



Serving communities a little better every day

An economic and social
impact report for Tesco

TESCO



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Public First is a global strategic consultancy that works to help organisations better understand public opinion, analyse economic trends and craft new policy proposals. While Tesco commissioned this report from Public First, all economic estimates are derived from official, third-party and proprietary information.

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Foreword

Tesco's story began at a market stall in East London in 1919. It has always been a place where customers can get the food they need at affordable prices. With an unrelenting focus on its customers, Tesco expanded. It brought self-service shopping to the UK in 1946 and opened the UK's first supermarket in 1958.

Tesco today is still a place where customers can get the food they need at affordable prices. But this report demonstrates that it is so much more than that.

Customers know that they can pop to their local Tesco to pick up affordable, healthy and sustainable groceries and they know that while they're there, they can take advantage of the variety of services available, from ATMs to pharmacies to cafes to clothing.

It is now fantastic to see the impact a Tesco store can have on its local community, from the people it employs, the footfall it attracts to the food donations and charity support. When you combine the local impact of our more than 3,500 stores in the UK, with the contribution from the supply chain, distributions centres and office, it's incredibly humbling.

It is all down to the work of our over 300,000 UK colleagues who live by our purpose and values every day. This last year, working through the pandemic, we asked colleagues to step up and be key workers, and, putting personal concerns to one side, everyone worked harder than ever in order to serve customers safely. I am so proud of the efforts from our colleagues and delighted to see in this report that around 80% of respondents still see supermarket colleagues as key workers in society and why people see supermarkets as their most important local service.

For me, this report is both a celebration of the role Tesco plays in society and the lives of our customers, but it is also a map that will guide us to focus on areas where we can really make a positive difference, giving people the opportunity to build skills and careers, making sure our communities thrive, and being kinder to our planet. For example, the report shows that if we can work more closely with the Government, 8,000 more people every year could take up apprenticeships and we could significantly increase the number of young people we support as they set out on their career journey.

Serving communities better every day is the heart of this report and, it comes back to a phrase that is rooted in our core values: Every Little Helps.



Ken Murphy
Group Chief Executive

Every little helps



Executive Summary



Executive Summary

In today’s world, supermarkets are more than just a convenient location to pick up the weekly shop. They are at the heart of communities: providing jobs, supporting local charities, and food banks and hosting essential services, from recycling to pharmacies. In the last year, we have seen more vividly than ever before the importance of supermarkets to keep the UK going – 79% of the public say they now see supermarket workers as key workers – and in this report we explore why.

Tesco is the UK’s largest retailer with over 3,500 stores, and the largest private sector employer with over 300,000 employees. For 70% of the UK population, a Tesco store is fewer than five kilometres away and the company can serve over 99% of the population through its operations. As well as Tesco branded stores, the Group also includes: Booker, the UK’s largest wholesaler; One Stop, one of the best-known convenience store chains; Tesco Bank, Tesco Mobile and Dunnhumby, a global customer data and science company.

This report, prepared by independent consultancy Public First, sets out the different ways Tesco’s economic and social impacts are helping businesses and communities across the UK. It uses a combination of economic modelling, a nationally representative consumer poll and the results of a dozen focus groups held across the country.

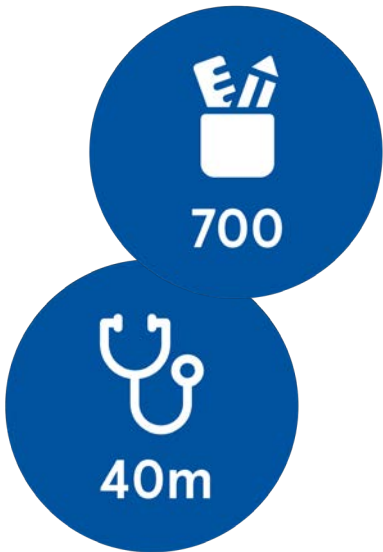
Economy

Tesco PLC supports £53bn in economic value (Gross Value Added) for the UK economy. For context, this is the same size as the entire economy of the North East of England.



In a typical parliamentary constituency, Tesco provides an average of £82m in GVA for the local economy. In the 20 constituencies where Tesco provides the highest economic impact, it supports an average of £565m in GVA.

The company pays £1.7bn in tax, and is the fourth largest taxpayer in the UK. That is the equivalent of funding over 700 schools or over 40 million GP appointments. The largest tax Tesco pays is business rates, which in the last year amounted to around £700 million or over £1m in a typical constituency in the UK.

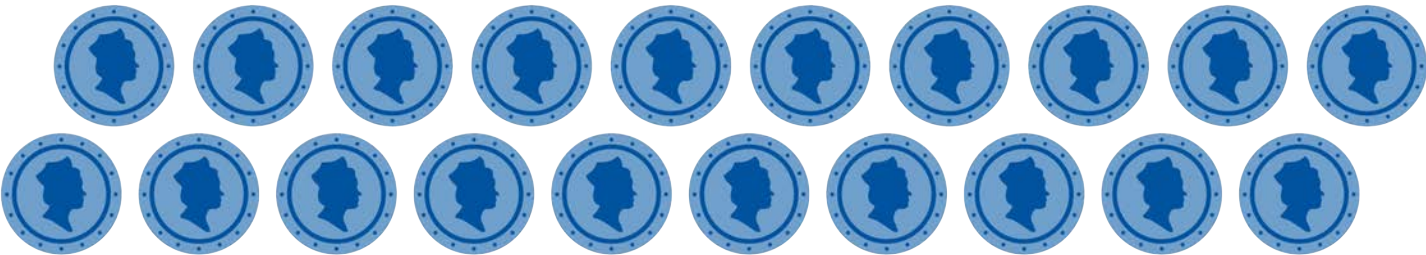


80%

Tesco stores spent £40bn with suppliers last year, supporting thousands of businesses across the UK. Tesco stores alone, for example, support over 4,000 suppliers across its product and procurement supply chains. 80% of Tesco PLC spending is with companies with operations in the UK.

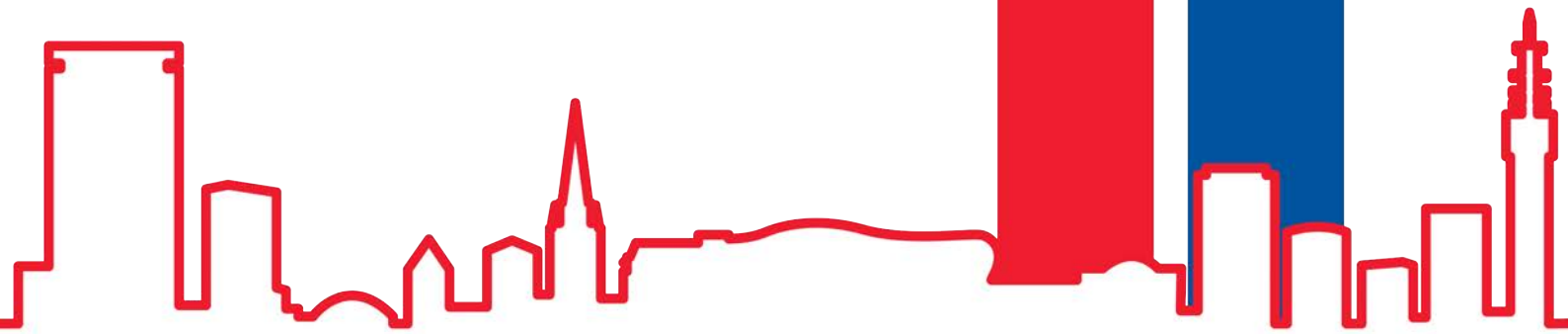


For every £1 in profit created by Tesco, we estimate that over £20 spreads through the wider supply chain and economy, supporting small, medium and large businesses across the UK.



People

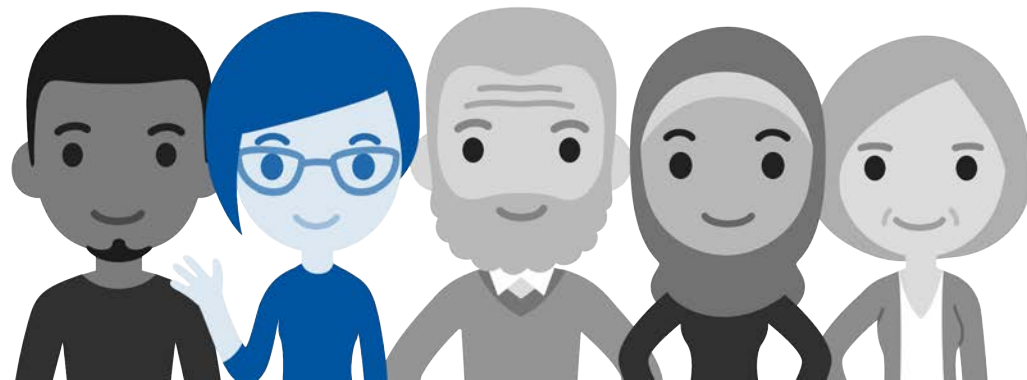
Tesco directly employs over 300,000 people, and through its wider supply chain supports nearly a million jobs across the UK. That is more people than the entire working population of Birmingham.



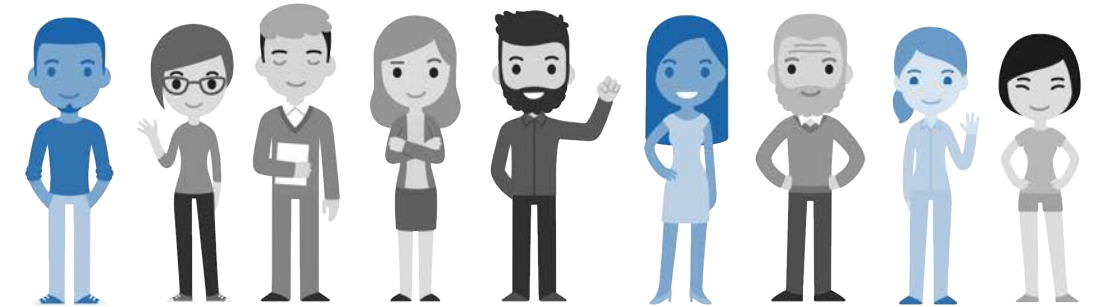
Tesco plays a critical role in regional and local economies across the UK, supporting between 1% and 4% of all jobs in every region. In a typical constituency, Tesco supports an average of 1,500 jobs, with this rising to an average of 9,500 jobs in the twenty constituencies where the company has the highest impact.



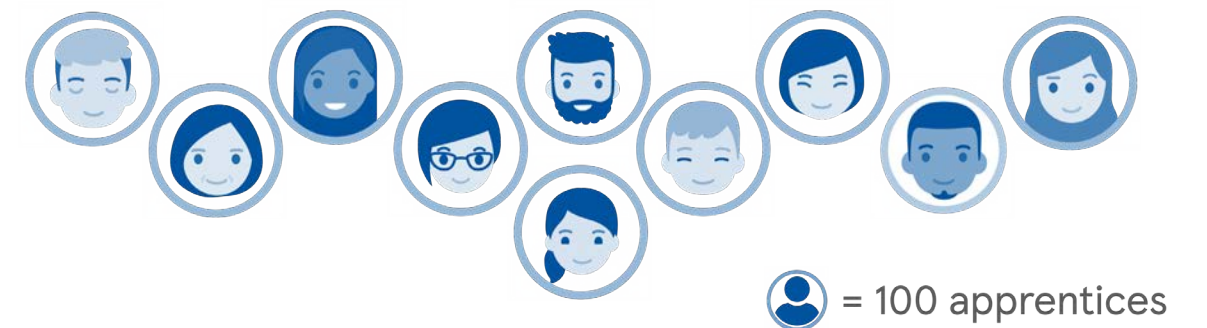
One in five people have worked in a supermarket at some point in their career and nearly 70% have been satisfied by their experience. For Tesco staff, 82% recommend it as a great place to work.



Retailers, like Tesco, are critical for social mobility. One third of retail workers are under 30 and, when asked, young people say that retail is one of the most readily available career options in a local area.



Tesco has a 5-year ambition in partnership with The Prince's Trust to support 200,000 young people with skills development and confidence building programmes. The company supports around 1,000 apprenticeships per year and provided nearly 1,000 Kickstarter opportunities in 2020/21.



Retailers like Tesco have proposed reforms to the Apprenticeship Levy that would make it easier for all stores to take on more apprentices. Based on their analysis of the impact on Tesco, we estimate that these reforms could create 8,000 new apprenticeships across the broader retail sector, boosting lifetime earnings by over £500m.

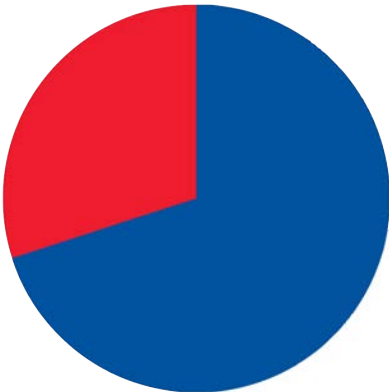


Community



Tesco stores are more than just places where people buy food: they are now critical local hubs, providing essential community services. Tesco provides 3,300 ATMs, 370 pharmacies, 200 opticians, 80 Post Offices and 70 Covid vaccination sites across the UK. At a time when high street banks are closing, as many people regularly withdraw cash from a supermarket as from a bank. Equally, more people now purchase health products from a supermarket than anywhere else.

Tesco has provided £90m to 40,000 community groups since 2016. In 2021 Tesco will have £8m of grants available to 8,000 groups, to help support local community projects with priority given to projects that support young people. Tesco has provided over 125m meals to charity since 2015 and 29m in 2020/21 alone..



72% of the population agree that a supermarket, like Tesco, is an important part of their community. A supermarket is seen as more important to have within a short distance than a GP, bank or pub.

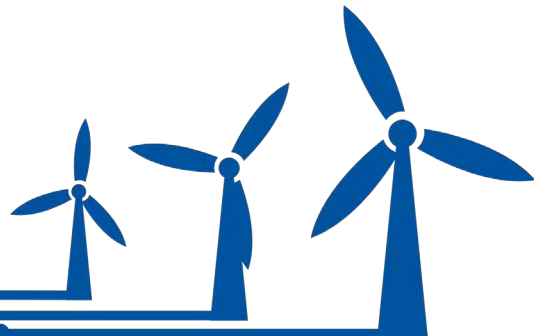
A typical supermarket can attract 4,000 shoppers a day and a Tesco store can boost local footfall by 20%. Based on this analysis, we estimate that the company creates £700m in additional revenue for local businesses through the extra shoppers it attracts to communities across the UK.

TESCO



Sustainability & Health

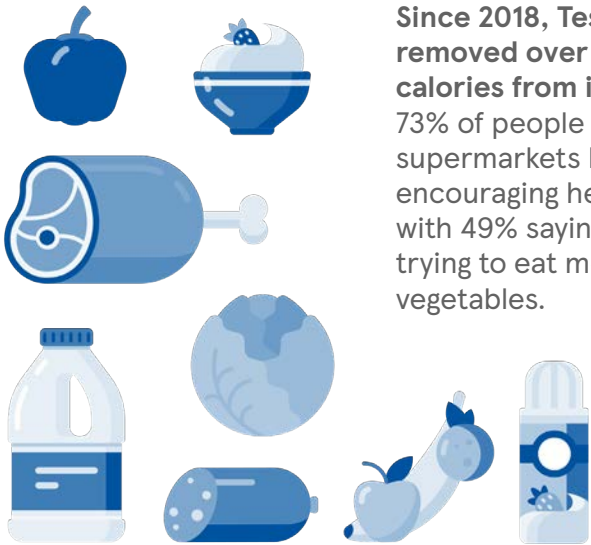
TESCO



Tesco is leading the retail sector in achieving decarbonisation, with an ambition to be net zero by 2035 within the UK, compared to the industry standard of 2040. Every store is powered by 100% renewable electricity; 82% of unsold food is redistributed; all 5,500 delivery vans (current fleet size) will be fully electric by 2028, and the company is installing a supermarket network of electric vehicle charge points – 2,400 across 600 large stores.

Over the past five years, Tesco has on average invested over £200,000 in energy efficiency measures in a typical constituency in the UK. All stores have LED lighting installed; energy efficiency measures in fridges and have 75 energy generation installations – solar PV, wind, bio generators – across the UK providing 2% of Tesco's UK electricity demand.

Oxfam have rated Tesco as the top supermarket globally three years in a row for protecting the human rights of its supply chain.



Since 2018, Tesco has removed over 50 billion calories from its products. 73% of people agreed that supermarkets have a role in encouraging healthier eating, with 49% saying that they were trying to eat more fruit and vegetables.

In our poll the public rated plastic waste as one of their most important environmental issues. In the last year, Tesco has permanently removed 1 billion pieces of plastic.



Tesco in a typical parliamentary constituency



"I didn't come from a great background, working-class lad and all that. When you think about what you earn and what your lifestyle is like now, that's because of the opportunity you've had at Tesco."

Darren, Store Manager in his 40s, Scotland

"I think the closer we work with our suppliers, the more we get back out of them. We recognise that what we offer is being the biggest retailer, our footprint etc, and if we work fairly and openly with our suppliers then it works both ways. They then tend to come to us with first-to-market products, the best innovation, the best price – and we can then bring that for our customers."

James, Buying manager in his 30s, Scotland

"As far as I'm concerned, the pandemic really showed us who the real people are who put food on the table, the real people who look after you. The NHS and the people who stack shelves."

Stuart, Tesco Customer, Brentford



Introduction



Tesco's National and Local Impact

In this report, we look at the different ways Tesco supports communities across the UK. As the largest retailer in the country, Tesco plays a pivotal role in supporting local communities, labour markets and economies. This is particularly true within some of the UK's most deprived regions which have seen other traditional industries decline, and are the current focus of politicians' aspiration to level up the UK.

At a national level, Tesco is one of the UK's most economically successful companies, and through its wider supply chain supports a significant proportion of the entire UK economy. However, where Tesco's impact is really visible is at the local level, in one of the towns, villages or cities served by the over 3,500 Tesco, Booker and One Stop stores countrywide.

Take Portsmouth, for example. Every Monday, the Tesco Extra store in Portsmouth opens its doors for the week ahead. Over the course of the day, thousands of shoppers arrive to do their shopping, drop off their recycling or pick up a prescription. These customers may not see it directly, but they are visiting a supermarket that is one of Tesco's greenest – through investments in solar panels, high efficiency heating and ventilation systems and new electric vehicle charging points. The store also offers more healthy products than ever before – with hundreds of reformulated products which are lower in fat, salt and sugar than they used to be.

This is just one of 23 sites across Portsmouth. Together, they make Tesco one of the area's most important employers and supporters of the local economy. Across the city, Tesco directly employs over 1,500 people. This year, eight young people had the opportunity to work in the stores as part of the Government's Kickstart scheme and this comes on top of the potential 300 young people who could be helped in Portsmouth in the next five years, as part of Tesco's partnership with the Prince's Trust.

For the local economy, Tesco has contributed £78m this year and uses 21 local suppliers. In total, the company and its supply chain supports 2,000 jobs in the city. Moreover, a range of local charities and community groups benefit from the support Tesco provides. In the last year, Tesco's community programmes supported over 28 projects, donating £19,000 and providing meals to 41 community food groups.

There is nothing unusual about Portsmouth. Tesco underpins daily life throughout the UK, supporting local economies, labour markets, community organisations and the customers who have come to rely upon their local shops.

Today, in a world where 30% of total retail sales have moved online, retailers that can compete and thrive in the UK's changing economy are more important than ever. (The Centre for Retail Research estimates that over 14,000 major retailers have gone into administration, impacting over 215,000 jobs since 2008.)¹ Supermarkets like Tesco are providing more of the essential services that we rely on in our communities, but which are becoming less common.

Sources of Data

The economic and opinion research for this report was conducted by Public First. Public First is a member of the British Polling Council and a Company Partner of the Market Research Society, the two organisations that oversee ethics and standards in opinion research in the UK.

As part of the research for this report, Public First ran an extensive poll of consumer attitudes towards supermarkets and Tesco, and ran a number of focus groups and in-depth interviews across the country.

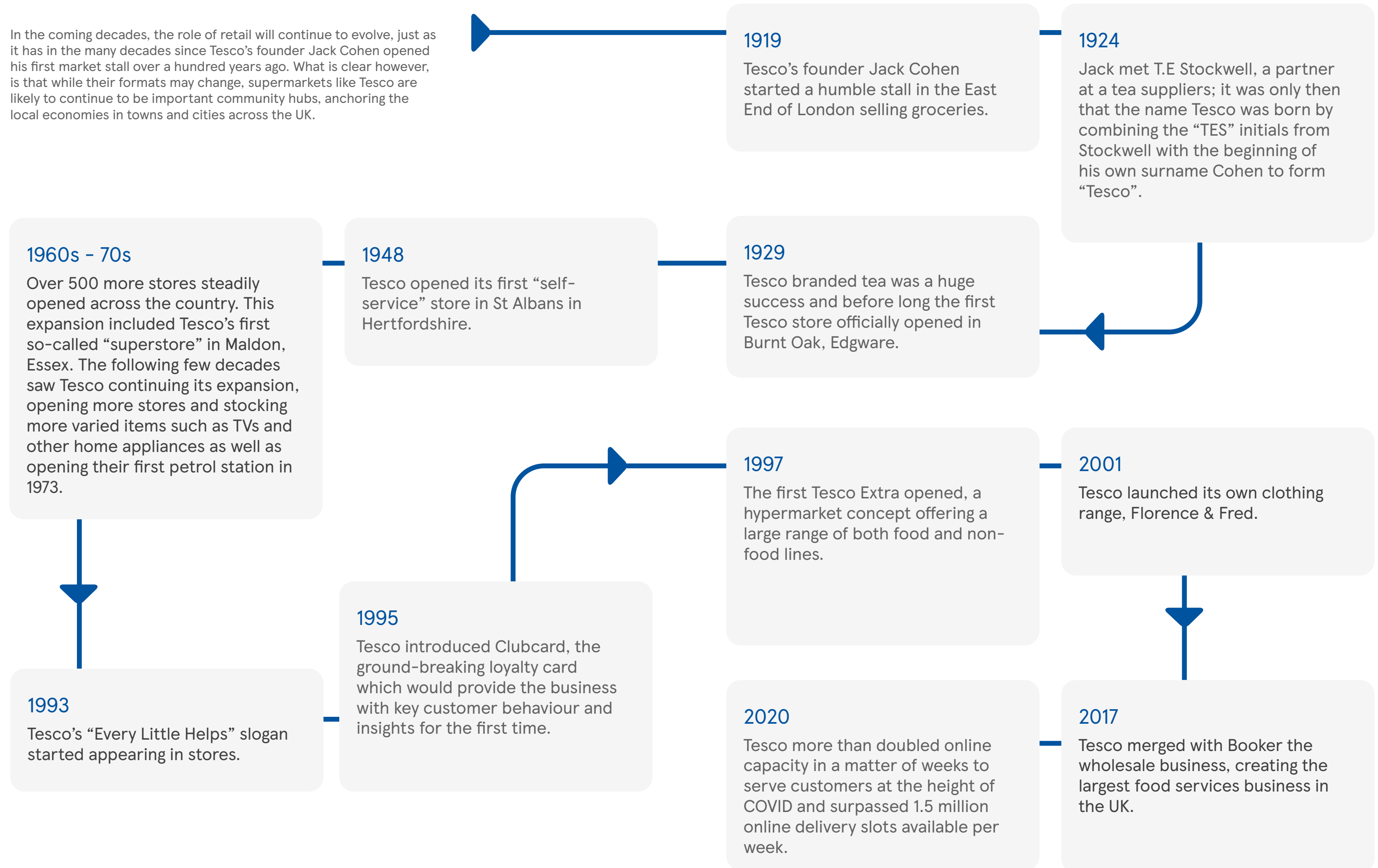
- **Consumer Poll.** An in-depth nationally representative poll of 1010 adults in Britain, weighted by interlocking age and gender, region and social grade. The fieldwork for this poll was completed between 28th April to 6th May 2021.
- **Focus groups and Interviews.** Public First held over a dozen different sessions with Tesco customers, employees and community groups across the UK.

Community grants and food redistribution data provided by Tesco and accurate as of September 2021. The full polling tables for this report are available to download from Public First's website [here](#). All the modelling for this report was independently peer reviewed. A more detailed methodology is available at the end of this report.

1 <https://www.retailresearch.org/perch/resources/wgbir-2008-2019apdf.pdf>

Tesco's History and Future

In the coming decades, the role of retail will continue to evolve, just as it has in the many decades since Tesco's founder Jack Cohen opened his first market stall over a hundred years ago. What is clear however, is that while their formats may change, supermarkets like Tesco are likely to continue to be important community hubs, anchoring the local economies in towns and cities across the UK.



The Tesco Group, and its companies

Tesco is a leading multinational retailer with its headquarters in Welwyn Garden City. The Tesco Group includes Booker, One Stop, Tesco Bank, Tesco Mobile, and Dunnhumby.



Tesco is one of the most recognisable brands within the UK and is one of the leading food retailers in Europe. With over 2,500 stores across the UK, it serves millions of customers every week, in stores and online.



Tesco Mobile delivers mobile telephone services to customers, and operates in the UK, Ireland, Slovakia and the Czech Republic. It shares a network with O2. Tesco Mobile operates online and in over 500 Tesco stores across the UK.



Booker is the UK's leading wholesaler serving caterers, independent retailers and other businesses. Booker also has its own network of symbol retailers,



Tesco Bank's goal is to make banking and insurance easier and better value for people who shop at Tesco. It's been around since 1997 and today the bank helps more than 5 million customers manage their money every day. Thousands of colleagues serve its customers seven days a week from its three main centres in Edinburgh, Glasgow and Newcastle, as well as being available through online and mobile banking 24/7.



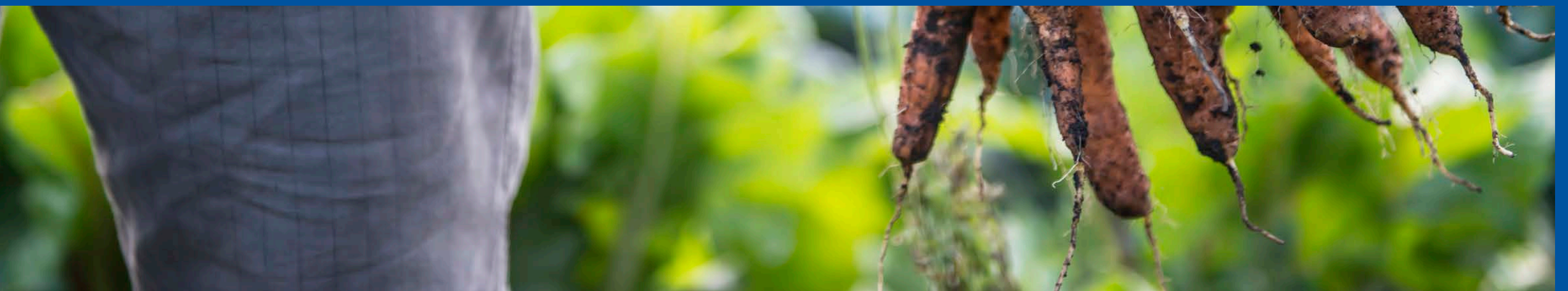
One Stop has been a subsidiary of Tesco since 2003 and is now a retail business with convenience shops serving communities across the country.



Dunnhumby is a global leader in Customer Data Science, and an expert in working with brands, grocery retail, retail pharmacy and retail financial services providing technology, software and consulting.



Economy



Key Facts: Economy

£53bn

£53bn in GVA for the UK in 2020/21 – the same as the total GVA of the North East of England

£82m

£82m in GVA in 2020/21 for a typical parliamentary constituency

4,000

Tesco supports over 4,000 suppliers and 80% of spend is located with UK businesses²

£20

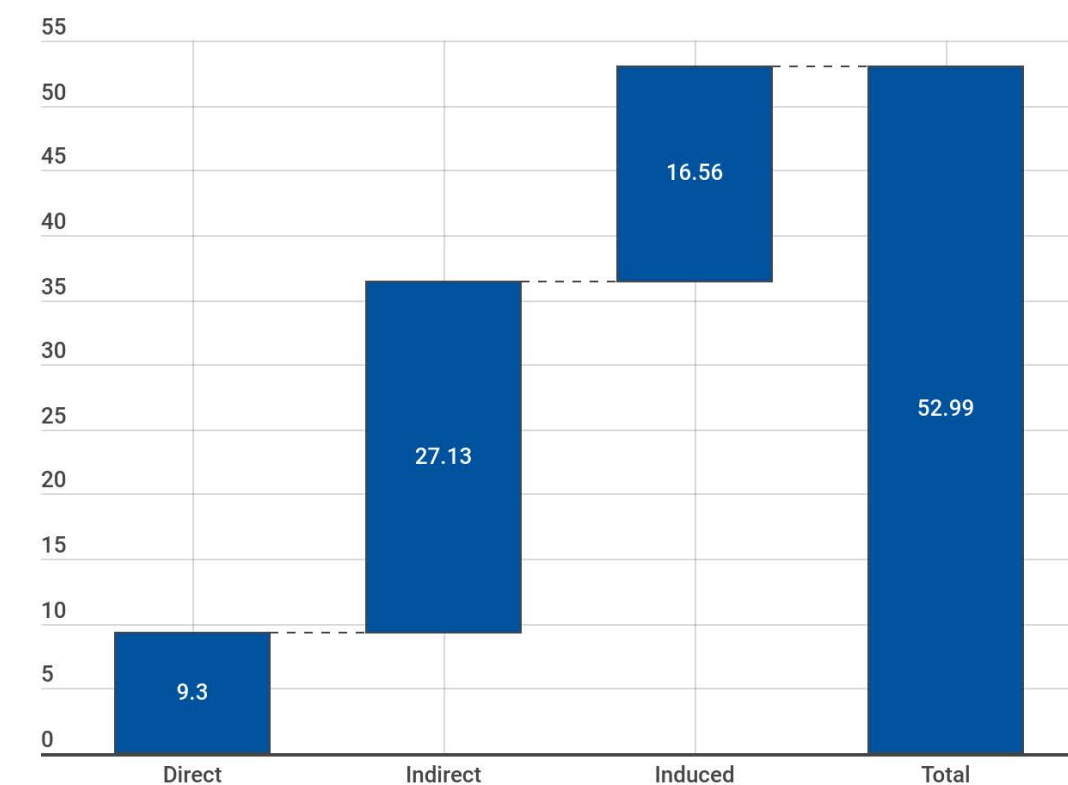
For every £1 in profit created by Tesco, we estimate that over £20 spreads through the wider supply chain and economy

Tesco's Economic Impact in the UK

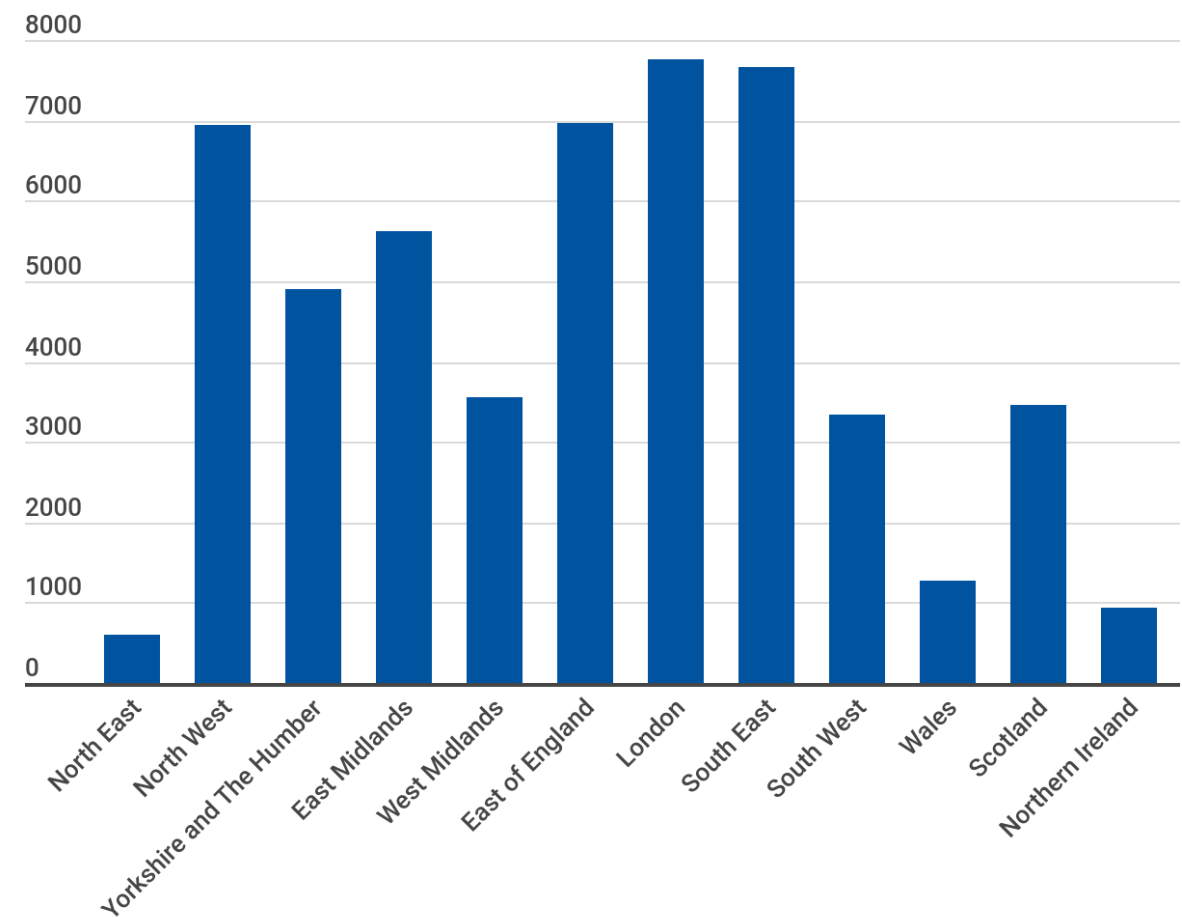
Tesco is a major economic contributor to the UK. In total, we estimate that Tesco directly supports £9bn in Gross Value Added. When you take into account the wider impact of Tesco's extended supply chain and support for local economic demand, we estimate that it supports £53bn of economic activity.

The breakdown of Tesco's economic impact by direct, indirect and induced, as well as by nation, region and constituency, is below. A full breakdown of GVA by business unit is included in the Appendix.

Economic impact (£bn) direct, indirect and induced



Tesco's Economic impact (£m) by nation and region

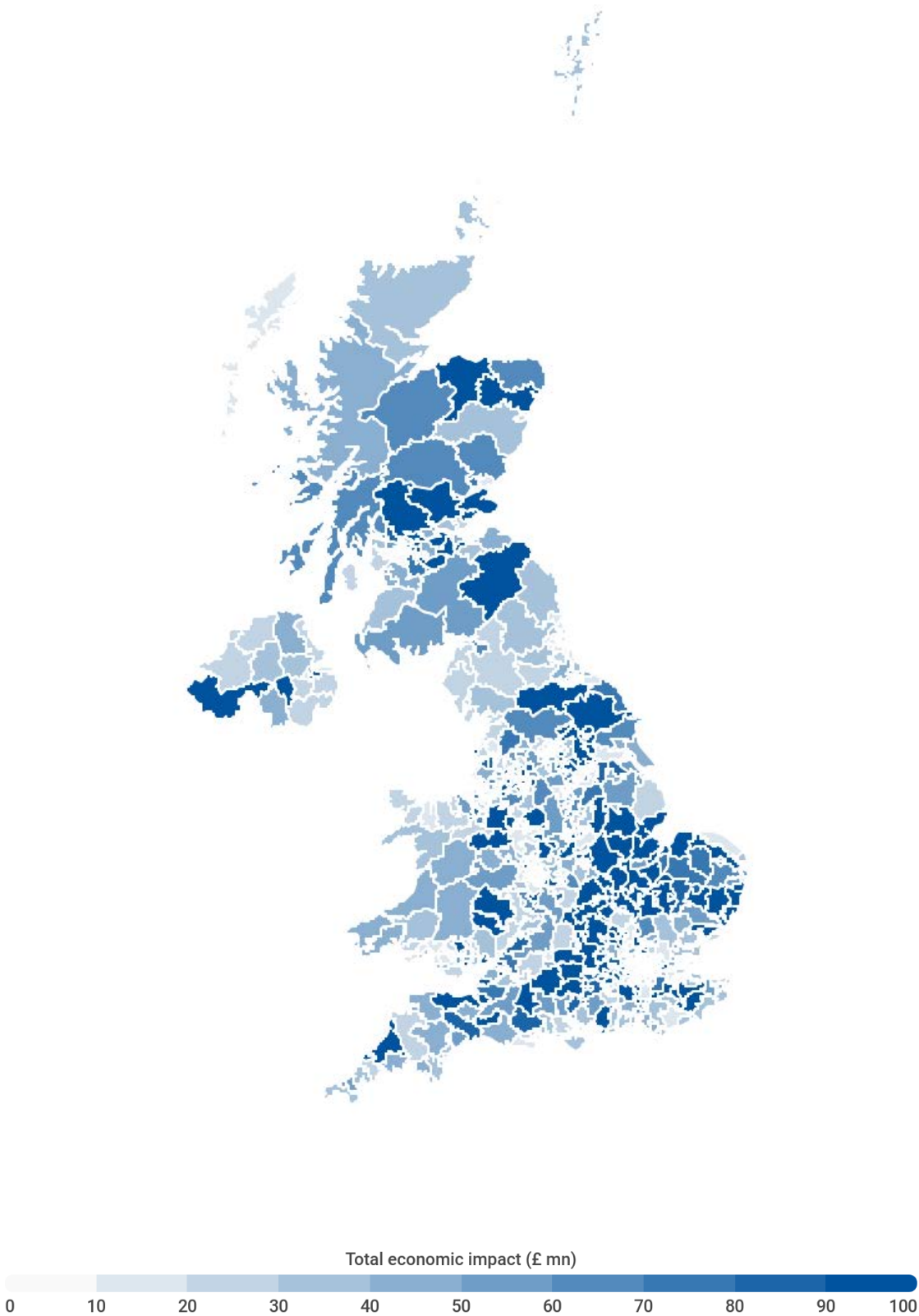


In addition to the economic contribution by Tesco, the company contributes £1.7bn in tax, making it the fourth largest corporate taxpayer in the UK. That is the equivalent of funding over 700 schools or over 40 million GP appointments.

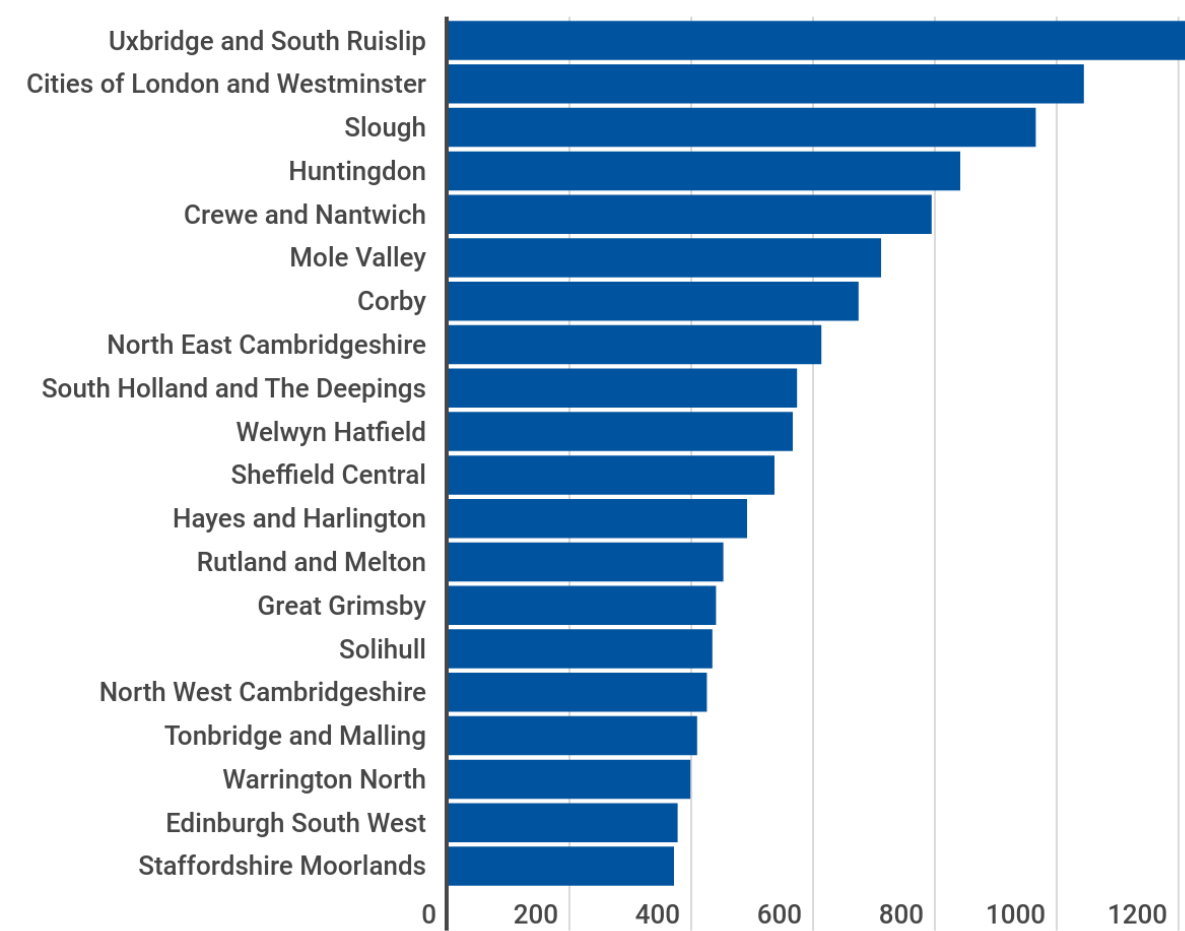
At the same time, it collects another £3.5bn in tax for the government, while the total economic footprint supported by Tesco generates £18bn in tax.

Tesco is a significant contributor to GVA in many areas of the UK that the Government has prioritised for levelling up. For example, the company makes particularly significant contributions in the North West, Midlands, Yorkshire and the Humber and South West.

Economic impact (£m) by constituency



Top 20 Constituencies with the highest economic impact (£m)



The relative importance of Tesco to many local communities is borne out by an analysis of the impact the company makes at a constituency level.

- Welywn Hatfield is the home of Tesco’s headquarters. In total, we estimate that the company supports over £565m of GVA in the area, directly employees over 7,000 staff, and hosts nearly 80 apprenticeships.
- Constituencies like **Daventry**, **Livingston** or **Thurrock** host major Tesco Distribution Centres, each employing over 1,000 staff. When you add in the impact from local stores and the wider supply chain, Tesco’s total economic impacts in a constituency like Daventry can be equivalent to supporting 10% of local jobs.
- Glasgow Central is the home of Tesco Bank’s Customer Service centre, employing nearly 2,000 staff.
- Constituencies like Leeds Central, Slough, Mole Valley, or Salford and Eccles are each home to over 20 independent suppliers supported by the wider Tesco supply chain.

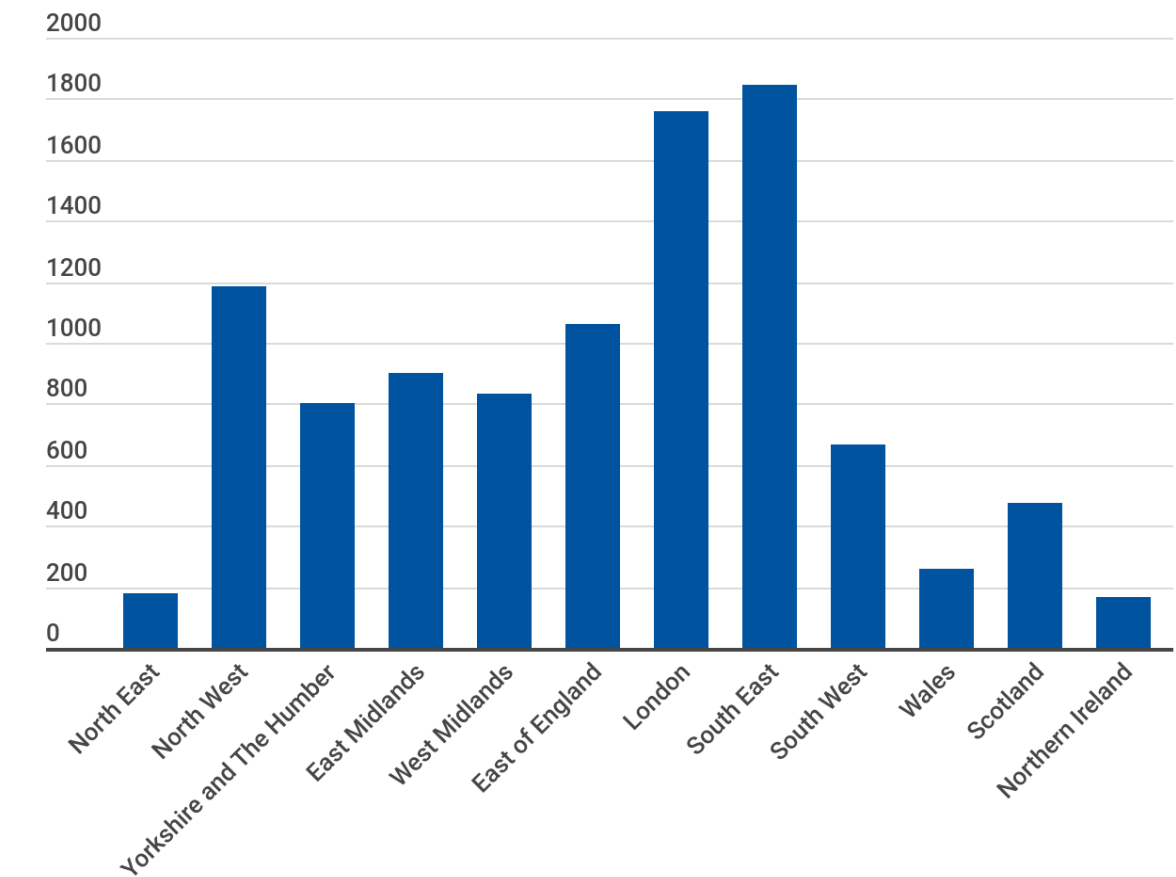
Tesco’s Impact on Other Businesses

The supply chain of Tesco is highly diverse. From farmers to fishing boats, chocolatiers to clothes designers, Tesco is the channel through which thousands of different products and services work their way from their original producers to UK shopping baskets.

Tesco stores spent £40bn with suppliers last year, supporting thousands of businesses across the UK. Tesco, for example, supports over 4,000 suppliers across its product and procurement supply chains. 80% of Tesco PLC spending is with companies with operations in the UK. The economic benefits are felt much more broadly than in the areas in which suppliers are headquartered (represented in the graph below). Based on this analysis we assess that, for every £1 that Tesco creates in profit, it supports £20 of further economic value in the wider economy.

85% of Tesco suppliers say that they are satisfied with their experience of working with Tesco. On average, every Parliamentary constituency in the UK has around seven suppliers located in it, while some constituencies have over 50 suppliers supported by Tesco.

Suppliers by region 2020/21



Tesco in Dundee

Key Stats

- 11 sites across Dundee (10 Tesco stores and 1 Booker C&C Store)
- £85m in local economic activity supported
- 1,910 jobs supported
- 7 local suppliers who sell to Tesco
- £74,172 in Tesco community grants in 2020/21

Dundee is Scotland’s fourth largest city. After suffering from the decline of its traditional manufacturing and ship building base in the 1980s, the city has sought to reinvent itself as a centre for design, culture and computer games. However, the city retains high levels of unemployment, with relatively few opportunities for non-graduate workers. Amid this backdrop, Tesco operates 10 stores across Dundee and a customer engagement centre. Tesco employs 1,521 people across the city, which represents around 1.7% of employment.

In Dundee, we spoke to three of Tesco’s long-time colleagues about their experiences, and the career they had enjoyed at the supermarket:

Colleague Views

“I was employed here part-time as a student, just filling shelves. Tesco talked to me about the graduate programme, I got onto that and haven’t looked back since. I’m now a store manager, there’s 400 people working here.”

Darren, Store Manager, Tesco, Dundee

“24 years ago I left school, I didn’t have the greatest of qualifications because I left to get a full time job. I started at Tesco 10 years ago working part time on the lottery and cigarettes kiosk. There’s loads of training Tesco has given me. Basic skills, communication and things, learning about collaboration, and empathy. It’s more workshop based, and the skills you gain to help with your role is fantastic.”

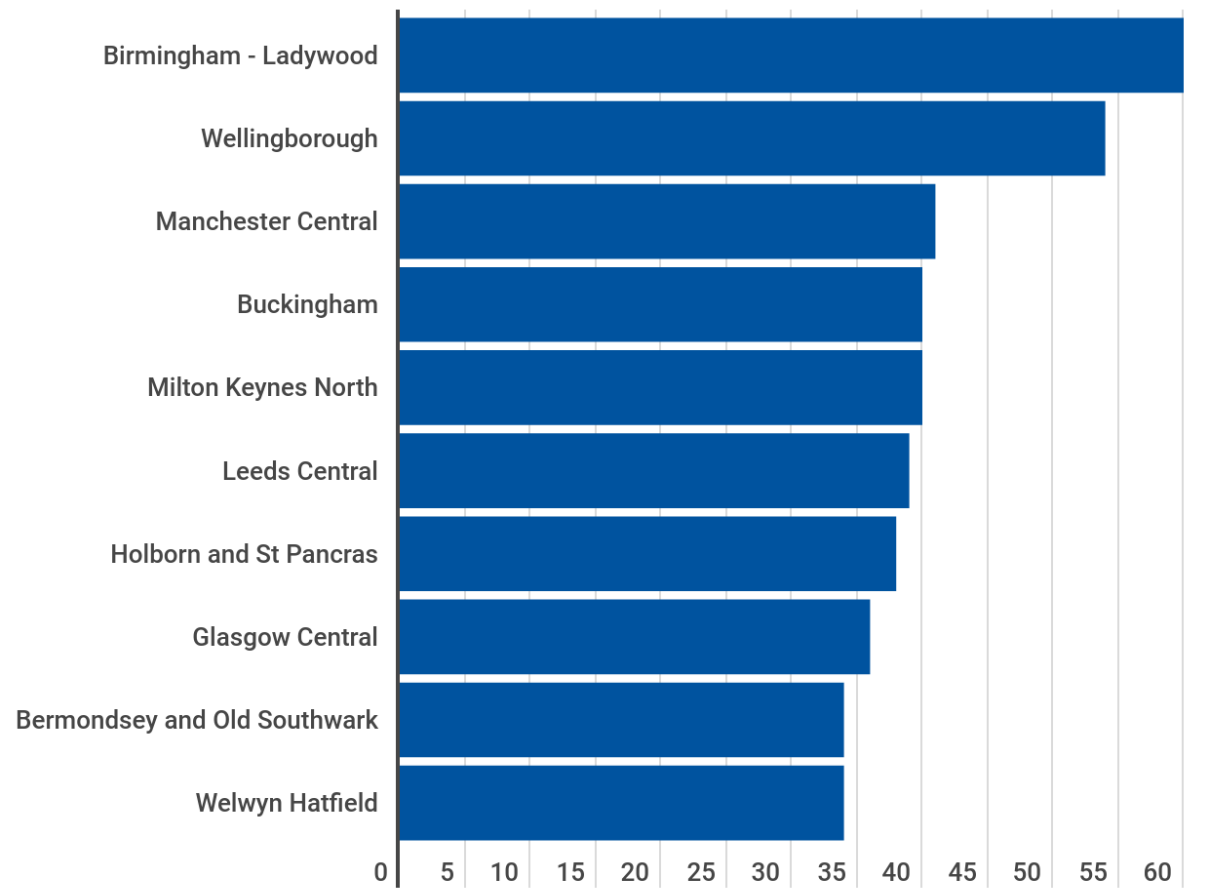
Ashley, Day Manager, Tesco, Dundee

“I was a checkout operator for five years, the store manager got me doing a bit of the charity work. He then asked if I wanted to do that full-time and I jumped at the chance. I just love the customers. I stand at the door and they give me money; it’s raising thousands of pounds for charity.”

Ruby, community champion, Tesco, Dundee

At a constituency level, suppliers are located right across the UK - with a significant presence in multiple regions and across both more rural locations, such as Buckingham and Wellingborough, and urban locations, such as London, Leeds and Manchester.

Top 10 Constituencies with highest number of suppliers (excluding London and Westminster)



Farmers

One of Tesco's most important supplier groups is farmers. Agriculture remains a significant industry for the UK, providing over £9bn to the economy in 2020⁶ and employing hundreds of thousands of people.³ Major retailers, such as Tesco, play a critical role in providing stable, long-term relationships with agricultural suppliers, and encouraging the next generation of farmers.

Tesco is one of the largest buyers of UK agricultural products but, more than this, they have pursued a policy to create long-term valuable partnerships with farmers. The company has set up a number of Sustainable Farming Groups. The Tesco Sustainable Dairy Group (TSDG), which was set up in 2007 for example, is a group of over 550 UK dairy farmers that supply their own-label milk. The farmers in the TSDG are guaranteed a fair price above the cost of production. These farmers are protected by Tesco's Fair to Farmers Guarantee, which ensures that every farmer is paid fairly for their milk, every pint is 100% British, and every cow is well cared for. Since November 2007, Tesco has paid £300m over market prices to dairy farmers.

Today, as well as in Dairy, Tesco has Sustainable Farming Groups in products including beef, lamb, fish, poultry, eggs, potatoes, pork and cheese.

3 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/989701/agricaccounts-tiffstatsnotice-27may21.pdf

Tesco's Approach to Suppliers: In their own words

"We can unlock a lot more growth for suppliers than anyone else. And I think, as well, we tend to lead the market on a lot of things. Suppliers know they can come on a journey with us."

James, Buying Manager, Tesco

"I think it's about the reach of Tesco. We take products from all four corners of the country. Because we bring scale for suppliers, we also bring certainty. So they know that if Tesco comes in for an order for their products, it gives them a real certainty that lets them plan, lets them budget and lets them invest. And that's just as likely whether they're based in Glasgow or on Orkney."

Tony, Sustainability Manager, Tesco

"From a Tesco perspective, we've often taken [Groceries Supply Code of Practice] to an additional level to ensure that suppliers have trust in us. So, we reviewed our payment terms and said: our smallest suppliers, we pay them within two weeks [recently this has changed to immediately]. Because for smaller suppliers, cash flow is essential. It can be the difference in terms of paying wages, so it's a big responsibility."

Jill, Sourcing Manager, Tesco

Sustainable Farming Groups

Across the UK Tesco has created a series of Sustainable Farming Groups to foster these long-term relationships with farmers so they can provide affordable and sustainable products customers expect.

The groups provide a forum to discuss sustainable production, customer needs, health and welfare, environmental and quality standards and how they can work more closely together. Groups also play an important role in securing supply, increasing efficiency and improving animal welfare. Throughout the year Tesco also provides a number of webinars and events on nutrition, grassland management and other key issues to support farmers in delivering more sustainable agriculture.

Along with dairy, Tesco has now set up sustainable groups for beef, lamb, fish, poultry, eggs, potatoes, pork and cheese. Each of these groups ensure that the farmers who supply Tesco are paid fairly for their produce as well as ensuring Tesco supply chains are sustainable.

These groups have delivered a range of positives for UK farmers and customers:

- The Tesco Sustainable Lamb Group works with 200 farmers to understand the cost of production and drive best practice. This is an industry first, which allows Tesco to address some of the volatility in the lamb market as well as generating new data, for example on antibiotics, to help inform performance.
- The Tesco Sustainable Dairy Group has had each farm carbon footprinted by independent consultants since 2017. This has allowed the group to reduce its carbon footprint by 6.5% to date.

Tesco Future Farmers Foundation

The Future Farmers Foundation was born in 2013 out of the desire to connect ambitious young farmers from across the country and provide them with the support, exposure and skills required to develop and run sustainable businesses in the future.

Through a series of workshops, seminars and supply chain visits run by Tesco the Future Farmers will learn:

- Business planning and finance
- Sustainability skills
- How to obtain land and succession planning
- Marketing and communication skills
- Leadership skills

By the end of 2021 over 400 promising young farmers will have been through the programme, with over 60 of them now acting as Tesco Suppliers.

“The programme presents huge opportunities in terms of networking, supply chain visits, industry mentoring and industry specific education. I’ve met a wonderful group of passionate and knowledgeable young farmers, had opportunities to visit farms and processors that I would never normally be able to visit.”

Tamara Pickstock, Director at Pickstock Foods, Shropshire



People



Key Facts: People

300k

Tesco directly employs over 300,000 people, and through its significant supply chain, supports nearly 1m jobs across the UK.

1 in 5

According to our poll, one in five people have worked in a supermarket. 80% of the UK population now see supermarket workers as key workers.

200k

Tesco is supporting 200,000 young people most in need with confidence building and skills development programmes over the next five years.

1000

Tesco currently delivers 1,000 apprenticeships per year, but with apprenticeship levy reform, Tesco believes it could increase its apprenticeships by 50% – and we estimate could create 8,000 new apprenticeships a year across the sector.

Helping people into the labour market

For many thousands of people, working in a supermarket provides a first footstep into the labour market – and helps them develop soft and hard skills they can go on to use throughout their career. **As many as 20% of the respondents in our poll said that they had worked in a supermarket at some point in their career.**

We also found that:

- Of the 20% of our sample who worked in a supermarket, the highest number of people worked for Tesco (23% of that group).
- The figure for supermarket employment varied widely between social background: 25% of those from a working class (“DE”) background had worked in a supermarket, compared to 17% of those from a professional (“AB”) background.
- Nearly 30% of people from a working class background have someone in their immediate family who has worked in a supermarket; overall, 23% of people said they had someone in their family who had worked in a supermarket – and they thought that their family member was satisfied with their experience by 63% to 15%.

Retail jobs are particularly important for the young, where 36% of employees are aged 16–29. In the poll, when asked which sectors or industries are available as career options to young people in their local area, retail came second top with 56% naming it as an option – just below restaurants / cafes / pubs on 57%.

Similarly, analysis by Tesco last year found that retail is disproportionately vital in creating jobs in areas of the UK in need of levelling up, for example Blackpool South, where retail accounts for 17% of the job market.

Other analysis by the Resolution Foundation has shown that pay and productivity have increased in the retail sector faster than in comparable sectors, such as residential care, manufacturing or transport. Real pay has increased by 5.2% since 2009 compared to a fall of 3.8% across other sectors. At the same time, productivity has increased by 40% since 2000, compared to 15% across the wider economy.⁴

Tesco’s own employment footprint has also grown through the pandemic, with the company announcing nearly 20,000 permanent roles, following the 50,000 temporary roles created at the height of Covid-19. **81% of Tesco employees recommend it as a great place to work, and 80% say they feel they can be themselves at Tesco.**

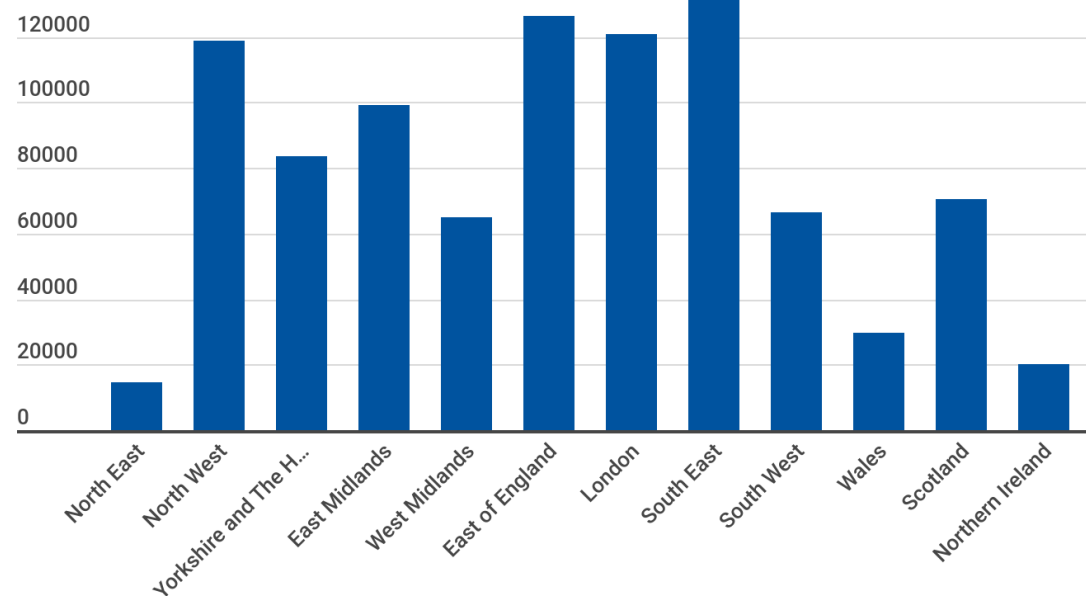
Basic pay at Tesco has also risen rapidly in recent years, rising on average 3.8% a year. From October 2021, for example, considering a store worker working a standard 36.5-hour week, their annual pay will be £1,215 per year above the National Living Wage. Tesco workers also received additional benefits above the basic pay level.

4 <https://www.resolutionfoundation.org/app/uploads/2019/02/Sorry-were-closed-report.pdf>

Tesco's Employment Footprint

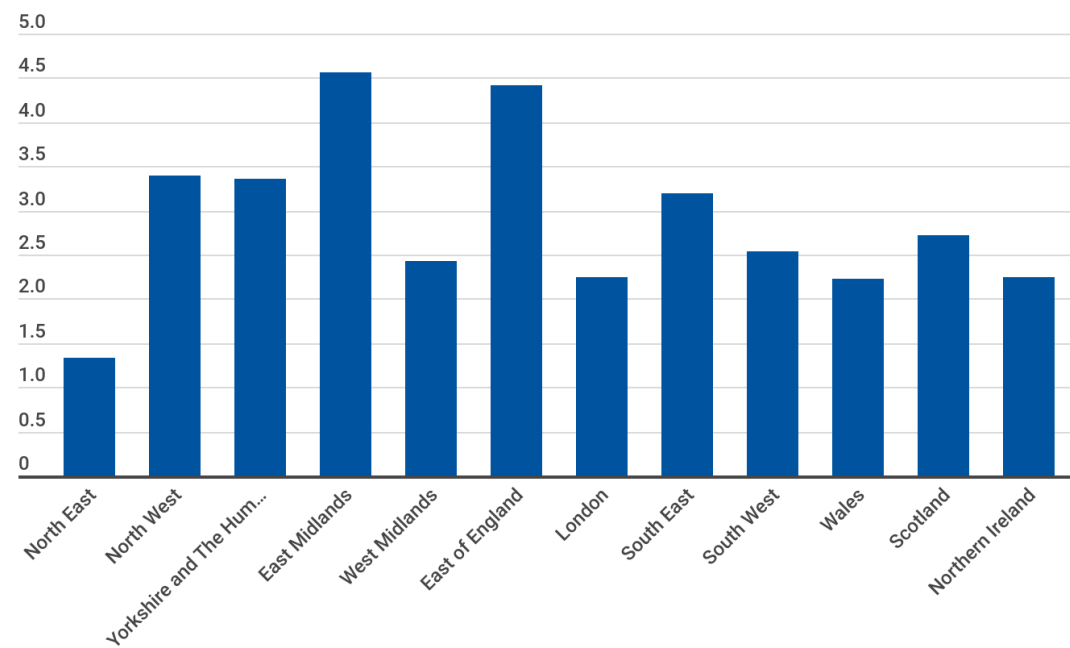
At a regional level, Tesco has a large concentration of jobs in London and the South East, reflecting the location of the company's headquarters in Welwyn Garden City.

Tesco employment by region (2020/21)

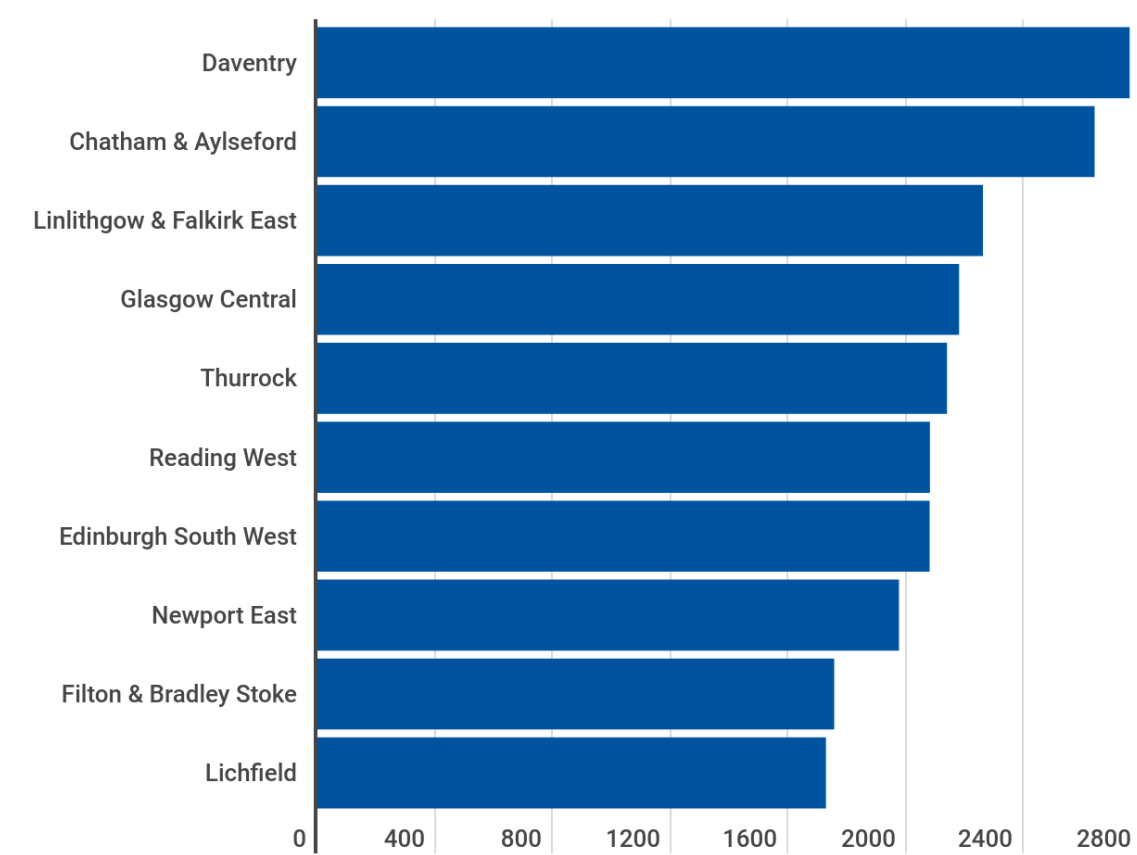


When you look at the jobs as a proportion of the local economy however, Tesco's employment impact is far greater for many regions outside London and the South East, such as the East of England, East Midlands or the North West.

Tesco employment by region as a proportion of all jobs (2020/21)



Top 10 Constituencies for Direct Employment (Exc headquarters)



The constituencies with the highest direct employment, excluding the headquarters in Welwyn Garden City, are located in areas with sizable store or distribution centre operations. These include Daventry, where Tesco operates a large distribution centre and employs over 2,700 people.

Tesco in Daventry

Key Stats

- 8 sites across Daventry (3 Tesco stores, 3 distribution centres and 2 Booker C&C Stores)
- £228m in local economic activity supported
- 5,244 jobs supported
- 27 local suppliers who sell to Tesco
- £19,162 in Tesco community grants in 2020/21

Located on the M1, Daventry has become a central hub for Tesco's distribution operations within the UK. Tesco has three major distribution centres located in the constituency, alongside Tesco and Booker stores. The constituency is home to the Daventry International Rail Freight Terminal and acts as a hub for Tesco's rail freight, particularly, to areas of the North East, where the company has recently expanded services to Teeside, reducing truck journeys. In addition to the direct jobs Tesco supports in the area, it also provides opportunities for hundreds of agency workers every year. As a result, we estimate that Tesco supports 1 in every 10 jobs in the constituency.

Colleague Views

"I joined when I was 18 at Daventry grocery. I found a real passion for developing people and giving people the opportunities I've had. It's definitely the best job I've ever had, and it's turned into a fantastic career. Eleven years and for the rest of my days, I'm hoping."

I met my wife who works in the same place that we do. She's on the opposite shift. A bit of a Tesco love story, if I'm honest. I wouldn't have met her without Tesco so I'm very thankful for that."

Tom, Team Manager, Tesco, Daventry

"This was my first job when I came to the UK... This is completely new to me. So, I started picking and loading. Later on I was promoted to be part of the training team. I enjoy to teach people what we are doing – the health and safety of it. Now I organise and plan the training for all the colleagues in the depot. I have a passion for doing it and that's the reason I'm here."

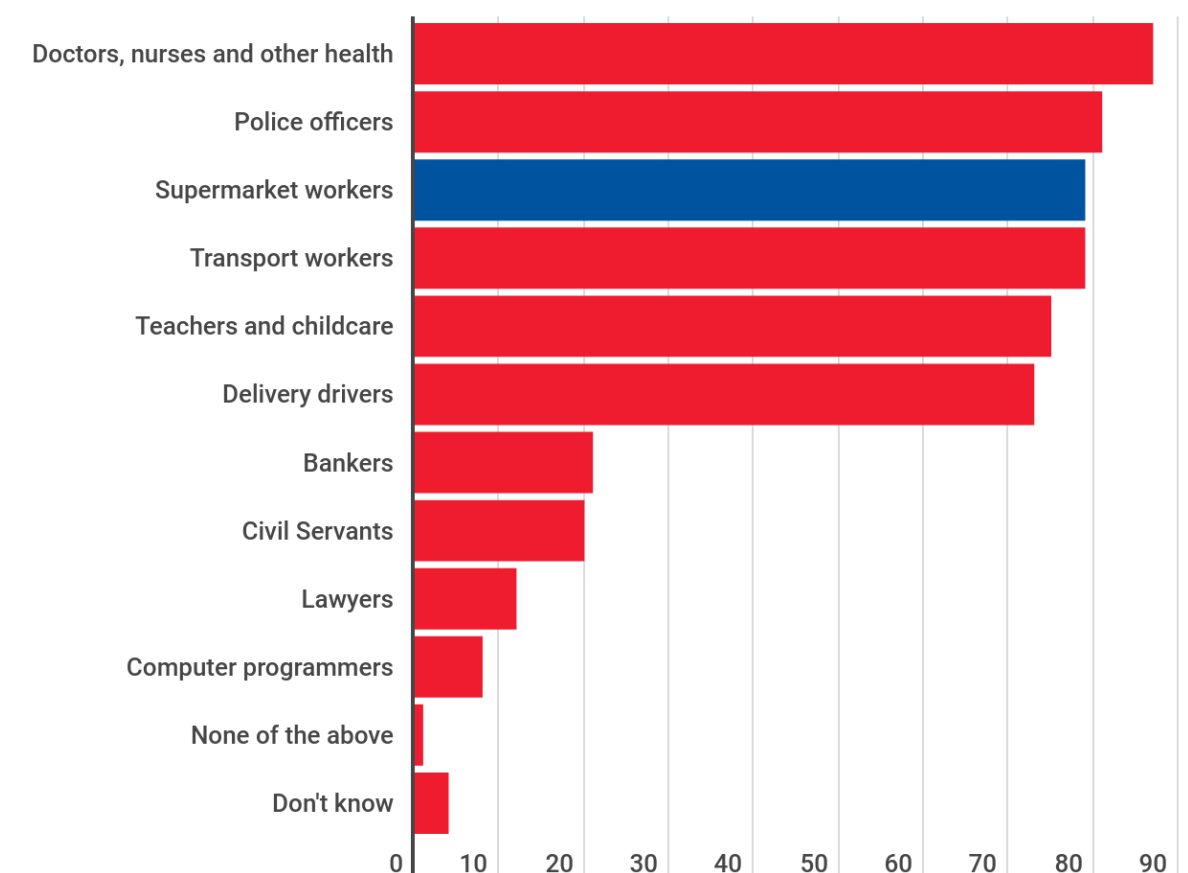
We have a lot of people working here who have come from foreign countries. A lot of them have come here together. They have a relationship before or they meet here. It's a huge, huge multicultural environment from all over the world... The job really brings people together."

Igor, Trainer, Tesco, Daventry

Retail Employees during Covid-19

In the last year, the importance of supermarket employees, including those at Tesco, has been recognised as crucial to keeping the economy going and providing people with the essential grocery items they need. When we asked the public which types of employees they saw as 'key workers' in our poll, supermarket employees came third, just behind health professionals and police officers – with 79% saying that they saw them as key workers.

In your opinion, which of the following type of worker, if any, should be thought of as "key workers"?



59% said that the experience of Covid-19 had increased the perceived importance of supermarket employees and 87% said they were grateful to the employees who kept supermarkets open and stocked throughout Covid-19.

Customer Views on Tesco and Covid

"The staff in here were heroes - they were so helpful, kept things ticking over and made sure the distance was kept and did their best to stop the queues taking ages. They had such a tough job but they always did their bit."

Male Customer, 30s, Bury

"Tesco is and has been at the forefront of the supermarket efforts during the pandemic. They are one of the best for consistency of product and price. Always there, and always stocked and ready."

Male Customer, 50s, West Midlands

"I never used to think supermarket workers were key workers but seeing what they did during the pandemic it makes you think again about that. We all need food don't we? They put themselves at risk with thousands of people coming in and out every day so yeah they definitely were key to the country."

Female Customer, 40s, Bury

"We wouldn't have survived without our supermarkets."

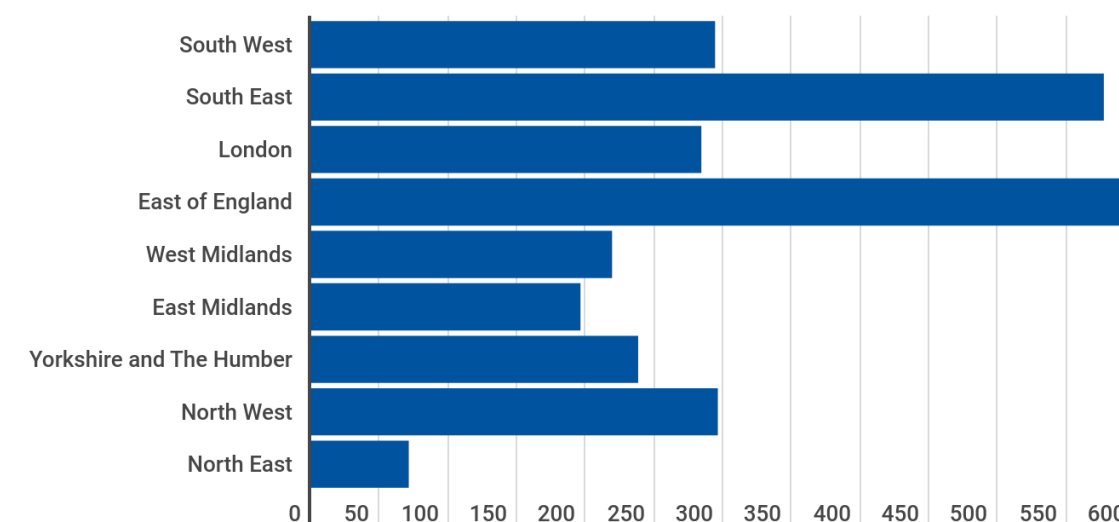
Female Customer, 30s, Greater London

Tesco and Apprenticeships

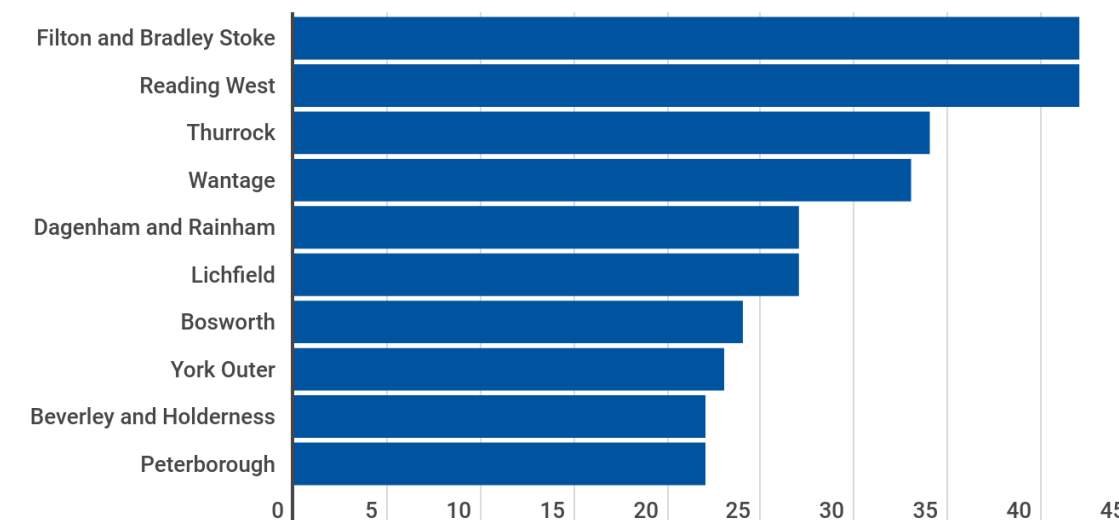
Each year, Tesco supports around 1000 apprentices across a variety of programmes, combining on-the-job experience with formal training, and covering a range of topics from driving to food technology to finance. 54% of apprentices are female and over a third are under the age of 30.

84% of Tesco retail apprentices say that it has helped boost their productivity, and 89% of former retail apprentices are still working at the company a year later. At the same time, government data shows that the skills gained by retail apprenticeships help their average earnings increase by 20% on average in the four years after their study, increasing by an average of £2,500 a year.⁵

Tesco apprenticeships by region (since 2018)



Tesco apprenticeships by constituency (since 2018)



⁵ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/577198/subject_and_provider_tables.xlsx

Creating more retail opportunities: Tesco's plans to reform the Apprenticeship Levy

The best way to learn many workplace skills is through a combination of both formal training and direct, on-the-job experience. Apprenticeships include both on and off the job training, with the apprentices receiving both a wage and often a qualification at the end of their programme. By boosting skills, wages and productivity, apprenticeships have the potential to benefit both the employer and the apprentice.

In 2017, the Government introduced an Apprenticeship Levy, paid by all employers with a pay bill of over £3m, set at 0.5% of the value of that pay bill. Levy funds are paid into a dedicated apprenticeship services account, with the employer only able to withdraw them to pay approved training providers. The goal is to give employers an incentive to directly invest in their own workforce, rather than relying on training provided elsewhere.

So far, there is reasonable evidence that the Apprenticeship Levy and other reforms have helped raise the average quality of apprenticeships, particularly at Level 2 and Level 3, although overall numbers of apprenticeships have declined. However, the Levy by design is primarily targeted at very specific forms of workplace training, in the form of a classical apprenticeship – it was not designed to be a general training levy – which leaves it less well suited to other forms of skills development.

However, some retailers believe this structure means the Levy has become particularly problematic for those in the sector who want to boost their investment in skills. For example, Apprenticeship Levy funds can only be used on courses that are at least a year long, and on direct apprenticeship costs. This lack of flexibility means that hosting an apprenticeship can be a significant financial burden on smaller stores – who still have to fund staff cover when an apprentice is training. Between 2017 and 2018, when the Apprenticeship Levy became operational, Tesco's apprenticeships in small stores fell by 67% and the company was only able to offer 8 apprenticeships across 576 small stores in London, Manchester, and the West Midlands. At the same, for many employees who are looking to upskill or find a path back into work, a full apprenticeship is disproportionate and they would benefit from a higher quality, shorter course.

At present, Tesco can only spend a small proportion of its funds. The company has proposed three reforms, that it believes would offer additional flexibility, while not undermining the Apprenticeship Levy's goals of focusing on high quality training:

- **Allow up to 10% of Levy funds to be used to support high quality pre-employment and pre-apprenticeship programmes.** This would allow the company to scale up the kind of programmes that Tesco has pursued with the Prince's Trust, helping young people at school to build their confidence and develop vital skills.
- **Allow funds to be spent on high-quality shorter courses.** These could be provided from a defined list of quality training providers and would allow more transition training, as well as supporting standalone functional skills.
- **Allow 10% of Levy funds to be used to cover a portion of apprenticeship costs outside of training.** This would enable smaller stores and companies to significantly expand the amount of apprenticeships they offer.

In total, Tesco estimates that these reforms would enable it to sustainably spend around 50% of Levy funds – still contributing a significant proportion to help cover the training costs of non-levy paying businesses – and increase its number of apprenticeships by around 50%, taking on an extra 500 apprenticeships.

In turn, they asked us to look at the wider impact on the sector. If we assume that these changes would help other large retailers take on more apprentices too, **we estimate that across the sector this could create around another 8,000 apprenticeships.** We estimate this could boost lifetime earnings across the economy by £520 million.

At the same time, research from the Education and Employers Taskforce shows that a young person who has four or more encounters with an employer is 86% less likely to be unemployed or not in education or training and can earn up to 22% more during their career.⁶ Given this, another significant priority for Tesco is increasing the number of opportunities for young people to meet employers. **Tesco estimates that if it was able to use a small part of our levy funds to support pre-employment skills training, it could significantly increase the 200,000 opportunities for young people it is already committed to delivering over the next five years.**

Training & Skills

Beyond apprenticeships, Tesco has many other training, skills and career programmes, with a particular focus on helping those who are finding it hard to gain training or employment opportunities.

The business provides a 'Learning at Tesco' portal, through which Tesco colleagues can access a wider range of training and development courses in everything from leadership and presentation skills, to resilience and change management.

In internal surveys, 72% of Tesco employees in the UK agree that they have an opportunity to learn and develop at Tesco. In a conversation with a senior manager in Swansea, she explained to us the use and importance of the 'Learning at Tesco' portal.

At the same time, Tesco is focussing on pre-employment programmes, where the company's work with the Prince's Trust and the Institute of Grocery Distribution has helped over 50,000 young people develop confidence and important life skills. The company has also been a major contributor to the Government's Kickstart scheme, offering six-month work placements to 1,000 16-24-year olds at risk of long-term unemployment.

Prince's Trust and the Institute of Grocery Distribution (IGD)

Tesco provides support to young people through its partnership with the Prince's Trust and the IGD to build employability and life skills such as CV building.

In August 2018 Tesco entered into a partnership with the Prince's Trust and IGD in order to:

- Help fund the running of Achieve Clubs in secondary schools in areas of greatest need, giving disadvantaged young people the opportunity to develop skills for the future;
- Develop curriculum content and lesson plans for those attending Achieve Clubs such as mental wellbeing and;
- Bring the content to life for young people through 'world of work' tours in stores and offices, as well as volunteering opportunities for Tesco colleagues.

So far Tesco's efforts have helped over 50,000 young people in this way, with the new five-year extension to the partnership aiming to support 200,000 more. If this was applied equally across the UK, a typical parliamentary constituency could see over 300 young people supported to build their confidence and develop their skills over the next five years.

Movement to Work and Kickstart

Tesco has worked for many years to help young people struggling to find training or employment gain meaningful opportunities. The company is a key supporter of Movement to Work, the voluntary partnership between employers and the Government which supports young people into employment through high quality work placements

The company has offered over 3,000 high quality work placements to young people across the UK over the last five years, targeting 16-30 year olds not in education, employment or training. By working closely with training providers and Jobcentre Plus, they aim to convert 50% of young people completing a work placement into employment at Tesco.

Building on this experience, Tesco was the first major employer to sign up to the Government's Kickstart scheme, which allows 16-24 year olds across the country to gain 6 month work placements at businesses and organisations. The purpose of this scheme is to ensure young people at the end of the placement are work ready and equipped with the skills to help them find employment.

Tesco's scheme was designed to offer a breadth of hands-on experience, combined with e-learning modules and employability support such as mock interviews. Additional support was provided by a dedicated buddy, and mentoring via their people teams. A personal tablet was provided to ensure access to the additional training, as well as regular online webinars to ensure peer to peer learnings and guidance could be shared.

Tesco is fully self-funding the scheme, and will have offered over 1,000 Kickstart placements for young people since the scheme's inception. The first cohort with over 900 starters completed their placement in April 2021, with the second cohort starting in September 2021. The placements received fantastic feedback: 84% completed the programme, and 47% were converted to further employment at Tesco (many who left cited the skills gained during the placement as a key factor in gaining their next role). 100% said they felt confident in their role and 94% were satisfied with the program Tesco is providing.

"I've realised that I really enjoy working in retail and there's so much more I want to do. My aim now is to work my way up to become a Store Manager one day. Joining Tesco has been one of the best decisions I've made. I'm really excited about my future career."

Renee - Customer Assistant, Former Kickstarter



Community



Key Facts: Community



The average person rates having a supermarket like Tesco within a short distance as more important than a GP, pub or bank.

20%

A local Tesco can create 20% additional footfall for local businesses within the area, which can create £700m of additional revenues for other local businesses.

£90m

Tesco has provided £90m to 40,000 community groups since 2016. In 2021 Tesco will have £8m of grants available to 8,000 groups. Tesco has provided over 125m meals to charity since 2015 and 29m in 2020/21 alone.

£60m

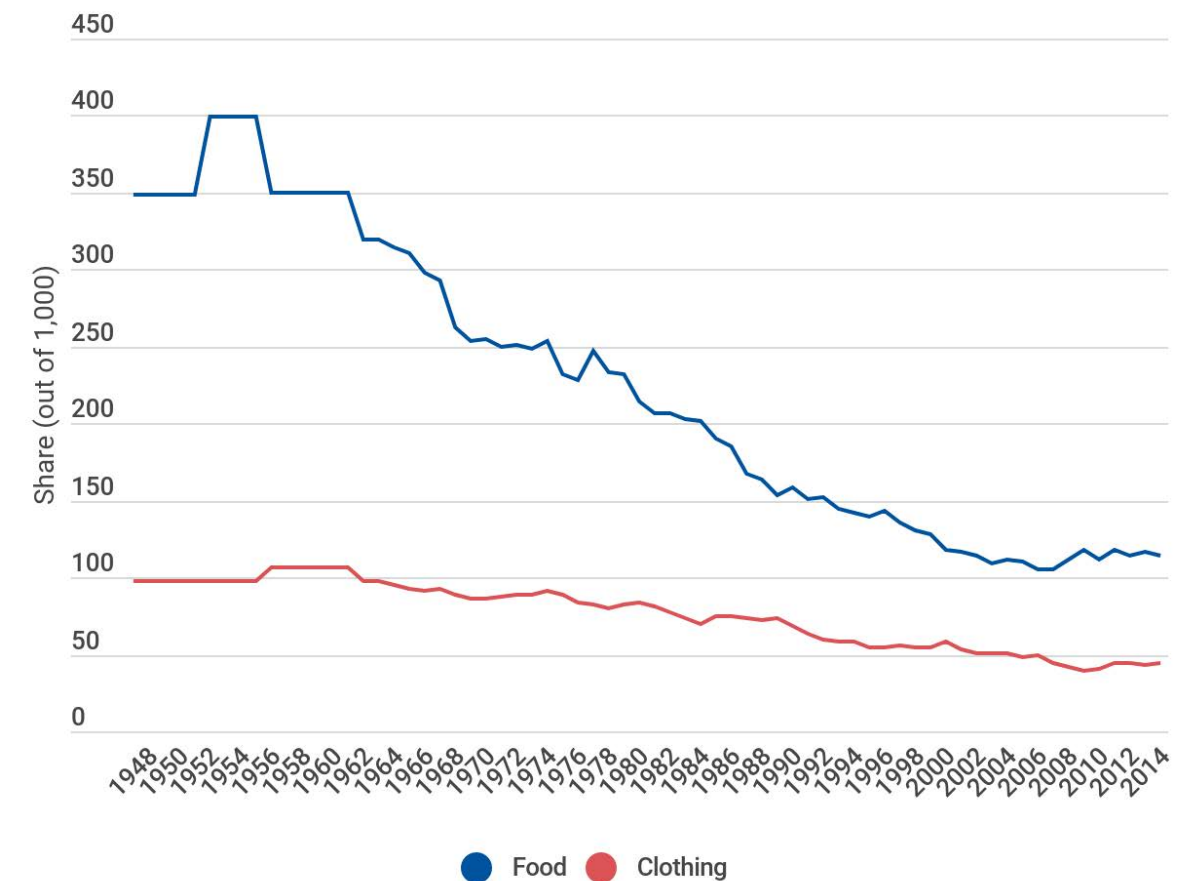
During Covid-19 Tesco donated over £60m worth of meals to foodbanks and charities, made a £2m donation to the British Red Cross and provided 1m meals to NHS front-line workers.

Helping in everyday life

Imagine a world without supermarkets. While it is easy to take them for granted today, over the course of the twentieth century, supermarkets transformed the experience of shopping for the ordinary family, freeing up vital leisure time and helping keep the basics of everyday life affordable:

- **Value.** Through economies of scale, they create efficient logistics chains and fierce competition. Supermarkets have helped keep the costs low for household essentials. Since their arrival in the post-war era, the average share of household expenditure that is spent on food has fallen by two-thirds (67%) and on clothing by over half (54%).
- **Choice.** Supermarkets offer extensive choice, range and value which means they can cater for all types of customer. In total, Tesco offers more than 50,000 products, and an average Superstore can contain 40,000 different products.⁷
- **Convenience.** By bringing all those products together in a single place, supermarkets save time for shoppers. In our survey, respondents estimated that, without access to a supermarket, it would take them an extra 30 minutes a week to complete their weekly shop, roughly doubling the amount of time they currently take.

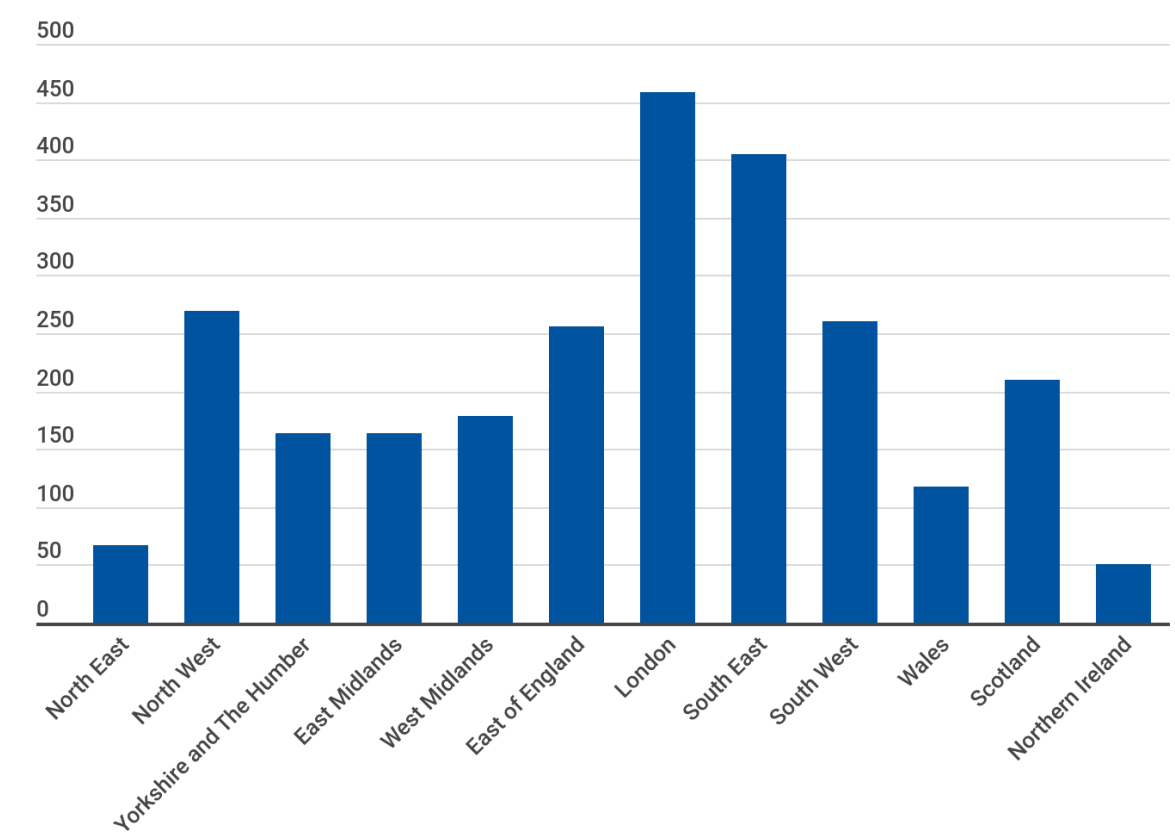
Share of household income: Food vs Clothing



⁷ https://apps.fas.usda.gov/newgainapi/api/report/downloadreportbyfilename?filename=UK%20Supermarket%20Chain%20Profiles%202016_London_United%20Kingdom_12-13-2016.pdf

In the UK, Tesco was the first supermarket to popularise the self-service model where customers filled their own shopping baskets. Over the succeeding decades it has continued to introduce new innovations to lower costs, expand the range offered, and save time for consumers. Today, the company is the largest retailer in the UK and across its Tesco, Booker and One Stop businesses it operates over 3,500 stores across the UK. We estimate that 70% of people live within 5km of a Tesco, while Tesco itself has stated that it is able to serve 99% of the population through its stores and online operations.

Number of Tesco stores by region across the UK



Beyond serving its own customers, Tesco stores also act as an anchor destination for the wider high street. Many consumers while out on their weekly shop also pop into other local stores. A typical supermarket can attract 4,000 shoppers a day, boosting local footfall by 20 percent. In total, we estimate that this creates £700m in additional revenue for local businesses.

Shopping at Tesco: Customers in their own words

"Reliable. Excellent Customer Service. Excellent website. Being there all the way through Covid for so many people."

Female Customer, 70s, South East

"I love using their Clubcard. Love the meal deals. Love the clothes."

Female Customer, 20s, North West

"I've got a clubcard and I tend to use this Tesco most of the time or the Express near where I work. It's such good value and you don't feel like you're getting ripped off or you could get stuff cheaper elsewhere. And the products have actually got better - some of the Finest range is really good to have when you want to treat yourself!"

Female Customer, 30s, Bury

"I think Tesco is a brilliant supermarket which offers lots of different ways to shop. Their food prices are good. They do a lot to save you money. and also to help the community."

Female Customer, 70s, South East

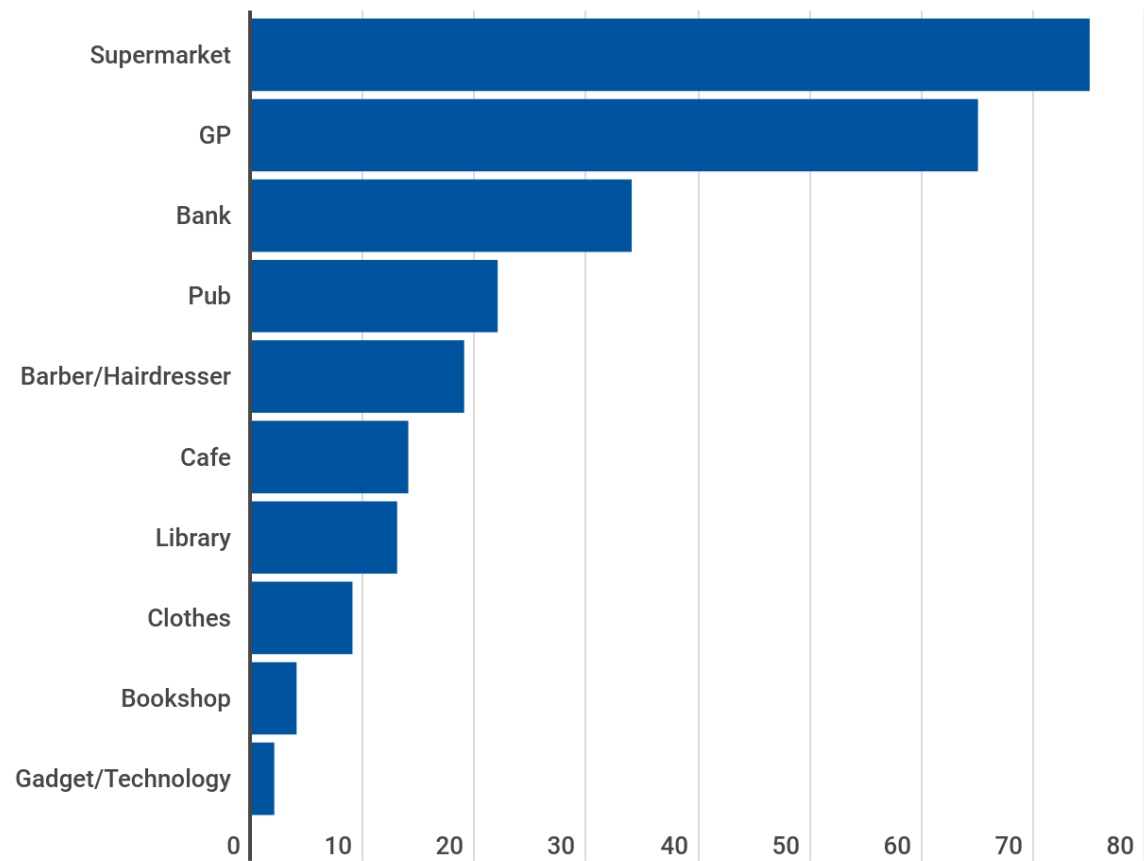
Supporting Communities

Every day, across the UK, millions of people continue to turn to their local Tesco – and increasingly not just for groceries. This reflects the loss of critical community services from certain locations, such as the reduction in ATMs and high streets banks from many town centres, and also increasing customer demand for a wider range of community services to be available at local shops.

Over the last twenty years the nature of the high street has continued to evolve, with the rise of trends like online retail, consolidation in the sector and growing non-retail uses of city centre locations, such as office, co-working or residential spaces. While the UK is one of the world’s leading markets for online retail, there are many types of service that still need a physical location.

When we asked about the most important facilities to have in a community in our public poll, people said having a supermarket within a short travel distance was more important than a local GP, bank or pub. **72% agreed that the supermarket is an important part of their community.**

Which, if any, of the following are most important for you to have within a short travel distance in your community?(Please select up to 3)



When we asked what services people used a supermarket for, while a food shop was the obvious favourite, a significant minority listed a long tail of other services: 29% used a supermarket to buy clothes, for example, and 20% to buy a newspaper. The average person who regularly shopped at a large format Tesco often used another two and half services at their supermarket, besides shopping for food.

When we analysed this further, we found as many people regularly withdraw cash from a supermarket ATM (39%), as an ATM at a bank (38%) and significantly more than from the high street (34%). This is increasingly important, with recent research by Which finding that the UK has lost 8,000 ATMs in the last 18 months alone, and three in five people saying that they have experienced one or more issues accessing cash or a bank branch in the last year.⁸

Similarly, we saw that the supermarket was the most popular location to pick up non-prescription medicines and health products (47%), beating a dedicated local chemist or pharmacy (39%). Even when looking at prescription products, a significant minority (19%) said that they picked up most of their products from a supermarket.

In our sample, 16% of people said that they, or a close family member, had contracted Covid-19. Of those people who had experienced Covid in their household, supermarkets were the most popular places to buy medicines or drugs to alleviate symptoms. **30% said they used supermarkets, compared to 19% who used high street pharmacies.**

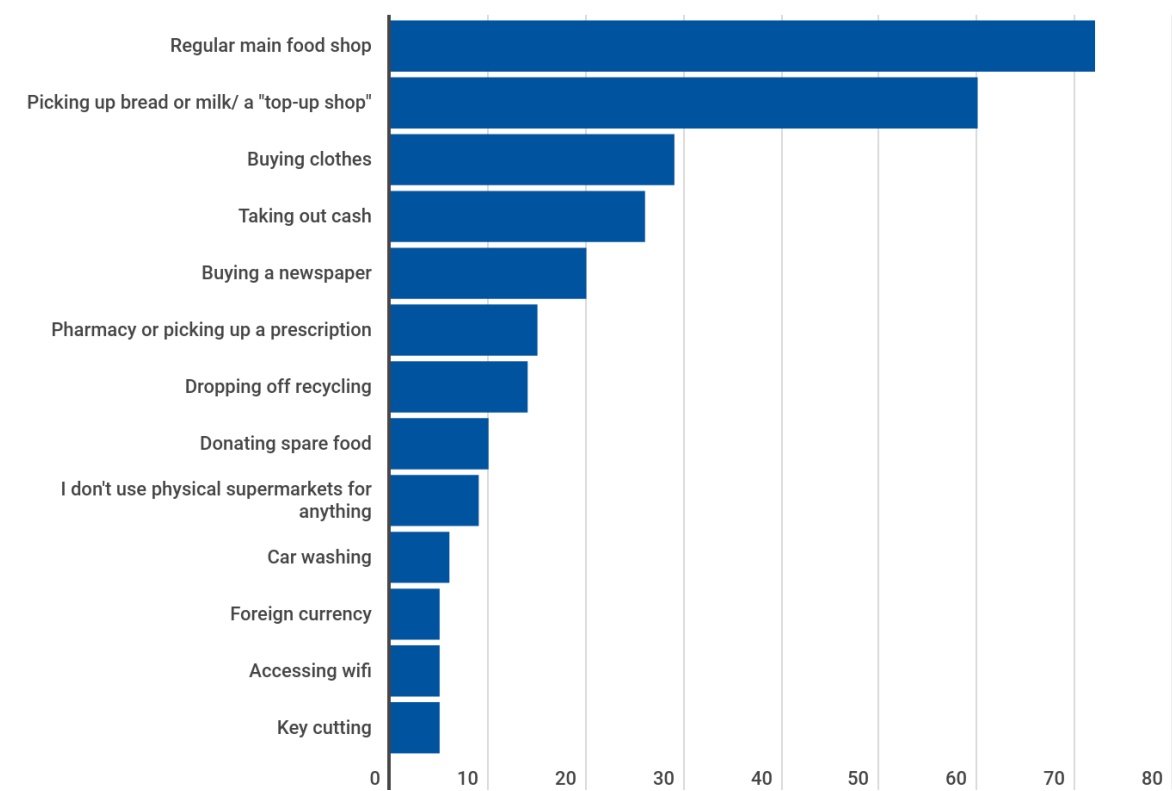
Tesco has adapted to these changing circumstances by offering an increasing number of essential local community services that customers are looking for. A Tesco store can now include over 60 different additional services to support local communities, and include nationally:

- 370 Pharmacies providing NHS support services
- 200 Opticians
- 80 Post Offices
- 33 Hairdressers
- 2,400 EV charging points
- 7,000 Covid jabs a week provided across 70 sites (from Sept 2021)

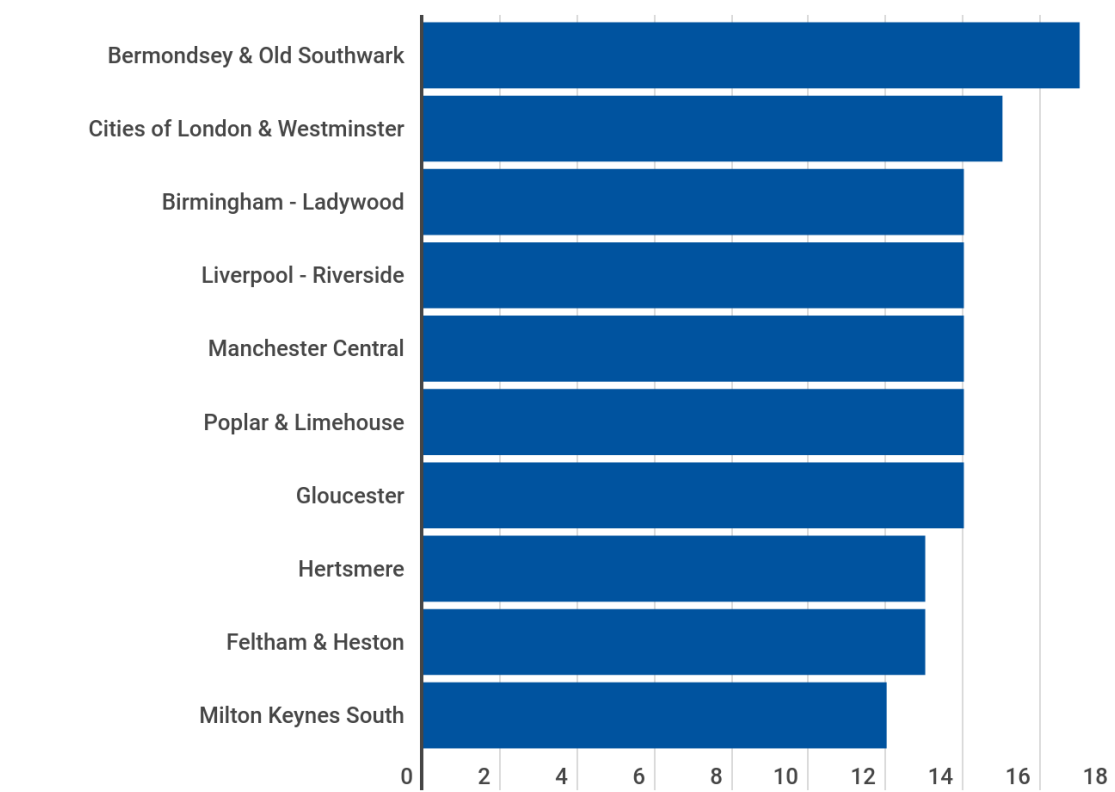
On average, Tesco provides at least five community services per constituency, and in the top constituencies there can be as many as 10-15 additional community services supporting the local area.

8 <https://www.which.co.uk/news/2021/08/revealed-majority-struggled-to-access-cash-or-a-bank-branch-during-the-pandemic/>

What Services do you use a physical supermarket for, if any?



Top 10 constituencies for Tesco community services⁹



9 Each score receives one point for hosting each of the following key community services: an ATM, optician, Post Office, pharmacy and coffee shop. We then add the total by store in each constituency to produce the constituency total.

Tesco in Portsmouth

Key Stats

- 23 sites in the area (17 Tesco stores, 5 One Stops and 1 Booker C&C Store)
- £78m in local economic activity supported
- 1,561 Tesco employees
- 15 apprentices since 2018
- 21 local suppliers who sell to Tesco
- £47,582 in Tesco community grants in 2020/21

Portsmouth is a medium-sized historic port city in south England. Today, the city remains the informal home of the Royal Navy, and a major tourist site with historic attractions including Nelson’s flagship the *HMS Victory* and Henry VII’s *Mary Rose*. In recent years, the city had sought to expand out beyond its traditional strengths in the maritime sector, with new developments such as the opening of the Gunwharf Quays retail site and the 170 m tall Spinnaker Tower.

In Portsmouth, we spoke to two local charities Ready 2 Shine and Ickle Pickles about their experience with Tesco. You can find out more about them below.

Colleague Views

“Great products and good value.”

Male Customer, 20s, Portsmouth

“I think Tesco is a brilliant supermarket which offers lots of different ways to shop. Their food prices are good. They do a lot to save you money, and also help the community.”

Female Customer, 70s, Portsmouth

“A shop that sells everything that a normal house would require to feed your family and keep you clean and fresh.”

Male Customer, 70s, Portsmouth

Tesco Community Grants

As well as providing vital services for communities, Tesco's charitable donations are a significant supporter of social infrastructure and charitable local groups.

Tesco Community Grants support thousands of local community projects all across the UK. Since the establishment of the scheme in 2016, Tesco has provided over £90m in community grants to 40,000 organisations. Any registered charity or not-for-profit organisation can apply to be a part of the scheme, or Tesco customers and colleagues can nominate a cause they believe needs a little help – who will then be contacted and encouraged to apply. Successful bids receive funding of £500, £1,000 or £1,500. The scheme is administered by Groundwork, a charity that is expert in running community grant schemes. Customers vote for the causes they support using a blue token in store.

In terms of the programmes that have been supported, to date, Tesco has:

- Supported 6,000 school projects
- Funded 2,000 sports teams
- Supported 2,300 Brownies, Guides, Rainbows, Scouts, Cubs, Beavers and Rangers groups

Ickle Pickles

Jules started volunteering at *Ickle Pickles* and is now working part-time to support the parents of babies who need surgical help when they are born. The charity provides essential practical equipment to keep the babies alive.

The charity raises its money through fundraising activities led by parents, like Jules, who have themselves been helped. During the pandemic this was not possible, leaving *Ickle Pickles* to rely on support from Tesco to help fund items that were critical to allowing them to survive lockdown.

Tesco's grant allowed *Ickle Pickles* to focus on wider outreach work making up and distributing wellbeing packs with information about the charity, as well as coffee and water cups.

"The [parents] need to know to keep hydrated – because when the babies are really sick, the parents are by the cots, they forget to go and get a drink. They forget to eat. It's a reminder to them that they've got to look after themselves.... If a parent looks after their wellbeing, then they will be there when their child gets better."

Ready 2 Shine

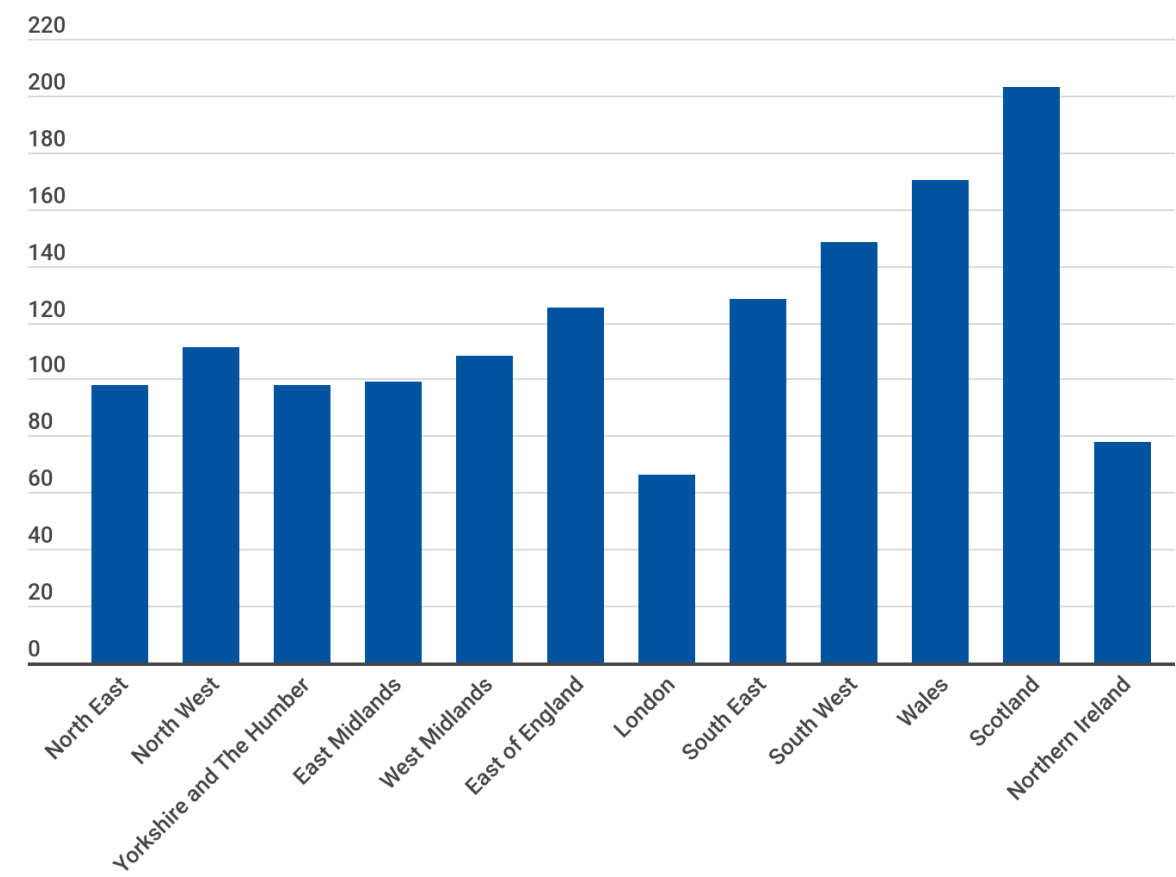
Catherine works at *Ready 2 Shine*, a community interest company in Portsmouth that provides free courses for adults with learning disabilities to build safe and appropriate relationships funded by the National Lottery Community Fund.

But it is the grant from Tesco’s that allows *Ready 2 Shine* to put the learning into practice, organising social activities like Quiz Nights and picnics. It has also allowed *Ready 2 Shine* to stay in touch with people living in residential homes and keep the learning going online to make sure that people will be ready to get back to doing physical coffee mornings. “It’s been incredible and that’s what Tesco has funded for us,” says Catherine.

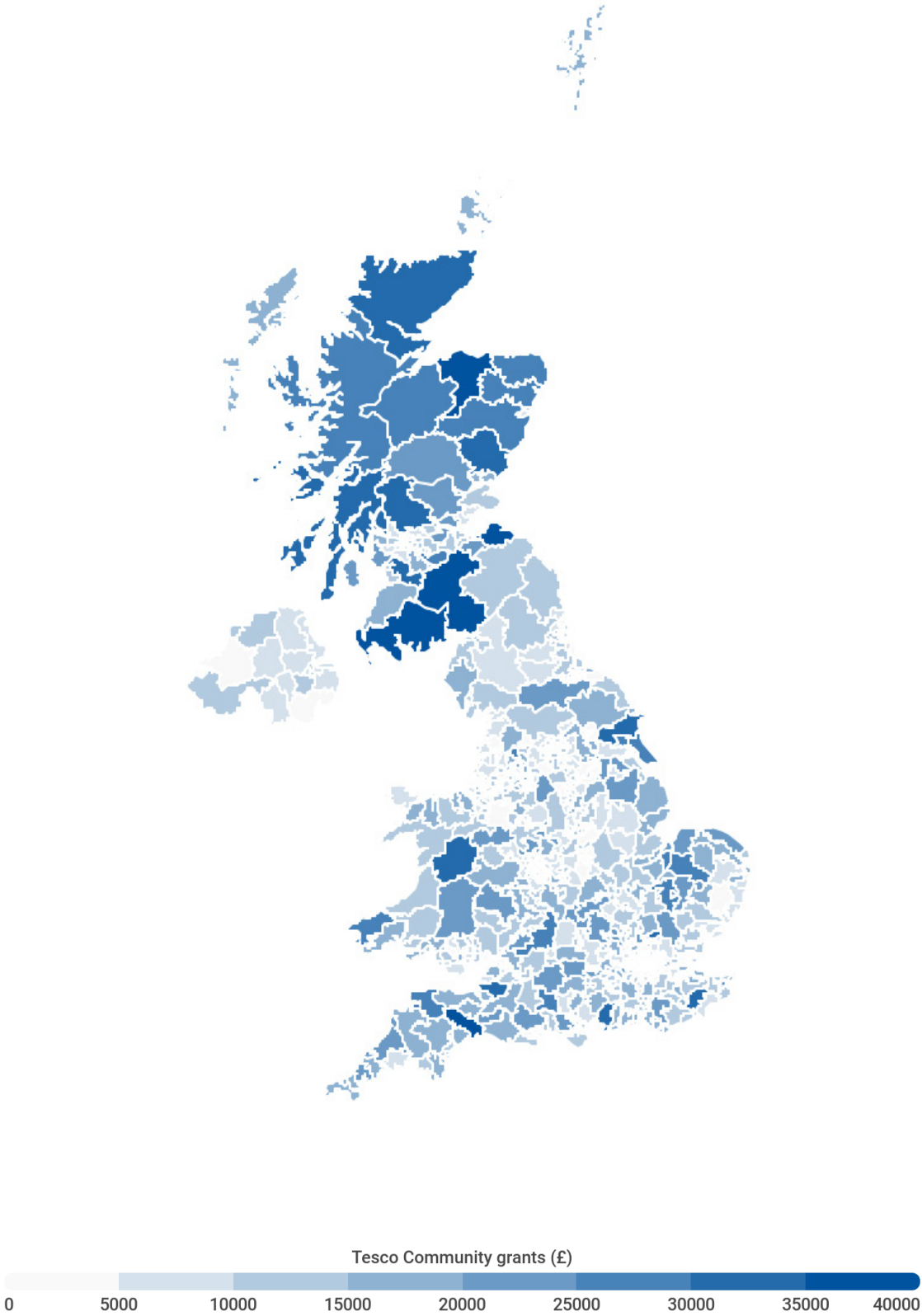
“Of course, we concentrate on self-care, keeping your skin safe in the sun, checking yourself for lumps and bumps,” says Catherine. “At one point the Community Champion called us up to say they had loads of sun-cream and skincare products that are going out of date and asked if we wanted them as demonstration items. It’s great because it’s something physical because we have people come to us with all kinds of learning needs, like people who are visually impaired, and having something they can actually hold is so much more helpful than just showing them a picture.”

At a constituency level, funding per year can be significant. On average, local community organisations in a constituency receive about £12,000 per year but, in the ten constituencies receiving the highest level of funding, community organisations locally received between £32,000 and £40,000 in 2020/21.

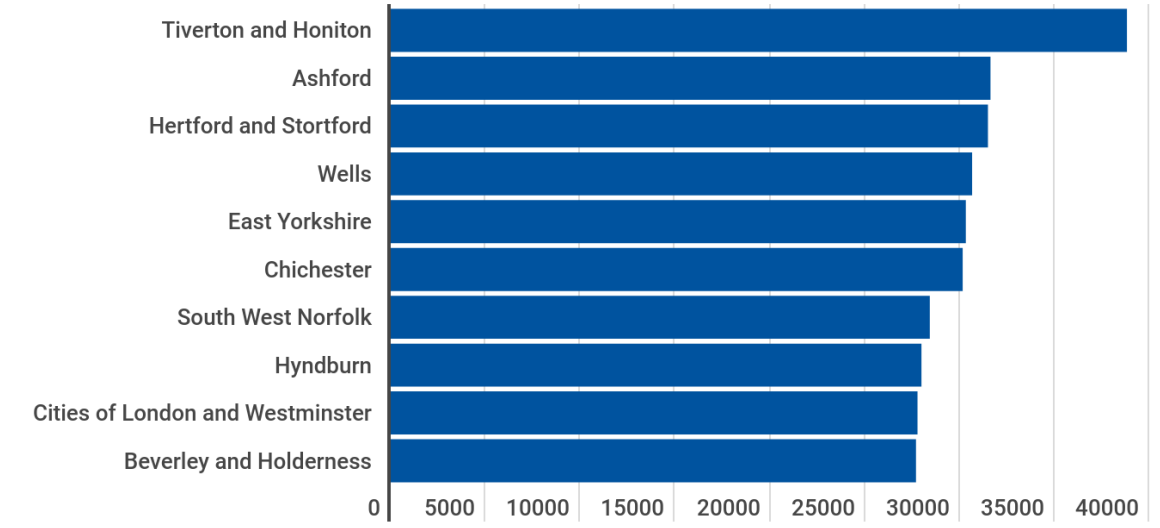
Tesco Community Grants by Region per 1000 people (£)



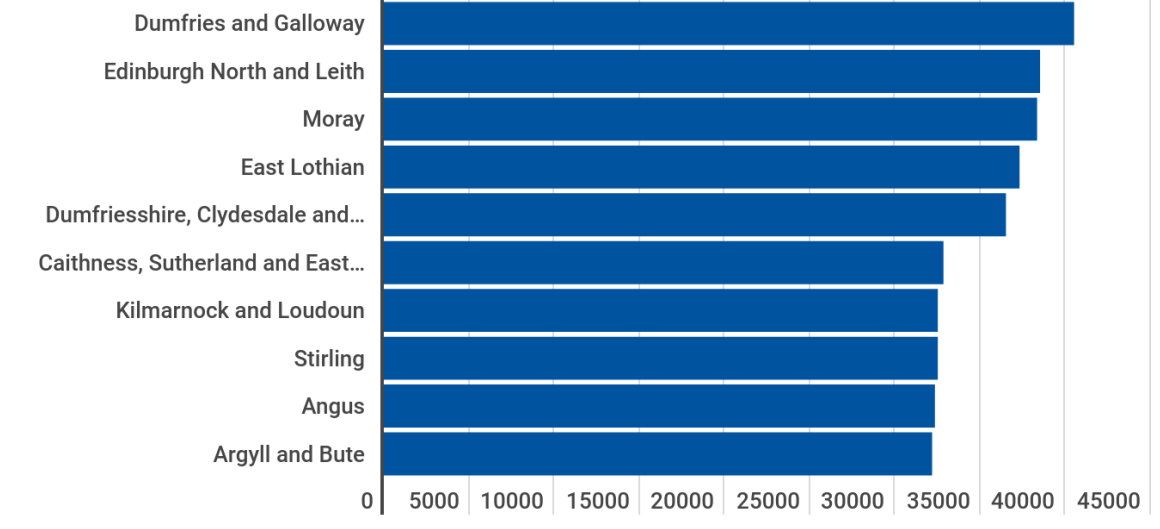
Tesco Community Grants by Constituency



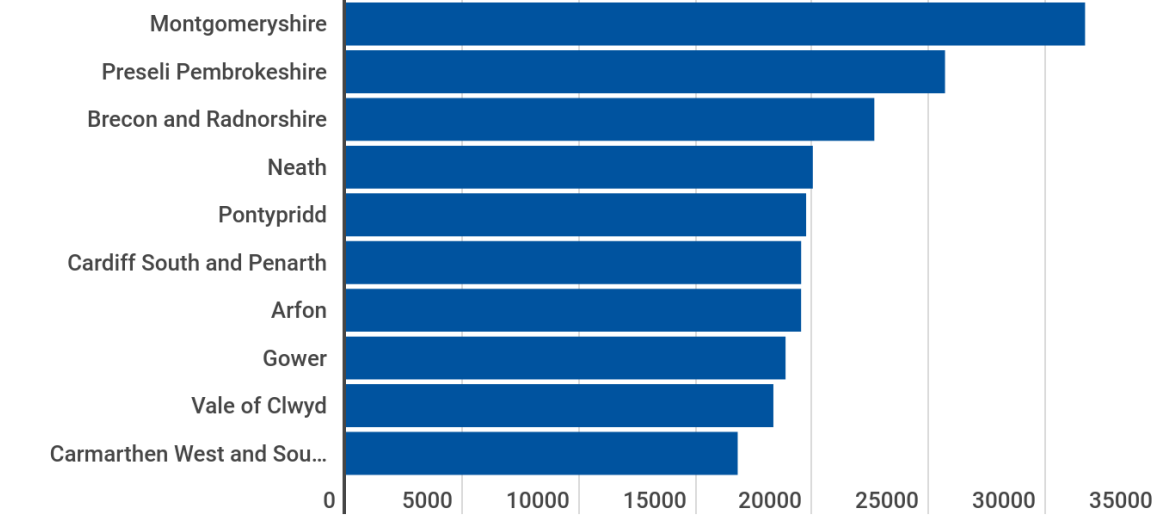
Tesco Community Grants in England (2020/21)



Tesco Community Grants in Scotland (2020/21)



Tesco Community Grants in Wales (2020/21)



Food Redistribution: Community Food Connection

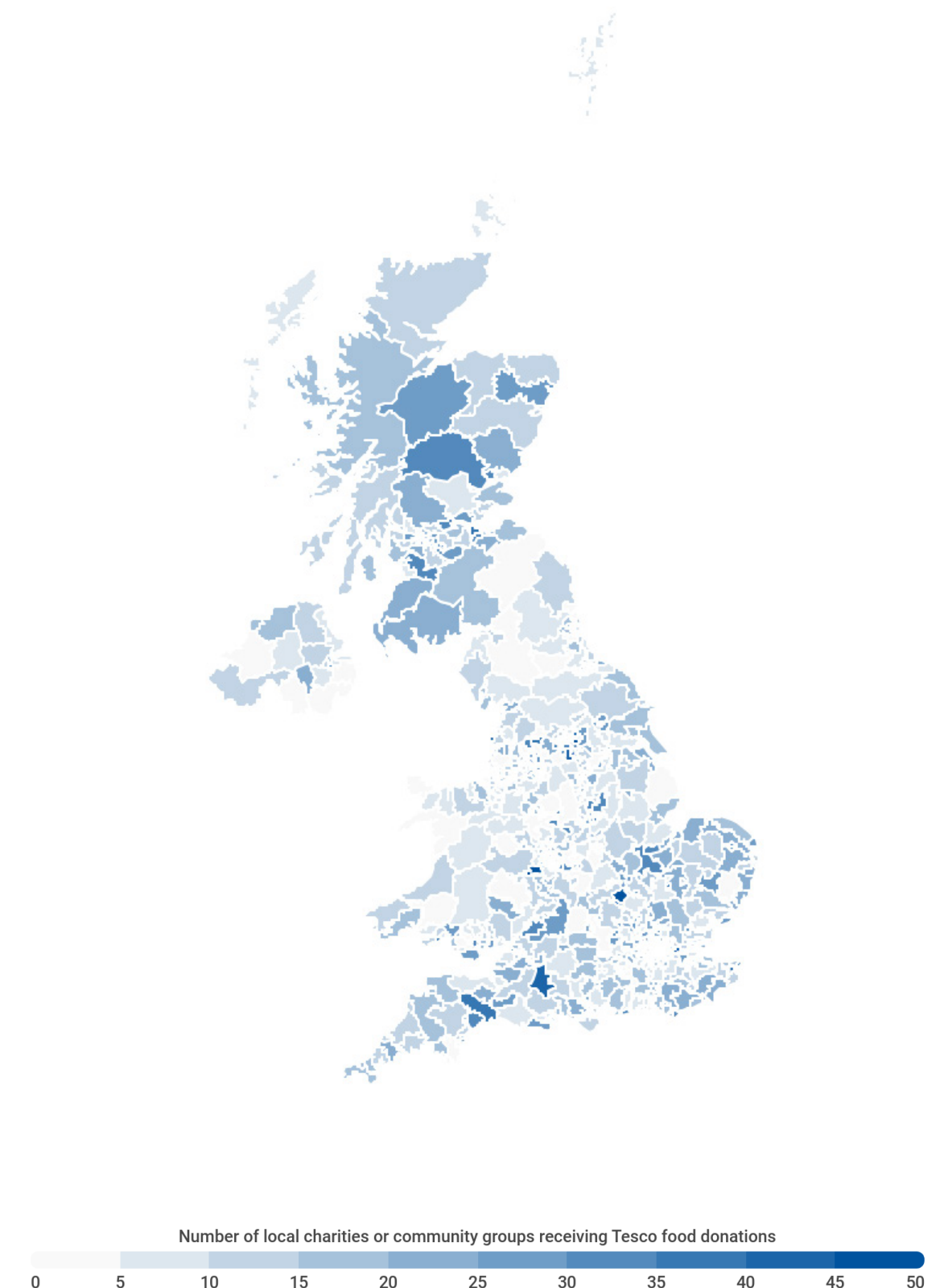
In 2019/20, 8% of households (the equivalent of over five million people) were classified as ‘food insecure’. There are many reasons that can lead to families starting to worry about paying for food and this has been exacerbated by the pandemic. 43% of families claiming Universal Credit are food insecure and 87% of people say that they consider hunger to be a problem in the UK.¹⁰

As the central hub for the UK’s food ecosystem, supermarkets like Tesco are often uniquely well positioned to help ensure that spare food gets to those who need it most. 80% of people agree that supermarkets have a responsibility to help with reducing food waste.

Over the last four years, Tesco has reduced the overall level of food waste in its operations by 42%. In the last year, 82% of unsold food that was still safe for human consumption was redistributed, and the company has set a target that ultimately no food safe for human consumption should go to waste.

In total, Tesco has donated more than 125m meals to community groups since 2015 from its stores and distribution centres. Customers have also donated more than 41 million meals through Tesco Food Collections and over 46 million meals from permanent food collection points in stores. In 2020/21 Tesco donated the equivalent of 29m meals.

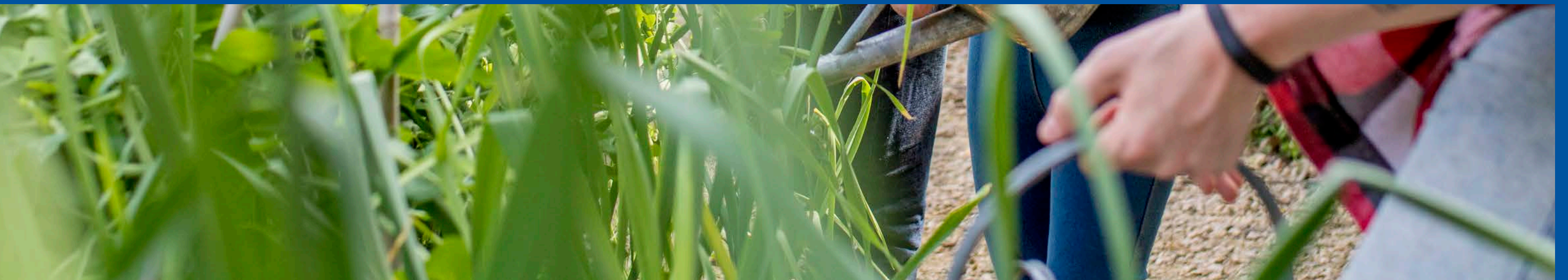
Constituency Map of Tesco Community Food Donations



¹⁰ <https://www.trusselltrust.org/2019/10/15/largest-ever-poll-poverty-shows-nine-10-brits-think-hunger-problem-uk-says-trussell-trust/>



Sustainability and Health



Key Facts: Sustainability & Health

2035

Tesco has committed to reaching net zero by 2035 within the UK, compared with 2040 for the broader industry standard. Every store is powered by 100% renewable electricity; has energy efficient lights and fridges; and, 82% of unsold food is redistributed

£200k

On average Tesco has invested over £200,000 in energy efficiency measures in a typical constituency over the past five years and, through power purchase agreements, is supporting £300m of investment in UK renewable assets

2,400

The company is installing the largest supermarket network of electric vehicle charge points – 2,400 across 600 large stores and all 5,500 delivery vans will be electric by 2028.

50bn

Since 2018, Tesco has removed over 50 billion calories from its products. 73% of people agreed that supermarkets have a role in encouraging healthier eating, with 49% saying that they were trying to eat more fruit and vegetables.

1bn

The public rate plastic pollution as their number one priority. In the last year Tesco has permanently removed 1 billion pieces of plastic from its products.

3 years

Oxfam have rated Tesco as the top supermarket globally three years in a row for protecting the human rights of its supply chain.¹¹

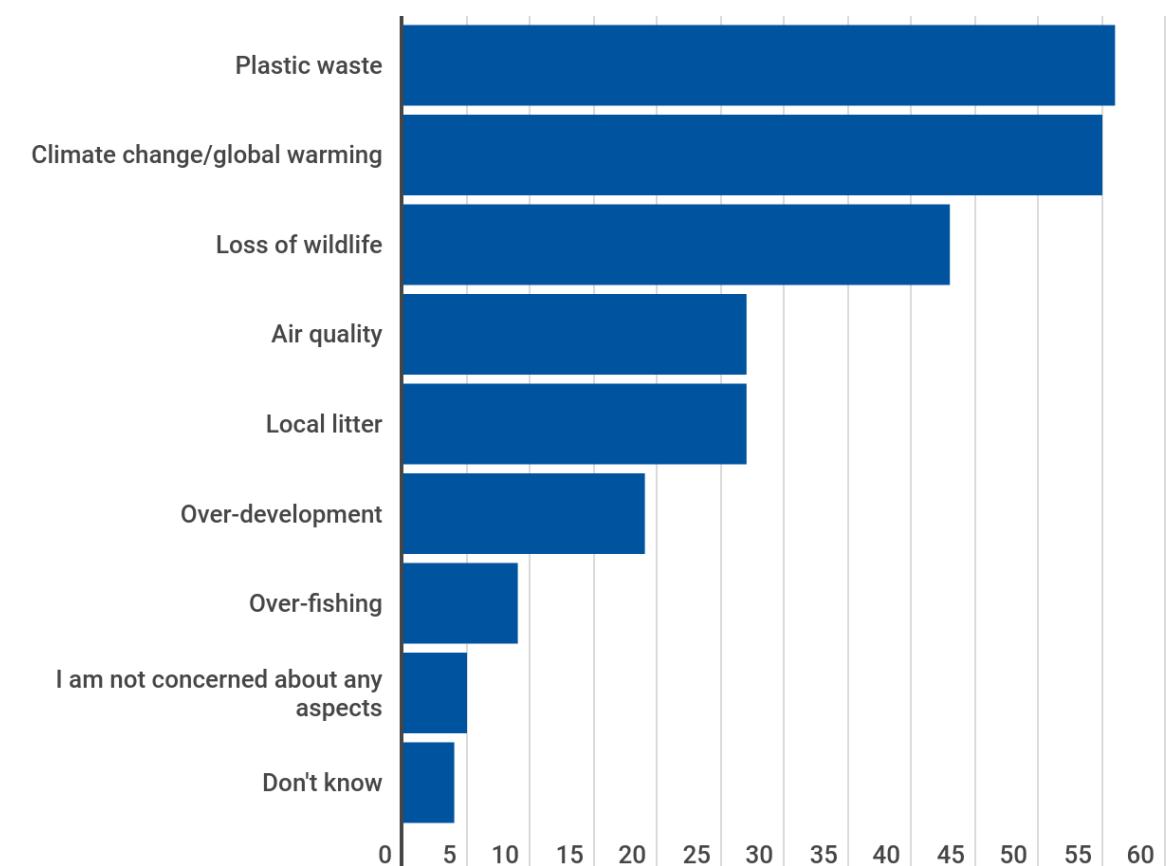
Sustainability

Climate change is one of the greatest challenges we face as a society, and we are all increasingly looking at what we can do to help reduce our environmental footprint. 67% of those we polled said that they were very or somewhat worried about the state of the environment. When we asked what specific environmental concerns they were most worried about, both plastic waste and climate change were seen as nearly equally important.

Tesco aims to play a leading role in creating a better, more sustainable shopping basket for both customers and the planet.

Tesco first set targets on carbon reduction over 15 years ago, and over the years has been challenging itself to accelerate progress towards net zero. In 2017, the business committed itself to science-based climate targets on a 1.5-degree trajectory and last year, pledged to reach net zero in the UK by 2035, fifteen years early.

Which, if any, aspects of the environment are you most concerned about?



11 <https://www.oxfam.org/en/take-action/campaigns/end-suffering-behind-your-food/supermarkets-scorecard>

Booker's Sustainability Programmes

In 2019 Booker became the first company to achieve four certifications to the Carbon Trust Standard for the second time.

Booker is the only wholesaler to hold the Carbon Trust Standard for twelve years and over that time period it has continually worked to save up to 14,000 tonnes of CO2 emissions. In 2019, the company became the first to repeatedly achieve four certifications (carbon emissions, water use, waste reduction, zero waste to landfill).

Initiatives that have helped Booker achieve this include:

- LED lighting installed in over 130 business centres and four distribution centres
- Telematics installed in all branch delivery vehicles to capture driving data such as speed, MPG, idling, harsh braking, over revving and acceleration
- Using rail instead of HGVs to transfer freight from Wellingborough to Scotland
- Reducing vehicle journeys by using double deck trailers
- Increasing the temperature for sales floor freezers from -28C to -22C
- Installed voltage optimisation at 120 sites, helping reduce electricity consumption by 8%
- Recycling customers' used cooking oil since 2008, with over 15,000 customers now using the service
- Removing non-recyclable material from own brand packaging

Our respondents also agreed that supermarkets could help too:

- **57%** of respondents thought that it would be good if supermarkets **reduced their own carbon footprint**
- **54%** of respondents thought that it would be good if supermarkets **offered more types of recycling drop off point**
- **44%** of respondents thought that it would be good if supermarkets **offered charging for electric vehicles**

Tesco first set targets on carbon reduction over 15 years ago, and over the years has been challenging itself to accelerate progress towards net zero. In 2017, the business committed itself to science-based climate targets on a 1.5-degree trajectory and last year, pledged to reach net zero in the UK for its own operations by 2035, fifteen years before the Government's target. This compares with the broader retail industry, who have committed to a standard of 2040. Tesco's local stores have a range of sustainability measures and pledges to lower carbon emissions and help customers to support the environment, including:

- **Tesco has invested over £200,000 in energy efficiency measures in a typical parliamentary constituency over the past five years.**
- **Tesco, through Purchase Power Agreements, has supported £300m of investment in new renewable electricity infrastructure. This is expected to create 1350 jobs in the renewables industry, and prevent over 100,000 tons of CO2 a year**
- **All Tesco stores¹² have 100% renewable electricity and 100% LED lighting**
- **1,900 stores have doors on fridges or shelf edge technology to reduce refrigeration electricity use**
- **Tesco has onsite generation plants installed at 75 sites (e.g. solar PV, wind turbines capable of generating, in aggregate, 2% of Tesco's UK electricity demands)**
- **2,400 electric vehicle charge points being installed across 600 large stores**
- **All large stores have soft plastic recycling drop off points**
- **180 electric delivery vans will be operating across the Tesco estate by 2022 and all delivery vans will be electric by 2028**
- **Investment of £5m to increase rail freight, taking 40 truckloads of goods off the road a day**

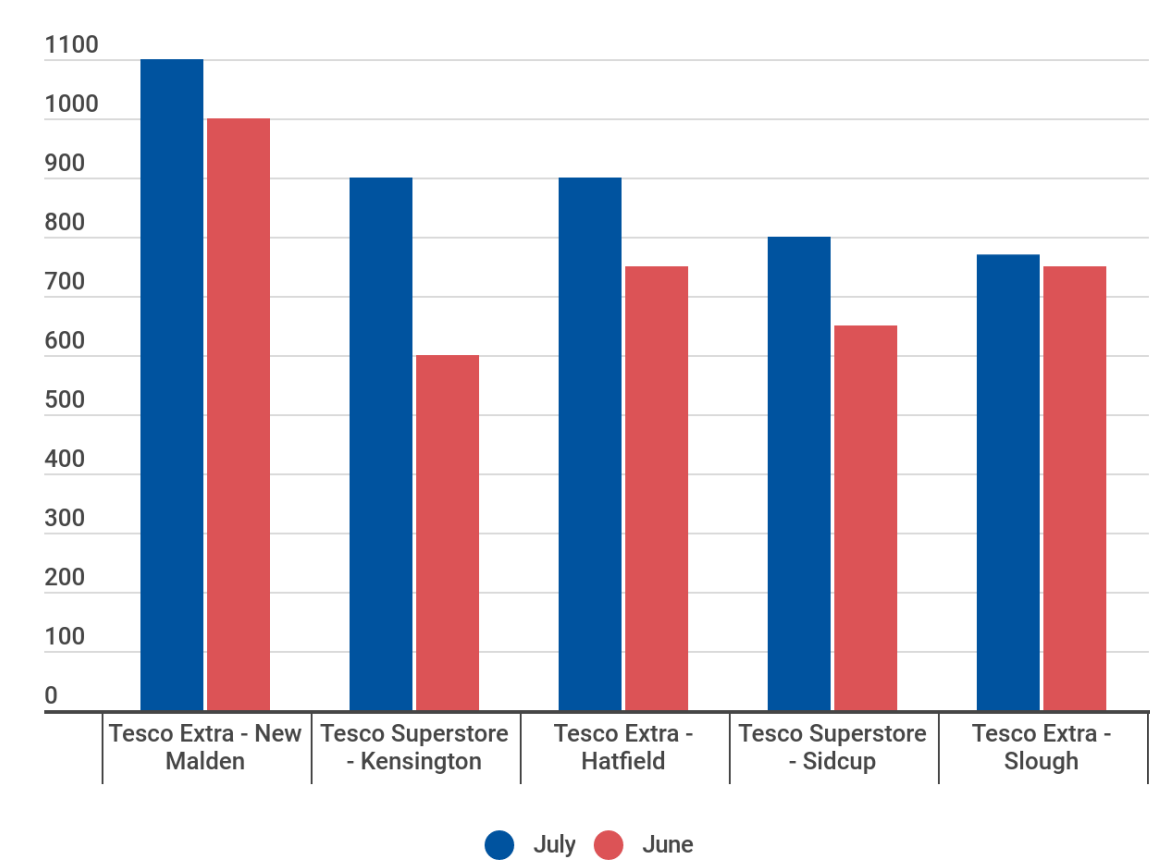
¹² These are store retail spaces, some back areas of stores (corridors and car parks) are undergoing further investments

The value of these investments in terms of carbon reduction can be significant. Take Tesco’s installation of electric vehicle charging points at large stores across the UK: 2,400 charging points have been installed and, in the top 5 most popular sites, they are now delivering between 500 and 1,000 charges per month.

In total in July 2021, this led to a carbon saving of 460 tonnes of CO2 across all the charge points. That’s the equivalent of planting over 7,000 trees.

The company is now experimenting with new systems to decarbonise store heating, a crucial part of the company’s goal to become a net-zero business by 2035. Using the Penwortham Superstore as a prototype, the company has installed an air source heat pump system, as well as recycling waste heat from the refrigeration system. In total, Tesco estimates that this reduces the store’s heating carbon emissions by 26%.

Number of EV charges across 5 most used charging points



Tesco Support for UK Renewables

Tesco currently has the largest unsubsidised renewable Power Purchase Agreement (PPA) portfolio in the UK consisting of five windfarms and four solar farms. This is new energy infrastructure that wouldn’t have been possible without Tesco support. The overall impact of Tesco’s commitments will be £300m (based on renewable sector average costs) of new capex spend; the creation of 1,350 new jobs and our wind and solar farms, once built, will save 100,000+ tonnes of CO2 per year.

An example is Halsary Windfarm in Caithness, which was built in partnership with ScottishPower Renewables to provide Tesco with energy security in its push to net zero in the UK 2035. The amount of energy it produces is enough to power 20,000 British homes a year. When these projects are all operational they will supply Tesco with over 20% of its electricity needs.

Tesco in Bury

Key Stats

- 11 sites in the area (8 Tesco stores and 3 One Stops)
- £70m in local economic activity supported
- £42,486 in Tesco community grants in 2020/21
- 741 Tesco employees
- 23 local suppliers who sell to Tesco

Bury is a medium sized town just north of Manchester that first grew during the Industrial Revolution as a centre of textiles. Today, it is continuing to recover as part of the wider Manchester conurbation – although average wages and unemployment continue to lag behind the national average. In Bury, we spoke to the general public about their impressions of Tesco, how it had helped the local economy and supported their community throughout Covid-19.

“I love this Tesco. The staff all know me, we’re in here most days picking up little bits. It’s a little community and we get a coffee, do a bit of a shop and just use it as a chance to get out and about. It’s lovely.”

Jean, 50s, Bury

“Places like the big Tesco have probably helped here. It’s given other businesses a reason to open because they’ve seen a big supermarket set up, so it’s like a snowball effect, isn’t it?”

Melvyn, 70s, Bury

Plastic

In 2020, Tesco achieved its target to permanently remove 1 billion pieces of plastic from products like tinned multipacks, fruit and vegetables, or greetings cards, and avoided 2,000 tonnes of unnecessary packaging through packaging reduction projects. For example, something as simple as changing the shape of a cheese can mean that it needs less end packaging. The company has committed to ensuring that all of its packaging materials are fully recyclable by 2025.

At the same time, Tesco stores continue to be a central hub where customers go to drop off recycling that cannot be processed through their recycling bins at home.

In future years, this role is only likely to expand. At the moment most councils do not collect soft plastics for recycling. Tesco however, has rolled out soft plastic recycling points to all of its large stores nationwide. This followed a successful trial in 171 large stores across Wales and South West England.

Tesco and the World Wide Fund for Nature (WWF)

Food production is at the heart of many environmental issues. In November 2018 Tesco announced a four-year partnership with WWF to help make it easier for customers to access an affordable, healthy and sustainable diet. Through, the partnership Tesco's ambition is to halve the environmental impact of the average shopping basket.

In order to meet this goal, the two organisations have together designed a new Sustainable Basket Metric that helps track progress towards reducing the impact of Tesco's supply chain on farmlands, forests, marine, freshwater and climate. So far Tesco has made 11% progress towards reducing the impact of our WWF basket (or 5 points towards the target of 50% reduction).

100% of the wood and paper used in Tesco's own brand products is now sourced sustainably, alongside 100% of the soy used in whole animal protein products. (soy-associated deforestation is a major threat to biodiversity in Brazil's rainforests.) At the same time, the company is working towards ensuring that 100% of its seafood products are sourced responsibly.

Health

For many of us, trying to eat a little healthier is an ongoing goal - but not always easy to fit in with the rest of busy lives. In our polling:

- **49%** of people said they were **trying to eat more fruit and vegetables**
- **40%** of people said that they were **trying to exercise more**
- **34%** of people said they **trying to cut back on sugar**

As the source of much of the food we cook and eat, supermarkets can play a crucial role in making it easier to eat healthier. In our polling, **73% agreed that supermarkets have a role in encouraging healthier eating**. A significant proportion of shoppers said that they are already taking active measures to choose healthier food, with 40% saying that they look at the ingredients list on the box or pack, and 30% that they pay attention to the colour-coded traffic light labels for nutrition.

In the last few years, Tesco has continued its ongoing work to make it easier to choose healthier foods. Since 2018, the company has **removed over 50 billion calories from its products**, including:

- **22 billion calories** from its **sandwich range**
- **8 billion calories** from its **cakes and morning goods**
- **7.6 billion calories** its **ready meals**

That is the equivalent of enough calories to feed over 60,000 people for one year.

In our poll, when we asked the respondents what they thought would be helpful:

- **54%** of people said they would find it helpful if supermarkets **provided more deals for healthy food**
- **47%** of people said that said they would find it helpful if supermarkets **removed unhealthy options from impulse buy locations like the checkout or the end of the aisle**
- **39%** of people said that said they would find it helpful if supermarkets **provided easier to understand nutrition information**

Tesco is already taking action in these areas: increasing the prominence of healthier options, creating clearer nutritional information with the launch of a new 'Healthy Choice' logo, and introducing promotions such as 'Fresh 5' and 'Pick of the Crop', offering price discounts on fruit and vegetables.

Looking forward, Tesco has provided the following targets, with progress reported annually:

- By 2030, an increase in sales of healthy products as a proportion of total sales to 65%
- By 2025, to increase sales of plant-based meat alternatives by 300%
- By 2025, to increase the percentage of ready meals that contain at least one of the recommended five a day to 66%

Health Charity Partnerships

Tesco has a five-year partnership with Cancer Research UK, the British Heart Foundation and Diabetes UK aimed at helping Tesco's customers and colleagues to make healthier choices. Cancer, heart and circulatory diseases and diabetes currently account for more than half of all deaths in the UK. By making measurable changes to people's behaviour and eating habits, the risk of cardiovascular disease, cancer, and Type 2 diabetes can be greatly reduced.

The programme aims to:

- **Make Tesco the easiest supermarket to shop healthily in.** Tesco is working to share trusted, relevant health information and advice that will empower Tesco customers to take small steps to help improve their health.
- **Supporting Tesco colleagues.** Drawing on the expertise of its partners, Tesco is designing a sector-leading work-place health programme to help its workforce live healthier lives through providing tools, resources and a supportive environment.
- **Fundraising.** Tesco works to raise millions of pounds for its partners, helping them with work from advances in prevention and early diagnosis to breakthroughs in research into cures and treatments.

Providing meals to children during the pandemic

Currently, 2.3 million children in the UK live in households that have experienced food insecurity in the last six months, a situation that has worsened during the pandemic. Tesco has been working with FareShare since 2016, and, to date, has redistributed more than 120 million meals of food to charities and community groups across the UK. FareShare supports frontline charities and community groups working with children – from summer holiday clubs and breakfast clubs, to community kitchens and groups which supply food parcels to those facing food insecurity.

To help ensure children do not miss out on meals during the Summer of 2021, Tesco made a donation for every piece of fresh fruit and veg bought in its stores from July 19th to August 8th. Over the three-week campaign, Tesco sold enough fruit and veg to donate up to three million meals to its charity partner FareShare to redistribute to charities and local community groups supporting children. This builds on the more than 29 million meals of surplus food Tesco donated previously in the pandemic.

The campaign was recognised by Marcus Rashford MBE, who said the following about the initiative: "We all have a role to play in the community and I'm so grateful to Tesco for stepping up to support vulnerable children and families through a difficult time. Whilst collectively we have made progress, numbers are continuing to rise of children going without meals. The Buy One to Help a Child campaign will make a huge difference to the thousands of families who are struggling at the moment to put food on the table."



Appendix



Appendix A: Tesco's Economic Impact by Business

Tesco Stores

	Total Economic Impact (£m, 2020/21)	Direct Employment (2020/21)	Total Jobs Supported (2020/21)	Location of spend with suppliers (2020/21)
UK	44,389	282,402	829,112	4,486
North East	475	7,632	11,958	47
North West	5,680	24,686	100,639	525
Yorkshire and The Humber	3,733	16,455	67,893	338
East Midlands	4,628	19,811	84,565	386
West Midlands	2,898	19,432	55,467	266
East of England	6,114	40,458	114,389	486
London	6,649	28,214	106,438	927
South East	7,064	44,367	128,992	858
South West	2,435	27,779	55,811	265
Wales	1,080	16,754	27,040	80
Scotland	2,933	26,704	58,075	205
Northern Ireland	705	10,110	17,845	103

Booker

	Total Economic Impact (£m, 2020/21)	Direct Employment (2020/21)	Total Jobs Supported (2020/21)	Location of spend with suppliers (2020/21)
UK	8,420	13,112	105,389	3364
North East	132	345	1,340	44
North West	1240	2,278	16,916	435
Yorkshire and The Humber	1137	811	14,276	289
East Midlands	964	1,449	12,816	315
West Midlands	631	683	7,602	285
East of England	799	2,153	10,471	367
London	1013	1,137	12,816	490
South East	494	1,854	7,159	568
South West	881	901	9,617	231
Wales	179	646	2,011	103
Scotland	713	791	8,176	180
Northern Ireland	226	64	2,190	55

One Stop

	Total Economic Impact (£m, 2020/21)	Direct Employment (2020/21)	Total Jobs Supported (2020/21)	Location of spend with suppliers (2020/21)
UK	110	9,468	10,890	1,847
North East	5	614	679	73
North West	9	1,133	1,267	194
Yorkshire and The Humber	11	1,013	1,186	156
East Midlands	8	1,003	1,124	183
West Midlands	15	1,456	1,647	263
East of England	10	1,054	1,182	181
London	9	55	146	189
South East	22	1,746	2,006	343
South West	10	914	1,049	157
Wales	7	480	552	70
Scotland	4	0	47	30
Northern Ireland	1	0	6	8

Appendix B: Methodology

Data sources

In order to calculate the economic impact included in this report, Tesco Group provided us with anonymised information for its subsidiary companies on:

- Procurement spending by supplier and location.
- Payroll cost (including national insurance contribution) by location.
- Staff numbers by location.
- Import proportion for Tier 1 suppliers (for Tesco only).

Economic impact

In order to calculate the total economic activity supported by Tesco in UK, we combined the impact Tesco has through three different mechanisms:

- **Direct impact.** We combined Tesco Groups’ published accounts with sales and employment costs to estimate its GVA impact – calculated as the sum of spending on employee compensation, interest and other finance costs, depreciation, and gross surplus. For Tesco Bank we proportioned out the UK estimate for direct impact to regions using the distribution of staff across the UK. For Tesco Group we allocated the operating profit and depreciation and amortisation based on total sales for each region and constituency. We then calculated employee compensation by utilising the staff payroll cost data.
- **Procurement.** The direct, indirect and induced impact of Tesco Group’s spending on procurement.
- **Staff spending.** The induced impact of staff spending their disposable income in local shops and businesses.

Multipliers

Following a standard input-output methodology, we base all our multipliers on the latest ONS Input-Output tables (2015 detailed, 2019),¹³ using these to construct:

- A Type 1 Leontief inverse matrix, showing the additional total economy output for every extra unit of demand by sector, showing the indirect impact of spending.
- A Type 2 Leontief inverse matrix, showing the additional total economy output for every extra unit of demand by sector, assuming employment compensation and household demand are endogenous.

We use a Flegg Location Quotient to adjust these national level multipliers to the regional and constituency level, building off ONS data on employment by 2-digit industry for UK regions and constituencies. This was supplemented with data provided by NIRSA to estimate the relevant FLQ for Northern Irish constituencies.

Procurement

Using data provided by Tesco Group, we categorised its procurement in the UK by SIC code using Companies House. For those we were unable to utilise Companies House for we assigned a SIC code based on desk based research, where the applicable SIC code is ambiguous, we used economy-wide multipliers. Using the ONS' postcode directory we matched up the supplier postcode to the UK region and constituency.

Following the methodology of KPMG's report in 2016/2017, we adjusted for the fact that Tesco's suppliers may predominantly import their own supply from abroad, meaning that the economic impact through Tesco's suppliers increasing their production would mostly impact international suppliers. This would mean that the ONS' estimate of the impact of an industry increasing production would be overstated.

For relevant SICs, we used Tesco provided data on the import share of their Tier 1 suppliers, and adjusted the procurement data by the ratio:

$$1 - \text{Tesco import proportions}_{SIC\ category}$$

$$1 - \text{ONS import proportions}_{SIC\ Category}$$

We then applied the relevant multiplier to calculate the indirect and induced spending, employment and tax impact.

Staff spending

We use data provided by Tesco Group to calculate its total wage bill for each constituency and region, calculating the implied increase in disposable income from ONS data on the average effect of tax and benefits.

We apply a net Type 2 GVA effect multiplier for household spending to calculate the total impact of spending on local economic demand. In doing this, we assumed that employee's spending would be located in the same constituency as their place of work.

Tax

We estimate tax revenue contributed as the sum of three sources:

- Direct taxes paid by Tesco Group, as shown in its annual report. This includes taxes paid by Tesco Group: Business Rates, Corporate Income Tax, Employment Tax, Custom and Fuel Duty, Environmental Taxes. As well as taxes collected by Tesco Group: Excise Duty, Colleague taxes, VAT, Insurance and Profit Tax.
- Taxes paid from the supply chain, calculated from ONS Input-Output tables.
- Taxes paid by employees as a result of additional subsistence spending. In order to calculate this, we assume employees receive the average salary for jobs in the relevant constituency or region.

Employment

We estimate the total jobs supported as the sum of three channels:

- Direct employment by geography, based upon data provided by Tesco Group.
- Employment from the wider supply chain, based upon multipliers derived from ONS Input-Output tables.
- Employment supported by staff spending, based upon ONS data on average GVA per job for the relevant region and constituency.

Limitations of Input-Output models

By their very nature, input-output models are based upon the assumption of a largely static economy, with constant returns to scale, fixed proportions between inputs and outputs, and no dynamic reaction to changing prices.

Input-output analysis gives an estimate of gross value, but only a limited guidance on net value – we do not know what uses the people and resources that make us Tesco Group would be put to if it did not exist, and how this compares.

Following standard practice and past impact reports, we include an assessment of induced impact – but this is likely to only be valid for regions that suffer from sustained output gaps in aggregate demand, and most experts believe Type 2 multipliers are likely to give an overestimate of total economic impact.¹⁴

13 Dataset UK input-output analytical tables

14 See, for example, Input-Output Analysis: Foundations and Extensions, Ronald E. Miller and Peter D. Blair, 2009

Impact of Reforming Apprenticeship Levy

In order to estimate the potential number of new apprenticeships that could be created through reforms of the Apprenticeship Levy, we extrapolated from Tesco's internal estimate of an additional 500 apprentices. To do this, we first estimated Tesco's share of economic activity for large retailers, drawing on ONS Annual Business Survey data and our estimates of Tesco's footprint from the rest of this report.

We assume that, on average, a Level 2 retail apprenticeship increases earnings by 10%, drawing on Do Apprenticeships Pay? Evidence for England, Chiara Cavaglia, Sandra McNally* and Guglielmo Ventura, Centre for Economic Performance, September 2018.

We apply this to data on an average Level 2 retail earnings from the Department for Education's Longitudinal Education Outcomes (LEO) data, and then use ONS Annual Survey of Hours and Earnings data to estimate total additional earnings per apprentice over their career.

Impact of of additional Tesco Footfall on High Street spending

Our estimate is drawn from

- WPI (2020)'s estimate of the average number of shoppers per Tesco store
- Data provided by Tesco on the total number of Tesco stores
- Research by Graham (2016)¹⁵ looking at the average attraction and conversion rate from passing footfall traffic
- Data estimated for Post Office (2020) on the average spend in a high street shop by attracted footfall traffic¹⁶

¹⁵ The Relationship between High Street Footfall, Attraction & Conversion, Charles Graham, 2016

¹⁶ <https://postofficeimpact.publicfirst.co.uk/>



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