

## Independent Limited Assurance Report to the Directors of Tesco plc

Independent Limited Assurance Report by Deloitte LLP to the Directors of Tesco plc on selected Environmental, Social and Governance (“ESG”) metrics (the “selected non-financial KPIs”) within the Annual Report and Sustainability Factsheets for the year ending 25 February 2023.

### What we found: Our assurance conclusion

Based on our procedures described in this report, and evidence we have obtained, nothing has come to our attention that causes us to believe that the selected non-financial KPIs, as listed below and indicated with a (◇) in the Annual Report and Sustainability Factsheets, have not been prepared, in all material respects, in accordance with the Applicable Criteria (methodologies) prepared and published by Tesco plc at <https://www.tescopl.com/reporting-hub?activeTab=methodologies+%26+benchmarks>

### What we looked at: scope of our work section below

Tesco plc has engaged us to provide independent limited assurance in accordance with International Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (“ISAE 3000 (Revised)”) and International Standard on Assurance Engagements 3410 *Assurance Engagements on Greenhouse Gas Statements* (“ISAE 3410”), issued by the International Auditing and Assurance Standards Board (“IAASB”) and our agreed terms of engagement.

The selected non-financial KPIs in scope of our engagement, for the year ended 25 February 2023, as listed below and indicated with a (◇) in the Annual Report and Sustainability Factsheets are as follows:

#	Selected non-financial KPIs	Units	Boundary	Reported amount
1.	Scope 1 GHG emissions	Tonnes CO <sub>2</sub> e	Group	1,039,346
2.	Scope 2 GHG emissions (market based)	Tonnes CO <sub>2</sub> e		7,796
3.	Scope 2 GHG emissions (location based)	Tonnes CO <sub>2</sub> e		575,462
4.	Scope 1 and 2 carbon intensity	kg CO <sub>2</sub> e/sq. ft. of stores and DCs		11.91
5.	Total gross Scope 1 and 2 (market-based) emissions	Tonnes CO <sub>2</sub> e		1,047,142
6.	Percentage reduction of Scope 1 and 2 market-based greenhouse gas emissions across the Group compared to a baseline of 2015/2016	%		55%
7.	Scope 3 GHG emissions: - Partial Category 1 - Purchased goods and services (water supply only) - Category 3 - Fuel-and energy-related activities not included in scope 1 or scope 2 - Category 4 - Upstream transportation and distribution - Category 6 - Business travel	Tonnes CO <sub>2</sub> e		567,191
8.	Proportion of generated volume from grid PPAs (that are additional, not operational)	%		13%

	and on-site generation, as a percentage of energy consumption at a Group level			
9.	Percentage change in tonnes of food wasted as percentage of tonnes of food handled compared to 2017 baseline	%	Group	45%
10.	Percentage of volume sales from products with a 'healthy' health score as a proportion of total volume of food sales for UK and Republic of Ireland	%	UK and Republic of Ireland	60%
11.	Percentage of volume sales from products with a 'healthy' health score as a proportion of total volume of food sales for Central Europe	%	Central Europe	49%
12.	Percentage of top global leaders that are female	%	Group	29%
13.	Percentage of top global leaders that are ethnically diverse	%		15%

The selected non-financial KPIs, as listed in the above table need to be read and understood together with the Applicable Criteria set out in the methodologies at

<https://www.tescopl.com/reporting-hub?activeTab=methodologies+%26+benchmarks>

#### **Inherent limitations of the selected non-financial KPIs**

We obtained limited assurance over the preparation of the selected non-financial KPIs in accordance with the Applicable Criteria (methodologies). Inherent limitations exist in all assurance engagements.

Any internal control structure, no matter how effective, cannot eliminate the possibility that fraud, errors or irregularities may occur and remain undetected and because we use selective testing in our engagement, we cannot guarantee that errors or irregularities, if present, will be detected.

The Applicable Criteria (methodologies) as defined by Tesco plc within their methodologies, the nature of the selected non-financial KPIs, and absence of consistent external standards allow for different, but acceptable, measurement methodologies to be adopted which may result in variances between entities. The adopted measurement methodologies may also impact comparability of the selected non-financial KPIs reported by different organisations and from year to year within an organisation as methodologies develop.

We draw attention to the inherent limitation: The gender and ethnicity metrics are derived from self-declared responses from employees. As a result, our procedures did not include validation that self-reported assertions are appropriate.

#### **Directors' responsibilities**

The Directors are responsible for preparing an Annual Report which complies with the requirements of the Companies Act 2006 and for being satisfied that the Annual Report and Sustainability Factsheets, taken as a whole, is fair, balanced and understandable.

The Directors are also responsible for:

- Selecting and establishing the Applicable Criteria (methodologies) which is suitable for preparing the selected non-financial KPIs.

- Preparing, measuring, presenting and reporting the selected non-financial KPIs in accordance with the Applicable Criteria (methodologies), publicly in advance of, or at the same time as, the publication of the selected non-financial KPIs.
- Designing, implementing, and maintaining internal processes and controls over information relevant to the preparation of the selected non-financial KPIs to ensure that they are free from material misstatement, including whether due to fraud or error.
- Providing sufficient access and making available all necessary records, correspondence, information and explanations to allow the successful completion of the Services.

## **Our responsibilities**

We are responsible for:

- Planning and performing procedures to obtain sufficient appropriate evidence in order to express an independent limited assurance conclusion on the selected non-financial KPIs.
- Communicating matters that may be relevant to the selected non-financial KPIs to the appropriate party including identified or suspected non-compliance with laws and regulations, fraud or suspected fraud, and bias in the preparation of the selected non-financial KPIs.
- Reporting our conclusion in the form of an independent limited Assurance Report to the Directors.

## **Our independence and competence**

In conducting our engagement, we complied with the independence requirements of the FRC's Ethical Standard and the ICAEW Code of Ethics. The ICAEW Code is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We applied the International Standard on Quality Management 1 ("ISQM 1"), issued by the Financial Reporting Council. Accordingly, we maintained a comprehensive system of quality including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## **What we did: key procedures**

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the description of activities undertaken in respect of the selected non-financial KPIs is likely to arise. The procedures we performed were based on our professional judgement. In carrying out our limited assurance engagement on the description of activities undertaken in respect of the selected non-financial KPIs, we performed the following procedures:

- Evaluated the suitability of the applicable criteria as the basis for preparing the selected non-financial KPIs and determined whether it will be available to the intended users of the selected non-financial KPIs.
- Performed analytical review procedures and considered the risks of material misstatement of the selected non-financial KPIs.
- Through inquiries of management, obtained an understanding of the Company, its environment, processes and information systems relevant to the preparation of the selected non-financial KPIs sufficient to identify and assess risks of material misstatement in the selected non-financial KPIs and provide a basis for designing and performing procedures to respond to assessed risks and to obtain limited assurance to support a conclusion.
- Through inquiries of management, obtained an understanding of internal controls relevant to the selected non-financial KPIs, the quantification process and data used in preparing the

selected non-financial KPIs, the methodology for gathering qualitative information, and the process for preparing and reporting the selected non-financial KPIs. We have not evaluated the design of particular internal control activities, obtained evidence about their implementation or tested their operating effectiveness.

- Through inquiries of management, documented whether an external expert has been used in the preparation of the selected non-financial KPIs, then evaluated the competence, capabilities and objectivity of that expert in the context of the work performed and also the appropriateness of that work as evidence.
- Inspected documents relating to the selected non-financial KPIs, including board committee minutes to understand the level of management awareness and oversight of the selected non-financial KPIs.
- Performed procedures over the activities of significant third parties that perform key controls relevant to the selected non-financial KPIs. We neither evaluated the design or implementation of particular key control activities, nor obtained evidence about their implementation nor tested their operating effectiveness.
- Performed procedures over the selected non-financial KPIs, including recalculation of relevant formulae used in manual calculations and assessed whether the data has been appropriately consolidated.
- Performed procedures over underlying data on a statistical sample basis to assess whether the data has been collected and reported in accordance with the Applicable Criteria (methodologies), including verifying to source documentation.
- Conducted site visits at a sample of sites, selected on a judgemental basis to determine consistency in understanding and application of the Applicable Criteria (methodologies).
- Performed procedures over the selected non-financial KPIs including assessing management's assumptions and estimates.
- Accumulated misstatements and control deficiencies identified and assessed whether material.
- Read the narrative accompanying the selected non-financial KPIs with regard to the Applicable Criteria (methodologies), and for consistency with our findings.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

### **Use of our report**

This report is made solely to the Directors of Tesco plc in accordance with ISAE 3000 (Revised), ISAE 3410 and our agreed terms of engagement. Our work has been undertaken so that we might state to the Directors of Tesco plc those matters we have agreed to state to them in this report and for no other purpose.

Without assuming or accepting any responsibility or liability in respect of this report to any party other than Tesco plc and the Directors of Tesco plc, we acknowledge that the Directors of Tesco plc may choose to make this report publicly available for others wishing to have access to it, which does not and will not affect or extend for any purpose or on any basis our responsibilities. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Tesco plc and the Directors of Tesco plc as a body, for our work, for this report, or for the conclusions we have formed.

*Deloitte LLP*

**Deloitte LLP**

London, UK

12 April 2023