

Our people





Our people promises

People give more to their work when they feel valued. We invest in our people to give them the best and get the best from them.

We are committed to providing fulfilling, well-rewarded employment. We have a diverse workforce that reflects the local population and provides equal opportunities to all. We provide good training and development opportunities and offer an attractive pay and benefits package. We communicate with employees to understand their views and to share ours with them. In all that we do, health and safety in the workplace are a top priority.

◀ Staff from our Fresh & Easy store at Glassell Park, California, USA

Our people

We aim to provide a great place to work in all our markets. We employ local people and develop staff at every level, giving us home-grown managers.

Position

Tesco employs over 440,000 people in 13 countries. Our success depends on recruiting, developing and retaining the best people. Our employees deliver the customer service that our business relies upon, from making sure the right products are on the shelves to providing a friendly face at the checkout. We want employees to reflect the diversity of the communities they serve and our employment practices need to respond to the differing work and family demands in modern societies.

Critics say that supermarkets provide low-paid, low-skilled jobs with little prospect for development.

We believe that investing in our people is the right way to live our values and it brings sound business benefits. Tesco offers competitive pay and benefits and provides employees with comprehensive support and training. Developing individuals at every level means that we have home-grown managers who understand our culture and can effectively develop our business. Many of our leaders began their careers on the shop floor, including Board Director David Potts, who joined as a grocery assistant.

UK

UK employees are automatically enrolled into our defined benefit pension scheme after one year's service. The scheme, which is based on career average to ensure that store workers are rewarded for the amount of time they work as well as their final salary, includes life cover, cover for partners and children and ill-health retirement cover. In 2007, the pension scheme received the 'Pension of the Year' Award from the pensions industry weekly Professional Pensions and three further awards: Best Trustee Training and Development; Best Use of Specialist Investment Managers; and Best Pension Communication.

Europe

In Turkey, 100 senior managers completed leadership training in 2007. We have also carried out extensive training for all staff in Turkey to prepare them for promotions, as the business has nearly doubled in the last year. We have created 1,077 new jobs in the Czech Republic and promoted 296 people, while 892 people are on the Options development programme. In Slovakia we promoted 207 people and a further 765 people are on the Options development programme.



4,536

jobs created in China last year

We understand that people give more to their work and their customers when they feel valued. Our People Promises sum up our commitment to provide fulfilling employment:

- > to be treated with respect;
- > to have an opportunity to get on;
- > to have a manager who helps me; and
- > to have an interesting job.

We operate through simple management structures, delegate responsibility and aim for a culture of trust, where people are allowed to learn from mistakes and to challenge conventional thinking. We listen to employees and communicate at all levels through mechanisms such as staff question times and an annual opinion survey.

Progress

Diversity and inclusion

Our promise to treat employees with respect is reflected in our approach

to diversity, which is led by a Diversity Council comprising business function directors and chaired by a Board Director. The Everyone is Welcome at Tesco programme is the name we give to our diversity and inclusion work.

We want everyone at Tesco to meet their full potential regardless of age, gender, disability, ethnicity or sexual orientation. Our diversity strategy aims for a workforce at all levels that mirrors the communities we serve.

Our priorities reflect those of the countries in which we operate. We focus on employing local people and developing local leaders wherever we operate. Of the 180,000 people employed in our international business, fewer than 200 are from our UK business.

Ethnic and cultural diversity We do not discriminate on the basis of ethnic origin and promote understanding of different cultures to help staff work effectively together.

Asia

In 2007 we created 4,536 jobs and undertook an extensive training drive in China. We brought in existing Tesco programmes from across the Group to train managers on issues including core skills, performance management, technical requirements and legal issues and redesigned them to meet staff needs. We implemented the Options programme at store level and promoted 66 employees.

US

In the US, entry level positions start at \$10 an hour in California with similarly competitive salaries in other states, and include a quarterly bonus of up to 10%. As well as strong benefits, all employees receive life skills training which supports not only their performance at work but also their personal success at home and in the community. These benefits attracted over 1,000 interviewees for just 170 jobs in our first six stores.



Our people continued

In the UK, stores celebrate cultural festivals such as Eid and Diwali alongside traditional British festivals. Our managers have a religions toolkit providing information on festivals, diet, fasting and prayer to help them understand and support people from different faiths. In 2007, this toolkit was updated to cover the growing range of cultures and countries our employees and customers come from, including Bangladesh, the Caribbean, China, Ghana, India, Pakistan, Poland and Somalia.

Age We have no retirement age in any of the countries where we operate and employ people in their 70s and 80s. In 2007, we launched apprenticeships in the UK for people of all ages to help them develop their careers.

Gender and sexual orientation In 2007, we launched the Tesco Women's Network which aims to help female managers and directors progress. Around 150 women from across the Group attended the launch event. We are in the process of forming a similar network for sexual orientation.

Flexible working We support flexible hours whenever possible. In the UK this includes family-friendly shifts, maternity leave for full- and part-time workers, paid paternity leave, equal training and development opportunities for full- and part-time workers, childcare vouchers and career breaks. We also encourage job sharing, flexi-time and compressed hours, shift swaps, home working and part-time working when practical.

In 2007, we agreed a range of new benefits in the UK in response to our employee survey. These include up to five days' paid leave to train as a foster parent, as well as paid time off for fertility treatment, and the opportunity to take leave for study and lifestyle breaks.

Training and development

We take training and development seriously and promise our people 'an opportunity to get on'. Developing our people means we have a workforce which can serve customers better and managers who thoroughly understand the business and the Tesco culture.

In China, we are recruiting management trainees locally and from our international operations. Our first seven Chinese graduates started working in Shanghai in July after completing their training in the UK. We are also training 42 local Chinese graduates and five MBA graduates from the China Europe International Business School in Thailand and Malaysia. Ten further graduates are currently training in the UK.

In Ireland we have a school leaver programme aimed at people who have completed their 'Leaving Cert' (higher school leaver's qualifications) in the previous two years; 73% of the current intake came from within Tesco. We also have a graduate programme in Ireland and have helped develop two National Retail Training Awards in conjunction with FÁS, Ireland's National Training and Employment Authority.

In the last three years we have appointed 27 directors, 200 store/depot managers and 8,000 department managers from within Tesco in the UK. Our Training Framework Scheme delivers most of our shop-floor and depot training in the UK and is accredited by the Qualifications and Curriculum Authority. In 2007, 94.4% of shop-floor and 96% of depot employees were trained to bronze level and 86.6% to silver level.

Helping Hands



8,000

department managers appointed from within Tesco in the last three years

We encourage continued learning throughout our people's careers. Our UK Lifelong Learning programme has created five workplace learning centres operated in partnership with the trade union Usdaw (Union of Shop, Distribution and Allied Workers). In 2007, there were over 500 enrolments for courses including basic IT, English, Maths and ESOL (English for Speakers of Other Languages). Many of these courses are free and attract qualifications. We are also exploring the possibility of providing a foundation degree in Retail Management and Leadership in the UK.

Rewards and benefits

We offer a highly competitive package of pay and benefits to all our staff. This includes staff discount, share schemes and an award-winning defined benefit pension scheme in the UK.

In the US all store employees work a minimum of 20 hours a week, which ensures everyone is eligible for medical, prescription drug, dental and vision coverage after 90 days of employment. Fresh & Easy pays at least 75% of the cost. Employees are offered a 401(k) (defined contribution) retirement plan with company-matched payments (see box on page 45).

In the UK, our competitive benefits package is worth an additional 17% for our customer assistants in stores, ensuring we now lead on pay against our food retailer competitors. Our Privilege card scheme gives all employees with over 12 months' service a 10% discount on shopping at Tesco. In 2007, we reduced the minimum qualifying spend to £1.

All employees can benefit from the wealth they help to create through three share schemes. In the UK we have around 175,000 employees who are also shareholders. Nearly 52,000 employees take part in our Save As You Earn scheme. Two such schemes matured in February 2008, with participating employees receiving shares worth £175 million. Nearly 43,000 employees receive tax benefits by buying Tesco shares from their gross salary through our Buy As You Earn scheme.

Taxation differs internationally, which can make some of these benefits less attractive. In some countries, we therefore focus on providing competitive basic pay and employee discounts.

Communication and consultation

To help us meet our People Promise of providing 'a manager who helps me', we invest in understanding employee views. The annual staff survey Viewpoint is anonymous and confidential, and can be completed during working hours. As a result, more than 90% of employees take part. Employees are free to join unions in the countries in which we operate. In the UK we have an industry-leading partnership agreement with Usdaw and every store has a union representative.

We communicate with our staff through many channels, including staff question times, face-to-face briefings, publications and our intranet (The Hub). Head Office staff keep in touch with issues on the shop floor through our annual TWIST programme (Tesco Week In Store Together) and through 'Helping Hands': at peak shopping periods such as Easter and Christmas all Head Office staff go into stores to support store colleagues.

In March 2008 we introduced a free fortnightly staff newspaper called The One to all our UK stores, offices and depots, covering a wide range of Tesco news, features and staff views.

Health and safety

The provision of a safe environment for our staff and customers continues to be a key focus for the business. All Executive Board Directors have been trained on health and safety issues and, to ensure that they command the right profile within the business, Lucy Neville-Rolfe, Executive Director, Corporate and Legal Affairs, is responsible for health and safety at Board level.

Our performance is actively monitored and tracked using reportable accident rates as one of the key measures on the corporate Steering Wheel. In addition the Compliance Committee of the Board carries out a detailed review of health and safety performance four times a year.

In 2006 we set a three-year target to reduce the rate of reportable accidents in our UK workplace by 10%. At the end of the first two years we have already comfortably beaten the target, with a reduction of 14%. Reportable customer accidents on our premises are also significantly down, by 15% since 2006. We will continue to strive to push the rates down even further.

We will continue to attract and retain the best staff based on our core value, 'treat people how we like to be treated', by making Tesco a rewarding place to work.

KPI	2007/8	
Employee retention	To exceed 80% retention of experienced staff.	●
Employee training	95% of retail staff to be trained to bronze level.	●
	75% of retail staff to be trained to silver level.	●
Health and safety	To reduce our reportable accident rate in the workplace by 10% between 2006 and 2009.	●
Inclusivity and diversity	No statistical difference by age, sex or ethnicity in answer to the staff Viewpoint survey question, 'I enjoy working for Tesco'.	●

● Below target
● Close to target
● On target
● Above target

To view the complete KPI table, please go to: www.tesco.com/crreview08/kpi

Promise

- In 2008 we will:
- > develop our Managing Ethnicity and Managing Gender with Confidence Workshops;
 - > roll out our UK diversity training products and tools to Head Office and international operations;
 - > expand our employee networks;
 - > appoint over 3,000 new managers in the UK, 80% of whom will be internal appointments;
 - > reduce reportable accidents in the workplace by 3% year on year;
 - > extend our apprenticeships programme to 800 trainees in the UK; and
 - > train 97% of our retail and depot staff to bronze level of competency and 85% of our retail staff to silver level.