



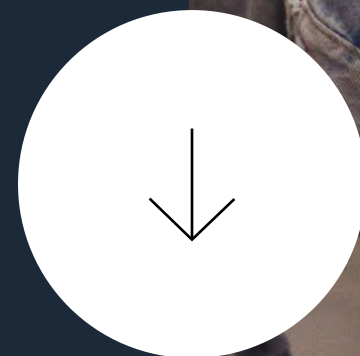
Case Study:
Tesco

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Our approach to engagement throughout the investment journey

Balancing supermarket profits, prices
and rates of pay is complicated.

June 2023



abrdn.com



Overview

We are a shareholder in

Tesco, a leading retailer that sells groceries, beauty products, consumables, homeware, consumer electronics and more.

Tesco has more than **4750 stores** across the UK, Republic of Ireland and Central Europe.

On average, the company employed more than **325,000 employees in the UK & ROI** in 2022.*

*Tesco group employees by region 2021-2022, Statista, 2023



Why

Why we engage

We wanted to understand how Tesco is **balancing colleague rates of pay**, cost of living impacts of customers, and inflationary concerns.

How we engage



In collaboration with the British Retail Consortium (BRC), as a stakeholder, we met with several supermarkets to discuss how they balance **low-cost prices** during the cost-of-living crisis, **as well competitive compensation packages and profits**.



It was identified by the BRC that **UK supermarkets strongly support the objective of higher wages** and have been working hard to secure the productivity improvements needed to ensure such increases are sustainable.



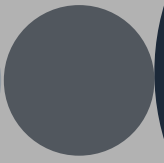
By engaging with several UK supermarkets, we were able to recognise the **initiatives they offer to satisfy their employees**, whilst also **making a profit and not passing on price increases onto its customers**.



The milestone set with Tesco was to **increase their hourly wage in London** in line with the real living wage at the time.

How





Outcomes

- At the time of our engagement, **whilst Tesco paid the real Living Wage to employees outside of London, they did not pay the higher rate set for those employed in London.**
- Following our encouragement to change this, they **increased the rate for Londoners** one month later.
- This change supports Tesco's place in **Article 8+ funds.**





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