

- 12 CUSTOMERS
- 13 STAFF
- 14 SUPPLIERS
- 14 INVESTORS
- 15 NON-GOVERNMENTAL ORGANISATIONS
- 15 CASE STUDY:  
Diabetes UK and Gi labelling

# listening and engaging

*ask more than tell*



The success of our business depends on listening to people and responding to what they tell us.

Over the past year we have tried harder than ever to listen and respond not only to customers but to a wider range of stakeholders – staff, suppliers, investors, and non-governmental organisations.



## Customers

Our Customer Question Time (CQT) meetings enable store and head office staff to hear customers' views on everything from how we are serving them in our stores to our role in the community. CQTs take place in all our stores around the world. For example, this year 1,500 customers in Hungary and 9,000 customers in the UK have attended CQTs. They help us to identify and respond to changing customer needs – for example in the UK, customers told us that they do not like throwing carrier bags away, so we increased the carrier bag recycling facilities in our stores and introduced degradable carrier bags.

This year we held a CQT on disability. Feedback from the session, which went to the Tesco Board, has helped us to better understand the shopping patterns of our disabled customers, their requirements for parking spaces in our car parks and the need to train our staff to recognise disabilities. During 2005, we will be holding CQTs hosted by disability organisations each quarter.

### Public attitudes to Corporate Responsibility

Every year we commission an independent survey of public attitudes in the UK to Corporate Responsibility and to Tesco. The findings of more than 2,000 face-to-face interviews carried out in July and August 2004 were that:

- ★ 43% believed that only 'a few' companies are genuinely doing all they can to be more responsible;
- ★ Tesco was most frequently named as the company which helps the community and society. In an unprompted question, Tesco was named by 30% of people, the Co-op next by 10%;
- ★ Tesco was the third most frequently named company when respondents were asked to name a particularly socially, environmentally or ethically responsible company. The Body Shop and the Co-op were listed first and second;

- ★ 56% said that Tesco had a positive effect on their local community, and 8% said that the effect was negative;
- ★ Where respondents thought that we should take our responsibilities more seriously, they said we should invest more in the community and the environment, reduce packaging, reduce prices and consider our impact on small businesses.

We take this as powerful evidence that we are doing a good job in our efforts to be responsible and a valued member of society. However, we recognise that there are areas in which we can do better, and we are focusing our efforts on these.

## Staff

Every February we carry out our Viewpoint staff survey. This year, we asked all UK employees to give us anonymous feedback on Tesco as an employer, and 86% of our staff responded.

All our established international businesses carry out Viewpoint surveys. In Poland, over 95% of our employees responded to the survey.

Employees give further feedback through Staff Question Time sessions and our Staff Forum process. The Staff Forums result from our partnership agreement with the Union of Shop, Distributive and Allied Workers (Usdaw), and take place every four months in all stores.

**Engaging our staff on Corporate Responsibility** We have established a CR communications group to improve the way we communicate our CR priorities to staff. In 2005, we will use CR Staff Question Time sessions to understand staff expectations and priorities for our CR programmes.



**Tesco Week in Store Together** For the past three years we have been running Tesco Week in Store Together (TWIST). Senior managers spend five days working on the shopfloor, refreshing their understanding of our customers and our stores. This year 780 people from head office took part. We also offer our suppliers the opportunity to take part, so that they can have direct contact with customers. Five international TWISTs have taken place so far – 1 in Poland, 1 in Malaysia and 3 in Hungary – and a further 40 are planned throughout our international businesses.

**David Potts**, Retail and Logistics Director, took on the day-to-day running of Romford store, Gallows Corner, for a week.

## Suppliers

Suppliers are vital to our business. We have built up long-term partnerships with many of our suppliers. They have grown as Tesco has grown, sharing understanding of and responding to changing customer trends. We apply our Core Value 'treat people how we like to be treated' to our suppliers.

**Listening to our suppliers** This year we commissioned a new 'Supplier Viewpoint' survey to understand what is good and where we can improve. The survey is based on our staff Viewpoint model and is fully confidential and anonymous. The results show that our suppliers think we are professional, committed to our customers, fair and consistent.

To strengthen further our commitment to the UK Government Supplier Code of Practice we will be appointing a Supplier Code Compliance Officer in 2005 to hear formal complaints, confidentially if requested (see Economy page 22).

All buying teams hold regular supplier meetings and conferences. This year we held a supplier conference in London at which we explained our strategy and how suppliers could help to deliver it. Over 500 suppliers to the UK business from as far afield as Bangladesh and Sri Lanka attended, along with 300 Tesco staff. Five similar supplier conferences were held in Ireland, Korea, Poland, Hungary and Slovakia, with a total of 700 suppliers attending.

This year, we brought 34 clothing suppliers from around the world to see our Fastway clothing distribution centre, our Milton Keynes Kingston Extra store, and to attend a presentation explaining our business.

## Investors

Communication with our shareholders is very important. Our Investor Relations team regularly meets analysts from the financial institutions which invest in us or represent our shareholders. In the past year, we held meetings with 75 of our leading shareholders, representing 42% of the issued shares in the company. We have had a good contact programme with representatives of the SRI (socially responsible investment) sector, including our annual briefing, which this year, our Chairman attended as an observer.

Over the year, CR themes discussed with investors and NGOs included:

- ★ ethical trading and sustainable relationships with suppliers (see page 22 for how we are responding to this);
- ★ implementation of CR in our international businesses (see page 10 for how we are responding to this);
- ★ our contribution to healthy living and how we can measure our impact in this area (see page 40 for how we are responding to this).



## Non-governmental organisations

Over the past year, our Corporate Responsibility team has met more than 30 non-governmental organisations (NGOs). Feedback is reported to, and carefully considered by, our CR Committee. Several of our initiatives have resulted from work with NGOs, including the launch of our own-brand Fairtrade range, recruitment initiatives for disabled people, our sponsorship of Race for Life

and renewable energy trials. This year, in response to both NGOs and customers, we have launched new customer recycling facilities, developed Gi labelling (see case study) and ensured that all our own-brand garden furniture range is from sustainable timber sources (see Environment page 55).

### case study Diabetes UK and Gi labelling

*'We are delighted to be working with Tesco on this pioneering initiative. Eating a healthy diet is an important part of diabetes management, and the new Tesco Gi labelling helps people with diabetes make informed food choices.'*

**Douglas Smallwood**, Chief Executive, Diabetes UK

One example of how we have acted on the concerns of NGOs and others has been our work with Diabetes UK to provide information on the Glycaemic index (Gi) of foods. Over 1.8 million people in the UK have been diagnosed with diabetes, and it is estimated that as many again have the condition undiagnosed. People with diabetes are better able to control their blood sugar levels by eating a healthy diet with low and medium Gi foods. Gi labelling is also helpful for customers who want to control their weight. This year we launched Gi labelling and Gi information leaflets. Food scientists at Oxford Brookes University helped us by testing the Gi ratings of 50 Tesco brand foods. As a result, Tesco has the most advanced research, testing and labelling programme in the world. Our relationship with Diabetes UK is set to develop further next year, providing even more information and options for our customers with diabetes.

