taken on the role of Chair of the Reuse Packaging Partnership—a major UK initiative involving nine leading grocery retailers, supported by WRAP and the UK Government. This partnership is working to develop standardised, compatible systems for reusable packaging, with a shared goal of reducing single-use packaging by 2030. In July 2025, the group published a Statement of Intent, inviting the wider supply chain to collaborate and develop scalable reuse solutions for food retail.

Continued progress with our 4Rs approach

We remain focused on reducing single-use packaging and advancing a circular economy through our 4Rs strategy: Remove, Reduce, Reuse, Recycle. Since 2019, this framework has guided every packaging decision we make. Our approach is clear: we remove plastic and packaging wherever possible, reduce it where we can't, increase the use of reusable packaging, and recycle what's left.

Beyond our own operations, we work closely with suppliers across our supply chain to help improve packaging. It's been eight years since we introduced our Red-Amber-Green (RAG) system, designed to ensure packaging materials support recyclability, reduce environmental impact and packaging waste, and promote a circular economy.

Red:
Prohibited materials – must not be used

Amber:
Restricted materials – require approval before use

Green:
Preferred materials – fully recyclable and aligned with sustainability goals

We continue to collaborate across the value chain to ensure the system remains relevant and effective, consulting with experts to maintain a clear view of packaging performance. We also use this to provide educational webinars that explain the packaging standards we expect for the products we sell. In addition, we offer short, bite-sized training modules for our supplier network, covering topics such as packaging component functionality and design choices that align with the recycling infrastructures within the markets we operate.

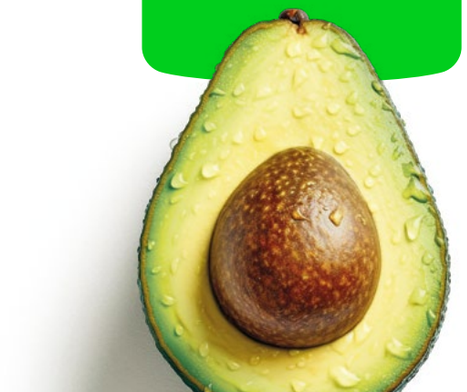
Packaging reduction and removal progress

We have continued to make strong progress this year by removing plastic packaging wherever possible and switching products to paper alternatives. Key highlights include over 18 million pieces of plastic removed from our pre-packed avocado range, nearly five million pieces removed from our Finest and Organic blueberries and raspberries, and over four million pieces removed from our exotic fruit range.

Where we can't remove plastic packaging entirely, we focus on minimising it as much as possible. Over the past year, we have continued to reduce packaging across both Own Brand and branded products, By working closely with suppliers, we are driving more sustainable packaging beyond our Own Brand products helping accelerate industry-wide change.

In October 2025, we partnered with our supplier Mondelez to launch a trial of approximately 300,000 Cadbury Heroes paper tubs, instead of plastic, in Tesco stores across the UK to support Mondelez's long-term goal of reducing virgin plastic. The paper tubs include on-pack recycling labels to help customers recycle correctly.

This year
18 million+
pieces of plastic removed from our pre-packed avocado range...





...5 million
pieces of plastic removed from our Finest and Organic blueberries and raspberries, and...

...4 million+
pieces of plastic removed from our exotic fruit range.



Circular economy continued

Spotlight on:

Hanger reuse made easy

Our hanger reuse programme is designed to make it easy for customers to help reduce plastic waste. As part of the programme, during 2025 we launched collection boxes at checkouts in our large UK stores to encourage customers to return their unwanted hangers.

These hangers are then sent through our distribution network to specialist suppliers, where they are cleaned and sorted for reuse in our garment factories. By participating, customers directly contribute to reducing the number of new plastic hangers needed each year and help us close the loop on packaging waste. Between December 2024 and November 2025, we collected and reused over 1,400 tonnes of plastic hangers.

1,400 tonnes
of plastic hangers were collected and reused between December 2024 and November 2025



Circularity

Home and Clothing

Across Home and Clothing, we are improving our capability to 'design for circularity'. This means creating products which are designed for durability and longevity, whilst also considering how products can be managed when they reach the end of their lifespan.

We look to design products which are possible to recycle, so the materials have an extended lifespan rather than going to waste. We incorporate recycled content in our design where possible to help close the loop and move towards a circular system. To build this capability, during 2025 we trained colleagues in the UK and across our sourcing hubs on circular design principles. We also delivered workshops for suppliers, and appointed circularity champions in each hub to support implementation on the ground.

We operate over 2,000 clothing takeback and textile recycling bins in around 900 UK stores in partnership with the Salvation Army Trading Company Limited. This helps to ensure donated textiles are managed responsibly by sorting them for reuse or recycling. In 2025, we collected over 28,000 tonnes of textiles and footwear.

Recycling Initiatives

We are committed to reducing unnecessary packaging and waste across our value chain while advocating for stronger, more consistent recycling systems and clearer customer guidance. In the UK, we are awaiting further details from government on upcoming kerbside collection changes, which are essential to keep recycling simple and convenient for customers, as well as meeting recycling ambitions.

Recycling in the UK remains fragmented, with varying systems across nations and even local authorities. This inconsistency makes it harder for customers to know what can be recycled and creates inefficiencies. Without a coherent, UK-wide approach, the system cannot deliver the scale and reliability needed to support a truly circular economy.

To help fill the gap, we provide soft-plastic collection points in our large UK stores to help recycle materials that are not currently widely recyclable at home. Each collection point provides clear guidance on what can and cannot be accepted. Once collected, the plastics are sorted to remove unsuitable items and then processed. Where possible, they are recycled into new products such as bags for life, garden furniture, and planters.

Spotlight on:

From crisp packets to classroom gardens

Hundreds of thousands of pieces of soft plastic, such as bread bags and crisp packets, are dropped off by customers at Tesco stores every year. Some of these have been used to make planters and donated to schools to help children learn about growing fruit and vegetables.

Through our Stronger Starts programme, around 500 schools across the country already benefit from our Free Fruit & Veg for Schools initiative and received recycled plastic planters last year. These planters give pupils the chance to grow their own produce.

To help them get started, we partnered with horticulture supplier Westland to provide compost along with strawberry, cucumber, and tomato seeds.





Looking ahead

- We will lead industry collaboration to scale reusable packaging solutions and eliminate plastic waste, working closely with government and industry to implement a UK-wide DRS by autumn 2027.
- We will continue to focus on our role and requirements within the development of packaging legislation, in particular the European packaging and packaging waste regulations (PPWR) and the development of the UK's circular economy strategy.

Circular economy continued

Food waste

We have a longstanding commitment to reduce food waste from farm to fork – redistributing surplus food and converting it to animal feed, supporting our suppliers to cut waste, and helping customers reduce waste at home. Our efforts support UN SDG 12.3, and drive progress towards halving global food waste by 2030.



Commitment

50% food waste reduction in own operations before 2030, against our 2016/17 baseline.

Targets

Work in partnership with our suppliers to increase the number reporting a reduction in food waste.

Halve food waste at the retail and consumer levels and reduce food losses along production and supply chains by 2030 (UN SDG industry ambition).

Food waste remains one of the most significant environmental and societal challenges facing the global food system. Around a third of all food produced is lost or wasted, contributing an estimated 8-10% of global greenhouse gas emissions. Food waste occurs at every stage of the supply chain — from surplus at farm level, manufacturing and transport, to operational waste in stores and distribution centres, through to waste in customers' homes. Meaningful progress therefore relies on industry-wide collaboration with suppliers, redistribution partners, policymakers and other retailers.

In 2025/26, we handled a total food surplus of 142,503 tonnes across our operations. Of this, 53,747 tonnes was redistributed to charities, communities, and colleagues, ensuring that surplus food fit for consumption reached those who need it most. In addition, 5,388 tonnes was converted to animal feed.

The residual food waste amounted to 73,390 tonnes, representing 0.5% of total food handled.

Despite our best efforts and the support of our colleagues across the business, we missed our Group-wide target to halve food waste across our own operations by December 2025, recording a decrease of 24%. This is an improvement from 14% in the previous full year. As previously reported, the target was missed primarily following an internal review which showed that food in the UK we believed was being processed for animal feed, was in fact going to anaerobic digestion. However, we continue to make good progress across our other markets, with Booker and Central Europe meeting the 50% reduction target.

Our food waste hierarchy

Our approach is focused on embedding the food waste hierarchy across the Group.

1 Prevent and reduce waste

We use AI to optimise store orders and reduction levels, reducing excess while maintaining availability.

We also continue to invest in technology that helps colleagues to rotate stock, identify close-to-expiry products, and separate surplus so it can be directed up the food-waste hierarchy. Surplus food is first offered to customers through our yellow sticker reduction, helping prevent waste and deliver value for customers.

2 Redistribute and donate

We redistribute unsold food that's still good to eat every day through our partnerships, ensuring safe, high-quality food reaches those who need it most.

Over the past year, this has provided over 123 million meals to colleagues, charities and community groups across our business.

3 Convert into animal feed and pet food

When food isn't suitable for human consumption, we convert it into animal feed or pet food. For example, in partnership with engineering company, RenEco, we have opened a first-of-its-kind facility that processes surplus plant-based food from our stores into animal feed.

4 Recover energy

We recover energy from any remaining food through anaerobic digestion, with incineration used only as a last resort. Tesco stores in the UK and Ireland have not sent food direct to landfill since 2009, reflecting our longstanding commitment to responsible waste management.

Circular economy continued

We grew the percentage of unsold food safe for human consumption redistributed to people or animals in the UK from 82% last year to 87% in 2025/26, exceeding our target of 85%. We remain committed to tackling food waste across our operations. This year, we made halving food waste before 2030 one of our six key sustainability commitments, it is also embedded in our 2027 and 2028 PSP metrics and directly linked to leadership remuneration.

Support for Sustainable Development Goal 12.3

As the UK's leading food retailer, we recognise the role we need to play to tackle food waste from farm to fork. Our approach centres on supporting both suppliers and customers to reduce waste at every stage.

Helping suppliers

We know measurement drives progress. For over eight years, we have been working with suppliers to measure their food waste data and drive reductions. This information is shared with us and leading NGOs. 114 of our suppliers reported their food waste to us in 2025 – in the UK more than 60% of Tesco's fresh sales by volume are provided by suppliers reporting on food waste.

To drive reductions, we actively encourage our Own Brand suppliers to donate surplus food to organisations including FareShare and Company Shop, ensuring that good food reaches those who need it most. In 2025/26, through webinars and workshops, we supported suppliers to overcome barriers, share best practice and co-develop effective solutions.

AI will play an increasingly important role in how we prevent and reduce food waste across our supply chain. Emerging tools can analyse live data from manufacturers to identify surplus earlier, predict where waste is likely to occur, recommend, and in some cases automatically implement, targeted interventions before food becomes inedible. We are beginning to champion these solutions with our suppliers, helping them adopt technology that strengthens forecasting, supports more effective redistribution and donations, and ultimately reduces waste at source.

Over
5,000 tonnes
of surplus food has been converted into animal feed at our new facility

Spotlight on:

Converting surplus into animal feed

The UK has historically lacked the infrastructure needed to convert supermarket food surplus into animal feed at scale. To help close this gap, we partnered with engineering company, RenEco to co-design and commit long-term surplus volumes to a first-of-its-kind UK facility that converts surplus plant-based food into high-quality animal and pet feed. Purpose-built for retail, the facility processes surplus efficiently and at scale.

Opened in 2025, it now handles suitable plant-based surplus from our operations that cannot be redistributed for human consumption via our food donations programme. At the site, surplus is de-packaged, broken down and blended into a nutritious cattle feed, keeping valuable nutrients in the food system. This demonstrates how food surplus can be diverted from waste streams. At scale, this can contribute to reducing the need for additional land and resources to grow animal feed, supporting a more sustainable and circular economy.

Over the past year, over 5,000 tonnes of surplus food has been converted into animal feed at the site, with plans to expand further next year.

While this innovation directly supports our food waste reduction targets, the facility is designed to benefit the wider food retail sector too, providing the infrastructure to move more food up the waste hierarchy. This partnership demonstrates how innovation and collaboration can drive industry-wide progress on food waste reduction.



Did you know:

We are now actively championing the use of AI technologies, which are already showing promising results in helping manufacturers and suppliers turn data on food surplus into action and cut waste more effectively.

Circular economy continued

Did you know:

Research shows that a significant proportion of UK households continue to throw away unused or unopened food. Throwing away good food costs a family of four an average of £1,000 a year.



Helping customers

Supporting customers is central to reducing food waste across the value chain. Research shows that a significant proportion of UK households continue to throw away unused or unopened food, costing a family of four an average of £1,000 a year.

We are committed to helping customers reduce food waste at home. To support this, we have introduced a number of measures in the UK:

- In 2014 we stopped buy-one-get-one-free promotions on highly perishable fruit and veg products, helping customers buy only what they need.
- Designed packaging to keep food fresher for longer.
- Removed dates from products and switch from use-by to best-before dates where it is safe to do so.
- Encouraged customers to adopt a "Use Up" day each week, including through our 2025 Christmas campaign, which helped customers waste less food over the Christmas period by using up leftover food and condiments.
- Provided free toolkits, practical tips, and over 300 food waste-friendly recipes on the Tesco Real Food website.
- Collaborated with WRAP and leading food businesses to co-design and pilot the Rushmore Love Food Challenge — a household food waste reduction initiative.

By taking a supportive and practical approach, our aim is to empower customers to make small changes that add up to make a big difference.

Read our latest **impact report**.

Looking ahead

We are working towards our target of halving food waste before 2030. Our focus is on preventing food waste at source, including scaling surplus innovations higher up the food waste hierarchy, ensuring more food is given to people, and converted to animal feed.

We will continue to work with suppliers, redistribution partners, innovators and industry bodies to make sustained, practical progress on food waste reduction across the value chain.

Spotlight on:

Tackling food waste and insecurity

We are a key partner in the Coronation Food Project, launched in November 2023 as a flagship initiative of the King Charles III Charitable Fund. Working with the Institute of Grocery Distribution (IGD), the project brings together major retailers, manufacturers and redistribution charities — including FareShare and The Felix Project — to tackle food waste and food insecurity by unlocking more surplus food across the UK supply chain.

As part of this work, we play an active role in the Alliance Food Sourcing (AFS) coalition, a cross-industry group driving systemic change in how the food production and retail sectors manage surplus. The coalition brings together retailers, manufacturers and redistribution partners to identify underused ingredients, packaging, labour and production capacity, and converts these resources into nutritious food for communities in need. This collaborative model has already resulted in the redistribution of thousands of tonnes of surplus food since 2022 and continues to open up new opportunities through shared repacking facilities, increased redistribution infrastructure and joint innovation projects.

In May 2025, we played our part in the "Let's Make a Meal of It" campaign alongside three other retailers, aimed at fighting hunger in the UK. For seven days we encouraged customers to round-up at the till. Thanks to the generosity of our customers, the campaign raised more than £317,000, enabling FareShare to redistribute over two million meals, and helping to make a real difference to their charities.

To read more on our wider food redistribution programme, see **page 49**.



Over
£317,000
was raised thanks to the generosity of our customers, enabling FareShare to redistribute

2 million+
meals, helping to make a real difference to their charities

02

Health

We believe that maintaining an affordable, well balanced, healthy and sustainable diet is one of the best ways we can look after our health and the health of the planet. Over three-quarters of our customers tell us they want their supermarket to help them eat more healthily.

30 Overview
30 Healthy, sustainable diets
34 Healthy communities
35 Healthy partnerships

Our targets and 2025/26 progress

65% of sales are healthy in UK and ROI by Dec 2025 | 53% in Central Europe by Dec 2027.

Target 65%

FY 2025/26 key achievements

- 65% of UK and ROI food sales are now classified as healthy.
- In May 2025, together with our health charity partners, Cancer Research UK, Diabetes UK and the British Heart Foundation, we urged the UK government to mandate standardised health reporting across the food industry, to help support the nation's health.
- We are the UK's third largest pharmacy provider with 365 in-store pharmacies serving over 500,000 customers every week.
- We have seen a 10% increase in fresh fruit and veg sales since 2022, driven by value initiatives such as our Fresh 5 and Aldi Price Match, alongside improvements in quality and availability. Our 5-a-day campaign, Free Fruit for Kids and Free Fruit & Veg for Schools have helped drive increased awareness of the importance of fruit and veg in balanced diets.
- Inviting 2.4 million customers to earn personalised Clubcard stamps on fresh fruit and veg, which could be converted into bonus Clubcard points and vouchers.

Policies

View all of our policies in the **Governance section** of this Report.

SUSTAINABLE DEVELOPMENT GOALS

Overview

Healthy, sustainable diets

We are committed to supporting the diets of millions of customers who shop with us every week by making healthier, more sustainable choices affordable, accessible, simple, and convenient. Healthy food should be accessible to everyone—wherever they live, whoever they are, and whatever their budget.



Commitment

Achieve year-on-year healthy sales increase every year to 2030 (excluding Booker).

Our target

53% healthy sales by 2027 (Central Europe).

Diet plays a critical role in shaping the health and wellbeing of people globally, and unhealthy diets are a major risk factor for diseases, including heart disease, type 2 diabetes and cancer. In the UK today, more than 7.6 million people are living with heart and circulatory diseases, more than 4 million people are living with a diagnosis of type 2 diabetes and nearly one in two people will get cancer in their lifetime. Obesity carries an estimated annual economic and societal cost of £126bn, and health now ranks alongside the cost of living as one of the biggest concerns for families.

We are committed to helping millions of customers make healthier, more sustainable choices by ensuring nutritious food is affordable, accessible and convenient. Everyone should be able to access healthy options, wherever they live and whatever their budget. Not only is eating well good for the health of the nation, the Eatwell Guide reports that shifting to a healthier, more balanced diet — with more fruit, vegetables, wholegrains and plant proteins, and less saturated fat, salt and sugar — could reduce UK diet-related greenhouse gas emissions by around 31%.

As the UK's largest food retailer, we continue to take meaningful action through reformulation, pricing, product innovation, and supportive in-store and online information that make healthy choices easy and enjoyable. In 2019, we set an ambitious target to increase the proportion of healthy sales from 58% to 65% by the end of 2025 for UK and ROI. We are proud to have achieved this target, reaching 65% healthy sales in December 2025. This is an important milestone and was driven by the decisions and actions of our colleagues working closely with our supplier partners to drive positive change.

Healthy, sustainable diets continued

We know there is more to do, and we are committed to making further progress. This year, we also introduced a new commitment to increase healthy sales every year to 2030*, using the same methodology as our previous commitment. We are also accelerating our health strategy by embedding nutrition into our ranges and promotions, helping customers make healthier choices every day, and ensuring those choices are always relevant, affordable and inspiring.

While the majority of our work has taken place in the UK and ROI, we recognise health is also a focus in our other markets. With this in mind, we continue to work towards our target of 53% healthy sales across Central Europe by 2027, with a focus on growing fresh produce sales, and the introduction of innovative products, including pre-packed salads and healthy snacking ranges.

However, we recognise that sustained behavioural and structural change cannot be delivered by retailers alone. Transforming the nation's diet requires coordinated action at a national and industry level. A more consistent, regulated approach across the whole food system is essential in driving healthier outcomes, and ensuring progress is fair and measurable across sectors.

That is why we have called for clear, evidence-based regulation and aligned metrics for reporting healthy sales across the food industry. We are actively collaborating with government and industry partners through a range of forums to help shape these policy frameworks, including the development of the UK government's 10 Year Health Plan and anticipated updates to dietary guidelines, the Nutrient Profiling Model, and associated reporting standards. Quality data and aligned metrics will help measure industry-wide progress and support interventions, as well as reducing inconsistencies with how businesses report. Consistent expectations help ensure no single business is placed at a commercial disadvantage in a highly competitive market and will ultimately enable healthier and more sustainable choices to become easy and accessible for everyone.



Improving healthy sales, and aligning to the Eatwell Guide

We support healthy eating through promoting the recommendations of the Eatwell Guide – increasing fibre, fruit and vegetables, while reducing calories, saturated fat, salt and sugar. Our colleagues across the business continue to work hard to ensure we increase sales across key areas of the Eatwell Guide, to help deliver balanced diets for our customers.

Key areas where we continue to drive progress to help support customers health:

- Fewer than 20% of adults and 10% of children are getting their 5-a-day. The NHS advises that fruit and veg should make up at least a third of our diet, as they contain essential vitamins, minerals and fibre – important to lower the risk of serious health problems, such as heart disease, stroke and some types of cancer.
- We have seen a 10% increase in fresh fruit and veg sales since 2022, driven by value initiatives such as our Fresh 5 and Aldi Price Match, alongside improvements in quality and availability.
- Our 5-a-day campaign, Free Fruit for Kids and Free Fruit & Veg for Schools have helped drive increased awareness of the importance of fruit and veg in balanced diets.
- During our 5-a-day campaign in September 2025 and January 2026, we sought to encourage customers to eat more fruit and veg via rewards, incentives and highlighted Clubcard prices across selected fresh, frozen, tinned and dried fruit and veg.
- As part of the Eatwell Guide, the NHS recommends we eat two portions of fish a week, one of which should be oily. According to the MSC, only 21% of people in the UK eat the NHS recommended amount, with one in four eating less fish than two years ago**. Through competitive pricing and improving space within our stores, we have increased the volume of fresh fish sales by 7% this year.
- We know snacking is an area where our customers struggle to make healthier choices. We sold 34 million additional portions of prepared fruit and veg compared to last year. Over 28% of these additional portions were from fruit and veg pots in our lunchtime meal deal, where we have continued to expand the range for customers. For the past two years our protein egg pot has been the most popular meal deal snack across our chilled snacking selection, as our customers look to increase their protein intake at lunchtime. Last year we sold the equivalent of 22 million eggs as part of our meal deal snacking option.

* Excluding Booker.
** MSC 2024.

Spotlight on:

5-a-day campaign

Helping customers eat more fruit and veg is one of the simplest and most effective ways to help support the health of the nation. The government's 'Good Food Cycle' rightly identified the importance of eating more fresh product to benefit peoples' health.

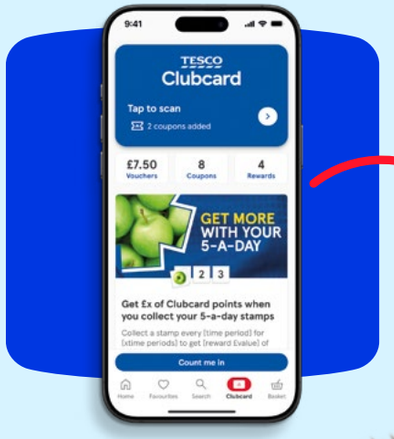
With customers telling us that cost, convenience and lack of confidence in the kitchen makes it harder for families to follow a healthy diet, we launched a summer 2025 campaign to help millions eat more fruit and veg. We used Clubcard and personalisation to guide customers toward healthier options tailored to their needs and preferences, and to incentivise and reward healthier choices.

Running across our stores and online, the campaign featured a range of initiatives aimed at helping improve the accessibility and affordability of healthier food including:

- Inviting 2.4 million customers to earn personalised Clubcard stamps on fresh fruit and veg, which could be converted into bonus Clubcard points and vouchers.
- Launching Clubcard challenges, offering customers the chance to earn extra points on frozen fruit and veg, beans and pulses.
- Introducing new Clubcard prices and offers on fruit, veg and healthy lunchbox snacks.
- Bringing back Free Fruit for Kids for three weeks during the school summer holiday period.

We repeated the campaign in January 2026 with results showing:

- 70% of customers were aware of the campaign and 41% said it reminded them to make healthier choices.
- 66% of customers were aware of our Free Fruit for Kids offer.
- Volume uplift across participating frozen and fresh produce.
- Over 1.3 million pieces of free fruit were given out to kids across the UK in our stores and through selected Click+Collect sites.



2.4 million
customers were invited to earn personalised Clubcard stamps on fresh fruit and veg



Healthy, sustainable diets continued

Improving products

We continuously look to improve our products, with health a key priority. We have robust principles and criteria to ensure we are making products as healthy as possible, while not compromising on quality or taste.

Where we can, we make our Own Brand products healthier by reducing fat, salt and sugar, and adding in veg, protein and fibre, while maintaining the taste and texture our customers love.

Examples of recent work to improve the makeup of our products include:

- **Kids yoghurts:** By working with Own Brand suppliers, and brands like Yoplait, we are reducing sugar across family favourite brands such as Frubes and Petit Filous. For example, we have reduced the sugar content in our Apricot Creamfields Multipack by over 21% per 100g when compared to the same product in 2023. By doing this, we are ensuring customers shopping for their families, aren't compromising on nutrition.
- **Ready meals:** We know convenience is key for customers as they shop, and often pre-prepared meals can be time saving. 28% of our ready meals contain beans, legumes or pulses and over half contain at least one of your 5-a-day, supporting our customers to get more fruit and veg in their diets*. Our reformulation efforts in prepared foods have also focused on increasing fibre and protein and reducing fat, salt and sugar.
- **Increasing fibre:** In the UK, most adults don't consume enough fibre. We know upping fibre content is becoming more important to customers, with three out of four looking for high fibre foods when they shop**. Since 2015, the average fibre content in our Own Brand products has increased by 14%.



Ultra-processed foods (UPFs)

81% of customers say they are trying to reduce their UPF consumption**.

The conversation around UPFs and their impact on health continues to evolve and customers are telling us that they can find this a confusing area to navigate. We are committed to making sure healthy choices are as simple and accessible as possible, and are monitoring the latest scientific evidence, industry best practice and policy developments, and will evolve our policies as needed.

While we continue to support diet shifts towards healthier, lower high in fat, salt and sugar diets aligned to the Eatwell Guide, we are also committed to increasing transparency around UPFs, given our customers' desire to see simpler, more recognisable ingredients on pack.

We include specific requirements for our Own Brand suppliers on additive use, asking that 'kitchen cupboard' ingredients are used as a first port of call, with additives only used where necessary for food safety, shelf life or quality, and in the minimum amount needed.

In addition to this, there are 114 additives – up from 65 last year – which are either banned outright in Tesco Own Brand (for example, artificial colours, aspartame and monosodium glutamate), or are subject to restrictions and prioritised for innovation and supplier engagement (for example, mono-and diglycerides of fatty acids). We have also added a dietary and lifestyle filter on our online site, where customers can filter for products without additives.

As we navigate our role in the conversation around UPFs, our commitment to food safety and quality remains paramount. We will continue our work to make health as simple and accessible as possible – making it easy to shop quality whole foods (including fruit and veg, whole grains, beans and pulses) at prices customers can afford.

Making healthy choices easy and inspiring

We know healthy choices also need to be delicious and simple to prepare. With 2,300 healthy recipes for customers to choose from, our Tesco Real Food website is helping families across the UK discover new healthy recipes, whether that's clever ways to get more veg into family favourites, baby weaning recipes, or healthy cooking on a budget.

We have also been working with well-known faces to help inspire customers to create tasty recipes across a variety of different health needs, from parents looking for time saving meals, to those who are looking to manage their heart health.

From January to March in 2025, our health-focused social media content was viewed by millions of customers, as we created more healthy recipes and worked with an even greater variety of creators to produce engaging, colourful, tasty food that's simple to make.

We have continued to make it easier for families to choose better lunchbox fillers as they head into a new school year. We make sure any products in campaigns aimed at kids, including products featured in our back-to-school campaign, have a Healthy Nutrient Profiling model score, and are not high in fat, salt or sugar (unless naturally occurring).

Our 5-a-day campaign ran alongside the back-to-school period, with great value offers on fruit and veg snacking for kids. As a result, we have the smallest difference in price between healthy and unhealthy lunchbox options across the industry*.

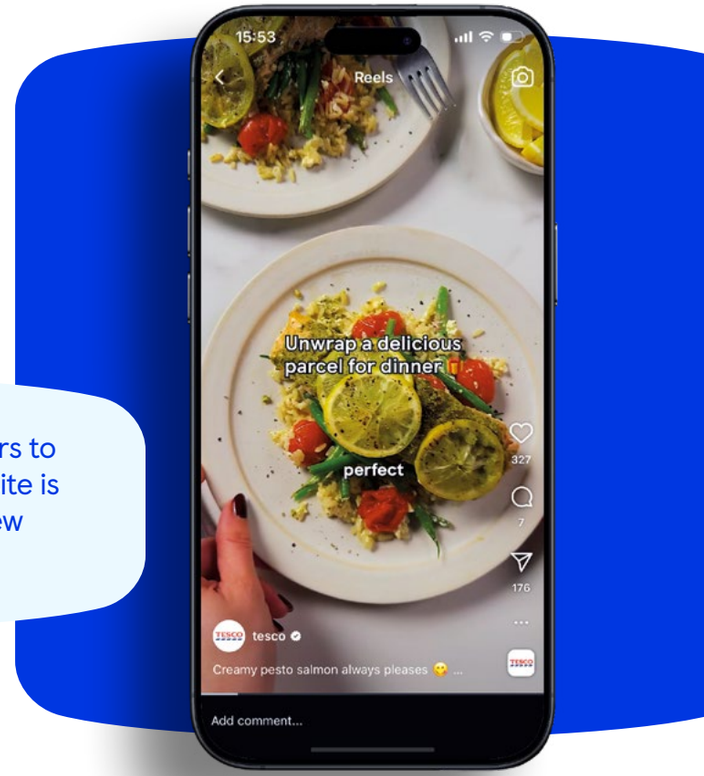
As well as providing healthy products, we want to inspire and empower healthier choices through clear labelling and signposting – making it simpler for customers to understand the nutritional benefits of what they buy. We are helping customers navigate healthy choices as they shop through our dietary, lifestyle and allergen filters on our grocery home shopping platform. It's now easier for our customers to find items that meet their own personalised health needs. We have introduced even more filters this year, including the top 14 allergens, and with shoppers looking for more protein content in their baskets, we have also introduced 'source of' and 'high' protein filters**.

We want healthy choices to be simple to navigate, as well as appealing and eye catching. We are evolving how health shows up visually for customers to make identifying healthy choices and understanding the benefits simple and consistent. We make sure we lead with a specific health benefit when we speak to customers about health, as well as embracing colour and vibrant photography to make healthier products fun and enticing.

We are also responsible with the way we market and advertise our products and are in line with or ahead of UK government legislation, to help support customers as well as drive momentum with suppliers. We do not advertise High in Fat, Salt and Sugar (HFSS) products on TV and UK on-demand services between 5.30am and 9pm or paid-for online services. We also restrict the promotion of HFSS products by location and voluntarily stopped volume price promotions like 'buy one get one free' ahead of government legislation in October 2022***.

*** Excluded party food and frozen.

> With 2,300 healthy recipes for customers to choose from, our Tesco Real Food website is helping customers in the UK discover new healthy recipes.



* Food Foundation State of the Nations Food Industry Report 2025.
** Worldpanel Navigating Nutrient Beliefs 2025.

Healthy, sustainable diets continued



Meeting our customers evolving health needs

We recognise health will mean different things to different people and that many of our customers have specific health needs that continue to evolve.

Our health ranges were created with clear benefits that empower customers to take control of their wellbeing. With a strong nutrition focus, we launched Gut Sense and High Protein ranges at the beginning of 2025, consisting of 29 new Own Brand products across kefir, yogurt, granola, porridge, ready meals, bakery and pasta, developed to robust criteria with our company nutritionist.

We are continuing to evolve these ranges to meet our customers' needs, and to explore how we can further support existing and evolving health requirements for our customers. We look at key areas of health as we develop our holistic health offering, including gut health, hormonal health and a range of health services through our in-store pharmacies.

We are proud of our Free From range, which also helps meet changing customer health needs by offering greater choice and quality for people with allergies, intolerances or specific dietary requirements. We are now the UK's largest Own Brand Free From retailer and continue to grow and improve the range so more customers can access the products they need.

Plant-based

We want to help customers eat more plant-based protein in line with Eatwell Guide recommendations. Foods such as beans, pulses, legumes and tofu can be a great way for customers to consume protein in a healthy, affordable way. We will continue to provide plant-based ranges at accessible prices, alongside more personalised recipes to inspire cooking with these versatile ingredients.

With 40% of customers aiming to eat more legumes, beans and grains*, we are focused on expanding wholefoods and naturally plant-based products.

Reflecting this shift, we have retired our 2020 target to grow plant-based meat alternative sales by 300% by 2025. The wider plant-based market has seen year-on-year decline, with customers increasingly opting for familiar, affordable options and more veg-led meals. As a result, plant-based meat alternative sales have slowed, and we have not met our target. We remain committed to supporting plant-forward diets and continue to develop products that help customers incorporate more vegetables and plant proteins into their meals.

While the market for meat alternatives hasn't grown at the rate we expected, we know these products have a dedicated customer base and that significant innovation is taking place. We continue to optimise our meat alternative ranges and innovate across this space to complement natural plant-based protein demand.

In line with our participation in the WWF basket initiative, we report on the sales split of plant-based protein as a percentage of our total protein sales each year, so that we can track progress on shifting towards more sustainable protein consumption. We have been doing this since 2021 and were the first retailer to publicly share this information.

40%

of customers aiming to eat more legumes, beans and grains, we are focused on expanding wholefoods and naturally plant-based products

* Worldpanel Navigating Nutrient Beliefs 2025.

Spotlight on:

Beans on the rise

Beans are high in fibre, one of your 5-a-day, low in fat and an affordable source of plant-based protein, making them a brilliant wholefood and a great way to boost essential nutrients.

We are really pleased to see increasing interest in beans from our customers, with organisations such as Beans is How and the Food Foundation both undertaking campaigns to increase bean consumption in the UK. According to Clubcard data, customers who have the highest proportion of beans in their basket also tend to have healthier baskets, with higher protein and fibre content, and ingredients that indicate they are more likely to cook from scratch, including herbs, spices and fresh veg.

To help make it easy and affordable for all our customers to eat more beans, we have increased feature space for beans across our stores, ensuring beans have a greater presence in high footfall areas as well as across our convenience formats. With many of our Own Brand tinned beans on Aldi Price Match we are also ensuring they are affordable to customers. We also have over 700 bean recipes on our Tesco Real Food website, providing great recipe inspiration for our customers and helping them cook more fibre-filled recipes.

Over the past three years we have sold 52 million units of new or improved products containing beans, including our new range of grain pouches, which include beans and pulses such as lentils and haricot beans to create a tasty and varied source of fibre.



Over

700

bean recipes available on Tesco Real Food website providing inspiration

52 million

units of new or improved bean-based products have been sold over the past three years

Health continued

Healthy communities

Our commitment to health goes beyond the food we sell. With thousands of stores embedded in communities across the UK, we are uniquely positioned to help meet local health needs and empower people to make healthier choices. In addition to our Pharmacy network, we are always looking for new ways to support the health and wellbeing of all of our customers.

Pharmacy

We know access to local healthcare services and trusted advice is essential to improving health outcomes. We are the UK's third largest pharmacy provider with 365 in-store pharmacies serving over 500,000 customers every week.

Customers can access services including flu jabs, blood pressure checks and our Weight Loss Management service, along with free advice on cancer, heart disease and diabetes as part of our 'Lets Talk' programme, designed alongside our Health Charity Partners (HCPs).

365
in-store pharmacies, we are the UK's third largest pharmacy provider

500,000
customers are served in our in-store pharmacies every week

Spotlight on:

Boosting awareness and prevention

Working with our HCPs, we are committed to continuing to raise awareness of diet-related conditions, and to providing expert information and support for our customers. A key element of this plan is the customer-facing campaigns we run, focused on heart and circulatory diseases, type 2 diabetes and cancer awareness.

In summer 2025, we ran our annual diabetes campaign encouraging customers and colleagues to understand their type 2 diabetes risk through a convenient conversation at our in-store pharmacies, supported by Diabetes UK's online assessment tool. We also continue to offer balanced and affordable diabetes recipe inspiration in partnership with Diabetes UK.

Tesco Real Food diabetes recipes.

In November 2025, in partnership with Cancer Research UK, we launched our first joint cancer early detection campaign to continue the dialogue around cancer symptoms or concerns.

Cancer Research UK trained our pharmacists to guide customers in accessing the right cancer support and treatment and we are proud to be the only major food retailer offering early cancer diagnosis services. Early-stage cancer, when still small and localised, is far more likely to be treated successfully.

In February 2026, we ran our annual heart health campaign in partnership with the British Heart Foundation (BHF), encouraging free blood pressure checks at our in-store pharmacies and sharing affordable and balanced meal inspiration through Tesco Real Food recipes endorsed by the BHF. The campaign sought to further engage the five million undiagnosed in the UK at risk of symptomless high blood pressure, building on the success of our 2025 campaign.

Tesco Real Food Heart healthy recipes.



Supporting menopause health

Following a successful trial last year, we have launched the UK's first permanent menopause-friendly bays in collaboration with GenM, rolling them out across over 90 of our stores, supporting customers and colleagues going through menopause. These dedicated bays aim to provide reassurance, education, and easier access to products that can help ease symptoms.

The bays feature products certified with GenM's MTick symbol, which recognises items meeting GenM's criteria for being menopause-friendly. The bays include products to support common symptoms such as skin and hair changes, dry eyes, muscle and joint pain, digestive issues and mood changes.

Young people

With only approximately 9% of children aged 11 to 18 getting their 5-a-day, the need for access to nutritious food and building healthy eating habits has never been greater.

Working alongside the British Nutrition Foundation (BNF), our ongoing Free Fruit & Veg for Schools programme supports pupils in schools with a higher-than-average ratio of free school meals. This fruit and veg provides a nutrient boost for growing kids — increasing their intake of vitamin A, which supports immunity, vision and healthy skin; vitamin C, which helps protect cells, form collagen and strengthen bones, teeth and gums; folate, which plays a key role in producing red blood cells and reducing tiredness; and fibre, which is essential for good gut health and helps lower the risk of disease later in life.

We also know after-school cookery lessons and parent-child sessions are helping to empower families to learn and cook together. Donated slow cookers and garden planters are increasing the opportunities for pupils to learn about fruit and veg.

We also brought back Free Fruit for Kids last summer in all our large stores across the UK, giving out 1.3 million apples. Free Fruit for Kids ran again from 30 December 2025 to 13 January 2026, when over 3.2 million apples were distributed to over 800 stores.

Read more in our **Communities section**, **page 45**.

Did you know:

We have partnered with Be My Eyes, a global accessibility app, to make in-store shopping easier for customers with sight loss. Through a six-month pilot launched on World Sight Day 2025, blind and partially sighted customers can connect with colleagues via the app for real-time visual support — from checking product and Clubcard offers to navigating self service checkouts.

We are offering free Pampers preemie protection nappies to new parents in over 350 of our pharmacies in partnership with Pampers. One in 13 babies in the UK is born prematurely and these nappies have been specially designed with neonatal experts to care for skin that can be twice as delicate as that of full term babies.

Health continued

Healthy partnerships

The scale of change needed to build better health outcomes requires cross-industry collaboration. To make a sustained and meaningful impact, we continue to partner with leading health campaigning groups, NGOs and charities, while advocating for clear policy frameworks.

Healthy Charity Partnership

We are proud to work with British Heart Foundation (BHF), Diabetes UK, and Cancer Research UK, in our Health Charity Partnership to improve the health of our customers and communities. By combining Tesco's reach with our charity partners' expertise, we are helping to improve and save lives across the country. Together, we have focused on prevention, awareness, and practical support for the UK's most prevalent health conditions: heart disease, type 2 diabetes, and cancer.

Since the Partnership began in 2018, we have raised over £36m, funding vital research, prevention programmes, and support services. Our campaigns continue to raise awareness and provide practical tools to help customers make healthier choices every day.

Donations from Tesco customers and colleagues help fund life-saving work. Since March 2024, money raised through two annual customer round-up campaigns has supported initiatives such as:

- British Heart Foundation – producing and distributing essential resources on heart and circulatory conditions.
- Cancer Research UK – providing early diagnosis materials, risk-reduction guides, and funding their nurse helpline for expert cancer support.
- Diabetes UK – running a helpline offering guidance on treatment, technology, and emotional support.

Alongside health campaigns in our pharmacies, we have also launched healthy recipe inspiration and a diabetes meal planner on Tesco Real Food to support balanced, affordable eating as part of our HCP.

Spotlight on:

Joint call for standardised health reporting

In May 2025, alongside our Health Charity Partnership, we urged the UK government to mandate standardised health reporting across the food industry, to help support the nation's health.

In an open letter to the Health and Social Care Secretary, we called for mandatory healthier-food sales reporting for all supermarkets and major food businesses. Following this, the Department of Health and Social Care published the Healthy Food Standard for England and launched a consultation on mandatory reporting in early 2026.

With obesity costing the health service around £6.5bna year and affecting millions of people across the country, our Group CEO Ken Murphy met with the three Health Charity Partners CEOs to discuss how they can help people lead longer, healthier lives.



Beyond our Health Charity Partnership, we also work with many health campaigning, charitable and membership organisations including:

British Nutrition Foundation

In 2025, we continued working closely with the BNF on strategic projects shaping our health and community strategy. In November, we launched our 'Health in Focus' report at an event with partners, suppliers and colleagues, sharing insights from our 2024/2025 regional health consultations and outlining our joint approach to removing barriers to healthy, sustainable diets. The BNF also played a key role in developing and evaluating our Free Fruit & Veg for Schools campaign.

Read more in our **Health in Focus Report**.

Natasha Allergy Research Foundation

In 2025, we partnered with the Natasha Allergy Research Foundation (NARF) for the sixth consecutive year, running our annual allergy awareness campaign during UK Allergy Week. For every Free From product sold in-store and online, we donated 10p to NARF to support ongoing allergy research, and we further boosted fundraising by giving customers the option to round-up their shop to the nearest £1 at self-service tills.

+ Our Future Health

We are proud to partner with Our Future Health, which aims to improve the prevention, detection and treatment of major conditions. In 2025, we expanded in-store clinic services to our Hexham and West Durrington stores, building on the success at our Cheshunt store. We also continue to provide car park space for mobile units, helping drive strong engagement and participation across the UK.

IMPERIAL

In January 2026, we announced the next phase of our partnership with Imperial College London, supporting research into whether loyalty card shopping data can help spot early signs of cancer. By analysing purchases of over-the-counter medications, researchers aim to identify patterns linked to diagnosed patients and healthy controls that could enable earlier intervention. The CLOCS-2 study will recruit nearly 3,000 volunteers nationwide, building on earlier work showing that changes in over-the-counter pain and indigestion purchases may signal early signs of ovarian cancer.

The Food Foundation

We are proud to work with the Food Foundation team, regularly meeting to discuss our health plans, sharing insight and collaborating on their industry leading campaigns.

FUTURE FOOD MOVEMENT

We are a member of the Future Food Movement, a community uniting food, health, climate and agriculture through advocacy, roundtables and upskilling. In 2025, our senior colleagues took part in panels, webinars and events, reinforcing our commitment to collaboration across the sector.

VEGPOWER

We continue to be a member of Veg Power and in 2025 supported their Families and Food Task Force, panel discussions and annual summit alongside other food businesses. Veg Power's ongoing work to encourage vegetable consumption aligns with our Free Fruit & Veg for Schools and 5-a-day campaigns, helping to improve access to fresh, frozen and tinned fruit and veg for young people and families.

Looking ahead

- We will continue to encourage healthier choices by further embedding health through our commercial and customer plans helping make nutritious options relevant, affordable and inspiring for all of our customers through an always on approach to health.
- Through our Own Brand product development plans, we will continue to expand accessible, affordable healthy products through reformulation, fortification and innovation. Reducing unnecessary additives, boosting key nutrients, fibre and protein, and cutting fat, salt and sugar without compromising taste.
- We recognise that our customers have different health needs through key life stages – from pregnancy and menopause to type 2 diabetes, hypertension, gut health and hormonal health – and we are committed to continuing to support these customers with trusted, science backed products, services and information.

03

People

With more than 340,000 colleagues, we want Tesco to be a great place to work, where everyone is welcome. We recognise the essential role our colleagues play in supporting our customers and communities and helping the business succeed. Beyond our own workforce, we also promote rights and equal opportunities across our supply chain.

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Progress towards our longer-term targets

Increase representation of leaders from an ethnically diverse background among top global leaders to 19% by 2029.



Increase female representation of leaders to 44% by 2029, from a FY25 baseline of 35%*.



FY 2025/26 key achievements

- 82% of our colleagues recommend Tesco as a great place to work across the Group.
- We announced an above-inflation pay increase of 5.1% for Tesco UK store colleagues which represents an investment of over £200m, effective from March 2026.
- £134m SAYE windfall for colleagues taking part in our SAYE savings scheme, sharing in our collective success.
- Through our partnership with The King's Trust and other youth partners we have supported 215,000 young people over the last four years.

Policies

View all of our policies in the **Governance section** of this Report.
For more information on our diversity, equity and inclusion, see **page 20** in our **Annual Report**.

* We reported 35% female representation across our top global leaders in FY26. From 2026/27 the scope of this target will change to incorporate senior manager and above representation. The baseline for the target will be 36% (which we achieved this year), with a target of 44% by 2029.

SUSTAINABLE DEVELOPMENT GOALS

Overview

People

Our colleagues are at the heart of everything we do. How they are led, supported and developed shapes the service we offer our customers.

We are guided by our values, and these have been recently refreshed to ensure they reflect our ambitions for colleagues, customers and communities.



Our values

No one tries harder for customers
Putting customers at the heart of everything we do, focusing on quality, brand, service and helpfulness.

We treat people how they want to be treated
Creating an inclusive colleague experience with belonging for all.

Every Little Help makes a big difference
Colleagues can take responsibility, play their part, and feel proud of creating lasting positive impact for communities and the planet.

We provide actionable guidance on what our values look like in practice, so our colleagues feel confident living them every day.

We want every colleague to feel included, recognised and truly valued. We are committed to building a culture that reflects the diversity of the communities we serve, where everyone can be themselves and access opportunities to develop their career. Guided by our value “We treat people how they want to be treated” and strengthened by clear commitments, we are aiming to create a workplace that removes barriers, opens doors and enables colleagues to thrive, so everyone can contribute, progress and feel proud to be a part of Tesco. We strive for a place where every colleague belongs, can be their true self and is listened to. If it matters to colleagues, it matters to us.

We listen to colleagues through our colleague engagement survey, Every Voice Matters (EVM), and other listening channels such as our colleague contribution panels, giving thousands of colleagues the opportunity to share what matters most to them. While there was a slight decline on last year, our colleagues remain highly engaged, with 82% in 2025/26 recommending Tesco as a great place to work, versus a global retail benchmark of 71%. Colleague feedback helps us enhance our workplace and strengthen our culture.

We want to make it even easier for colleagues to be heard and intend to transform our approach to respond more quickly, moving to a continuous, multi-channel model that provides richer insight, strengthens trust and enables faster action across the business. We want to be a workplace where every colleague feels genuinely heard and where their feedback drives even more tangible, positive change.

We are proud to be a place where colleagues can get on – learning, growing, and shaping a career that is meaningful to them. Our approach to skills development aims to put colleagues at the centre, creating a modern and accessible learning environment where practical, everyday skills can be built in a way that suits each colleague, boosting their confidence and performance. We are focused on building skills that will help colleagues thrive at work and life, such as digital and AI, so every colleague has the foundation to help them grow, now and into the future.

We also continue to strengthen our reward, benefits and wellbeing support for colleagues, as well as creating safer, more inclusive workplaces through new policies, training and practical support.

People continued

A place to belong

We aim to create a workplace that reflects the diversity of the communities we serve and where everyone is welcome, our colleagues feel comfortable being themselves and have the opportunity to grow and achieve their career aspirations.

Our colleague commitments

Our values guide everything we do, and 'We treat people how they want to be treated' is at the heart of the five commitments we made to colleagues in 2024 – Inclusion for all, Flexibility for all, Accessible first, Transform recruitment and Developing careers.

Shaped by feedback from thousands of colleagues across the Group, these commitments focus on what matters most. With clear action plans under each commitment, we have made progress and continue to take steps to make Tesco a place where everyone feels welcome and supported. In 2025/26 85% of colleagues told us they could be themselves without fear of judgement.

1. Inclusion for all
2. Flexibility for all
3. Accessible first
4. Transform recruitment
5. Developing careers

Inclusion for all

We have continued to focus on gender equality across the Group. In 2025/26, we achieved our threshold PSP target of 35% female representation of leaders. From 2026/27, we are broadening our scope to include senior managers and aim to reach 44% female representation by 2029.

We have been making consistent progress towards reducing our gender pay gap in the UK. This now stands at 4.7% by median earnings, which is a decrease of 0.4% since 2024, and 7.8% by mean average earnings, a decrease of 1.3%. For more information on our approach, read our **Everyone's Welcome Report**. We have been externally recognised for our progress in this area, and have been ranked in The Times Top 50 for Gender Equality for a fifth consecutive year.

Every colleague plays a vital role in our approach to inclusion. In June 2025, we launched our new Everyone's Welcome policy setting clear expectations for living our values across the Group with the exception of dunnhumby who apply these principles through their own People policies and governance. We have also continued to strengthen our managers' capability, through our Being an Inclusive Manager training sessions, with senior leaders joining Leading with a Difference training.

For our LGBTQ+ colleagues, we are committed to ensuring they feel supported, including strengthening our Employee Assistance Programme (EAP). In December 2025, we introduced an option for colleagues to connect with an LGBTQ+ counsellor for tailored support. We remain a Stonewall Top 50 LGBTQ+ employer, and this year Tesco Stores Ltd were accredited as a Stonewall trailblazing employer — which is the highest level of Stonewall proud employer accreditation.

Flexibility for all

Colleagues told us flexibility really matters. To reflect this, our flexible working options let colleagues choose what suits them best, whether part-time hours, job-sharing or something in between. In 2025/26, we launched online flexible working zones in all markets. These online hubs give colleagues and managers practical resources and guidance to understand the flexible working options available. 82% of our colleagues said they can work flexibly, +10% vs global retail benchmark.

Spotlight on:

Inspiring female leaders

In January 2026, our Non-executive Directors, Dame Carolyn Fairbairn, Caroline Silver and Karen Whitworth visited Tesco Bengaluru. During the visit, they hosted a Women in Leadership session with around 25 senior women leaders.

The session provided an open forum for discussion, beginning with reflections from the Non-executive Directors on their career journeys, followed by an interactive question and answer session. The discussion covered a range of themes, including the transition from Executive Director to Non-executive Director, how Non-executive Directors continue to develop their knowledge and balance priorities, and the importance of psychological safety and the role it plays in supporting women in leadership positions.



Did you know:

82% of colleagues say they can work flexibly, and our new online flexible working zone makes it easy to find policies, videos and guidance.



People continued

For UK hourly paid store colleagues we expanded the trial that began in 2024 across our large and convenience stores, to include more colleagues. This enabled colleagues to pick up extra hours, across other stores, in addition to their home store, helping them boost their earnings, through a simple function within our My Tesco app.

Accessible first

We are committed to creating a workplace where colleagues with disabilities can thrive and feel supported. We know workplace adjustments are critical to making employment sustainable for some colleagues, so we have launched new resources for colleagues and managers to empower them to make quicker decisions with real examples of workplace adjustments.

Our partnership with the Business Disability Forum helps us evolve our processes, follow best practice, and meet consistently high standards across all our markets. In 2025, dunnhumby and Booker joined Tesco Stores Ltd, Tesco Mobile and One Stop in achieving Disability Confident leader (Level 3) and Tesco Insurances Money Services (IMS) achieved Disability Confident Employer (Level 2). Our teams in ROI and India have also reached the equivalent UK standard – reflecting progress in recruitment, policy and wellbeing.

Transform recruitment

For the first time, we have introduced a global careers website for candidates and colleagues across the Group*. The platform delivers a seamless and inclusive user experience, featuring our enhanced My Buddy accessibility tool and updates aligned with Web Content Accessibility Guidelines, common (AA) and selected highest (AAA) standards, making it easier to explore opportunities to join Tesco and for colleagues to grow careers. Since its launch in March 2025, the site has already attracted seven million views.

We use centralised recruitment in our hiring process for retail and distribution roles to ensure fairness and consistency in candidate screening. It supports our commitment to improving diversity and ensuring every candidate feels valued from their first interaction. We continue to roll out this centralised recruitment approach in additional markets, launching this year in Tesco UK retail, ROI, Booker and Slovakia. Over the last year, over 75,000 colleagues have been hired through our recruitment hubs in Tesco UK (ex One Stop), ROI, Booker and Czech Republic.

Developing careers

We believe every young person deserves the chance to build a future, no matter who they are or what their background is. That's why we are providing entry-level opportunities and creating pathways into meaningful work across our markets through partnerships with The King's Trust, Movement to Work, and our own graduate, internship, and apprenticeship programmes.

Around 100 graduates started on our programmes in September 2025 and 57 interns completed our 10-week internship between June and August 2025.

In September 2025, we welcomed our next cohort of 363 Stronger Starts Retail Apprentices across the UK, as part of our commitment to supporting under-represented young people from high-deprivation areas.

We also supported around 400 young people through our Movement to Work placement programme, as part of a national coalition focused on supporting young people aged 16-30 who are not in education, employment, or training.

In 2025/26 our Stronger Starts programme was highly commended for DE&I Apprenticeship Employer of the Year at the National Apprenticeship and Skills Awards, and we proudly took home the Inclusive Recruitment Award at the TIARA Awards Europe, alongside The King's Trust Volunteering Award.

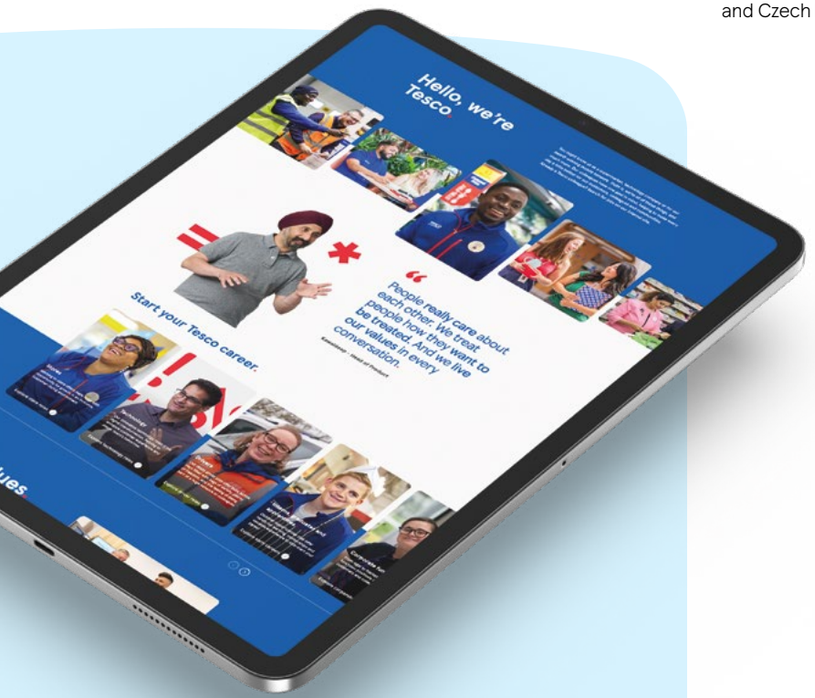
Spotlight on:

Young people

Our partnership with The King's Trust continues to deliver measurable social impact, strengthening young people's skills, confidence, and pathways into employment. We have now supported over 215,000 young people through our partnership with The King's Trust and other youth partners – surpassing our five year target of 200,000 young people, demonstrating the scale and effectiveness of our approach.

Colleague participation increased across CV reviews, employability workshops, and over 50 World of Work tours. Nearly half of all young people engaged came from some of the most deprived communities reinforcing our commitment to social mobility.

As one of the Trust's most dedicated partners supporting nearly every aspect of their education programmes, our sponsorship of The King's Trust Awards continues to amplify our social impact nationally. We also integrated the Power Up in-work support programme into key apprenticeship pathways, achieving an 81% six-month retention rate among apprentices, strengthening our early-talent pipeline.



7 million views
since the launch of our global careers website in March 2025

Over
75,000 colleagues
have been hired through our recruitment hubs

Through our partnership with **The King's Trust and other youth partners** we have supported
215,000
young people over the last four years



* Excluding dunnhumby.

People continued

Skills for the future

Skill development is more than a business priority – by providing access to expert and targeted learning, we empower colleagues to adapt to new technologies and stay ahead in a rapidly changing world.

In our EVM survey, 73% of colleagues told us they had the opportunity to learn and develop over the last year, and 74% were happy with the career choices available to them.

Learning libraries

A robust learning environment is the foundation for delivering skills development consistently, efficiently and at speed across our workforce. In October 2025, we partnered with three learning platforms – LinkedIn Learning, Udemy Business, and inrehearsal, to roll out their resources to colleagues in the UK, Central Europe and India.

Since launch, colleagues have been able to access content on in-demand technical skills like Microsoft Excel, Python, and Data Analysis.

Digital and AI skills for all

We want colleagues to feel confident using digital and AI technology, so we are investing in digital skills and AI readiness for every colleague to apply in work and life. We are encouraging all colleagues to develop their ability to use digital technology effectively and responsibly, as a central part of the way they work.

With a focus on emerging technologies, we have introduced a digital learning series for office colleagues designed with flexibility in mind, allowing colleagues to learn at their own pace with e-learning, videos, factsheets and podcasts.

Colleagues are also engaging with our new learning libraries and building their digital skills in a self-led way.

Leadership learning

Our Digital Advocacy Programme prepares our leaders to thrive in a digital first environment. Through the programme we have built foundational knowledge through a series of masterclasses for our leadership teams, introduced digital mentors to support key roles, and delivered bespoke learning for specialist roles.

Through our Winning Manager Programme, we continue to empower all our people managers across the Group*, to cultivate inclusive, high-performing teams, always prioritising the wellbeing of our colleagues. 83% of eligible managers across the Group* have now participated in Being an Inclusive Manager training.

These elements enable our managers and leaders to develop their skills and drive high performance, helping us to attract and retain talent, and build future-ready teams that can support our long-term strategy.

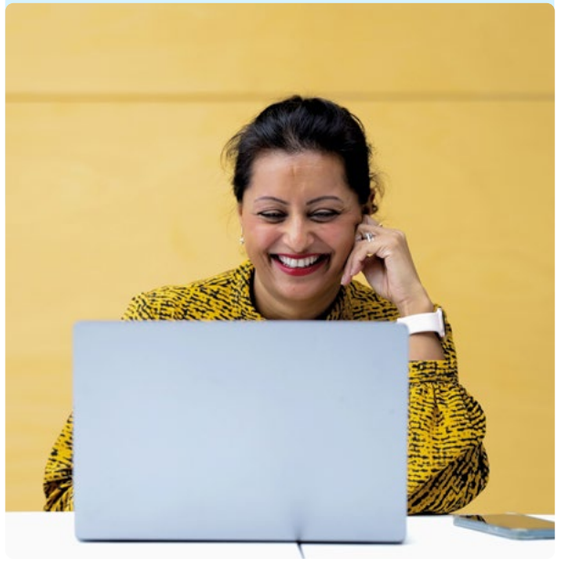
83% of eligible managers across the Group* have now participated in Being an Inclusive Manager training.

Spotlight on:

LinkedIn learning

In last year's EVM survey, colleagues asked for more opportunities to learn and develop. In response, we rolled out LinkedIn Learning to office colleagues giving access to high-quality, self-led learning. The platform offers in-demand technical skills like Microsoft Excel, Python, and Data Analysis.

Denesh Hirani, Transformation Project Manager, said: *"I recently activated my LinkedIn Learning account and explored courses on AI in project management. I've already identified several learning paths that align with my role, boosting my confidence in using AI to improve efficiency, enhance analysis and support more informed decision-making."*





* Excluding dunnhumby, One Stop, Booker, Tesco Mobile and Hospitality. Data up to 24th February 2026.

People continued

Live and work well

We want to ensure every colleague feels supported to live and work well. Whether it's round-the-clock wellbeing support or enjoying discounts that make their weekly shop go that bit further.

Rewarding our colleagues

We continue to invest in our total reward package, shaped by what matters most to colleagues. For every role in the business, we apply the same principles for reward – simple, fair, competitive and sustainable. These are applied across our whole reward package, which includes a number of benefits as well as the basic rate of pay.

In 2025/26 we announced an above-inflation pay increase of 5.1% for Tesco UK store hourly paid colleagues which represents an investment of over £200m. This will increase the hourly rate to £13.28 from 29 March 2026, representing a 43% increase over the last five years.

As part of the deal, the London Location Allowance will also increase from £1.21 to £1.27, equating to an hourly rate of £14.55 for colleagues within the M25.

To become more transparent with our salaried colleagues, we have introduced pay ranges into individual annual reward statements and published our benchmarking process internally. This builds on our long-established way of working with the unions, ensuring our approach remains clear, consistent and trusted.

Alongside investments in base pay, over the last year we have maintained our pension offering for UK colleagues, launching a new app to help colleagues plan for the future. A new bonus sacrifice scheme has also given eligible colleagues in the UK the opportunity to boost their pension savings in a tax-efficient way. We have also improved our Colleague Clubcard benefits and increased the frequency of discount events for colleagues to enjoy throughout the year.

Wellbeing

Helping colleagues live and work well means supporting their physical, mental, and financial wellbeing. Although a slight decrease on last year, 71% of colleagues in 2025/26 said Tesco supports their health and wellbeing.

We continue to have a competitive family leave proposition rooted in supporting wellbeing, flexibility, and inclusion for all. For colleagues in Tesco UK, we provide up to 26 weeks of fully paid maternity and adoption leave, as well as up to six weeks of fully paid paternity leave. We also offer paid kinship leave, fertility leave for partners, and two weeks paid leave for baby loss occurring within the first 24 weeks of pregnancy. These policies go beyond current government legislation, reflecting our commitment to ensuring colleagues feel supported during important moments of their lives.

This year we have focused on expanding and enhancing our established wellbeing programmes across the Group, supporting as many colleagues as possible. In Tesco UK*, we have strengthened our Employee Assistance Programme (EAP) by adding more counselling sessions, specialist mental health support, longer appointment hours and a manager referral option to make it easier for colleagues to get the help they need. Across Czech Republic, Slovakia and Hungary, colleagues have access to free doctor's appointments and a medical advisory service. Since launch, colleagues and their families have used the service more than 4,300 times for appointments and medical advice.



43%
pay increase for our hourly paid Tesco UK colleagues over the last five years

* Tesco Stores Limited, Booker, IMS.

Spotlight on:

Supporting financial wellbeing

Our popular Save As You Earn (SAYE) share savings scheme has been a core part of our colleague benefits package for over 40 years. Giving colleagues the opportunity to save and invest directly from their pay from as little as £5 per month, over a period of either three or five years. Once colleagues have finished saving, they can choose to buy Tesco shares at a discounted option price or get their savings back.

SAYE is available to all colleagues across the UK, including Booker, One Stop, IMS and dunnhumby, and across our wider group including ROI, India, Hungary and Poland. Currently there is over 58,000 colleagues participating in one or more schemes. This year, due to our share price growth, more than 22,000 colleagues have shared around £134m as they saved into the scheme at an option price of £1.98 (five-year scheme) and £1.82 (three-year scheme), compared to the share price of £4.79 at the scheme's maturity date.

58,000+ colleagues
participate in one or more of our SAYE schemes

People continued

Breaking the menopause taboo

Menopause affects millions of women, yet it's often overlooked in workplace conversations. As part of our work to embed a menopause support framework across the business, we have introduced a dedicated menopause guide, manager training and updated policies. We have also signed the Menopause Workplace Pledge and our online Talking Menopause Cafés create spaces for open conversation, for both women and men.

Joining forces to Keep Britain Working

By collaborating with others, we aim to help create healthier workplaces and ensure more people can access and sustain meaningful work. That's why we are part of Keep Britain Working – a new Government backed three-year programme which brings together employers to develop practical approaches that support colleague health, reduce sickness absence, and increase disability employment.

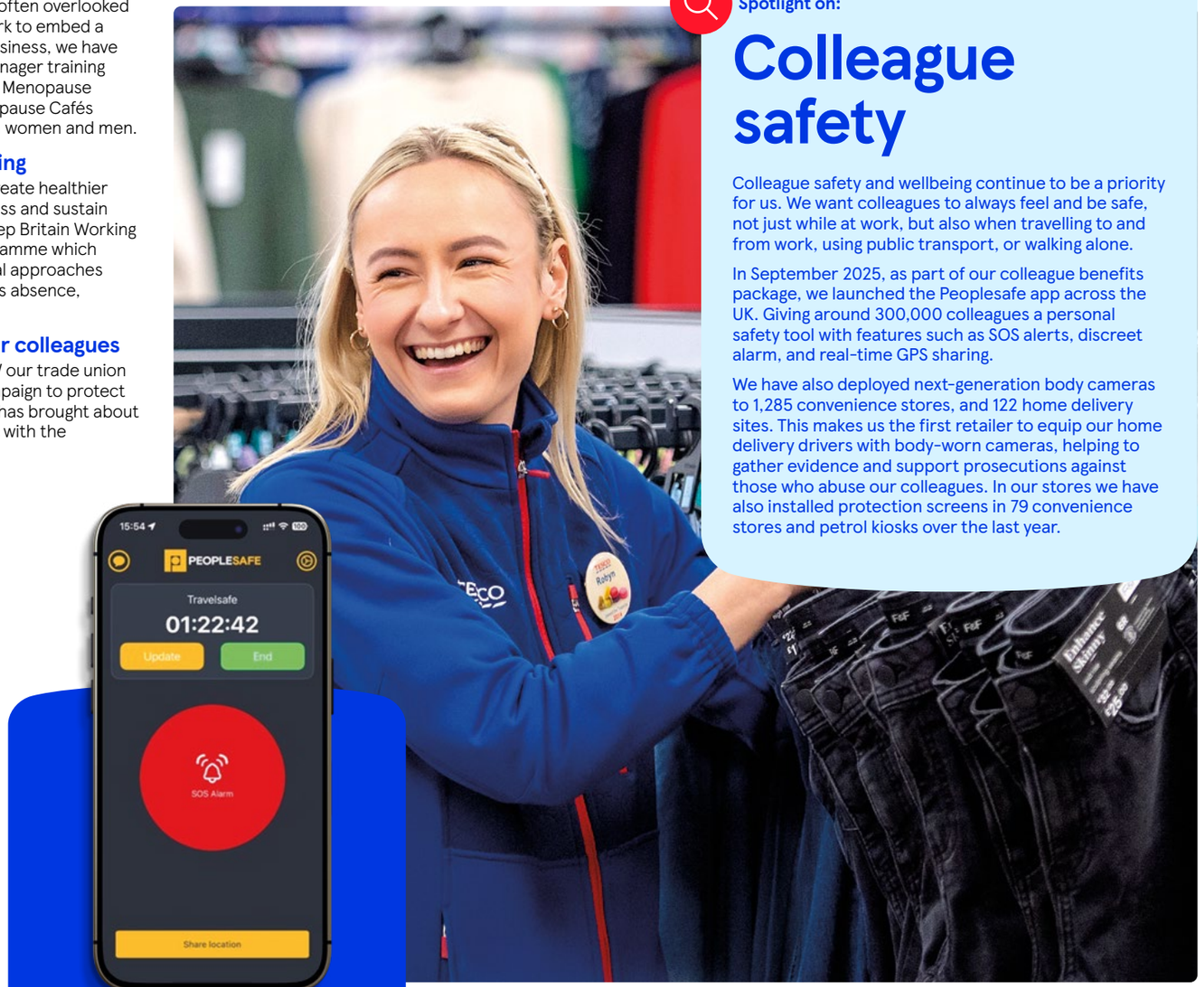
Keeping focused on the safety of our colleagues

We have continued to collaborate with USDAW our trade union on safety measures. Our support on their campaign to protect retail workers from physical and verbal abuse has brought about increased protection for our colleagues in line with the protection of emergency service workers.

Around

300,000 colleagues

benefit from our Peoplesafe app across the UK, giving colleagues a personal safety tool with features such as SOS alerts, discreet alarm, and real-time GPS sharing



Spotlight on:

Colleague safety

Colleague safety and wellbeing continue to be a priority for us. We want colleagues to always feel and be safe, not just while at work, but also when travelling to and from work, using public transport, or walking alone.

In September 2025, as part of our colleague benefits package, we launched the Peoplesafe app across the UK. Giving around 300,000 colleagues a personal safety tool with features such as SOS alerts, discreet alarm, and real-time GPS sharing.

We have also deployed next-generation body cameras to 1,285 convenience stores, and 122 home delivery sites. This makes us the first retailer to equip our home delivery drivers with body-worn cameras, helping to gather evidence and support prosecutions against those who abuse our colleagues. In our stores we have also installed protection screens in 79 convenience stores and petrol kiosks over the last year.

Looking ahead

- We are transforming listening to be a continuous multi-channel approach that captures real-time sentiment and the personal experiences of our colleagues so we can act faster and smarter on their feedback and ideas.
- We are committed to continuing to support young people through our apprenticeships, school leaver and graduate programmes. We are continuing to explore new ways to tackle youth unemployment across the UK, so that even more young people can access meaningful employment and brighter futures.
- We will continue to strengthen AI and digital literacy across our business so every colleague feels confident using AI and digital tools. We will also deepen technical expertise of key teams to further enhance our customer and colleague experience.
- We will continue to focus on addressing the barriers underrepresented groups face in our business, so that we work towards building a truly inclusive culture where people feel they can be themselves at work, meet their career aspirations and thrive.

People continued

Human rights

We believe our trade is a force for good, creating jobs and opportunities for people and communities across the world. We are committed to ensuring the jobs we create and support are good jobs, providing decent work, for women and men in conditions of freedom, equity, security and human dignity. Stakeholders and the United Nations Guiding Principles on Business and Human Rights inform our approach and standards.



Target

Ensuring high-risk Tier 1 sites have regular Sedex Members Ethical Trade Audit (SMETA) human rights audits, with serious issues resolved in a timely way.

We strive to continuously improve human rights standards across our own operations and supply chain. Through our relationships with our suppliers and NGO partners, we help to promote income diversification and support vulnerable groups and sourcing communities.

We are fully aligned with the UN Universal Declaration of Human Rights and the International Labour Organization (ILO) Core Conventions. As a longstanding member of the Ethical Trading Initiative (ETI), all our suppliers must adhere to the ETI Base Code that covers wages, working hours, health and safety, child or forced labour, freedom of association and discrimination.

Our due diligence processes were developed in line with the UN Guiding Principles on Business and Human Rights and in consultation with worker organisations. Given the breadth and depth of our supply chains, we prioritise our due diligence checks on sourcing geographies with the highest human rights risks. As part of our responsible sourcing processes, SMETA and SIZA audits are conducted for all Tier 1 supplying sites in high-risk countries. We also work with Fairtrade, the Rainforest Alliance, ACT for Living Wage and International Accord for Health and Safety in Textile and Garment Industry, across key product commodities.

We are also committed to supporting our suppliers by providing practical resources to help advance gender equity and increase the representation of women in supervisory and leadership roles.

We collaborate with a variety of experienced partners, including consultants and NGOs, supported by our commercial buying and quality teams. The information gathered helps us to reassess and address potential and actual risks in our business and supply chains.

Learn more about **our Human Rights approach**.

In 2025/26, we continued to strengthen our human rights due diligence across our own operations and supply chains – driving improved standards, building networks and growing supplier engagement. We have:

- Enhanced existing due diligence systems, including conducting a full audit service provider retender, consolidating the number of Tesco-recognised audit service providers to ensure they deliver a higher, more consistent audit quality, maintaining an ongoing witness audit programme, evaluating auditors' on-site performance to ensure audit quality and integrity, and piloting threat intelligence and worker voice tools.
- Focused on our own operations, extended the scope to facilities and catering agency labour and embedding consistent risk-based site visits across UK distribution and fulfilment centres. This step enhances our visibility and supports more consistent standards across our operations.
- Worked collaboratively in our supply chains with suppliers to address and resolve non-conformances, such as fire safety concerns and excessive working hours. This helps suppliers put sustainable measures in place to meet requirements. We audited high-risk Tier 1 sites, identifying critical non-conformances at 40% of sites; 93% have been resolved or are on track, with remaining sites suspended, exited or having agreed, monitored corrective action plans in place.
- Strengthened local engagement and broadened stakeholder networks by building strategic relationships across Kenya, Peru, Spain and Vietnam, following the expansion of the human rights food team into these key sourcing countries.
- Continued to drive the progress suppliers have made in complying with our responsible recruitment requirements in Thailand and Malaysia, with full implementation for in-scope sites now achieved.

Understanding root causes

We know the best way to improve human rights is to address the root causes which underlie them. The four themes of focus in our strategy are helping to address some of these issues.

Anti-slavery

Modern slavery has no place in our business or supply chain. With a comprehensive network of suppliers, we know we must play our part in eradicating it. We work closely within our business and with the suppliers and organisations we partner with, to uphold the highest ethical standards to promote fair and safe work environments, including supporting a number of programmes linked to tackling forced labour.

Spotlight on:

Worker injury insurance

We joined the Employment Injury Scheme (EIS) pilot, led by the ILO and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), alongside the government of Bangladesh, employers, trade unions, and many other international brands. The pilot supports the development of a national social insurance system for work injury compensation following major incidents in Bangladesh's garment industry, which highlighted the urgent need for stronger worker protections.

The pilot, which includes all primary production sites in our garment supply chain in Bangladesh, provides long-term compensation, income replacement, and rehabilitation for injured workers. It also ensures financial security for families of deceased workers. Covering four million workers in the export-oriented garment sector, the pilot is funded by voluntary brand contributions and supplements national payments to meet international standards. It is expected the pilot will transition into a fully government-managed programme — marking a major step toward inclusive growth and a safer, more sustainable future for Bangladesh's workforce.

4 million

workers are covered in the export-oriented garment sector, with the pilot funded by voluntary brand contributions and supplementing national payments to meet international standards

People continued

In 2025, we focused on:

- Leading the establishment of a Responsible Recruitment Working Group, comprising seven other leading brands and retailers, to address systemic recruitment challenges impacting migrant workers in India's garment and textile sectors. Work in the same sphere has also been advanced in food through the Food Network for Ethical Trade (FNET) Responsible Recruitment Working Group.
- Active participation in key forums to improve seasonal/migrant worker experience and address root causes, including UK Seasonal Worker Scheme (SWS) Taskforce and Ethical Trade Forums in Spain and Egypt.
- Enhancing due diligence and industry learning through conducting assessments across distribution centre facilities providers, and by hosting an industry event with Staffline on Addressing Modern Slavery in Supply Chains, which brought together businesses and stakeholders to share best practices on transparency, responsible recruitment, and modern slavery prevention.
- Building capability across the business by expanding Group-wide modern slavery training across 1st tier UK goods for resale suppliers, with almost 500 suppliers trained this year.

Read more in our **Modern Slavery Statement**.

Worker representation

Workplaces with credible worker representation tend to be more in touch with worker sentiment, have a better understanding of workers' concerns and can benefit from worker suggestions to support improvements in working conditions and productivity.

We strengthened our due diligence approach this year by continuing to pilot worker voice mechanisms, expanding the ways workers can express their views and helping to ensure their perspectives shape ongoing improvements. We also intend to build on our work with the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Association (IUF), working closely together to support workers' rights globally.

We also developed the guide for an effective grievance mechanism, a concise and practical summary of Oxfam's Grievance Mechanism Toolkit. This guide has already been successfully adopted by six additional Home and Clothing brands and introduced to their non-food suppliers operating in Türkiye. Through this initiative, we have established a joint industry approach with these brands, fostering collaboration and alignment on strengthening grievance mechanisms across the supply chain.

Sustainable livelihoods

We believe our trade should be a force for good and contribute to increasing worker prosperity and reducing poverty. Our sustainable livelihoods human rights approach encourages suppliers to uphold and seek wage and income improvements, including adopting living wage principles.

In the last year, we have:

- Continued work with the ETI to review our purchasing practices. ETI's findings show that our commercial teams consider human rights impacts in supplier relationships, including by building stable, long-term business relationships to support improvement over time. The findings also highlighted opportunities to further strengthen safeguards and buyer visibility of supplier cost structures and wage impacts, to ensure that pricing decisions support our human rights goals.
- Worked closely with trade unions, specialist organisations and suppliers through multi-stakeholder collaborations such as the World Banana Forum to close living wage gaps throughout banana supply chains.
- Committed to supporting collectively bargained wage growth for garment workers in Cambodia, in collaboration with labour unions, industry associations and brands through Action, Collaboration, Transformation (ACT). We require our suppliers to ring-fence labour costs, so they are not impacted by negotiations in price for sites in Cambodia who have signed the collective bargaining agreement with unions.
- Work has started in Bangladesh and Kenya to offer microfinance support to supply chain workers, diversifying sources of household income to help foster resilience and local enterprise.
- Participated in ETI's Green Social Dialogue Programme in Bangladesh (2022–2024) and, in May 2025, contributed to its conference by co-developing factory climate action plans, amplifying worker voices in climate strategies and helping to drive a fair, just transition.

Gender equity

Ensuring gender equity in the workplace is vital, not only because our customers and stakeholders expect it, but also because it strengthens the talent pool and organisational culture across our suppliers. We work with suppliers to ensure equal opportunities for men and women, embedding gender-sensitive practices and accessible grievance mechanisms for women, migrant workers, and other vulnerable groups.

Spotlight on:

Worker transport safety

Over the last year, we have worked closely with our suppliers to drive closer collaboration to strengthen compliance around worker safety.

This collaboration builds on recent transportation safety incidents in high-risk sourcing regions and has helped accelerate collective action. In food production sites in Peru, this includes ensuring vehicles used to transport people are fit for purpose, mechanically serviced, and regularly checked by a qualified party as legally required, and requiring suppliers to develop risk assessments and mitigation plans. In non-food supply chains, transport safety is a compulsory element of audits across all primary production sites.

In Bangladesh, we led a working group with ILO support to promote an industry-wide approach to worker transport safety. Our supply chain transportation safety policy provided the foundation, and 10 international brands sourcing from Bangladesh have adopted a common framework based on it. The initiative continues, with the ILO advocating for the government of Bangladesh to establish a national policy aligned with the agreed industry approach. We hope that through continuing to engage industry stakeholders, this will help reduce traffic accident risks in supply chains.

10

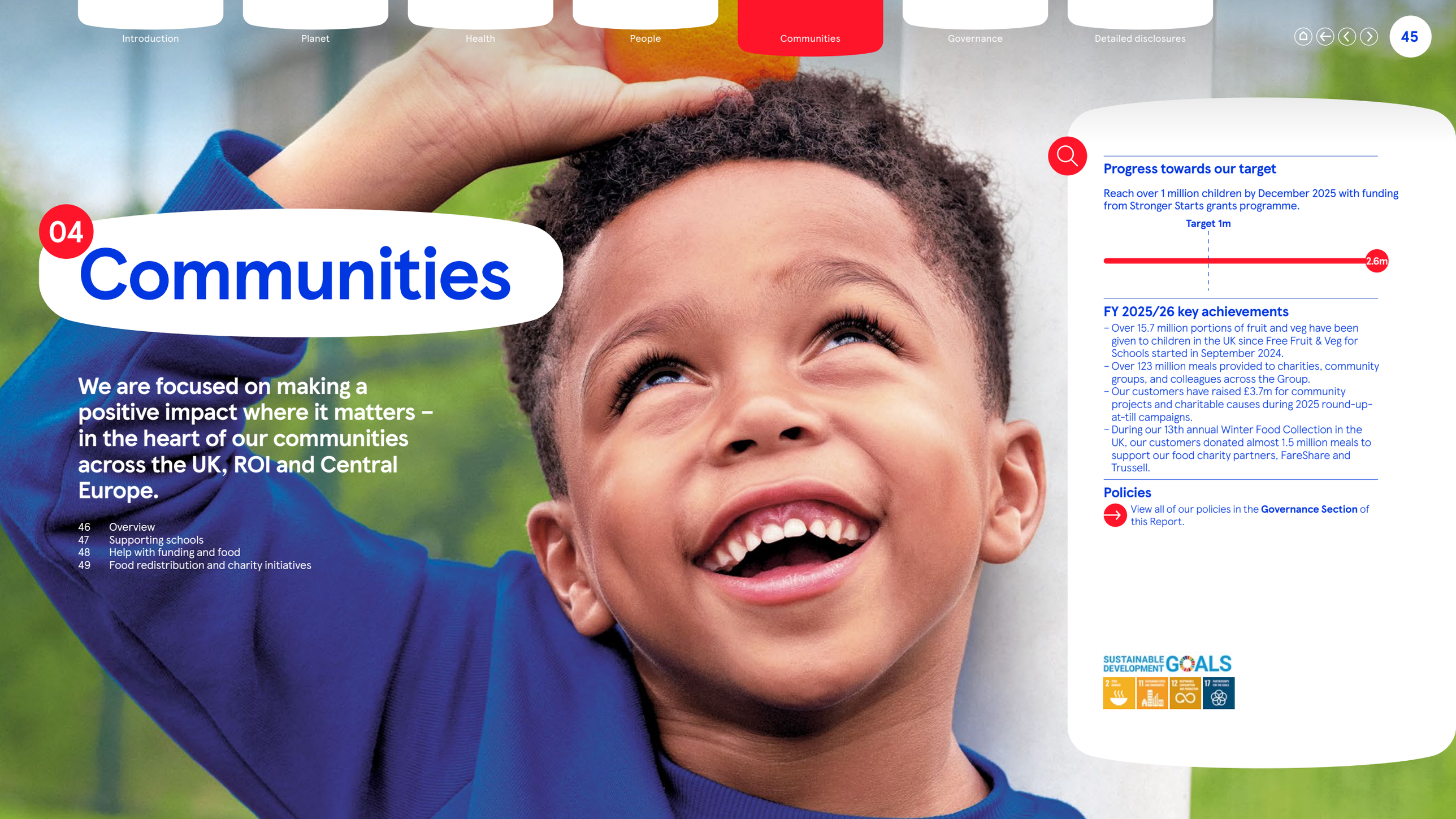
international brands sourcing from Bangladesh have adopted a common framework based on our supply chain transportation safety policy

To date, we have achieved the following:

- 71% of primary sites that submitted data for Home and Clothing now meet our ambition of 30% women in supervisory and management roles, with over 5,600 women promoted to become supervisors or managers since the launch of our gender ambition in 2022. Across our food supply chain, 62% of sites that submitted data have met the 30% ambition.
- Rolled out gender toolkits, webinars, and tailored programmes with Oxfam, alongside establishing Supplier Gender Champion Networks for our Home and Clothing suppliers in Bangladesh, India, Pakistan and Sri Lanka to share best practices.
- Hosted gender conferences in Bangladesh, India, and Sri Lanka, bringing together senior leaders from all Home and Clothing suppliers across South Asia to address barriers and accelerate progress.
- Expanded our Respect programme to foster inclusive workplace cultures. This has been implemented in all our Home and Clothing primary sites in Bangladesh and the programme has been adopted by the Ready-made Garment Sustainability Council (RSC) which is running a pilot, Respect at Work: Preventing Harassment and Violence with a view to rolling out to approximately 1,700 garment factories in Bangladesh.

Looking ahead

- Ensure our policies, systems and governance across human rights facilitate compliance with upcoming legislation.
- Continue using a risk-based approach to engage suppliers across home and clothing, and food supply chains, supporting them to strengthen their ethical due diligence programmes and capabilities.
- Explore new and innovative ways to strengthen our support for the communities where we source, especially those already feeling the effects of climate change.



04

Communities

We are focused on making a positive impact where it matters – in the heart of our communities across the UK, ROI and Central Europe.

46 Overview
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49 Food redistribution and charity initiatives

Progress towards our target

Reach over 1 million children by December 2025 with funding from Stronger Starts grants programme.

FY 2025/26 key achievements

- Over 15.7 million portions of fruit and veg have been given to children in the UK since Free Fruit & Veg for Schools started in September 2024.
- Over 123 million meals provided to charities, community groups, and colleagues across the Group.
- Our customers have raised £3.7m for community projects and charitable causes during 2025 round-up-at-till campaigns.
- During our 13th annual Winter Food Collection in the UK, our customers donated almost 1.5 million meals to support our food charity partners, FareShare and Trussell.

Policies

View all of our policies in the **Governance Section** of this Report.

SUSTAINABLE DEVELOPMENT GOALS

Overview

Communities

Communities are at the heart of our purpose – serving our customers, communities and planet a little better every day.

We aim to make a meaningful impact through our work with local causes and our food redistribution initiatives, supporting the projects and organisations that matter most to our colleagues and customers in their communities.



Target

We will provide fruit and veg to thousands of children in over 1,000 schools across the UK in 2026.

Our Free Fruit & Veg for Schools programme is providing access to fresh fruit and vegetables to thousands of children as part of their daily routine in some of the most challenged communities in the UK, alongside our Stronger Starts grants, which continue to support children and young people across the Group. We also remain committed to redistributing surplus food and other essential items – a core part of our focus to reduce waste while supporting the communities we serve.

Over
15.7 million
portions of fruit and veg have been given to children in the UK since Free Fruit & Veg for Schools started in September 2024

Communities continued

Free Fruit & Veg for Schools

Research conducted by the British Nutrition Foundation (BNF) shows only 12% of children aged between 11 and 18 meet the government's recommendation of five portions of fruit and vegetables a day.

To help tackle this, and in partnership with the BNF, we launched our Free Fruit & Veg for Schools programme in September 2024, providing 400 schools, in some of the UK's most economically challenged areas, with funding to purchase fruit and vegetables.

Using government data, we invited schools in areas of highest need to access the funding. By targeting schools with higher levels of free school meal eligibility, the programme aims to provide pupils with a nutritious boost they may not otherwise receive.

We expanded the programme in September 2025, providing over 500 schools with funding to improve childrens' access to healthy food. Our 2026 target is to go further by reaching 1,000 schools.

Over
500 schools
have received funding through our Free Fruit & Veg for Schools campaign; aiming to reach 1,000 schools in 2026

Since September 2025, we have made strong progress with over five million extra portions of fruit and veg being distributed. Since the scheme began, from September 2024, we have provided a total of 15.7 million portions of fruit with an average of 85 portions per pupil.

This fruit and veg provides a nutrient boost for growing kids — increasing their intake of vitamin A, which supports immunity, vision and healthy skin; vitamin C, which helps protect cells, form collagen and strengthen bones, teeth and gums; folate, which plays a key role in producing red blood cells and reducing tiredness; and fibre, which is essential for good gut health and helps lower the risk of disease later in life.

Teachers reported a halo effect from the consumption of fruit and veg in key subjects, using fruit and veg to enhance learning in Maths, using the products for budgeting and weighing, in English when writing poems, and trying fruits mentioned in books.

In ROI, our focus on childrens' access to fresh produce and opportunities for young people to develop lifelong food confidence has grown significantly, and with the support of our suppliers, by the end of 2025 we were delivering free, nutritious fresh food every week of the school term to over 300 schools most in need across ROI. Independent research in 2025/26 by IPSOS B&A confirmed the impact of the programme, with 87% of parents preparing more healthy meals at home and 73% reporting improved school attendance. In recognition of its impact, the programme received the Chambers Ireland Sustainable Business Impact Award in the Community category in November 2025.

The Tesco ROI School Cooks programme complements this work by helping children develop practical food skills. Schools are selected by customers through an in-store vote, with all participating schools already part of the Tesco Community Fund. The programme offers hands-on cooking workshops, educational resources covering food science, safety and nutrition, and a practical shopping experience in a local store where pupils learn about budgeting and food origins. In 2025/26, 44 schools took part, engaging over 2,700 pupils in learning that builds confidence and encourages a positive, long-term relationship with food.

Together these programmes reflect our commitment to supporting healthier families and communities across our markets.

Spotlight on:

Free Fruit & Veg for Schools

In July 2025 we asked teachers about the positive changes they've experienced in the classroom as a result of being part of our Free Fruit & Veg for School programme. 94% observed sharper focus from their pupils, as well as higher energy levels and improved behaviour, while nearly all teachers (99%) reported the scheme encouraged pupils to eat a wider variety of foods, with every teacher agreeing it boosted pupils' fruit and veg intake.

Astral Blanchard, Head Teacher at Twerton Infant School in Bath, said: *"Snack time is now a calm and enjoyable moment where we read stories, talk about flavours and explore new tastes together in ways we hadn't before. It has been a joy to see their curiosity grow and their enthusiasm for healthy eating thrive."*

Boldon school in South Tyneside has seen a remarkable transformation through the Free Fruit & Veg for Schools programme. Since September 2024 pupils consumed 14,778 items of fruit and vegetables, demonstrating the enthusiasm and engagement the scheme has fostered. The programme gives pupils the opportunity to shop for the fruit and vegetables that appeal to them most at a local Tesco store. This hands-on approach puts decision-making in the hands of students, giving them practical experience in budgeting, planning, and interacting with Tesco colleagues. It also encourages curiosity and experimentation with new foods, from familiar favourites such as oranges and apples to a wider variety of options such as blueberries, watermelon, and asparagus.

Pupils are not only eating more fruit and vegetables but are developing confidence, independence, and a sense of responsibility, creating a foundation for lifelong healthy habits.



Over
186,000
young pupils have been given over 15.7 million portions of fruit and veg as part of Free Fruit & Veg for Schools

Communities continued

Helping with funding

Our Stronger Starts grants programme has supported children and young people across the Group.

In the UK in 2025/26, we have helped over 7,300 local groups, charities and schools with more than £7.6m of funding, providing healthy food and activities. In March and September 2025, we also awarded £5,000 Golden Grants to 210 schools, groups and projects. Special events hosted in our stores marked the donations, which were worth over £1m in total.

We partnered with The Sun newspaper to continue our 'For All' series of grant funding rounds, awarding 150 schools and community organisations grants of £1,000 to fund projects that help children learn about growing food, improve their cooking skills and healthy eating, while also providing equipment, resources and healthy food and snacks. We are replacing Stronger Starts grants programme in the UK with a new Fruit & Veg for Kids grants programme, helping give children access to free fruit and veg at school and in the community.

Since 2016, our community grants programme in Central Europe has provided over £6.5m in funding to more than 9,000 community groups. In January 2025 we updated the programme to focus on supporting children and young people with Stronger Starts grants. Since launch almost eight million customers have voted to support 937 community groups working with children and young people across the Czech Republic, Hungary and Slovakia. Colleagues supported the first Golden Grants funding rounds helping to strengthen the connection between our stores and the customers and communities we serve.

Since 2014, the Tesco ROI Community Fund has provided more than €10m in support to over 20,000 community projects nationwide. In 2025/26, the Fund contributed over €485,000 across more than 1,000 children's projects, alongside a further €430,000 across 900 wider community initiatives.



£7.6m

of funding was provided for healthy food and activities in the UK in 2025/26

Helping with food

Our commitment to addressing food insecurity ensures that families and children are supported all year round.

During school holidays we encourage customers to donate pre-packed food donation bags to Trussell food banks and FareShare charities as part of our Holiday Helps campaign. We also run our popular, Kids Eat Free scheme in 330 Tesco Cafés, where customers can receive one free kids meal with any adult purchase when they scan their Tesco Clubcard.

During our 13th annual Winter Food Collection in November 2025, our customers donated almost 1.5 million meals to support our food charity partners, FareShare and Trussell. In addition to the donations of food, the collection raised more than £365,000 for the charities through customers rounding-up their bills at the till and donating through an online giving link from our grocery home shopping website. Colleagues and suppliers also provided vital support through Feet on the Floor shifts in store.

This year, suppliers also contributed a percentage of sales to our Stronger Starts grant fund during our Back-to-School event. Brands including Aquafresh, BEAR, Carex, Daisies, Ecover, Elastoplast, FUEL, Good4U, GoGo Squeez, Haliborange, Kellogg's, Nivea, Potina and Quaker contributed an additional 10p per product sold, helping to improve access to nutritious food for young people across the UK.

1.5 million

meals donated to customers during our Winter Food Collection

Did you know:

We provide Holiday Helps to Trussell food banks and FareShare charities, ensuring food donation bags are available for customers to donate long-life items that support charities during school holidays.



Communities continued

Food redistribution

In 2025/26, by redistributing surplus food, we provided the equivalent of over 123 million meals to charities, community groups, and colleagues throughout the Group.

We continue to actively reduce food waste in our stores and across our value chain. Our food surplus redistribution programme ensures safe, high-quality food reaches those who need it most. We work together with our food partners, FareShare, Olio and FoodCloud in the UK and ROI to help redistribute unsold food to local charities and communities. In Central Europe we partner with the national food banks and FoodCloud.

Donating non-food items

Since 2022, we have partnered with the charity In Kind Direct and leading suppliers to help tackle hygiene poverty across the UK. Through a 'Buy 2, Donate 1' initiative, shoppers have contributed to donations of essential hygiene and household products, which In Kind Direct distributes to thousands of small charitable organisations in their network so that everyone has access to the basics they need to keep clean. Together, we have donated over five million essential hygiene products, supporting more than 5,000 local charities across the UK. We are grateful for the support of our suppliers Unilever, Haleon, Edgewell, Kimberly-Clark, Essity, and Procter & Gamble, whose contributions make a tangible difference to families across the UK.

In the UK, we have redistributed the equivalent of more than 380 million meals to charities, community groups and colleagues since 2016. This includes meal donations from our distribution and fulfilment centres. Since 2020 we have also partnered with Olio to distribute our surplus food, where charities are unable to collect.

We are also a key partner in the Coronation Food Project, read more in **food waste page 28**.

In ROI, our Surplus Food Donations programme, in partnership with FoodCloud and the food-sharing app Olio, has redistributed more than 10,000 tonnes of surplus food – the equivalent of over 24 million meals – to charities and community organisations since its launch in 2013. In December 2025, our Stronger Starts Christmas Food Collection generated €257,000 worth of food donations in just three days, with us adding a 20% top-up worth a further €51,400, enabling even more food to reach families through FoodCloud.

In Central Europe, across the Czech Republic, Hungary and Slovakia, we continue to donate food via Food Banks and other partners through our customer food collections. This year, customers donated around one million meals through our Spring and Winter Food Collections. To date, over 204 million meals have been donated since 2016.

Our customer food collections run alongside our established store-based food redistribution programme, which provides food surplus to over 1,800 food bank charities in the region. This approach has helped our businesses across the three countries reduce operational food waste by more than 70% since 2016/17.

Booker, including Best Food Logistics, also plays a major role in our redistribution efforts. Earlier this year, Booker celebrated five years of partnership with FareShare, having been the first UK wholesaler to roll out the FareShare Go app. During this time, Booker has donated more than 25 million meals to over 3,000 local charities and community groups, supporting everything from breakfast clubs to shelters.

By prioritising redistribution, Booker has achieved its goal to halve food waste by the end of 2025, with only 0.08% of food handled going to waste — a 52% reduction from its 2015/16 baseline. Booker has been recognised as a Leading Food Partner to FareShare for the fourth consecutive year, reflecting its commitment to food waste reduction and social impact, and in 2025 partnered with FareShare's Employability Programme to create job opportunities for individuals completing FareShare training.

Booker has donated more than

25 million

meals to over 3,000 local charities and community groups over the past five years

£3.7m

donated to charities through customers rounding up their bills at the till

Charity initiatives

We are committed to making a positive and meaningful impact in the communities we serve by partnering with a variety of charities, making it easy for customers to contribute, while also encouraging colleague fundraising. We continue to raise millions each year for community projects and charitable causes through corporate support, colleague fundraising and customer donations. We have over 250 Community Champions across Tesco UK stores supporting our charitable efforts, acting as a vital link to local communities and delivering programmes on-the ground such as food collections, grant funding and in-store donations.

During key campaigns, customers can donate easily in store, rounding-up their shop to the nearest £1 at self-service tills or online through a donations link on our groceries website. We raised a combined £3.7m across our campaigns in 2025/26 this way. Customers are also able to donate their Clubcard vouchers with around £75,000 being raised in 2025/26.

Our partnership with the British Red Cross enables us to provide support in times of national and international crisis. Since 1997, together with our customers, we have donated £27.9m to the charity, providing vital support to people affected by disasters and emergencies in the UK and overseas. In April 2025 we ran a Myanmar earthquake appeal with the British Red Cross which raised over £335,000.

Every year we support the Royal British Legion and Poppy Scotland in-store collections across the UK. In 2025 customers and colleagues donated over £5m in total to support the Armed Forces communities. More than £379,000 of this total was contributed by customers through round-up at till.

Our 'helping you to live healthier' campaign, in partnership with Cancer Research UK (CRUK), British Heart Foundation (BHF) and Diabetes UK, supports communities to make healthier food choices, live healthier lives and gain access to pharmacy services. With the aim of reducing the risk of cancer, heart and circulatory disease and type 2 diabetes.

Since 2001, we have partnered with CRUK, sponsoring Race for Life for 21 years. Through Race for Life, Charity of the Year (2012) and our ongoing Health Charity Partnership, our colleagues and customers have helped raise over £75m for CRUK's life-saving work. Although we are no longer the main sponsor of Race for Life, we continue to fund the entry fee for colleagues and their friends and family to take part in the various 3k, 5k, 10k and Pretty Muddy events across the UK, as well as topping-up colleague fundraising.

Our team in Bengaluru, India, run a number of community programmes designed to help local people across a range of areas, including sustainability, agriculture and education. Over the last year 6,000 colleagues have carried out over 9,000 hours of volunteering work to support these initiatives, partnering with a range of organisations including: Magic Bus India, which aims to improve digital literacy and provide work placements; the Foundation for Excellence, which focuses on providing gender diverse scholarships; and Kalike and Industree, which promote sustainable agriculture techniques.

In ROI, we also launched Tesco Supporting Children, enabling customers to donate their Deposit Return Scheme (DRS) bottle and can refunds in stores nationwide to seven leading children's charities: the Jack and Jill Foundation, Children's Health Foundation, Childline by ISPCC, Make-A-Wish, LauraLynn, Barnardos and Barretstown. Each charity has received approximately €7,000 to date. Our long-standing partnership with Children's Health Foundation (CHF) has raised €11.6m since 2014 to support sick children and their families. In 2025/26, we raised over €600,000 for CHF through colleague and customer fundraising.

Read more in our **charitable donations policy**.

See our **current charity partnerships**.

Learn more about **our community fund in ROI**.

Looking ahead

- We will continue providing free fruit and veg for children across the UK, with plans to double our Free Fruit & Veg for Schools programme as part of a wider plan including the reintroduction of Free Fruit & Veg in-store during school holidays and the launch of Fruit & Veg for Kids grants.
- Our blue token in-store grant programme will continue to provide financial support to communities, with a focus on helping schools and community groups access nutritious food and giving children a healthier start in life.
- We will continue to support our food charity partners FareShare and Trussell all year round and with key school holiday campaigns.

05

Governance

Our sustainability framework brings together the ethical values and principles that shape how we operate. Through clear, effective and robust governance, we make sure these principles are reflected in the way we serve our customers, communities and the planet.

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Governance

Our governance framework

Board level

Board
The Board has overall responsibility for setting the Group strategy, which incorporates our sustainability objectives, ensuring alignment with our purpose and values. The Board monitors the progress of our net zero commitments and is responsible for the delivery of ESG commitments, ensuring ESG risks and opportunities are integrated into long-term planning and decision-making. The Board is supported by the activities of its committees. Responsibilities of the committees in relation to sustainability-related matters are set out below:

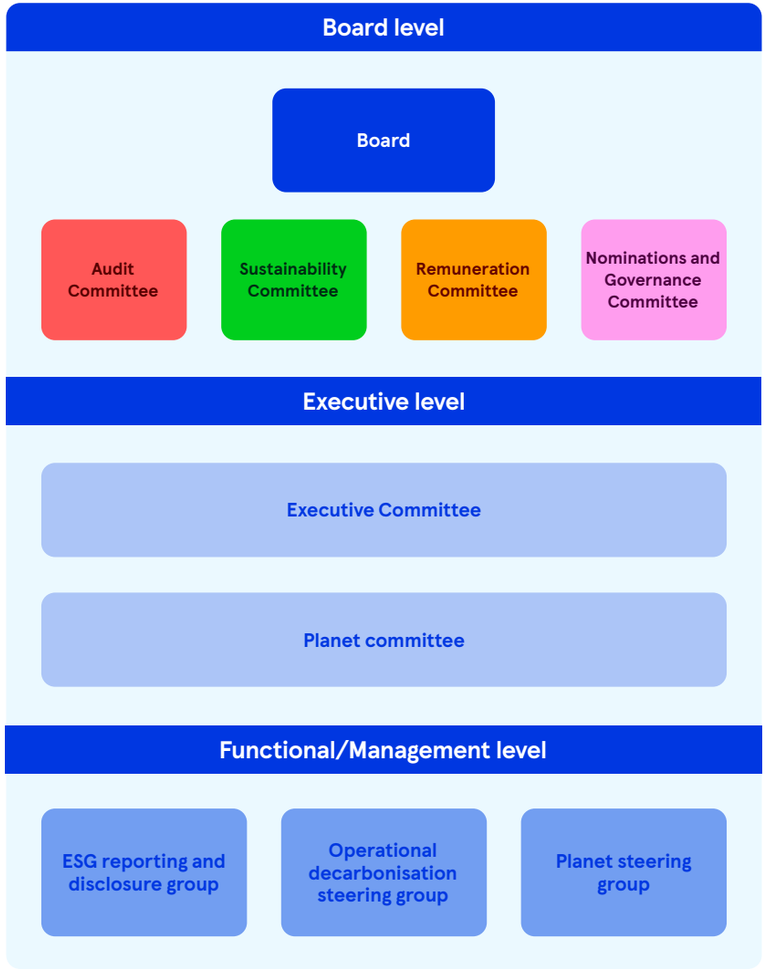
Sustainability Committee
The Sustainability Committee oversees the effective integration of sustainability matters into our business strategy and operations, and the delivery of our sustainability objectives and net zero commitments. It reviews initiatives across the six planet plan pillars, undertakes deep dives into critical areas, and conducts site visits to assess progress. It monitors performance, reviews our sustainability communication and engagement plan, and considers emerging ESG risks, stakeholder expectations and regulatory developments.

Audit Committee
The Audit Committee reviews processes for identifying and monitoring sustainability risks, internal controls and data quality, and reviews externally reported sustainability disclosures and KPIs, including associated definitions, sources and assurance. The Committee also supports the Board in reviewing modelling assumptions and disclosures relating to climate-related and other sustainability reporting, ensuring the integrity and accuracy of sustainability information.

Remuneration Committee
The Remuneration Committee ensures performance-related elements of executive pay include appropriate metrics and targets linked to our sustainability commitments, ensuring they are transparent, stretching, rigorously applied and aligned to the interests of the business.

Nominations and Governance Committee
The Nominations and Governance Committee oversee the orderly succession at both Board and senior management level to ensure a diverse succession pipeline, and review our diversity and inclusion (D&I) plans and the progress made against the D&I strategy.

Disclosure Committee
The Board delegates responsibility to the Disclosure Committee to consider timely and accurate disclosure of sustainability related information.



Board committee collaboration
Our Board committees work together in collaboration to oversee specific matters. The Sustainability Committee and Remuneration Committee collaborate on setting sustainability-related performance measures for senior management and ensuring sustainability is considered in the remuneration policy. The Sustainability Committee and Audit Committee work together to oversee the integrity of our sustainability reporting and disclosures, ensure appropriate assurance is in place, and monitor progress against our targets and plans. All committees report annually to the Board on their effectiveness.

Executive level

Executive Committee
The Executive Committee supports the Board in developing the sustainability agenda to balance short, medium and long-term objectives, and reviews expenditure required to deliver our net zero commitments.

Planet committee
The Planet committee reviews and monitors delivery of the Group's planet strategy, commitments, climate initiatives and expenditure, making recommendations to the Executive Committee and Sustainability Committee.

Functional/Management level

ESG reporting and disclosure group
The ESG reporting and disclosure group ensures compliance with ESG reporting regulations and monitors emerging requirements and best practice. It defines material ESG topics, reviews KPIs and commitments for external reporting, and sets assurance scope.

Operational decarbonisation steering group
The Operational decarbonisation steering group oversees operational decarbonisation, ensuring progress towards scope 1 and 2 targets. It guides investment decisions, renewable electricity procurement and long-term planning, while monitoring delivery and reporting to the Planet Committee.

Planet steering group
The Planet steering group oversees our planet plan, focusing on reducing scope 3 emissions and driving progress towards our net zero 2050 commitment. It also ensures alignment across the business, as well as reporting into the Planet Committee.

This is the framework we use to govern sustainability across the Group. We also have Functional/Management level groups which oversee People and Human Rights.

Read more about our **governance framework**, in our **Annual Report**, **page 58**.

Governance continued

Our approach to reward

We embed sustainability into our executive remuneration framework to ensure accountability for delivering our ESG commitments. For the 2026 PSP, a weighting of 15% is dedicated to ESG metrics, assessed alongside the financial measures earnings per shares and free cash flow.

Our sustainability performance measures

- **Carbon reduction**
- **Food Waste reduction**
- **Diversity and inclusion**

Performance against these measures is reviewed twice a year by the Remuneration Committee, ensuring that sustainability outcomes directly influence long-term incentive awards for the CEO, CFO, and senior leadership team. As part of its responsibilities, the Remuneration Committee also reviews workforce remuneration and related policies to ensure alignment between wider pay practices, our culture and executive reward. This helps the Committee consider the wider workforce context when determining executive pay. This approach reinforces our commitment to creating long-term value for all stakeholders while delivering on our sustainability goals.

Read more in our **Remuneration report**, as part of our **Annual Report**, **page 88**.

Our approach to ethical and business conduct

Code of Business Conduct

Our culture supports the delivery of our purpose, values and strategy. The Board monitors culture in several ways, including through regular reporting and people updates encompassing metrics and KPIs on senior management succession planning, talent management and monitoring progress against our diversity, equity and inclusion strategy.

Our Code of Business Conduct sets out the standards and behaviours expected of all colleagues and underpins how we do business responsibly. It is supported by Group policies and mandatory training, which all colleagues are expected to complete within their first seven days and refreshed annually to reinforce these principles.

The Code guides decision-making across our operations and supply chain, ensuring ethical practices in sourcing, data privacy, health and safety, and regulatory compliance. It is integral to our enterprise risk management framework, which addresses sustainability-related risks such as climate change, responsible sourcing, product safety and food integrity, and people risks.

Compliance with the Code is monitored through our annual Code declaration programme, with results reported to the Audit Committee. We also maintain a global supplier due diligence and auditing programme to uphold these standards throughout our value chain.

Our **Code of Business Conduct**.

Encouraging open dialogue

Every Voice Matters (EVM)

Our annual EVM survey provides a structured way for colleagues to share what matters most to them. In 2025/26, 73% of colleagues took part, compared to 76% last year. The survey measures engagement across key areas, including working at Tesco, reward and wellbeing.

To complement this, our Colleague Contribution Panels (CCPs), hosted by two Non-executive Directors, take place across our markets. The EVM and CCPs allow the Board to receive feedback from colleagues and ensure their views inform discussion and decision-making.

82%

of colleagues would recommend Tesco as a Great Place to Work, versus a global retail benchmark of 71%



We listen closely to our colleagues because their feedback shapes how we work and improve. In 2025/26, 73% of colleagues took part in our EVM survey.

Whistleblowing

We are committed to maintaining the highest standards of integrity across our business. Our Protector Line provides colleagues, suppliers and other stakeholders with an independent and confidential channel to raise concerns about possible misconduct or breaches of our Code of Business Conduct. Concerns can be reported anonymously and are handled in line with our Group Whistleblowing Policy, which explains how issues are investigated and the protection offered to those who speak up.

The Audit Committee oversees the effectiveness of our whistleblowing arrangements, including the independent Protector Line service, to ensure that concerns are addressed promptly and appropriately. The Audit Committee receives a compliance and ethics update twice per year.

Read more about the **Protector Line**.

Anti-bribery and corruption

Any involvement in bribery, fraud or corporate tax evasion across our operations and value chain exposes us to legal penalties and reputational harm. We manage anti-bribery and corruption within our regulatory and compliance framework, as a principal risk.

Learn more about how we manage **anti-bribery and corruption** in the **Annual Report**, **page 45**.

Our approach to risk

We manage sustainability risks with the same rigour as any other principal risk, using our enterprise risk management framework and governance processes. The Board, Audit Committee and Executive Committee undertake deep dives into principal risks during the year. Of the 12 principal risks facing the Group, this section of the report focuses on product safety and responsible sourcing, security of supply, climate and environmental sustainability, cyber security and data privacy.

Learn more about how we manage **principal risks** in the **Annual Report**, **page 38 to 47**.

Supply chain transparency

Product safety and responsible sourcing, and security of supply are two of our principal risks.

We manage responsible sourcing through clear policies and processes, communicated to suppliers via contractual agreements, our Code of Business Conduct and ongoing guidance. All Own Brand tier 1 suppliers must register on Sedex, the world's largest supply chain assessment platform, and complete an annual self-assessment covering human rights, gender equality, health and safety, working hours and other social risks. We conduct annual audits on high-risk Own Brand tier 1 sites, with additional unannounced audits and reviews of subcontracting approvals. Our teams investigate all issues of concern and work with civil society organisations and voluntary certification schemes to address non-conformances and drive continuous improvement.

For product safety, we have a comprehensive food safety management system across our stores and distribution centres. Every day, we check the quality and safety of our food to ensure standards are met. These checks include product temperature, personal hygiene, store and equipment cleanliness, protection from contamination and correct product rotation.

In addition, we manage security of supply through regular governance forums, which our dedicated teams utilise to engage with suppliers to proactively identify and resolve any issues or potential threats being faced by our suppliers.

Read more about our **Sustainable livelihoods strategy**.

Climate and environmental sustainability risk

The Board has ultimate responsibility for climate-related risks and opportunities. The Sustainability Committee oversees the Group's approach, working closely with the Planet Committee to deliver our sustainability goals.

Cyber security and data privacy

With oversight from the Audit Committee and support from the Cyber and Privacy Risk Committee, we manage cyber security and data privacy as two of our principal risks. Our compliance programme is built around the Group's Risk Controls and Assurance Framework, supported by regular data privacy audits.

We protect customer and colleague data through robust security measures, including encryption, access controls and continuous monitoring. Our approach is guided by our Privacy and Cookies Policy, which sets clear standards for how we collect, store and use personal data. We also provide training to colleagues and work with external experts to strengthen resilience against emerging threats. Our third-party supplier assurance programme assesses and manages cyber security risks associated with suppliers, as well as the use of third-party software.

Learn more about our approach to AI governance in our **Annual Report**, **page 84**.

> We manage responsible sourcing through clear policies and processes, communicated to suppliers via contractual agreements, our Code of Business Conduct and ongoing guidance.

Stakeholder engagement

Collaboration across our supply chains, industry and communities is essential to drive meaningful progress on sustainability. We are focused on engaging a wide range of stakeholders on the issues that matter most, and the areas where we can have the most significant impact.



Spotlight on:

Collaborative progress

We play a leading role in the Consumer Goods Forum (CGF), a global network of retailers and manufacturers, working to share best practice from across the industry. Having Co-Chaired the coalition on tackling food waste for a number of years, in June 2025 Ken Murphy, Group CEO, was announced as the Global Co-Chair of the CGF Board for 2025–2027, enabling us to accelerate further progress on industry-wide solutions to consumer challenges. In February, Ken also lead the opening remarks at the 10th annual CGF Sustainable Retail Summit in Paris highlighting that climate action and protecting nature are fundamental to long-term business resilience.

Alongside this, we also serve as Global Co-Chair of the Healthier Lives Coalition within the CGF which brings together companies pre-competitively to drive health-focused initiatives such as promoting balanced diets, active lifestyles, and mental wellbeing. Leading joint campaigns, sharing best practices and insights, and helping customers to make healthier choices easier and more accessible. We also hosted CGF retailers and manufacturers for a health-focused tour around our Cheshunt Extra store, showcasing our health and pharmacy initiatives in action.

Stakeholder Engagement

Over the last year we have engaged with a wide range of stakeholders. The examples below highlight some of our key engagement but is not intended to be an exhaustive list.

Stakeholder	Key issues	Our approach	How we have engaged
Farmers, producers and suppliers	**Ensuring a resilient supply chain**	Our long-standing Sustainable Farming Groups (SFGs) provide fair and transparent pricing structures and long-term contracts. Farmers on the groups share evolving knowledge and best practice, as well as helping to shape and build sustainability at farm-level to improve environmental, economic and animal welfare outcomes. We continue to drive innovation at our two low carbon concept farms, developed in partnership with four key veg suppliers, and one beef supplier to test and trial innovation, with an aim of reducing the impact of food production.	Conducted a second annual farmer survey to understand the key challenges farmers are facing. Hosted 70 farmers and suppliers at our head office to support them in the transition to a low carbon agriculture sector. Attended the Royal Welsh and Royal Highland Shows with stands showcasing our work to support farmers. Hosted receptions at both shows for our farmers, suppliers and industry representatives. Provided suppliers with an update on our business strategy at our annual IGD Supplier Conference in London. Suppliers heard from senior business leaders on areas including financial performance and business strategy. We also hosted regular supplier events and conferences throughout the year, where resilience was discussed. Hosted a farmer and industry event at the Oxford Farming Conference, focusing on the progress we have been making on our low carbon concept farms and SFGs. Ran a targeted media partnership with Farmers Weekly, using a mix of articles and podcasts to showcase the support we provide our farmers and the wider industry. Invited media and industry stakeholders to our low carbon concept farm in Lincolnshire to share knowledge of innovation and trials underway.
Industry, NGOs	**Improve healthy, sustainable diets, including an increase in fruit and veg consumption**	We continue to work across the industry, including with suppliers, to improve our healthy sales, sharing best practice and jointly deliver initiatives.	Hosted a stakeholder health dinner, with over 70 key stakeholders, across charities and key suppliers. Attendees included health partners, suppliers and NGOs. Delivered our first-year impact report on our Free Fruit & Veg for Schools programme, in collaboration with the British Nutrition Foundation (BNF), and co-hosted a health dinner event. In May 2025, Our Group CEO Ken Murphy hosted the CEOs of our Health Charity Partners (HCP) – Cancer Research UK (CRUK), BNF and Diabetes UK – at our Cheshunt store. Following this meeting, we sent an open letter to the Health and Social Care Secretary, alongside our HCP, urging the UK government to make healthier food sales reporting mandatory for all supermarkets and major food businesses. This has since been taken up by government in their Healthy Food Standard. Lead sponsor of Sustainable Foods 2026 – a two-day conference which aims to accelerate the adoption of sustainable food systems.
	Driving food waste and packaging reduction/ circularity	We are focused on accelerating progress on reducing food waste, advocating for greater ambition and consistent best practice across the sector. Each year, we ask suppliers to measure and report their food waste data and share it with us and leading NGOs, helping build a transparent evidence base that drives collective action. Continuing to advance work on Deposit Return Schemes (DRS), applying lessons from successful schemes which have launched already in ROI, Slovakia and Hungary to help design a customer-centric and interoperable UK scheme that boosts recycling rates and reduces plastic pollution.	Hosted a food waste dinner, with more than 30 key stakeholders including FareShare, WRI, Olio and WRAP, sharing best practice on solutions to reduce surplus and waste. Highlighted the importance of reducing food waste to mitigate climate change on a panel at London Climate Week. Through Champions 12.3, we engaged strategic meetings and public events including New York Climate Week (September 2025) to champion household food waste reduction and reaffirm progress toward SDG 12.3. We also contributed to wider cross-industry dialogues such as the FEBA conference, where stakeholders across Europe collaborated on improving food redistribution systems and strengthening collective action. We worked closely with the Coronation Food Project, partnering with FareShare, The Felix Project and IGD to unlock more surplus food across the UK supply chain. We also collaborated with Alliance Food Sourcing to redirect surplus from farms and manufacturing into communities. We played an active role on IGD's CEO and Supply Chain steering committees. We are a supporter of the WRAP UK Plastics Pact, and worked with industry and NGOs to eliminate problematic plastics, improve recyclability and build the infrastructure needed for a circular packaging system. Worked alongside circularity campaign group the Ellen MacArthur Foundation and we supported progress toward a Global Plastic Pollution Treaty.

Stakeholder Engagement continued

Stakeholder	Key issues	Our approach	How we have engaged
Government	**Accelerating the net zero transition, strengthening environmental standards across nature, water, and deforestation**	Through a structured programme of relationship-building and policy engagement that highlights our social impact and strengthens understanding of the issues facing customers, communities and the food sector.	We launched Tesco's Economic and Social Impact (TESI) Report at our annual Parliamentary Reception, bringing together MPs, Peers and partners to demonstrate the positive contribution we make. We hosted a Parliamentary supplier dinner in the House of Commons, celebrating our supplier network and demonstrating our work to bolster food security and supply chain resilience. We welcomed more than 260 elected representatives, across all four Parliaments, into our stores during the Winter Food Collection. We worked closely with the Department of Health and Social Care (DHSC) by contributing data, insight and industry expertise to shape the government's Healthier Food Reporting approach. In collaboration with our HCPs, we urged the UK government to make healthier food sales reporting mandatory for all supermarkets and major food businesses.
Investors	**Climate, nature and biodiversity approach, transition to healthy, sustainable diets, packaging and food-waste progress. Fair, inclusive workplace and human rights in supply chains**	Structured investor engagement programme on material sustainability issues including individual and group meetings. Sustainability Committee updated on investor feedback on sustainability themes.	Individual and group meetings held on material sustainability issues to provide deeper insight. Transparent reporting, including half-yearly market updates, dedicated Sustainability Report and wider annual reporting suite. We provided updates through our ongoing investor emails, corporate website updates and press releases. Continued to participate in ESG benchmarks, including Carbon Disclosure Project (CDP) and Workforce Disclosure Initiative (WDI).
Colleagues	**Increasing awareness of sustainability progress**	We engage colleagues on sustainability through a mix of storytelling, interactive events, and always-on communication channels. We make the content accessible, relevant and easy for everyone across the business to engage with. Our colleague networks help colleagues understand different cultures and experiences, playing a vital role in shaping an inclusive workplace.	We hosted a range of sustainability events in our head office including a 'Journey to Greener Groceries' docuseries event alongside our suppliers. We delivered sustainability content through our internal communication platform, News & Views. Our One Planet community, a colleague-led sustainability initiative which aims to inspire, connect, and challenge colleagues to drive positive environmental change, continued to host weekly webinars hosting sustainability experts and sharing knowledge.
Customers	**Improve healthy, sustainable diets, including an increase of fruit and veg consumption**	Our approach focuses on helping customers overcome the barriers to healthy eating — particularly accessibility, inspiration and convenience. Much of our health activity is informed by UK-wide regional health consultations facilitated during 2025 with the BNF. We also engage customers through a broad range of communications channels, and gather insights through our dedicated customer panel and quantitative surveys.	We engaged regularly with customers on a broad range of issues, including health and sustainability, through our dedicated customer panel, which acted as a qualitative focus group. We ran annual dedicated condition-led awareness and prevention campaigns in partnership with health charity partners. Free blood pressure checks, type 2 diabetes assessments and advice on cancer early detection delivered through our expert in-store Pharmacy team. 5-a-day Fruit & Veg promotion and Free Fruit for Kids initiative. Media and social campaigns, point of sale activity, customer emails, Tesco magazine features and in-store tannoy announcements.
Communities	**Access to healthy food and tackling food poverty**	Playing our part supporting communities including ongoing partnerships with food redistribution charities, support for children and young people and providing funding to community causes. Using our network of in-store community champions to support local causes. We carried out insight work last year to understand what matters most to each of our customer segments in relation to our community approach. This shaped our more single-minded focus on Fruit & Veg for Kids.	Our Free Fruit & Veg for Schools programme focused on improving access to fruit and veg for kids. Working with the BNF, we provided schools across the UK with healthy-eating and nutrition resources, and completed insight on the first-year impact of our programme. Free Fruit for Kids returned in the summer and winter with more than 4.5 million apples given away in-store. 741,000 meals were donated in July through our Holiday Helps campaign, supporting families during the school holidays. In November 2025, our 13th annual Winter Food Collection generated almost 1.5 million meals worth of food to help serve families who need it most, as well as £365,000 in donations for the charities through customers rounding-up at the till and donating online. Worked with our partners to redistribute surplus food, we provided the equivalent of over 123 million meals to charities, community groups, and colleagues across the Group. We also worked with FareShare, Olio and Foodcloud to document the impact of 10 years of our partnership to redistribute unsold food from our stores.

Policies

Our policies

Our sustainability policies outline how we work across our supply chain in the areas of environmental, social and governance.

Planet

- UK Packaging Preferred Materials and Formats Guidelines 2022 – Own Brand and branded
- Sourcing soy responsibly
- Sourcing timber responsibly
- Sourcing palm oil responsibly
- Sourcing seafood responsibly
- Maintaining and improving animal welfare
- Antibiotics commitment
- Planet – pesticides
- Group environment policy

People, communities and health

- Responsible Marketing Communications Policy Healthy Food, and Marketing to Children
- Group charitable donations policy
- Cyber security – protecting customer and colleague data
- Our approach to human rights
- Our Group human rights policy
- Responsible retailing of alcohol, tobacco and other age-restricted products

Governance

- Code of Business Conduct
- Privacy and cookies policy
- Group anti-bribery policy
- Group whistleblowing policy
- Group conflicts of interest policy
- Group gift and entertainment policy
- Political donations policy
- Our approach to Tax

For further information please view our **Reporting Hub**.



06

Detailed disclosures

In this chapter we disclose our detailed data tables and Sustainability Accounting Standards Board (SASB) disclosures.

This report focuses on the 2025/26 financial year (ending 28 February 2026). Certain qualitative and quantitative data fall outside of this period.

58 Databook
64 SASB
68 Climate and electricity
69 Diversity, equity and inclusion

ESG ratings

MSCI ESG RATINGS AAA	SUSTAINALYTICS	Bloomberg	FTSE4Good	CDP DISCLOSURE INSIGHT ACTION
AA Rating	Low Risk 18.75	Leading – 99.3 percentile	Constituent since 2001	Climate – A- Water – B Forests – B

Databook

Our 2026 databook brings together our sustainability-related key performance indicators (KPIs) and complements our 2026 annual reporting suite. The reporting period aligns with our 2025/26 financial reporting year (which comprises 53 weeks), unless otherwise stated. KPIs are calculated using the balance sheet date of 28 February 2026, the full 53 week reporting period, or a calendar year basis – whichever is most appropriate for the metric. Where direct internal data is not available, information has been sourced from third party providers. All KPIs are compiled in line with our internal methodologies. Where external sources underpin specific KPIs, further detail is provided within relevant published methodologies (see our **2026 methodologies**). Data has undergone internal validation by an independent Tesco controls team, separate from data producing functions, to help ensure the accuracy, consistency, and reliability of the information presented. As outlined on **page 6**, 14 sustainability commitments concluded in December 2025 and will be retired. Accordingly, several associated metrics presented in this databook will also be retired and will not appear in future reporting cycles. These are denoted with an R.

Planet

Topic	Target	Description of KPI	Baseline year and figure	21/22	22/23	23/24	24/25	25/26
Climate change	**Net zero across our own operations by 2035, aligned to a 1.5 degree pathway**	Percentage reduction of Scope 1 and 2 market-based greenhouse gas emissions across the Group	2015/16 Total Scope 1 and 2 (market-based) GHG emissions: 2,336,542 (tCO_2e)	52%	55%	61%	65%	**68%◊**
	Fully electric UK home delivery fleet by 2030	Proportion of UK home delivery vans that are electric, as a percentage of the total home delivery fleet	–	–	–	11%	13%	**21%**
		Number of UK home delivery vans that are electric				571	720	**1,249[a]**
	Source 100% of our electricity from renewable sources by 2030	Proportion of electricity procured that is renewable	–	100%	100%	100%	100%[b]	**100%[b]**
	Procure Group electricity demand increasingly via Power Purchase Agreements (PPAs) and on-site generation 60% by 2030	Proportion of electricity volume from PPAs and on-site generation, as a percentage of electricity consumption at Group level						
		(i) Contracted[b]	–	26%	25%	31%	40%	**48%[c]**
		(ii) Generated	–	–	13%	11%	19%	**24%◊**

◊ Deloitte LLP was engaged to provide independent limited assurance over the selected data highlighted in this table with a ◊ using the assurance standard ISAE 3000 "Revised". Deloitte has issued an unmodified opinion over the selected data. Deloitte's full assurance statement is available here **http://tescoplc.com/esg-assurance**.
(a) 547 electric vans added in the year less 18 disposed electric vans.
(b) We have now signed 12 PPA contracts in the UK, giving a forecast annual output of 1.25 TWh.
(c) Our contracted % includes two contracted sites which are not yet operational.

Topic	Target	Description of KPI	Baseline year and figure	21/22	22/23	23/24	24/25	25/26
Packaging	**Remove: Remove plastic packaging where we can**	Cumulative number of pieces of plastic removed in the UK R	–	1.6 billion	2.2 billion	2.3 billion	2.5 billion	**2.5 billion**
	Reduce: Reduce all unnecessary packaging	Tonnage of packaging removed through targeted reduction projects in the UK R	–	1,200 tonnes	1,300 tonnes	1,480 tonnes	1,938 tonnes	**1,597 tonnes**
	Recycle: Our packaging will be fully recyclable by 2025 [a]	Percentage of all Own Brand packaging that is recyclable in the UK (kerbside only)[b] R	–	87%	86%	86%	87%	**87%**
		Percentage of all Own Brand packaging that is recyclable in the UK (including UK collection points and large supermarkets)[c] R	–	–	–	–	99%	**99%**

(a) Figures reported represent performance for the prior calendar year as data is provided via our compliance scheme partner Valpak a year in arrears in accordance with the Producer Responsibility Obligations (Packaging Waste) Regulations.
(b) Percentage of Own Brand packaging by weight in the UK recyclable at kerbside only.
(c) Percentage of Own Brand packaging by weight in the UK recyclable at kerbside, council collection sites, large supermarkets, and our own bespoke in-store recycling services.

Databook continued

Planet continued

Topic	Target	Description of KPI	Baseline year and figure	21/22	22/23	23/24	24/25	25/26
Food waste	**85% of unsold food safe for human consumption in the UK redistributed to humans or animals by December 2025**	Percentage of unsold food safe for human consumption redistributed to humans or animals in the UK R	–	–	–	76%[a]	82%	**87%**
	Halve food waste in our own operations by December 2025	Percentage change in tonnes of food wasted as percentage of tonnes of food handled compared to baseline year	2016/17 Food handled: 15,012,516 (tonnes) Waste: 95,127 (tonnes)	–	–	14% reduction[b]	14% reduction	**24% reduction◊**
	Work in partnership with our suppliers to halve food waste in our supply chains by 2030 and increase the number of suppliers reporting a reduction	Number of suppliers who report their food waste as a percentage of food handled[c]	–	79	108	106	117	**114**
		Percentage of suppliers reporting a reduction in food waste vs baseline.	–	65%	59%	61%	72%	**61%**
		Proportion of UK fresh food sales where suppliers report food waste	–	over half	over half	42%	64%	**61%**
		Proportion of ROI fresh food sales where suppliers report food waste	–	one third	over 40%	39%	37%	**45%**

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(a) In January 2024, we terminated our relationship with our food waste processor in the UK, following an internal review which showed that food we believed was being processed for animal feed was in fact going to anaerobic digestion. As a result, we excluded animal feed from our data in 2023/24.
(b) This covers P11 and P12 only, the periods after we transitioned to our new waste processing supplier.
(c) This year we have provided further granularity for suppliers who report their food waste, to show the proportion who report a reduction.

Topic	Target	Description of KPI	Baseline year and figure	21/22	22/23	23/24	24/25	25/26
Protecting forests	**Achieve zero deforestation**	Percentage volume of palm oil physically certified to Roundtable on Sustainable Palm Oil (RSPO) standard (inclusive of derivatives unless stated)[a]	–	Group: 100%	Group: 100%	Group: 100%	Group: 100%	**Group: 100%**
		– Identity preserved	–	0%	0%	0%	0%	**0%**
		– Segregated	–	73%	83%	81%	84%	**88% inc. derivatives 99% ex. derivatives**
		– Mass-balance	–	23%	15%	18%	15%	**11% inc. derivatives < 1% ex. derivatives**
		– Independent Smallholder Credits	–	4%	2%	1%	1%	**less than 1%**
		– Uncertified	–	0%	0%	0%	0%	**0%**
		Percentage of paper/wood products certified by Forest Stewardship Council (FSC), Programme for the Endorsement of Forest Certification (PEFC) or from a recycled source[b] R	–	UK/ROI/CE: 100%	UK/ROI/CE: 100%	UK/ROI/CE: 100%	100%[a]	**100%**
		Percentage of soy used in own brand supply chain that meets our Zero Deforestation Soy Transition Plan (UK) requirements	–	100%	100%	100%	100%	**100%**
		vDCF	–	–	–	–	–	**14%**
		Certified (Mass Balance)	–	–	–	–	–	**14%**
		Certified (Regional Credits)	–	–	–	–	–	**65%**
		Other credits[c]	–	–	–	–	–	**7%**

(a) Our figures excluded Booker until the fiscal year 2023/24. However, starting from the fiscal year 2024/25, Booker figures have been included.
(b) Data is reported on a calendar year basis.
(c) Includes standard credits as well as DCF soy produced by farmers under the RCF programme during the reporting year that is attributed to Tesco's investment in the programme.

Databook continued

Planet continued

Topic	Target	Description of KPI	Baseline year and figure	21/22	22/23	23/24	24/25	25/26
Farming and nature	**Treat all animals in our supply chain humanely at all life stages**	Percentage of audited sites that meet our animal welfare standards in UK/ROI R	–	85%	82%	90%	87%	**85%**
		Percentage of key suppliers reporting animal health and welfare outcome measures in UK/ROI R	–	99%	96%	96%	96%	**97%**
		Percentage of cage free shell eggs R	–	UK/ROI: 86%	–	–	–	**–**
		i) Shell R						
		– Group R	–	–	73%	82%	83%	**86%**
		– UK R	–	–	82%	88%	86%	**91%[a]**
		– ROI R	–	–	68%	97%	99%	**100%**
		– CE R	–	–	33%	31%	48%	**70%**
		– Booker R	–	–	72%	98%	98%	**56%**
		ii) Ingredient R						
		– UK R	–	–	39%	47%	68%	**82%[a]**
		– ROI R	–	–	–	33%	80%	**100%**
	Sustainably source our agricultural products	Percentage of global grower base supplying Tesco UK LEAF marque certified R	–					
		UK R	N/A - KPI introduced 2022/23		100%	100%	100%	**100%**
		Rest of world R			–	18%	29%	**91%**
	Sustainably certify all our Own Brand wild fish by 2030	Percentage of Own Brand wild caught seafood (tonnes) sustainable in the UK	–	63%	67%	70%	75%	**85%**

(a) Percentages included in this table are disclosed on a full year basis. Since December 2025 we have sourced only cage-free eggs in Tesco UK.

Databook continued

Health

Topic	Target	Description of KPI	Baseline year and figure	21/22	22/23	23/24	24/25	25/26
Healthy, sustainable diets	**To help UK and ROI customers eat more healthily by increasing the proportion of sales of healthy food to 65% by December 2025**	Percentage of volume sales from products with a 'healthy' NPM[a] score as a proportion of total volume of food sales for UK and ROI	–	58%	60%	63%	64%	**65%◊**
	To help CE customers eat more healthily by increasing the proportion of sales of healthy food to 53% by December 2027	Percentage of volume sales from products with a 'healthy' health score as a proportion of total volume of food sales for CE	–	Baseline: 49%	49%	50%	51%	**51%◊**
	To make products healthier through reformulation	Percentage point change in volume of key nutrients for Tesco UK Own Brand products below/above Own Brand volume growth (vs baseline) R	2015	Sugar 9.3pps below	Sugar: 9.2pps below	Sugar: 8.0pps below	Sugar: 8.7pps below	**Sugar: 10.9pps below**
				Salt 6.1pps below	Salt: 14.8pps below	Salt: 12.0pps below	Salt: 1.9pps below	**Salt: 14.5pps below**
				Fibre 11.4pps above	Fibre: 13.4pps above	Fibre: 14.7pps above	Fibre: 14.3pps above	**Fibre: 12.4pps above**
	Encouraging customers to eat more sustainably by increasing sales of plant-based meat alternatives by 300% by December 2025	Percentage growth in plant-based meat alternatives in the UK (vs baseline) R	2018	130%	119%	109%	94%	**99%**

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(a) NPM: UK Government's 2004/05 Nutrient Profiling Model.

Topic	Target	Description of KPI	Baseline year and figure	21/22	22/23	23/24	24/25	25/26
Protein	**Proportion of protein sales for food and soft drink product categories in the UK**	– Plant	–	12%	11%	11%	9%	**10%**
		– Fish	–	7%	7%	7%	6%	**7%**
		– Meat and Egg	–	81%	82%	82%	85%	**83%**
	Tesco dairy category sales for food and soft drink products in the UK	– Dairy	–	95%	93%	94%	93%	**93%**
		– Dairy alternatives	–	5%	7%	6%	7%	**7%**

Databook continued

People

Topic	Target	Description of KPI	Baseline year and figure	21/22	22/23	23/24	24/25	25/26
Colleagues	**Continue to build an inclusive culture where everyone has the opportunity to get on**	Percentage of colleagues that agree 'There is an inclusive culture at Tesco where I feel I can be myself without fear of judgement' within the Every Voice Matters survey R	–	83%	85%	86%	86%	**85%**
	Being a great place to work	Percentage of colleagues that recommend Tesco as a great place to work within the Every Voice Matters survey	–	80%	82%	84%	85%	**82%**
	Developing careers, skills and leadership capability	Percentage of colleagues who feel they have the opportunity to learn and develop at Tesco within the Every Voice Matters survey R	–	73%	72%	74%	74%	**73%**
	Supporting colleagues to be at their physical and mental best	Percentage colleagues that believe Tesco supports their health and wellbeing within the Every Voice Matters survey R	–	74%	71%	73%	74%	**71%**
	Protecting the health and safety of those who attend our sites	Number of work-related injuries reported across the Group[a]	–	36,839	35,920	37,673	38,098	**38,665**

(a) We report all injuries that occur within our sites or in relation to our operational presence. As such, these figures will include injuries reported by all visitors including colleagues, customers and contractors.

Topic	Target	Description of KPI	Baseline year and figure	21/22	22/23	23/24	24/25	25/26
Diversity, equity and inclusion	**Continue to build an inclusive culture where everyone has the opportunity to get on**	Percentage female share of total workforce and by work level across the Group	–	53%	53%	52%	51%	**51%**
		– Board[a]	–	31%	38%	42%	42%	**36%**
		– Executive Committee[a]	–	31%	31%	25%	36%	**36%**
		– Percentage of top global leaders that are female[b] R	–	26%	29%	30%	32%	**35%◊**
		– Percentage of senior manages and above that are female	–	–	–	–	–	**36%**
		Percentage of top global leaders that are ethnically diverse[b]	–	11%	15%	14%	14%	**13%[c]◊**

◊ Deloitte LLP was engaged to provide independent limited assurance over the selected data highlighted in this table with a ◊ using the assurance standard ISAE 3000 "Revised". Deloitte has issued an unmodified opinion over the selected data. Deloitte's full assurance statement is available here **http://tescoplc.com/esg-assurance**.
(a) Our CEO and CFO are members of the Board and Executive Committee and are included within both groups in the above table.
(b) Our 'Top Global Leaders' relate to Directors and business leaders across the Group, including Executive Committee members.
(c) The number of ethnically diverse colleagues remained similar YoY however the number of non-diverse WL4 colleagues has increased.

Databook continued

People continued

Topic	Target	Description of KPI	Baseline year and figure	21/22	22/23	23/24	24/25	25/26
Human rights	**Respecting human rights across the supply chain**	Percentage of high-risk tier 1 supplier sites with audits in the last year	–	95%	95%	96%	95%	**96%**
		Percentage of high-risk tier 1 supplier sites where critical non-conformances (NCs) have been identified, of which;	–	34%	35%	48%	46%	**40%[a]**
		– Percentage of high-risk Tier 1 supplier sites that have closed out critical NCs within six months	–	–	–	69%	69%	**59%[b]**
		– Percentage of high-risk Tier 1 supplier sites where critical NCs are in progress and open for less than 6 months	–	–	–	27%	25%	**34%**
		– Percentage of high-risk Tier 1 supplier sites with critical NCs with exemptions for longer than 6 months	–	–	–	1%	2%	**5%[c]**
		– Percentage of high-risk Tier 1 supplier sites suspended for critical NC overdue	–	–	–	3%	4%	**2%**

(a) Observing the proportion of sites where critical non-compliances (NCs) have been identified, this has decreased versus last year. The most frequent NCs remain consistent with previous years and are health and safety, working hours and wages.
(b) All critical NCs must be addressed as soon as possible, within a maximum of six months. Some should be fixed immediately, such as unblocking fire exit routes, for more complex NCs a track record of improvement is required to be established e.g. a sustained change to working hours. These then need to be independently verified. We therefore apply the six-month remediation of critical NCs as the outer time limit. Year-on-year changes in sites closing out critical NCs across food are due to an increase in the number of non-conformances (NCs) identified per audit. This reflects improved audit quality—driven by greater use of approved auditors—and has resulted in sites needing more time to complete and verify corrective actions (including through the use of new NC management platforms).
(c) Despite the level of NCs identified, our current processes are ensuing the timely closure of these issues. In cases where it is not possible to close NCs within the timeframe, further time may be granted in exceptional cases.

Communities

Topic	Target	Description of KPI	Baseline year and figure	21/22	22/23	23/24	24/25	25/26
Communities	**Support the projects and causes that matter to the local communities where we operate**	Equivalent number of meals donated through food surplus redistribution programmes[a]	–	52.6m	52.4m	80.9m	99.5m	**123.2m**
		– UK	–	27.8m	25.4m	51.4m	62.8m	**83.1m**
		– ROI	–	2.9m	2.3m	2.3m	2.6m	**2.7m**
		– CE	–	17.8m	19.3m	20.9m	26.7m	**27.0m**
		– Booker	–	4.1m	5.3m	6.3m	7.4m	**10.2m**
		Number of local projects or causes supported[b]	–	18,043	17,463	18,636	20,232	**20,597**
		Corporate giving (£)[a]	–	£89.2m	£119.2m	£143.7m	£167.9m	**£171.7m**

(a) Figures include meals donated to charities we have partnered with and Olio to ensure unsold surplus food reaches people across local communities, rather than going to waste (both in the "Corporate Giving(£)" and "Equivalent number of meals donated through food surplus redistribution programmes".
(b) Number of local projects or causes supported include support through cash donations, food donations, gifts in kind and/or colleague volunteering time.

SASB content index

Topic	SASB ref	Accounting metric	Performance 2021/22	Performance 2022/23	Performance 2023/24	Performance 2024/25	Performance 2025/26	Further information
Fleet fuel management	FB-FR-110a.1	Total fleet fuel consumed, percentage renewable	Not disclosed	1,676 GWh	1,543 GWh	1,535 GWh	1,557 GWh	Jump to **climate change (page 11)**
Air emissions from refrigeration	FB-FR-110b.1	Gross global Scope 1 emissions from refrigerants	373k tonnes CO_2e	355k tonnes CO_2e	284k tonnes CO_2e	201k tonnes CO_2e	186k tonnes CO_2e	Jump to **climate change (page 11)**
	FB-FR-110b.2	Percentage of refrigerants consumed with zero ozone-depleting potential	100%	100%	100%	100%	100%	Jump to **climate change (page 11)**
Energy management	FB-FR-130a.1	(1) Operational energy consumed (2) percentage grid electricity (3) percentage renewable	4,585 GWh total energy use 60% of which is electricity 99% grid electricity 100% renewable electricity	4,324 GWh total energy use 63% of which is electricity 99% grid electricity 100% renewable electricity	4,235 GWh total energy use 62% of which is electricity 99% grid electricity 100% renewable electricity	4,364 GWh total energy use 60% of which is electricity 99% grid electricity 100% renewable electricity	4,427 GWh total energy use 61% of which is electricity 99% grid electricity 100% renewable electricity	Jump to **climate change (page 11)**
Food waste management	FB-FR-150a.1	Amount of food waste generated, percentage diverted from the waste stream	Reported on **page 59**					Jump to **food waste (page 26)** Jump to **food waste databook (page 59)**
Product health and nutrition	FB-FR-260a.1	Revenue from products labelled and/or marketed to promote health and nutrition attributes	Reported on **page 61**					Jump to **healthy, sustainable diets (page 30)** Jump to **healthy, sustainable diets databook (page 61)**
	FB-FR-260a.2	Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers	–	–	–	–	–	Jump to **healthy, sustainable diets (page 30)**

SASB content index continued

Topic	SASB ref	Accounting metric	Performance 2021/22	Performance 2022/23	Performance 2023/24	Performance 2024/25	Performance 2025/26	Further information
Labour practices	FB-FR-310a.1	(1) Average hourly wage and (2) percentage of in-store and distribution centre employees earning minimum wage, by region	100% of colleagues are paid above the minimum wage	100% of colleagues are paid above the minimum wage	100% of colleagues are paid above the minimum wage	100% of colleagues are paid above the minimum wage	100% of colleagues are paid above the minimum wage	Jump to **live and work well (page 41)**
	FB-FR-310a.2	Percentage of active workforce covered under collective bargaining agreements	–	–	>85% across our markets	>85% across our markets	>80% across our markets	We continue to be the largest privatised employer in the UK with formal trade union recognition. All colleagues are free to join a union of their choice if they wish. The decrease from 85% in the last reporting period is due to a change in the number of colleagues covered under collective bargaining for Central Europe.
	FB-FR-310a.3	(1) Number of work stoppages and (2) total days idle	Zero work stoppages or days idle across the Group	Zero work stoppages or days idle across the Group	Zero work stoppages or days idle across the Group	Zero work stoppages or days idle across the Group	Zero work stoppages or days idle across the Group	Jump to **people (page 36)**
	FB-FR-310a.4	Total amount of monetary losses as a result of legal proceedings associated with: (1) labour law violations and (2) employment discrimination	No material losses	No material losses	No material losses	No material losses	No material losses	One of our values is to treat people how they want to be treated. We want to ensure all colleagues can be themselves and have an opportunity to get on at Tesco. In any given year, we are likely to see some employment tribunal claims brought by current or former employees due to the size of our workforce (although these would not necessarily amount to 'violations'/'discrimination'). Any associated financial losses totalled immaterial amounts in 2025/26.
Management of environmental and social impacts in the supply chain	FB-FR-430a.1	Revenue from products third-party certified to environmental or social sustainability sourcing standard	–	–	–	–	–	Whilst we do not report revenue from certified products, we are committed to ensuring the environmental and social sustainability of all of the products that we source. Certifications can play an important role in this for certainty of our sourcing - for example, 100% of palm oil is RSPO certified and 85% of our wild caught seafood in UK and ROI is MSC certified. However, certification is only one part of our approach, with the most appropriate methodology varying by product and geography. Our commodity responsible sourcing strategies increasingly focus on delivering industry-level and landscape-level transformation. For example, on deforestation and conversion-free soy, we work to support a UK industry transition as part of the UK Soy Manifesto, while also supporting Brazilian producers through the Responsible Commodities Facility.
	FB-FR-430a.2	Percentage of revenue from (1) eggs that originated from a cage-free environment	Reported on **page 60**					Jump to **future-fit farming (page 20)** Jump to **farming and nature databook (page 60)**
		Percentage of revenue from (2) pork produced without the use of gestation crates	100% sow stall free in Tesco branded products sold in the UK	100% sow stall free in Tesco branded products sold in the UK	100% sow stall free in Tesco branded products sold in the UK	100% sow stall free in Tesco branded products sold in the UK	100% sow stall free in Tesco branded products sold in the UK	Jump to **future-fit farming (page 20)**
	FB-FR-430a.3	Discussion of strategy to manage environmental and social risks within the supply chain, including animal welfare	–	–	–	–	–	Jump to **protecting nature (page 16)**
	FB-FR-430a.4	Discussion of strategies to reduce the environmental impact of packaging	–	–	–	–	–	Jump to **packaging (page 23)**

SASB content index continued

Topic	SASB ref	Accounting metric	Performance 2021/22	Performance 2022/23	Performance 2023/24	Performance 2024/25	Performance 2025/26	Further information
Data security	FB-FR-230a.2	Description of approach to identifying and addressing data security risks	–	–	–	–	–	We take data security very seriously and we put our customers and colleagues at the heart of all decisions we make in relation to the processing of personal data. Data privacy and cyber security are recognised as principal risks and we have governance committees in place to monitor and assess the effectiveness of our programmes. Our work in this area includes robust policies; specialist internal teams; training and communications for all colleagues on good data handling practices; and external testing to provide further assurance over our controls. In addition, we continue with the implementation of our multi-year technology security programme, implementing next generation tools including threat detection, and the gathering of intelligence from the National Cyber Security Centre. AI is an innovative area of technological change that we use to optimise our operations and better serve our customers, communities and planet. As new techniques and uses emerge, we are exploring how they could be adopted to deliver on our purpose. We have developed an AI governance framework to ensure that any AI technologies utilised by the business are fair, safe, transparent, explainable, accountable and sustainable, and that they comply with existing and emerging legislation in this space. Further information can be found in our **Annual Report**, **page 40**.
Food safety	FB-FR-250a.1	High-risk food safety violation rate	No high-risk food safety violations	No high-risk food safety violations	No high-risk food safety violations	No high-risk food safety violations	No high-risk food safety violations	We take a rigorous approach to food safety. Our UK distribution centres and stores are routinely inspected by local government Environmental Health Officers, and at year-end we did not have any locations rated as a high risk food safety violation. In the UK, every store displays its hygiene rating at the entrance for full customer visibility. We also operate our own comprehensive internal food safety audit programme at all of our sites. Our distribution centres and stores in ROI are also routinely inspected (although not rated), and we actively monitor our distribution centres and stores in Central Europe to ensure we are consistently meeting high standards of food safety and hygiene. We also take a rigorous approach to food safety with our suppliers, auditing all sites against a Tesco Standard that is comparable with the requirements of The Global Food Safety Initiative.
	FB-FR-250a.2	(1) Number of recalls (2) number of units recalled (3) % units recalled that are private-label products	Number of recalls across the Group: 134 % of recalls that are Own Brand: 33%	Number of recalls across the group: 80 % of recalls that are Own Brand: 31%	Number of recalls across the group: 52 % of recalls that are Own Brand: 33%	Number of recalls across the group: 69 % of recalls that are Own Brand: 29%	Number of food recalls across the group: 77 % of recalls that are Own Brand: 29%	We are committed to delivering safe, legal and quality products to our customers. With tens of thousands of Own Brand products across our markets, it is not unexpected that we may have some product recalls in any given year. We have a robust process to work with the relevant authorities, and communicate recalls to customers through a number of channels, including our customer website and social media. We ensure that learnings are fed into our product development process.

SASB content index continued

Topic	SASB ref	Accounting metric	Performance 2021/22	Performance 2022/23	Performance 2023/24	Performance 2024/25	Performance 2025/26	Further information
Product labelling and marketing	FB-FR-270a.1	Number of incidents of non-compliance with industry or regulatory labelling and/or marketing codes	No significant incidents	No significant incidents	No significant incidents	No significant incidents	No significant incidents	There have been no significant occurrences in any of our retail markets across the Group. At year end, in the highly competitive UK market, price comparisons and price matches continue to be used in advertising and can be subject to advertising disputes. In the 2025/26 financial year, the ASA did not publish any formal rulings in relation to advertising complaints involving Tesco.
	FB-FR-270a.2	Total amount of monetary losses as a result of legal proceedings associated with marketing and/or labelling practices	No material losses	No material losses	No material losses	No material losses	No material losses	We did not have any monetary losses as a result of any marketing / labelling practices in the 2025/26 financial year.
	FB-FR-270a.3	Revenue from products labelled as (1) containing genetically modified organisms (GMOs) and (2) non-GMO	–	–	–	–	–	We don't use GMO in our Own Brand products. Any branded products that do contain GM ingredients are labelled and comply with relevant regulations. We don't specifically measure revenue from any such products but would expect it to be de minimus.

Climate and electricity

GHG emissions data – Group tCO_2e	2015/16 baseline	2021/22	2022/23	2023/24	2024/25	**2025/26 (52 week)**	**2025/26 (53 week)**
Scope 1	1,240,871	1,110,098	1,039,346	902,830	802,425	**734,003◊**	**748,889◊**
Scope 2 (market-based method)	1,095,671	16,107	7,796	6,259	5,497	**5,789◊**	**5,992◊**
Scope 2 (location-based method)	1,657,316	642,337	575,462	587,899	582,298	**498,345◊**	**507,856◊**
Total Scope 1 and 2 (market-based)	2,336,542	1,126,205	1,047,142	909,089	807,921	**739,792◊**	**754,881◊**
Scope 1 and 2 carbon intensity (kg CO_2e/sq. ft. of stores and DCs)	26.29	12.16	11.91	10.33	9.25	**8.39◊**	**8.56◊**
Selected Scope 3 emission subject to limited scope assurance*	684,079	593,405	567,191	529,470	531,254	**15,709,312[a]◊**	**16,011,436[a]**

GHG emissions data – UK tCO_2e	2015/16 baseline	2021/22	2022/23	2023/24	2024/25	**2025/26 (52 week)**	**2025/26 (53 week)**
Scope 1	974,764	936,257	888,676	772,944	699,447	**638,001**	**651,181**
Scope 2 (market-based method)	776,807	–	–	–	–	**–**	**–**
Total Scope 1 and 2 (market-based)	**1,751,572**	**936,257**	**888,676**	**772,944**	**699,447**	**638,001**	**651,181**

Electricity consumption Group (GWh)	2015/16 baseline	2021/22	2022/23	2023/24	2024/25	**2025/26 (52 week)**	**2025/26 (53 week)**
Total renewable consumption	–	2,773	2,742	2,663	2,670	**2,674**	**2,724**
Total non-renewable consumption	6,823	3,491	3,259	2,848	2,750	**2,439**	**2,497**
Total energy consumption (excluding f–gas and biofuels)	6,823	6,263	6,000	5,511	5,420	**5,113**	**5,221**

Electricity consumption UK (GWh)	2015/16 baseline	2021/22	2022/23	2023/24	2024/25	**2025/26 (52 week)**	**2025/26 (53 week)**
Total energy consumption (excluding f-gas and biofuels)	5,502	5,203	5,037	4,638	4,549	**4,253**	**4,341**

* Scope 3 disclosure includes: Third-party fuel consumed within the value chain outside of Tesco's ownership or operational control; third-party logistics that Tesco would otherwise fulfil; transmission and distribution losses and well-to-tank; business travel and water consumption.
(a) Third-party fuel consumed within the value chain has been added in 2025/26.
◊ Deloitte LLP was engaged to provide independent limited assurance over the selected data highlighted in this table with a ◊ using the assurance standard ISAE 3000 "Revised". Deloitte has issued an unmodified opinion over the selected data. Deloitte's full assurance statement is available here **http://tescoplc.com/esg-assurance**.

Diversity, equity and inclusion

		2020/21	2021/22	2022/23	2023/24	**2024/25**
UK Retail gender pay gap	Median	6.7%	6.9%	5.0%	5.1%	**4.7%**
	Mean	9.3%	10.5%	9.4%	9.1%	**7.8%**
Republic of Ireland gender pay gap	Median	–	5.4%	4.4%	4.5%	**4.1%**
	Mean	–	9.8%	8.8%	8.2%	**7.4%**
Booker gender pay gap	Median	17.6%	18.6%	17.5%	14.4%	**13.4%**
	Mean	11.7%	12.1%	12.2%	9.3%	**7.5%**
Czech Republic gender pay gap	Median	–	12.1%	10.9%	8.7%	**9.7%**
	Mean	9.3%	26.2%	22.0%	19.9%	**18.5%**
Slovakia gender pay gap	Median	–	10.1%	9.2%	8.6%	**7.2%**
	Mean	9.2%	16.5%	15.1%	15.1%	**12.7%**
Hungary gender pay gap	Median	–	10.2%	9.6%	8.2%	**5.2%**
	Mean	8.4%	15.9%	15.5%	15.5%	**15.2%**
Tesco IMS gender pay gap[(a)]	Median	12.4%	27.0%	27.9%	25.9%	**7.1%**
	Mean	20.3%	23.9%	21.3%	20.7%	**12.0%**
dunnhumby UK gender pay gap	Median	21.1%	24.7%	18.8%	20.6%	**18.5%**
	Mean	20.9%	20.7%	15.9%	17.1%	**18.2%**
UK Retail ethnicity pay gap	Median	–	–	(4.6)%	(5.0)%	**(5.0)%**
	Mean	–	–	(3.4)%	(3.8)%	**(3.6)%**

(a) Previously Tesco Bank.

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