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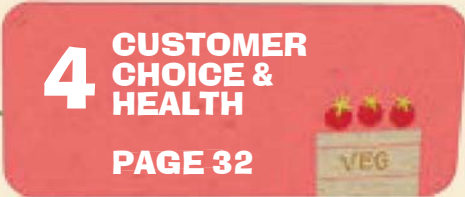
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We are the largest private sector employer in Ireland, South Korea and the UK and provide diverse career opportunities for 470,000 people worldwide – from positions on the shop floor, to roles for managers, buyers, accountants and lawyers.

People grow with us. Many rise from the shop floor to run the shops they work in, or move to other jobs within the business, gaining valuable leadership and professional skills along the way. Access to opportunities keeps people motivated and committed, delivering great service.

We have worked hard to create a culture of trust and respect, where managers help their people to do their jobs. We know people work better when they are given the power to make decisions and take responsibility, and we recognise the work they do and say thank you. We encourage people to learn from their mistakes and challenge conventional thinking.

Graduate programme participants 2008

Asia	
China	43
Japan	14
Malaysia	80
South Korea	69
Thailand	35
Europe	
Czech Republic and Slovakia	57
Hungary	26
Ireland	13
Poland	18
Turkey	18
UK	136

Total 509

Training and development

We promise our people ‘an opportunity to get on’. People feel more committed when they know they can grow with us, helping us to retain a skilled workforce. As a major employer, when we invest in training and development we also benefit the wider economy.

Home-grown managers understand our culture and business and make valuable leaders. Many of our senior leaders started their careers in our stores, including Board Director David Potts, who joined as a Customer Assistant.

In 2008, 50% of Company Directors were appointed internally, including the appointment of Laurie McIlwee to the Board as the Group Finance Director. This was less than our usual 65% due to recruiting new Directors into Tesco Personal Finance. We also appointed 3,741 new managers for stores and 149 distribution centres in the UK alone – 86% from within Tesco.

One in 30 of all staff at Tesco in the UK are on our Options development programme, learning the skills they need to apply for a job at the next work level. This year in the US, we introduced Options for moves from work levels three to four (senior manager to director positions) in the US. We will implement Options for work levels three and four in Central Europe and Asia in 2009.

Our graduate programme fast-tracks high-potential graduate trainees into leadership positions. Recruits come from across the business internationally.



Fishmongers and bakers can gain recognised qualifications

In the UK, skilled specialist employees such as fishmongers and bakers can gain recognised qualifications during their careers at Tesco. Our Training Framework Scheme delivers most shop-floor and distribution centre (DC) training, and we are working towards accreditation by the Qualifications and Curriculum Authority. In 2008, 97.4% of shop-floor and 99.9% of DC employees in the UK were trained to bronze level (competent), and 94.2% of shop-floor employees to silver level (expert or experienced). We exceeded our target to train 97% of retail and DC staff to bronze level, and 85% of our retail staff to silver level. Employees complete bronze training within four weeks of joining and silver training within 12 weeks of joining.

PEOPLE PROMISES

We want Tesco to be a great place to work. We promise that when people work for us they will:

- Be treated with respect
- Have an opportunity to get on
- Have a manager who helps me
- Have an interesting job





Communication and consultation

We want employees' views on issues that affect them and the business, and communicate with them regularly through staff question times, face-to-face briefings, store and DC forums, publications and our intranet.

Our annual staff survey, Viewpoint, is anonymous and confidential. Results get fed into local action plans at store, distribution centre and office level. In 2008, 88% of staff completed Viewpoint.

Employees across our business are free to join unions, and we have an industry-leading partnership agreement with Solidarity in Poland and Usdaw in the UK.

Head Office staff gain direct experience on the shop floor through our annual TWIST programme (Tesco Week In Store Together). At peak shopping periods such as Easter and Christmas all Head Office staff provide 'Helping Hands' and go into store to support store colleagues.

Our whistle-blowing policy and helpline is now in place in all countries. 'Protector Line' is a 24-hour confidential telephone line and email address for employees to report grievances and ethical concerns. All calls are logged and investigated by the appropriate function. The feedback is monitored by Corporate Governance and the PLC Compliance Committee within each country and reviewed by the PLC Compliance Committee each year.

In 2008 we received 253 employment-related calls to the helpline. This increase of 15% from last year shows that employees are gaining confidence in the service. Most calls relate to personnel issues, commercial issues, security and trading law. Personnel issues are referred back to the store or resolved through grievance procedures.

70% OF STORE STAFF IN THE UK SAY THEY ENJOY WORKING WITH TESCO

80% OF APPRENTICES SAID THE PROGRAMME PROVIDED THEM WITH A CAREER PATH AND 85% NOW HAVE MORE CONFIDENCE

APPRENTICESHIPS



Apprentices from Bristol receive their certificates from Christine Palmer, Group Personnel Manager for Superstores South

In the UK, 848 of our employees have been awarded an Apprenticeship in Retail Skills since 2004. The apprenticeship is made up of an NVQ Level 2 in Retail Skills, Key Skills training in numeracy and communication, and a technical certificate. These nationally recognised qualifications are completed entirely in the workplace. The apprenticeship equates to five GCSEs at grades A* to C.

Of the apprentices who graduated in 2008, 80% said the programme provided them with a career path, and 85% feel they now have more confidence. One apprentice highly commended in our Apprentice of the Year awards was Mark Beckitt, 47, a General Assistant from our store in Stalybridge. He is dyslexic and has difficulty writing. The programme helped Mark prove to himself that he can achieve outside of his comfort zone. He is now on our Options scheme to become a Section Manager.

In February 2009 we registered 863 new learners on the Tesco apprenticeship programme, beating our target of 800.



OTHERS SAY

"The Tesco [regeneration] project is exactly what we want in this country today – private enterprise joining with Government and public agencies ... in order to provide people with jobs"
– Government

Rewards and benefits

It is important to us that our people feel rewarded for the work they do. We offer higher than minimum wage salaries across all our businesses internationally, as well as benefits in each market that reflect employees' priorities.

In many developing markets, staff place most value on good basic pay and being paid fairly for overtime, and these are our priorities. In Malaysia where there is no legal minimum wage, the minimum wage a Tesco employee will receive is 30% more than the Poverty Line Index for household. We also offer a wide range of competitive benefits in line with local labour laws and regulations, from paying at least 75% of the cost of medical, prescription drug, dental and vision coverage after 90 days' employment in the US to a tuition subsidy in South Korea.

We are bringing in long-term reward plans across our markets so that we have a clear plan on how we will invest in pay and develop benefits in each country. All our management teams share in the success of the business they are growing through bonus schemes linked to profitability and delivery of their Steering Wheel objectives, and executive share options at the same level as UK employees.

In the UK, 193,000 employees received £92 million worth of free shares in our Shares in Success scheme in 2008. 52,000 staff shared a £126 million payout from our risk-free Save as You Earn share option scheme and 44,000 staff saved money through a tax-efficient Buy As Your Earn share saving scheme.

We offer a range of staff discounts across the Group. In the Czech Republic and Slovakia we offer family discount days. This year in the UK we reduced the length of service needed to six months for staff to receive 10% discount on all purchases over £1, an investment worth £80 million. Next year we will introduce staff discounts in Thailand.

IN THE UK WE ARE THE LEADING RETAILER FOR PAY AND HAVE A BENEFITS PACKAGE WORTH AN EXTRA 17% FOR CUSTOMER ASSISTANTS



Diversity and inclusion

We want everyone to feel welcome at Tesco, regardless of age, gender, disability, ethnicity or sexual orientation. We aim to reflect the customers we serve at all levels of the business.

Diversity is embedded in the business by a Diversity Council consisting of Directors from across the business, and chaired by Retail and Logistics Director, David Potts. Each member of the Board is provided with talent planning data that allows them to review the diversity of their teams.

We focus on employing local people and developing local leaders in each country. Only 350 of the 185,000 people we employ internationally are from our UK business: 47% of our country operating boards and 57% of directors are locals. Twelve people from the international business are on our Advanced Leadership Programme.

Disability

We work to positively attract and develop people who have disabilities.

In the UK, we have relationships with disability organisations such as Remploy and the Shaw Trust, who understand the importance to Tesco of finding skilled and dedicated people. Their services include pre-employment training, post-employment development and support for employees. All candidates receive vocational skills training.

The Viewpoint survey featured a question on disability for the first time this year, to find out how employees with disabilities feel about the business, and to plan activity in 2009. In the UK, 800 Personnel and Store Managers attended our in-house Managing Disability with Confidence course.



1,351 STAFF SHARED A £3.4 MILLION PAYOUT FROM OUR IRISH SAVE AS YOU EARN SHARE OPTION SCHEME



'THE SAME CHANCE' – EMPLOYER OF THE YEAR 2008, CZECH REPUBLIC

In May 2008 Tesco Czech Republic was named Employer of the Year by the organisation The Same Chance. The competition enables mentally and physically disabled people to nominate employers based on how they are treated, working hours, working environment and colleagues.

Tesco employs about 400 disabled people in the Czech Republic and 40 in Slovakia who are all fully integrated into our teams. For example, Petr is mentally disabled and has worked in an in-store bakery in Smichov for over four years, reprocessing hard bread into breadcrumbs. He is very engaged with his work, and has made suggestions for increasing breadcrumb sales, some of which have been accepted by the store. As a result Petr feels valued and expresses pride in his job.

Viewpoint results for 'I am treated with respect'

	Stores	Distribution	Office
	% agree/ strongly agree	% agree/ strongly agree	% agree/ strongly agree
Overall average	72.1	55.7	86.2
People from ethnic minority backgrounds (average)	72.1	53.6	83.4



UK staff in the new staff uniform

Gender

We want women to do as well as men at Tesco. There are three women on our Board of Directors, two are Non-executive Directors. In the UK, 20% of Directors are women and we have just appointed our first female Director in South Korea in 2008. This is a significant appointment and establishes a positive role model in a country where there are traditionally very few women in senior positions.

In the UK, 57% of Tesco employees are female. There are 123 female store managers (16% of total), and we are continually developing more women to enter management roles. Women are well represented in our development programmes, which should ensure more women achieve management positions in the future. Women make up 60% of participants on our Apprenticeship in Retail programme.

However, there is still work to do. The Tesco Women's Network aims to help female Managers and Directors progress and has now attracted over 200 senior members (at manager level and above). The Network provides skills development, mentoring and networking opportunities.

In the UK, 10.2% of distribution employees are women. This is largely due to traditional opinions that distribution is a male-dominated environment. This is a general industry issue and not specific to Tesco. We are working to encourage more women to pursue careers in distribution.

At Tesco in the UK, there was only a 2% difference in the average pay between men and women in 2008. This compares with the national mean average of 17% and median of 13%. Anything less than 5% is deemed statistically insignificant.

UK DIVERSITY

Ethnic diversity

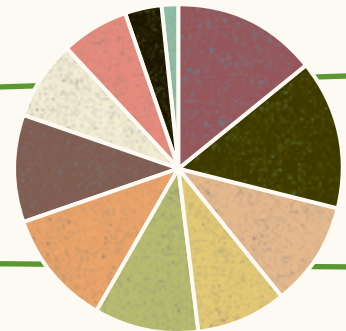
We are proud of our diversity. We have the most socially diverse customer base of any of the UK retailers and we want our workforce to mirror the communities we serve.

In 2008, 120 personnel managers attended in-store Managing Ethnicity with Confidence workshops. Another 120 will be trained in 2009.

A new network for British Asians at Tesco has partnered with universities and engaged with Asian parents to improve perceptions of careers in retail, and demonstrate the opportunities Tesco offers. As a result, 20% of applicants to the 2010 Graduate Scheme are British Asian.

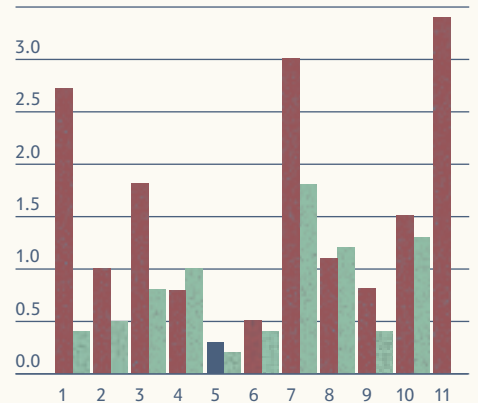
Age

People of all ages are welcome at Tesco. We have no retirement age and employ people in their 70s and 80s (although we comply with mandatory retirement ages in countries where these exist). In the UK, we include people of all ages in our Apprenticeship, A-Level and Graduate programmes, giving them the opportunity to develop their careers. 27% of people on our apprenticeship programmes are over 40. Our oldest apprentice is 67.



Age of UK employees

15-19	14.4%
20-24	14.5%
25-29	10.4%
30-34	8.9%
35-39	10.2%
40-44	11.3%
45-49	10.6%
50-54	7.8%
55-59	6.5%
60-64	3.7%
65 and above	1.5%



UK ethnic diversity profile*

	% Tesco	% UK population
1 Asian Other	2.7%	0.4%
2 Bangladeshi	1.0%	0.5%
3 Black African	1.8%	0.8%
4 Black Caribbean	0.8%	1.0%
5 Black Other	0.3%	0.2%
6 Chinese	0.5%	0.4%
7 Indian	3.0%	1.8%
8 Mixed Race	1.1%	1.2%
9 Other ethnic group	0.8%	0.4%
10 Pakistani	1.5%	1.3%
11 White (Central European)	3.4%	-

* Excluding White British (83.1% at Tesco and 92.1% in UK)
Source: The UK population by ethnic group, April 2001 Census



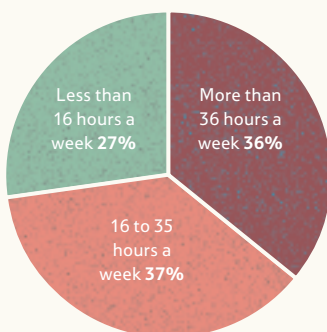
THIS YEAR WE APPOINTED 86% OF NEW MANAGERS FROM WITHIN TESCO

Flexible working

We support flexible hours wherever possible. In the UK we offer family-friendly shifts, job-sharing, flexi-time and compressed hours, shift swaps, home working and part-time working where possible. We also offer maternity leave for both full- and part-time workers, paid paternity leave, equal training and development opportunities for full- and part-time workers, childcare vouchers, bereavement leave and career breaks. Many of these benefits exceed statutory requirements.

As a response to employee requests we now give up to five days paid leave to train as a foster parent, paid time off for fertility treatment, and the opportunity to take leave for study and life breaks.

This year we appointed our first part-time senior director.



UK flexible working

Health and safety

Looking after our staff and customers by making sure they have a safe place to work and shop is vital for us. To ensure that we are leading from the top our Executive Director for Corporate & Legal Affairs, Lucy Neville-Rolfe, is the designated Director for health and safety. We have adopted the joint Health and Safety Executive and Institute of Directors Guidance – Leading Health and Safety at Work.

We manage the success of our health and safety performance by measuring the rate of injuries suffered to our people and to customers who visit our stores, and through independent compliance audits of our stores and distribution centres. In 2006 we set a three-year target to reduce the rate of reportable accidents in our UK workplace by 10%. At the start of 2009 we have in fact achieved a reduction of over 50% in the rate of reportable accidents across all of our stores and distribution centres.

Our health and safety performance is measured using reportable accident rates which we measure regularly and report each quarter to the Compliance Committee and annually to the Executive Board. Our stores measure their own performance as well through the Store Steering Wheel which targets reductions in rates of injury for each specific store site.

This year in the UK we achieved a significant reduction in the number of reportable staff accidents in our stores from 1,958 in 2007 to 1,489. This has been achieved by continuing to improve training and raising awareness with our people. Each year targeted safety campaigns are organised throughout the business. These aim to raise awareness and reduce the risk from the main causes of injury: slips and falls; and manual handling.

We also ran an impactful accident awareness campaign in October where we highlighted key safety messages to all staff. Bright red posters were placed around stores and warehouses. These underlined the importance of cleaning as we go, immediately dealing with rubbish and spillages, and taking care when moving around stores.

TESCO WHIZZ KIDZ

In 2008 we worked with the national mobility charity, Whizz Kidz, to give 25 young wheelchair users the opportunity to gain work experience in Tesco stores. We initially trialled work placements in June 2008, and then rolled out further placements in 25 stores across the country. The programme was organised in response to Whizz Kidz' survey of young wheelchair users which found their top concerns to be: 'getting a job' and 'not having the same opportunities' as non-disabled friends.

Twenty-one-year-old participant Ben Ratford said, "I really enjoyed working at Tesco. The placement has given me more confidence and proves that using a wheelchair does not have to be an obstacle to getting a job."

After the placements, three of the participants were offered permanent positions. In 2009 Tesco and Whizz Kidz will expand the project to create Whizz Kidz Saturday clubs in 48 of our stores. The clubs will provide an opportunity for disabled young people to socialise and campaign on issues they feel strongly about.

TARGETS

- Train 97% of retail and DC staff to bronze level, and 85% of our retail staff to silver level through our Training Framework Scheme
- Double the number of people on our Apprenticeship in Retail programme
- Continue to run Managing Disability with Confidence courses in 2009/10
- In 2009 we will communicate our refreshed Values to every member of staff in every country except the US, where they have only just launched the Values
- We will create 26,000 jobs across all the markets in which we operate
- Train 120 personnel managers to manage ethnicity with confidence