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# society

One of our most important Values is to treat people how we like to be treated. We try to achieve this by being a good employer and by playing our part in local communities.



Chatchawan Sepsirisuk Rama 1 hypermarket, Bangkok, Thailand

People tell us that they want us to use our size and success to be a force for good. We accept this challenge with enthusiasm and commitment.

Tesco, and supermarkets in general, are sometimes criticised as being too big or too remote. But by growing, learning and applying what we have learned to running our shops better, we are able to reduce prices, provide thousands of new jobs, and help our suppliers by providing a growing market. Our size can also be a great help when thousands of people pull together for a great cause that they believe in – our Charity of the Year.

## playing our part in local communities

### Communities

**Charitable giving** Tesco has been a member of Business in the Community's Per Cent Club for over 15 years. We give at least 1% of our pre-tax profits to charity in the form of donations, employee time and gifts in kind. This year, the total value of our charitable contribution was £21,762,931.

The Tesco Charity Trust made cash grants of £878,556 to local and national charities in the UK. The Charity Trust Community Award Scheme awarded grants totalling £420,000 to local projects. These provide practical benefits in the local community for three vulnerable groups: children, the elderly and those with disabilities.

For information on our Community Awards visit

[www.tesco.com/corporate](http://www.tesco.com/corporate)

**Charity of the Year** Through Tesco Charity of the Year, we aim to combine the strengths of a great charitable cause with the contribution that Tesco can uniquely bring – our 250,000 staff and over 15 million customers up and down the country. Together we pool our strengths to achieve something more powerful than we can achieve alone.

Charitable giving 2005 by type	
Donations	£10,936,087
Gifts in kind	£3,250,391
Staff time	£6,219,189
Management costs	£1,357,264
<b>Total contributions</b>	<b>£21,762,931</b>

We aim to choose a charity which is close to the hearts of our staff and customers, works locally in the communities we serve and is focused on delivering practical benefits. The Charity of the Year becomes the main focus for staff fund raising and receives a 20% top-up from the Tesco Charity Trust.

In 2004 staff raised an estimated £3 million for Help the Hospices, our Charity of the Year.

Our 2005 Charity of the Year is Age Concern. Our aim is to help combat social isolation and poverty among older people.

Tesco businesses in Ireland, Poland, Slovakia and Hungary also support a 'Charity of the Year', raising £670,000, £7,500, £32,000 and £15,000 respectively last year.



Tesco Company Secretary, Lucy Neville-Rolfe, with David Praill, Help the Hospices and Gordon Lischman, Age Concern.

*'Tesco staff across the UK took part in an amazing variety of activities in support of their local hospice. The Company joined in with our national campaigns and promoted our work. A great year and a great partnership.'*

Steve Razzell, Partnership Manager, Help the Hospices.

**Race for Life** In 2004, over 409,000 women took part in Cancer Research UK's Race for Life, raising over £20 million. Tesco gave £250,000 to sponsor this five-kilometre event, paid the registration fees of our 18,752 staff who took part, and topped up all funds raised by our staff by 20%. Since our involvement started in 2002, over £52 million has been raised, and this year we won the Marketing Society's Cause Related Marketing award. We are committed to sponsoring the event for a further three years and we hope that in 2005 425,000 women, including 20,000 Tesco staff, will help raise £23 million. Over the next year we will be extending our sponsorship of Race for Life to include a series of 10-kilometre races for men and women.



Photograph provided by Southern Daily Echo



## case study Asian tsunami relief

Tesco made an immediate donation to the British Red Cross on the morning of Boxing Day, 2004, as soon as we heard that the tsunami had struck. We have donated over £310,000 in total. Of this, £100,000 went directly to the British Red Cross, and the rest was donated by our international businesses to aid efforts in Thailand, Malaysia, Sri Lanka and India.

Together with the Red Cross, we have helped to collect over £2.8 million for the Tsunami Appeal in our UK stores. In addition to direct financial aid, Tesco staff worked with disaster charities to

provide practical assistance, such as lorry loads of food, water and shelter materials in Thailand, Malaysia and Sri Lanka. Staff in India gave up one day's pay and staff in Thailand helped by putting up people who were made homeless, in their own homes. We also bought a trawler and four smaller fishing boats to help Sri Lankan fishermen.

For more information on how we are helping to re-establish trade in badly affected parts of Sri Lanka, see page 23 of the Economy section.

*'It is great news that Tesco are helping in this way, both with a very generous donation and by inviting the Red Cross to collect in its stores across the country. This gives us an unrivalled opportunity to ask the British people for help.'*

Mark Astarita, Director of Fund Raising, British Red Cross, January 2005.

**Supporting education** As the largest private-sector employer in the UK, we have a responsibility to contribute to the capabilities of tomorrow's workforce. Education is one of the key areas where customers believe our support is very important, and where we can make a real difference. Our education initiatives focus on providing practical benefits for local communities. For example, Tesco is partnering I CAN, a UK charity that helps children with speech and language difficulties, to sponsor the Chatterbox Challenge. Children across the UK choose a rhyme, song or story and family and friends sponsor them to perform it aloud. This year, Chatterbox Challenge raised over £150,000 for I CAN.

**Computers for Schools** Now in its 14th year, our Computers for Schools programme is the largest of its kind in the UK – over 29,000 schools are registered to take part. This year we carried out six two-day workshops in stores around the UK to increase awareness of the scheme and show parents that computers can be both fun and educational. This year, 2,700 computers and over 86,000 items of related equipment worth over £8 million were ordered by UK schools. This brings the overall total value of equipment given to schools since 1992 to £92 million. Next year, we aim to reach £100 million.

This year in Poland, our 'Tesco for Schools' scheme gave equipment worth £225,000 to 156 schools.



In Korea we hold 'Learn to Give' days in the Cultural Centres in our stores.

## case study St. Birinus School, Oxfordshire

As a specialist technology college, St. Birinus School is a particularly keen collector of our Computers for Schools vouchers. Over the past 12 years, the school has purchased 21 computers, 13 printers, 3 digital cameras, 3 video recorders and 2 scanners.

*'It's by far the best company collection scheme we are involved in. Everyone becomes involved, the promotion dates are put on the school calendar and each classroom has its own collection point. Computers have been put into rooms that would not otherwise have been equipped.'*

**Graham Long,**  
Design & Technology teacher



**International education** Education also provides the focus for much of our community activities in our international operations. For example:

- ★ In **Turkey**, our Tesco Kipa stores have held first aid training sessions in stores and schools. These have been attended by 25,000 children and adults since 2002. We plan to train another 5,000 people this year. We have also held parenting sessions for 1,200 customers, focusing on parent-child communication, attention problems and hyperactivity;

- ★ In **Korea** there is a Cultural Centre in every store. These centres are used for a wide variety of activities including 'Learn to Give' training, held in partnership with the Beautiful Foundation. Last year around 100 parents and children attended this training, which aims to encourage a culture of giving;
- ★ In **Thailand**, we have set up 250 scholarships and funded training for retail undergraduates. At the Sukhothai Thammathirat Open University we also sponsored the development of a one-year diploma in retail business. Each time a Tesco Lotus Value store opens we set up 50 scholarships for high school students from deprived backgrounds. So far 300 scholarships have been awarded in six provinces.

## Staff

**Employment** Tesco is the UK's largest private-sector employer and provides the best overall benefits package in the industry, including popular profit share and save as you earn schemes. This year we slightly exceeded our target of retaining 80% of staff with more than a year's experience.

At the beginning of 2004 we set out to improve the workplace by strengthening delivery of our People Promises. We have achieved four aims:

- ★ to develop store structures to better meet the needs of both customers and staff;
- ★ to provide our leaders with coaching to support their teams better;
- ★ to get more people in to work more of the time;
- ★ to reduce our management vacancies down to a minimum.

**Benefits** Our people are our most important asset, and a key objective is to select and retain the best. We therefore offer our staff an attractive benefits package, including flexible hours and leave, profit-share, an award-winning defined benefit pension, subsidised meals and childcare vouchers.

Through our Privilege Card scheme, all staff with over 12 months' service receive a 10% discount on their shopping at Tesco. They are also able to take advantage of discounts at Tesco.com, on our financial products, holidays, gym membership, childcare vouchers and health cover. Each staff member receives a Benefits Book annually to explain all the benefits they can take advantage of, and a personal Benefits Report summarising their total package. This year 160,000 staff shared £63 million in profits. For more information on our employee share schemes, see page 17 of the Economy section.

**Careers & training** We are committed to developing our people to fulfil their potential. This year over 2,000 people in our stores have progressed into management positions. 95% of retail staff were trained to our 'bronze' level of competency.

All our staff have access to training programmes and a personal development plan, with six-monthly reviews, to ensure that they have the right skills for their job. Tesco delivers an extensive programme of learning through the Tesco Academy. This offers everyone in the company learning that is tailored to their own personal development needs – from induction and core skills to operational and leadership skills.

Following a successful trial apprenticeship scheme in three stores in the Midlands, we created a further 480 apprenticeships across the UK in late 2004. As well as providing formal training at local colleges, this pioneering partnership with the Government apprenticeship scheme gives 16-24 year-old staff experience of working in different parts of our stores and warehouses. Tesco managers check on progress, coach and assess candidates. The apprentices are then externally certified by City and Guilds.

This year we were the first British retailer to have our in-house training accredited by the Qualification and Curriculum Authority, which means that we can now award nationally-recognised NVQ qualifications to our staff as part of our retail apprenticeship scheme. In the coming year, we plan to extend the apprenticeship scheme to staff over the age of 24.

Our commitment to training and development is also important in our international businesses. For example, in Poland, 100% of store directors are of local origin. On average each staff member in Poland has completed three different training modules.



This year, Tesco became the first retailer to be accredited to award NVQs.

**Debut** Last year, we launched Debut, a programme to encourage students working at Tesco in the UK to stay on with us after completing their studies, as well as to attract other graduates and young people. Our website

[www.tesco.com/debut](http://www.tesco.com/debut)

offers on-line training and development, financial guidance, discounts and career advice to help 16-24 year-olds through the transition from full-time education to full-time careers. So far, 21,071 students have become members of Debut, and we have launched our Debut Clearing House scheme, which organises transfers for students between their home stores and stores local to their university.

*'Tesco staff are fortunate in that Tesco's pension system is one of the best in the retail sector.'*

**Gordon Lishman, CEO,**  
Age Concern England.



**Michelle Sweeney and Amy McDonnell** Newcastle Extra, UK

*'We demand high standards from our accredited organisations, and have been impressed by the Tesco approach to training and development. The retailer has real energy and desire to give its people every opportunity to get on, and we look forward to working closely with them to help achieve this.'*

**Edwina McQueen,** Head of Business Development, City & Guilds.

**Human rights** In 2002 we introduced a group-wide human rights policy, addressing employment conditions including wages, hours, freedom of association, health and safety, discrimination, child labour and security.

The Chief Executive of each national business is responsible for implementing this policy. We support the United Nations Universal Declaration of Human Rights and the International Labour Organisation's Core Conventions. Our human rights policy can be found at

[www.tesco.com/corporate](http://www.tesco.com/corporate)

We support the right of all our employees to join a trade union. Around half of our UK employees are members of a union. Since 1998 we have had a pioneering partnership agreement with Usdaw, which has become a model for employer-union relationships in the UK. Staff Forums are held in all stores three times a year in conjunction with Usdaw. In the last year we have worked with Usdaw on a Freedom from Fear campaign to raise awareness of the verbal and physical abuse that can be suffered by shopworkers, and to promote respect and improve safety in the retail workforce.

We have issued all managers in the UK, as well as our overseas CEOs, with our code of ethics, which governs relationships between employees, suppliers and contractors, and refers to our human rights policy.

We have a confidential Protector Line for our staff to ring. This helps us be more aware of, and take action against, potential problems like theft, dishonesty and any practices that endanger our staff, customers or the environment.

**Health and safety** We are committed to protecting the health and safety of our people, our customers, and our visitors as far as is reasonably practical. Our aim is to eliminate preventable accidents and ill health associated with our work and premises, and to reduce the rate of reportable accidents as the business grows.

We have a comprehensive risk management process to identify and minimise occupational health and safety risks across the business. We constantly monitor and review our performance and seek feedback from our people. Every store measures health and safety performance and reports on it three times a year through the Staff Forum. Safety campaigns are launched three times a year at Staff Forums to focus our people on how we can improve safety in our stores.

We have successfully reduced the rate of reportable staff accidents in our stores over the past five years. We are introducing improved measures for assessing risk and reducing accident numbers as the size and nature of the business develops.

**Inclusivity** Inclusivity and diversity benefit our business in many ways, especially through fostering greater customer and staff loyalty. Studies show that organisations with best practice diversity policies tend to outperform on operational and business levels. A copy of our equal opportunities policy can be found at

[www.tesco.com/corporate](http://www.tesco.com/corporate)

This year the Board asked our Diversity Advisory Group to analyse the diversity of Tesco's UK workforce compared with the UK population – our aim being to mirror the composition of the population as a whole.

The Diversity Advisory Group found that we need to increase the proportion of:

- ★ female store managers and senior team members;
- ★ store managers and senior team members from ethnic groups;
- ★ 45-54 year-old store managers and senior team members.

We have consequently set targets to increase the proportion of women, ethnic groups and older staff in these positions and are planning to achieve them by providing improved coaching and mentoring, providing foreign language tapes for staff training, improving communication to celebrate success, and by conducting research to identify further short and long-term solutions. New ideas emerging from this research may be fast-tracked; and we are introducing a KPI to measure our performance on diversity over the coming year.

We have done more to make our jobs more attractive to people from ethnic minorities. This year, for example, during Ramadan we changed the time of store activities to allow staff time to pray, and promoted use of the staff training room as a quiet space for this purpose. We encouraged stores to look at flexible leave so that staff could take time off for the Indian festival of Diwali. During Diwali, staff organised celebrations in store, wore traditional dress, and brought in home-cooked food to share in the canteen. We are increasingly looking at language needs in our stores, for example, in our Beckton store staff briefings are held in four languages – Hindi, Urdu, Bangladeshi and English.



Caroline Sithole Coventry Extra, UK

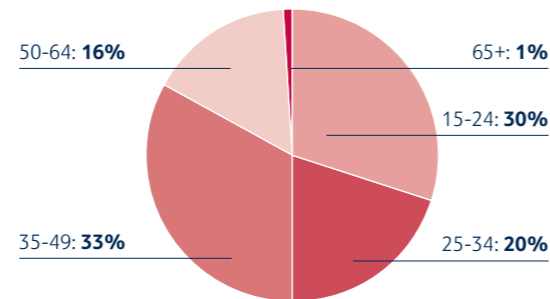
Steve Cross Coventry Extra, UK

**Family** We aim to be a family-friendly employer, giving mothers in particular the most favourable employment terms possible. We offer family-friendly shift patterns, maternity leave for all, paid paternity leave, equal training and development opportunities for part-time workers, and a career break scheme. Where practical, our staff are able to job-share, work flexi-time or compressed hours, shift swap, work from home or work part-time. We offer childcare vouchers to all staff, whether full or part-time, and these can be used for most types of childcare. Last year we took part in the DTI Work-Life Balance Challenge Fund and ideas arising from this have been implemented in our flexible working request policy.

**Disability** Research tells us that 14% of our UK workforce have some kind of disability, compared to a national average of 13%. We are working with the UK Government agency Remploy and with the Shaw Trust, which both act as 'job brokers' for disabled people. We now have nearly 100 people supported in work by these two agencies. We are members of the Employers' Forum on Disability.

**Older staff** We have long recognised the benefits of a mixed-age workforce, and our research has shown that older employees are more loyal and less prone to absenteeism. We were one of the first companies to positively encourage the recruitment of the 50+ age group. We are members of the Employers Forum on Age, and are an Age Positive champion under the scheme run by The Department for Work and Pensions. We won the Personnel Today 2004 Age Positive Award for our work on supporting both younger and older workers in the workplace.

#### Employee age diversity



Our work on supporting both younger and older workers lead to us winning the Personnel Today 2004 Age Positive Award.

Peter Gill Newcastle Extra, UK

# treating people how we like to be treated

## Customers

We aim to appeal across the social and economic range, and are pleased that the profile of our customers reflects this. We achieve it in three ways:

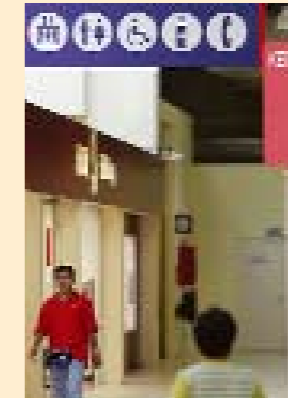
★ **Range** – from Finest for those wanting something special, to Value for those on a budget. We offer the widest range of organic and Fairtrade products in the UK, and over 500 Healthy Living products;



This year we offered customers a range of over 275 Asian and 15 Halal lines in 117 UK stores and offered special promotions for Diwali and Ramadan.

★ **Price** – we are able to bring value to customers no matter how much they want to spend. We constantly strive to deliver cheaper, better food, which means customers have more choice. More details can be found on page 17 of the Economy section;

★ **Stores** – our range of store formats has brought benefits to customers – in different places, at different times, doing different types of shopping. Our Metro and Express stores target convenience shoppers, while Superstore and Extras formats appeal to customers wanting to do their weekly shop.



Our stores in Malaysia are recognised as a role model for the provision of disabled facilities, providing wheelchairs, ramps, special toilets, elevators and reserved parking lots.

**Disabled customers** Tesco aims to provide fully for disabled customers. We will be holding themed Customer Question Times each quarter over the coming year, in partnership with disability organisations, to listen and respond to what customers with visual, hearing and physical disabilities tell us.

This year we were recognised by AbilityNet, the UK computing and disability charity, as the only supermarket to have a website meeting the basic accessibility needs of disabled people.

Our access website was the only site found to be easily accessible to people with a vision impairment, dyslexia or physical disability. It gained a four-star rating on AbilityNet's five-star scale.

[www.tesco.com/access](http://www.tesco.com/access)

*'Many fully-sighted people find the simply-designed Tesco Access site offers them a better user experience than any other supermarket website.'*

Julie Howell, Digital Policy Development Officer at the RNIB.



## Healthy living

Our customers tell us that eating healthily needs to be easier, and that they need better and simpler information to enable them to eat a balanced diet. Publication of the UK Government's Public Health White Paper, and campaigns by the UK Food Standards Agency, have also helped these issues figure prominently.

Tesco pioneered clear nutritional labelling in the 1980s, introduced our Healthy Living range over 20 years ago, and launched our Healthy Living Club for our customers three years ago. Over the past year we have put a lot of thought into how Tesco can give even more help to our customers to live more healthily. We are working on improving nutritional information on products, reformulating products so that they are healthier without compromising taste, and are encouraging our customers to be more active, for example through our support for Cancer Research UK's Race for Life. We do not sell sweets at check-outs in our superstores or target our advertising at children.

From March 2005 we will include a KPI on healthy living in our Corporate Responsibility performance indicators.

From being the first supermarket to launch a Healthy Living range in 1984, we now have over 500 such products and the volume of sales grew by 17% this year. We continue to work to make healthy food more accessible to all our customers, and now have over 30 Value lines of fresh fruit and vegetables. This year, sales of fruit and vegetables in the UK rose by 12%, and the increase was most marked among our least affluent customers. Further information on our work to make healthy food more accessible can be found on page 17 of the Economy section.

Our Healthy Living Club in the UK provides its 220,000 members with information on how to get fit and stay healthy, as well as providing benefits such as discounts on gym membership and money-off vouchers for healthy products. Our bi-monthly Healthy Living magazine provides practical information on all aspects of a healthy lifestyle.

In Poland, our 5-a-day Healthy Living campaign promoting fruit and vegetables in the fight against obesity and cancer is estimated to have reached ten million customers. In Hungary, our Fitt range introduced in 2003 now has more than 60 lines.



**Nutritional information** Simpler and clearer communication of the nutritional content of foods is important in empowering consumers to lead healthy lifestyles. We have been providing clear nutritional information on our products for many years.

This year we have introduced nutritional 'signposts', a new food labelling system which makes it easier than ever for our customers to make healthier choices as they shop. The amount of salt, fat, saturated fat, sugar and calories in a serving of each product is clearly stated in grams on the front of the packs. The labels also state how much of the guideline daily amount this makes up. By separating the key nutrients, the labels help customers monitor any or all of the areas they are concerned about e.g. salt if they have high blood pressure or calories if they are watching their weight. The simple labelling means that it is easier for customers to stay within their recommended daily amount without doing complicated calculations. The first new-style labels will be introduced in April 2005 and are being rolled out to more products each month. This follows two years of research and development with customers.

This year we also introduced labelling on the Glycaemic index (Gi) and carbohydrate content of foods, backed up by information leaflets. This helps people with diabetes and those following a low carbohydrate or Gi-based diets (see page 15).



Our Free From range of 150 products for customers suffering from food allergies and intolerances to gluten, wheat, nuts and dairy products is also growing in popularity.

**Salt reduction** We have reviewed salt levels in over 1,000 products and removed over 50 million teaspoonfuls of salt, or 282 tonnes, from our customers' diets. For example, we have reduced the salt content across our frozen Deep Pan Pizza range by an average of 20%. We are going further and faster than the salt minimisation framework established by the British Retail Consortium, and expect to meet or exceed the agreed targets three and a half years earlier than the BRC's target completion date. In addition to the BRC's priority areas – soups, pizzas, ready meals, quiches, baked beans, sandwiches, cook-in sauces, breakfast cereals and bread – we are reviewing salt content in product categories such as meat pies and snacks. We are also looking at fat and sugar content in these products.