

Tesco PLC: Implementing the little helps plan

Winner: Embedding an integrated approach award

What

Tesco plc is a UK-based multinational retailer. 'Every little helps makes a big difference' is a driving value for the organisation. This core value has been embedded into business strategy, planning and decision making at all levels with Tesco's Little Helps Plan, launched in October 2017. Tesco aims to create meaningful change by focusing on the Little Helps Plan's pillars- People, Product, Planet and Places.

Tesco embedded the sustainability priorities of the Little Help Plan by setting new KPIs and targets, which are built into business planning and three-year roadmaps for each market. The finance team has been critical to developing meaningful, measurable KPIs. Finance also strengthened data collection and reporting processes, developing an online tool for data collection and ensuring that the rigour and controls of financial reporting were also applied to non-financial KPIs.

As a result, an integrated approach to sustainability drives decision making throughout Tesco, and the company is able to show its shareholders a holistic picture of how it creates value. Applying insights from the data has led Tesco to make small adjustments, such as using LED lights in its shops, that generated energy efficiency savings of £37 million. Tesco has also harnessed its influence and market reach to drive change in its supply chain and shift consumer behaviour.

Through integrating the Little Helps Plan, Tesco has shown that embedding a values-driven sustainability approach underpinned by strong data can create real, sustainable impact.

'Increasingly there's a realisation that sustainability and finance and business are all interlinked and have to be looked at as a whole.'

Alan Stewart,
CFO of Tesco

Why

Tesco is a values-driven business. Developing the Little Helps Plan enabled Tesco to focus and articulate its values better. Being able to track sustainability performance through the Little Helps Plan KPIs, together with financial KPIs, also meant that Tesco could better understand and magnify the value it creates.

At the heart of the Little Helps Plan is the fundamental idea that, with the scale and reach of an organisation like Tesco, if every part of the business plays a small part in creating change, that can make a huge difference.



‘Through its Little Helps Plan, Tesco is leveraging its influential position with consumers to shift behaviours and it is gaining the attention of mainstream investors and analysts. The finance team has clearly been an integral part in driving this forward and ensuring quality of data.’

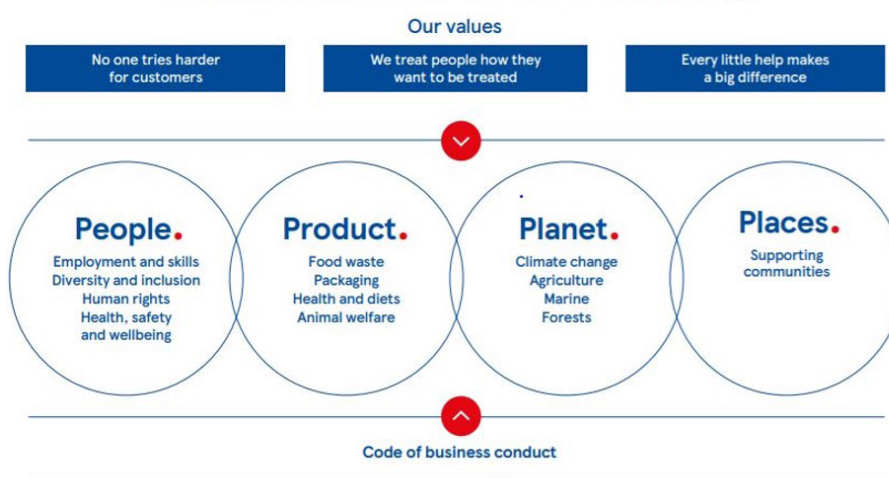
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How

Tesco's integrated approach, in the form of the Little Helps Plan, has been embedded as a core value from strategy to business planning to governance:

- > Tesco **conducted stakeholder research**, including a PESTEL analysis, to identify key business issues. Stakeholders included not just consumers and staff but also NGOs, policymakers and academics.
- > From this research, Tesco **identified key impact areas**, linked to the purpose and values of the business. This was built into The Little Helps Plan.
- > In Tesco's annual strategic review, with a three-year horizon, the Little Helps Plan was identified as a **business planning priority**. As well as shifting the finance-led business planning process beyond budgets, this underscored the shift to an integrated approach.
- > Tesco developed KPIs to ensure that it was **incentivising the right behaviours** with a balance of meaningful, relevant KPIs that would enable effective decision making and could form the basis of integrated reporting.
- > Finance helped to develop a **rigorous control environment** for data input and KPI sign off. High-quality data with strong controls helped to strengthen the non-financial reporting process and place it on a par with financial reporting.
- > Tesco reported on the Little Helps Plan in both its annual report and a separate **Little Helps Plan report** to align financial and non-financial reporting better. Finance is represented on the Disclosure Committee where the Little Helps Plan report is signed off.
- > Tesco has a **strong governance framework** in place. Each pillar of the Little Helps Plan is owned by a director to ensure accountability. Regular KPI review meetings are held, with action plans developed for areas that are not on track.
- > At Tesco, the **tone is set from the top**. The CEO has been clear that responsible production and consumption drives Tesco's business model, and the CFO has been deeply engaged with the Little Helps Plan.
- > Supported by strong data, Tesco has maintained **shareholder support** for investments in sustainability. The company has been able to demonstrate that sustainability investments deliver savings or a more viable business in the long-term.

Serving shoppers a little better every day.



The impact of an integrated approach

With the Little Helps Plan driving decision-making, Tesco has been able to effect real change.

Example 1: product sourcing

One of Tesco's KPIs is to ensure zero deforestation in sourcing of key commodities. Corned beef presented a challenge: most corned beef was purchased in Brazil, but these supplies – though inexpensive – were potentially linked to deforestation. The deforestation KPI shifted the equation because it became clear that Tesco could never meet its target without change. Tesco made a business decision to opt for a more sustainable product from Europe, absorbing the additional product cost to prevent a reputational cost.

Example 2: reducing food waste

Tesco recognises that its behaviours and commercial practices can have an impact on food waste in the supply chain. It is committed to working across industry and with other organisations to mobilise global action focused on accelerating progress toward SDG 12.3: halving food waste from farm to fork. With clear data, Tesco has been able to reduce overall food waste rather than shifting the problem. Using its position and market reach, the company established links between its suppliers to make better use of crops. In one case, Tesco connected a potato supplier with a producer of ready meals, so that any potatoes that didn't meet the specifications to be sold as individual potatoes could be used in ready meals.

Example 3: reducing the carbon footprint

In working to achieve the Little Helps Plan KPIs, sustainability has driven financial decision making. To support Tesco's ambition to become a zero-carbon business and its KPI of 100% renewable electricity, finance collaborated with the environment team to build a cash-neutral renewable energy investment plan. The finance team's analysis showed that an investment in renewable energy would enable Tesco to offset some potential future energy cost increases.

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