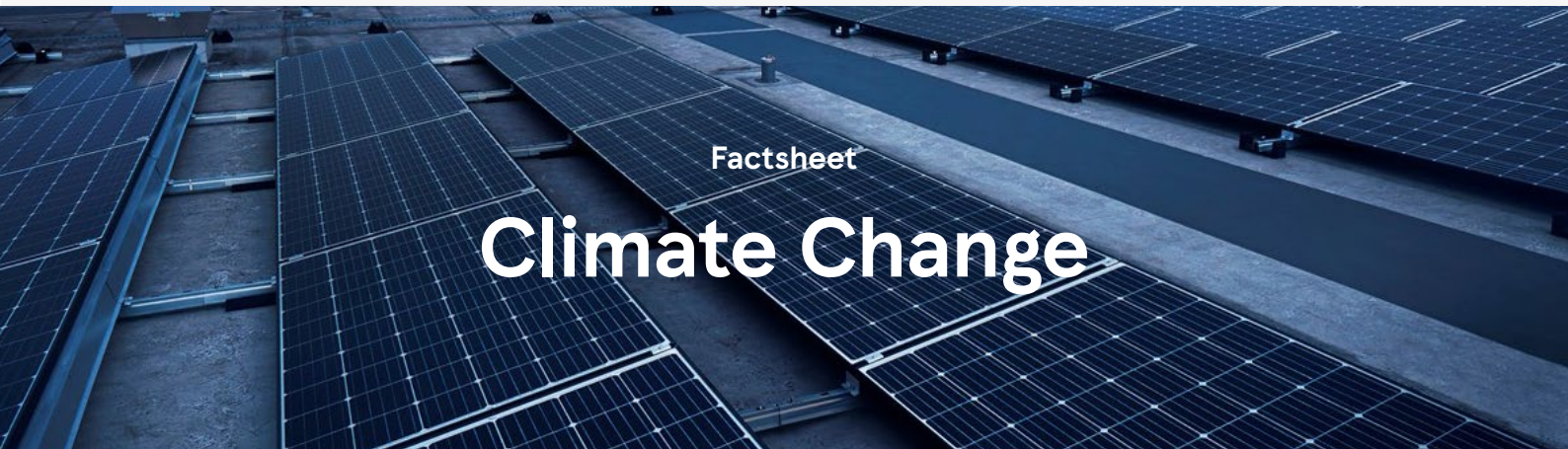


SUSTAINABILITY FACTSHEET 2023/24

In our series of factsheets we share in-depth information and highlights from the last year on the issues which have the potential to influence our business performance and those where our business can make the biggest difference and drive transformative change. These factsheets have been developed to support the information we publish in our Annual Report.



Why it matters.

Climate change is one of the biggest challenges facing the world and as a result, one of our most material issues. The planet is currently on track to warm by almost three degrees by the end of the century¹ with devastating consequences for humanity. The effects of climate change threaten our own business operations, the operations of our suppliers' businesses and the livelihoods of the farmers and workers in our supply chains, in addition to changing the way customers shop and eat. We must all play our part to decarbonise as quickly as possible.

Sustainable Development Goals (SDGs).

The [United Nations \(UN\) 17 SDGs](#) were established with the vision of radically improving the lives of people and the planet by 2030. We're committed to doing our bit towards SDGs and, for our climate change strategy, we're focused on:



Our commitments and targets.

- Scope 1 and 2 emissions reduction of 60% by December 2025 and 85% by 2030 from a 2015/16 baseline.
- Carbon neutral across Group operations by 2035 and net zero across the supply chain by 2050, aligned to 1.5°C trajectory.
- Procure Group electricity demand increasingly via PPAs and onsite generation, at 45% of our electricity usage by December 2025 and 60% by December 2030.
- Fully electric Tesco home delivery fleet by 2030.

Our Highlights.

61% reduction in Scope 1 and 2 greenhouse gas (GHG) emissions across the Group vs 2015/16, exceeding our 2025 target of 60%.

One of the first companies globally to have our Forests, Land and Agriculture (FLAG) and non-FLAG net zero targets validated by the Science Based Targets Initiative (SBTi).

Announced ambition to install solar panels on 100 more stores across the UK over the next three years.

Our approach.

We aim to be carbon neutral in our Group operations by 2035 and net zero across our full value chain (Scope 1, 2 and 3), aligned to a 1.5°C trajectory, by 2050.

Climate change is a global issue that has significant multifaceted implications for our business, suppliers, colleagues and customers. Since 2009, when we became the first business globally to set an ambition of net zero by 2050, we have been taking action to reduce our emissions and mitigate the impacts of a changing climate. We now work closely with many of our top suppliers to support their developing capabilities in capturing their footprint, encourage them to set science-based targets and identify projects where we can collectively drive GHG emission reductions, particularly in our agricultural supply chains through our work with the Tesco Sustainable Farming Groups. For customers, our work to encourage healthy, sustainable diets supports our net zero ambition. This work includes our ongoing reformulation programme and the expansion of our plant-based and healthier ranges.

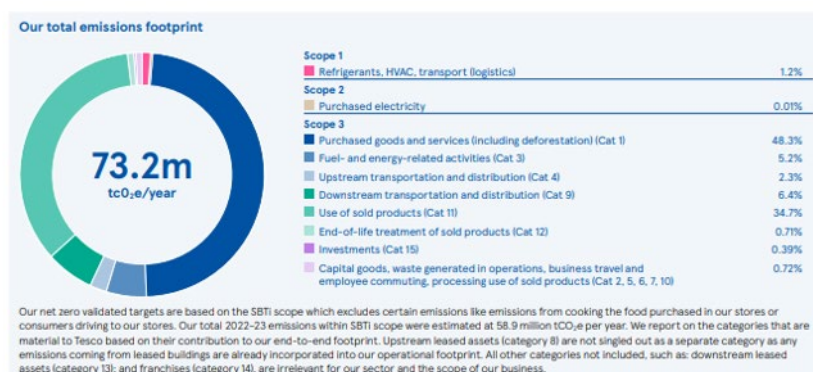
Last year we became one of the first companies globally to set an SBTi-aligned net zero target across our full Group value chain by 2050, including our Forests, Land and Agriculture emissions (FLAG). This revalidation from SBTi follows new methodology developments and the inclusion of new data points 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 will reduce absolute Scope 1 and 2 emissions from our own operations by 85% by 2030 and 90% by 2035 from a 2015/16 baseline year²; absolute Scope 3 emissions from energy and industrial sources by 55% by 2032 and 90% by 2050 from a 2019/20 baseline year; and absolute Scope 3 emissions from FLAG emissions by 39% by 2032 and 72% by 2050, also from a 2019/20 baseline year. Through this process, we have been able to identify our material emissions hotspots throughout our full value chain.

Having switched to using 100% renewable electricity in 2020, our own operations emissions (Scope 1 and 2) come primarily from refrigeration, heating and transport. This year, we've reduced our Scope 1 and 2 emissions by 61% across the Group from a 2015/16 baseline, exceeding our 2025 reduction target of 60%. This further reduction in emissions has largely been achieved by the continued replacement of HFC refrigerant systems to recovered CO2 systems, the reduction in our heat set points and the switch to electrified heating.

The majority of our total footprint, more than 98%, is in our value chain (Scope 3). Our latest carbon footprint data, covering Scope 1, 2 and 3 emissions, is summarised below:

Our Total Emissions Footprint 2022/23

Our latest carbon footprint data, covering Scope 1, 2 and 3 emissions a year in arrears (our 2022/23 year)



We'll review our footprint on an annual basis for any updates that may be required to comply with the SBTi guidelines and the GHG Protocol. Our footprint is currently based on secondary emissions factors, in line with industry norms, with the exception of the dairy sector, where our very long-standing work with our Tesco Sustainable Dairy Group gives us confidence to place reliance on primary data. Over time, we seek to report our footprint based on an increasing proportion of primary data, as data capabilities upstream continue to develop.

To reach our ambitions, our climate strategy focuses on continuing our work to decarbonise our own operations, whilst increasingly rolling out decarbonisation interventions to address key emissions hotspots throughout our value chain (see Scope 3 emissions section below).

Scope 1 emissions

Our Group Scope 1 emissions account for around 900,000 tonnes of CO₂ equivalent (tCO₂e). While a relatively small part of our overall footprint, 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, the heating, ventilation and air conditioning of our stores and offices and our refrigeration units, and as such are within our control to reduce their impact. Steps we are taking include:

- We're working to switch all our fleets to low-carbon alternatives by 2035 where possible based on available market solutions. As part of our EV100 pledge, we have deployed 571 electric home delivery vans and are on track to be 100% electric by 2030. We continue to trial various models across the UK and Central Europe.
- Addressing transport emissions associated with our distribution fleet, trialling fuel alternatives while working directly with manufacturers on even more sustainable long-term solutions. Having launched the UK's first commercial fully electric articulated large goods vehicles (LGVs) in 2021, in 2022 we became the first retailer to launch a zero-emission electric lorry to make deliveries across 400 stores in Greater London, served by the Dagenham distribution centre (DC). We now have four electric lorries in our fleet. Each lorry is expected to replace around 30,000 diesel-fuelled road miles every year.
- Within our chilled distribution network, we've installed 116 electric hook-up points at our Peterborough DC. This will ensure that all refrigerated trucks are powered by renewable energy while at the depot loading and unloading. We are looking at lower emissions alternatives that only use electricity and we currently operate four solar trailers and four battery powered trailers so they can remain chilled using renewable energy while on the road. We've recently also introduced two low emission refrigeration units powered by electricity, operating out of Peterborough DC. While we work on scaling up other longer-term innovative solutions to decarbonise, we are introducing bio-CNG trucks to our operations in our UK business.
- Reducing emissions from logistics and home delivery vans through initiatives that aim to maximise our fuel efficiency, including improved route planning, and telematics used to influence driver behaviour.
- Addressing emissions from heating, ventilation and air conditioning (HVAC) by trialling low carbon alternatives to gas boilers, such as heat pumps and heat reclaim systems across our Group estate. In the UK, more than 95% of our Express stores already use heat pump technology, and we will have converted 25 large stores to run on heat pumps by the end of 2025/26. Heat pumps have also been installed in a small number of stores across ROI and Central Europe.
- Improving refrigeration efficiency and reducing refrigerant emissions in our stores and distribution centres by installing aerofoil technology, retrofitting existing systems with more environmentally friendly refrigerant gasses and, at the end of the asset's life, switching to natural refrigerant systems that have significantly lower emissions. These improvements have driven many of the reductions we've seen across our own operations footprint.

Scope 2 emissions

Scope 2 emissions relate to indirect emissions that come from the production of electricity or heat used from the grid that heat or power the buildings we own or occupy. Since 2015/16, when grid electricity accounted for 65% of our own operations footprint, we have been reducing our demand where possible and switching to 100% renewable electricity in accordance with our renewable electricity transition roadmap. In 2020, we achieved our goal of 100% renewable electricity across the Group, in line with our RE100 commitment, and 10 years earlier than our original 2030 goal. We have achieved this through a combination of renewable energy certificates; investing

in our own estate with the installation of solar panels and wind turbines at our stores and distribution centres to generate renewable electricity on-site; and through Power Purchase Agreements (PPAs).

PPAs are long-term renewable energy contracts that support the green energy transition. We are committed to supporting the roll-out of renewable energy sources across the UK National Grid and helping bridge the gap in investment and infrastructure needed to hit the UK's net zero target.

In 2019, we signed one of the largest unsubsidised PPA portfolios in the UK. As part of that deal, in February 2024, our latest windfarm, in partnership with EDF Renewables UK, West Benhar, located in the Scottish Highlands, started generating renewable electricity. It will generate a substantial 30MW, producing enough clean energy to power the equivalent of 18,000 homes per year. Four solar farms included in the deal have also started generating renewable electricity for Tesco. Altogether, the five new renewable assets will add a substantial 300GWh of energy per year to the Tesco renewable energy portfolio.

We've continued to announce plans for further projects. In November 2023, we announced plans to roll out solar panels on 100 of our stores across the UK over the next three years. Once installed the solar panels could generate as much as 20GWh of electricity.

In our Renewables Roadmap we set out to source from increasingly 'highly credible' sources that bring additional renewable generation, via PPAs and onsite generation. By 2030, our target is to source 60% of our Group electricity from 'highly credible' sources. These partnerships are expected to generate around a third of our UK electricity demand within the next 18 months.

 [Read more about how we are improving our operations to reduce our impact](#)

Scope 3 emissions

More than 98% of our overall footprint lies within our upstream and downstream supply chain - our indirect Scope 3 emissions. Steps we are taking in this area include:

- Engaging our suppliers to better support our net zero commitment, by requesting that they disclose carbon data via [Manufacture 2030](#) and set net zero ambitions for their business, as well as by co-designing decarbonisation pathways with key suppliers in hotspot areas. To ensure we prioritise where we can achieve the greatest reduction in emissions, our initial focus is on ensuring that 80% of our suppliers, by total cost of goods across the Group, meet this ambition. As of January 2024, over 70% of our suppliers have publicly set a net zero ambition.
- Developing the Tesco Supplier Network as a knowledge sharing hub, providing our suppliers with key resources to support their climate transition, and continuing our quarterly drop-in sessions on carbon reporting we started in 2021.
- Supporting suppliers to pilot interventions and solutions to address the key hotspots identified within Scope 3 agricultural emissions.
- We've been working with our suppliers and farmers for a number of years to identify initiatives in key areas that will help us reduce emissions in our supply chain. This year we have used the opportunity of recalculating our Scope 3 emissions footprint to model the impacts of these interventions in more detail and re-confirm our priorities.
- We are prioritising absolute emissions reductions as far as possible. Any residual emissions will be neutralised in line with the SBTi guidance. We're currently exploring what best practice looks like in this area.

Areas in which we aim to bring additionality and facilitate fast, efficient, and far-reaching decarbonisation in our supply chain, and with our customers include:

- Collaborating with other retailers in promoting carbon disclosure and net zero commitments across our collective supply chains by joining the Manufacture 2030 platform in 2023.
- Continuing to support our agricultural suppliers' transition to low-carbon fertilisers, with our second year of field trials due to increase uptake ten-fold to 13,000 hectares of British field vegetables.

- Rolling out accreditation mechanisms in our Fresh supply chains to ensure sustainable soil and water management practices are in place. We met our commitment to have all fresh produce growers in the UK certified under LEAF Marque and are now working to roll this standard out to our grower base across the rest of the world that supply into our UK stores, by December 2025.
- Offering the UK's largest supermarket network of electric vehicle (EV) charging points with Vauxhall and PodPoint, to help our customers switch to electric cars. To date we have over 2,700 charging points across 619 stores in the UK.
- Taking cross-industry action to improve climate outcomes by working with organisations including [WRAP](#), [WWF](#), the [Aldersgate Group](#), and [The Climate Group](#).
- Supporting positive public policy on climate goals such as the UK's net zero by 2050 ambition and accelerating the UK's ban on internal combustion engine vehicle sales.

Climate integration

To achieve our net zero climate ambitions and play our part in helping to meet global climate goals, consideration to climate risks and opportunities to our operations and across our value chain needs to be embedded into every decision we make.

Our climate strategy is led from the top by our Group Chief Commercial Officer, our Executive climate sponsor. Our governance groups maintain oversight of progress made against our interim decarbonisation milestones and hold the business to account for delivery of the operational and supply chain decarbonisation roadmaps.

In 2021, climate was elevated to become a standalone principal business risk, recognising the impact of climate change and the criticality of the natural environment to our business. In addition to our public commitments and strong partnerships, we have maintained our strong internal governance and metrics and align our climate-related ambitions with our reward policies and external financing. These steps help us to further embed and strengthen our responses and controls.

We were early adopters of the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations and developed our model of climate-risk with Risilience, formerly part of the Centre for Risk Studies at the University of Cambridge Judge Business School. We have built a digital twin model with Risilience which enables us to understand and prepare for the physical and transition risks associated with different global emissions pathways. We continue to explore opportunities to further develop and evolve our modelling and understanding of climate related risks and the resilience of our supply chains.

Within our Group capital strategic plan, we continue to identify capex that specifically supports delivery of our established climate strategy. This capex is captured within our total Group reported capital expenditure and our guidance, both of which are reported externally. In addition, to support the delivery of our decarbonisation plans we have introduced an internal carbon pricing (ICP) policy. This policy ensures 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 will be reviewed annually and governed by Group Operational Decarbonisation Steering Group.

At the start of 2022, we introduced ESG metrics into our remuneration policy. The Performance Share Plan (PSP) includes three ESG targets, each with an equal weighting of 8.33% (25% in total), of which carbon reduction forms one of the targets, aligned with our commitment to be carbon neutral in our own operations by 2035. Carbon reduction is also recognised as a key deliverable and is now included in our "Big 6" KPIs - our six key performance measures for the whole business.



[Read more about our TCFD report and Executive remuneration in our latest Annual Report and Financial Statement](#)

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

- 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 (€750 million). We were the first retailer to launch two sustainability-linked bonds with the coupon linked to our Scope 1 and 2 emissions reduction performance. In October 2021, we issued a Sterling sustainability-linked bond (£400 million), again linked to our Scope 1 and 2 emissions reduction targets.
- A sustainability-linked supply chain finance programme, which supports suppliers through preferential payment terms to bolster climate best practice across our broader supply base, particularly smaller suppliers.
- We've also partnered with NatWest to provide financial support to farmers in our Tesco Sustainable Farming Groups for beef, lamb and dairy who are looking to invest in sustainable agriculture infrastructure, including wind turbines, solar panels, and heat pumps.

[Read more about our sustainable financing](#)

Looking ahead.

- We will continue the implementation of decarbonisation roadmaps and supply chain initiatives for emission hotspots to support our interim net zero targets.
- We will continue to support suppliers in setting their own net zero ambitions and science-based targets, as well as supporting wider upstream work on data capabilities to enable our scope 3 reporting to reflect more primary data over time.

Memberships and partnerships.

Here are some examples of our key collaborations on climate issues:



WRAP

WRAP is co-ordinating UK retailers and government behind Scope 3 alignment to drive a consistent approach to reporting, methodologies, research and data collection, which is aimed at accelerating progress on the complex, shared challenge of reducing Scope 3 emissions.



British Retail Consortium (BRC)

We are members of the BRC's Climate Action Roadmap, aimed at collectively delivering the industry's net zero ambition by collaborating with other retailers, suppliers, government and customers.



Aldersgate Group

We work with the Aldersgate Group to help shape the policy landscape to address environmental challenges by sharing insight with government at key moments.



The Climate Group

We are signatories to RE100 and EV100, committing us to using 100% renewable electricity and 100% electric vehicles respectively.



Mondra

Together with the British Retail Consortium, Institute of Grocery Distribution and life cycle assessment platform Mondra, we are part of a harmonised industry scoring platform that aims to tackle the challenge of consistent carbon reporting. This is a key step towards keeping healthy products sustainable.

Awards and benchmarks.



CDP Climate

Tesco participates in the annual CDP survey relating to climate change and in the latest 2023 assessment, we achieved a 'B' score. We are currently understanding more about how this score has been assessed, given our leadership on many aspects of the climate agenda.



Electrifying.com

Tesco is recognised by Electrifying.com as the UK's best supermarket for our EV charging network, with charging points in over 600 stores.

Performance.

For both energy and emissions data, we have included all major subsidiaries within the Group measures and have included all UK-based subsidiary operations within our consolidated UK disclosures

Group Data						
Commitment	KPI's	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Climate neutral across our operations by 2035, aligned to a 1.5°C pathway	Percentage reduction of Scope 1 and 2 market-based GHG emissions across the Group (baseline 2015/16)	49%	54%	52%	55%	61% ^o
Source 100% of our electricity from renewable sources by 2030	Proportion of generated volume from grid PPAs (that are additional) and on-site generation, as a percentage of energy consumption at a Group level	84%	100% (21% contracted additional)	100% (26% contracted additional)	100% (25% contracted additional 13% generated)	100% (31% contracted additional) ^(a) 11% generated) ^{(b) o}

Deloitte LLP was engaged to provide independent limited assurance over selected climate data highlighted in this table with a **o** 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](#).

^(a) We define 'additional' renewable sources in our methodologies - further information in our Methodology document (link).

^(b) The drop in generation from 13% to 11% reflects a below average wind speed year, and ongoing work to establish network connectivity for new assets.

Group GHG emissions data (tCO ₂ e)						
	2015/16 baseline	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Scope 1	1,240,871	1,105,183	1,053,131	1,110,098	1,039,346	902,830 ^o
Scope 2 (Market-based method)	1,095,671	81,531	13,631	16,107	7,796 ^(a)	6,259 ^o
Scope 2 (Location-based method)	1,657,316	859,583	718,222	642,337	575,462	587,899 ^o
Total Scope 1 and 2 (Market-based)	2,336,542	1,186,714	1,066,762	1,126,205	1,047,142	909,089 ^o
Scope 1 and 2 carbon intensity (kg CO ₂ e/sq. ft. of stores and DCs)	26.29	13.24	11.63	12.16	11.91	10.33 ^o
Selected Scope 3	684,079	557,111	471,195	593,405	567,191	529,470 ^o

Deloitte LLP was engaged to provide independent limited assurance over selected climate data highlighted in this table with a ^o 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](#).

^(a) Scope 3 disclosure includes: Third-party logistics that Tesco would otherwise fulfil, transmission and distribution losses and well-to-tank, business travel and water consumption. We are currently developing our end-to-end roadmap to net zero that will inform our reporting of Scope 3 emissions going forwards.

UK GHG emissions data (tCO ₂ e)						
	2015/16 baseline	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Scope 1	974,764	905,053	880,039	936,257	888,676	772,944
Scope 2 (Market-based method)	776,807	-	-	-	-	-
Total Scope 1 and 2 (Market-based)	1,751,572	905,053	880,039	936,257	888,676	772,944
Selected Scope 3	501,344	400,462	332,719	432,180	414,267	396,863
Total	2,252,915	1,305,515	1,212,758	1,368,437	1,302,943	1,169,807

Group energy consumption (GWh)						
	2015/16 baseline	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Total renewable consumption	-	3,021	2,836	2,773	2,742	2,663
Total non- renewable consumption	6,823	3,422	3,253	3,491	3,259	2,848
Total energy consumption (excluding f-gas and biofuels)	6,823	6,443	6,089	6,263	6,000	5,511

Group energy consumption (GWh)						
	2015/16 baseline	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Total energy consumption (excluding f-gas and biofuels)	5,502	5,306	5,037	5,203	5,037	4,638

Read more about our approach.

More information

[Our approach to climate Change](#)

[Our TCFD statement in our Annual Report](#)

Methodologies and assurance

[Our carbon footprint methodology](#)

[Deloitte assurance statement](#)

Footnotes

¹[UNEP](#)

²Note that our voluntary 2030 and 2035 scope 1-2 targets are more ambitious than our scope 1-2 targets as validated by SBTi, which are 82.6% by FY2032 and 90% by FY2050.