



Independent limited Assurance Report to the Directors of Tesco plc

Independent limited Assurance Report by Deloitte LLP to the Directors of Tesco plc ("the Company") on the description of activities undertaken to meet the Recommendations of the Task Force on Climate-Related Disclosures ("TCFD") and selected Environmental, Social and Governance metrics ("Selected ESG metrics") (together the "Selected Information") within the Annual Report and Sustainability Factsheets for the reporting year ended 24 February 2024.

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 Information for the year ended 24 February 2024, as listed below, has not been prepared, in all material respects, in accordance with the Applicable Criteria.

We draw attention to the description of circumstances relating to the food waste reporting on page 93 of the Annual Report 2024 and page 3 of the Food Waste Factsheet at [Sustainability \(tescoplc.com\)](https://www.tescopl.com). We note that comparative data for the UK and Group has been withdrawn for previous years and the "percentage change in tonnes of food wasted as a percentage of tonnes of food handled compared to 2017 baseline" metric for 2024 is based on data from the last two months of the reporting year only (i.e. January and February 2024), and therefore may not be directly comparable to other periods. Our conclusion is not modified in this respect.

Scope of our work

Tesco plc has engaged us to perform an independent limited assurance engagement 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 Information includes the Selected ESG metrics listed in the table below and indicated with a (◇) in the Annual Report and Sustainability Factsheets, and the TCFD as disclosed on pages 39-45 in the Annual Report.

#	Selected ESG metrics	Units	Boundary	Reported amount
1.	Scope 1 GHG emissions	Tonnes CO ₂ e	Group	902,830
2.	Scope 2 GHG emissions (market based)	Tonnes CO ₂ e		6,259
3.	Scope 2 GHG emissions (location based)	Tonnes CO ₂ e		587,899
4.	Scope 1 and 2 carbon intensity	kg CO ₂ e/sq. ft. of stores and DCs		10.33
5.	Total gross Scope 1 and 2 emissions (market-based)	Tonnes CO ₂ e		909,089
6.	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 ₂ e		529,470

7.	Percentage reduction of Scope 1 and 2 market-based greenhouse gas emissions across the Group compared to a baseline of 2015/2016	%		61%
8.	Proportion of generated volume from grid PPAs (that are additional, not operational) and on-site generation, as a percentage of energy consumption at a Group level	%		11%
9.	Percentage change in tonnes of food wasted as percentage of tonnes of food handled compared to 2017 baseline	%	Group	14%
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	63%
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	50%
12.	Percentage of top global leaders that are female	%	Group	30%
13.	Percentage of top global leaders that are ethnically diverse	%		14%

Selected information	Applicable Criteria
The description of activities undertaken to meet the Recommendations of the TCFD included within the Annual Report	Section C of the TCFD Annex entitled "Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures (October 2021)"

The Selected Information, as set out above, needs to be read and understood together with the Applicable Criteria which:

- For the Selected ESG metrics, are defined within the Basis of Reporting prepared and published by Tesco plc at [Sustainability \(tescoplc.com\)](https://www.tesco.com/sustainability).
- For the TCFD disclosures, is Section C of the TCFD Annex 1 entitled 'Guidance for all sectors'.

Inherent limitations of the Selected Information

We obtained limited assurance over the preparation of the Selected Information in accordance with the Applicable Criteria. 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 self-defined Applicable Criteria, the nature of the Selected Information, 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 Information reported by different organisations and from year to year within an organisation as methodologies develop.

We draw your attention to the specific limitations, due to the nature of the Selected Information, set out in the “Key procedures performed” section below.

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, taken as a whole, is fair, balanced and understandable.

The Directors are also responsible for:

- Selecting and establishing the Applicable Criteria.
- Preparing, measuring, presenting and reporting the Selected Information in accordance with the Applicable Criteria.
- Publishing the Applicable Criteria publicly in advance of, or at the same time as, the publication of the Selected Information.
- Designing, implementing, and maintaining internal processes and controls over information relevant to the preparation of the Selected Information 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 our limited assurance engagement.

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 Information.
- Communicating matters that may be relevant to the Selected Information 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 Information.
- 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 management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Key procedures performed

We are required to plan and perform our work to address the areas where we have identified that a material misstatement in respect of the Selected Information is likely to arise. The procedures we performed were based on our professional judgment.

In carrying out our limited assurance engagement in respect of the Selected Information, we performed the following procedures:

- Performed an assessment of the Applicable Criteria (methodologies i.e. the benchmarks used to measure or evaluate the underlying information) to determine whether they were suitable for the engagement circumstances.
- Performed analytical review procedures to understand the underlying subject matter and identified areas where a material misstatement of the Selected Information was likely to arise.
- Through inquiries of management, obtained an understanding of the Company, its environment, processes, and information systems relevant to the preparation of the Selected Information sufficient to identify and further assess risks of material misstatement in the Selected Information, and provided 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 Information, the quantification process and data used in preparing the Selected Information, the methodology for gathering qualitative information, and the process for preparing and reporting the Selected Information. We did not evaluate the design of particular internal control activities, obtain evidence about their implementation, or test their operating effectiveness.
- Through inquiries of management, documented whether an external expert has been used in the preparation of the Selected Information, 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 Information, including board committee minutes and where applicable internal audit outputs to understand the level of management awareness and oversight of the Selected Information.
- Performed procedures over the activities of significant third parties that performed key controls relevant to the Selected Information. We did not evaluate the design or implementation of particular key control activities, nor obtain evidence about their implementation nor test their operating effectiveness.
- Conducted site visits at a sample of sites, selected on a judgemental basis to determine consistency in understanding and application of the Applicable Criteria, check understanding of processes, and assess completeness.
- Accumulated misstatements and control deficiencies identified, assessing whether material.
- Read the narrative accompanying the Selected Information with regard to the Applicable Criteria, and for consistency with our findings.

In relation to the TCFD only, we:

- Reviewed documentation specifically relating to the governance, strategy and financial planning and risk management processes.
- Interviewed those responsible within the organisation to understand:
 - The role of the Board in relation to climate-related risks and opportunities;
 - The nature of climate-related risk and opportunities identified including time horizons; the impact of climate-related risks and opportunities on the business, strategy and financial planning; and the impact of identified and considered climate scenarios on the strategy; and
 - The process for identifying climate-related risks; the process for managing climate-related risks; and how these processes are integrated into the overall risk management.
- Obtained supporting evidence in respect of statements and data included in the TCFD disclosure.
- Evaluated and reviewed the TCFD disclosure for consistency of knowledge and understanding obtained during course of our work.

In relation to the Selected ESG metrics only, we:

- Performed procedures over the Selected Information, 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, including verifying to source documentation.
- Performed procedures over the Selected Information including assessing management's assumptions and estimates.
- Inspected documentation of the Company's supplier audit on the food waste management provider.

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.

We draw your attention to the following limitations:

- 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.
- The food waste and health score metrics listed above are either derived from supplier information or dependent on suppliers fulfilling their obligations under their contract. Our procedures did not include obtaining assurance over any information provided by suppliers.
- TCFD as applied by all companies includes information based on climate-related scenarios that are subject to inherent uncertainty because of incomplete scientific and economic knowledge about the likelihood, timing or effect of possible future physical and transitional climate-related impacts. For the avoidance of doubt, the scope of our engagement and our responsibilities do not involve us performing work necessary for any assurance on the reliability, proper compilation or accuracy of the prospective information provided as part of the TCFD scenario analysis or transition plans.
- We were not engaged to and did not perform the following procedures as part of our assurance work:
 - An assessment as to if the activities undertaken, as described in the TCFD disclosures, fulfil the requirements to comply in full with TCFD.
 - An assessment as to the appropriateness of assumptions made including those made in preparation and application of climate scenarios and setting of targets.

Use of our report

This report is made solely to the Directors of Tesco plc in accordance with ISAE 3000 (Revised) and 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
9th April 2024