



An Coimisiún um Chaidreamh san Áit Oibre
Workplace Relations Commission

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Re: New Pay and Reward Model

The attached agreement is proposed following a series of intense engagements between the parties both locally as well as under the auspices of the Workplace Relations Commission (WRC) conciliation service. The WRC notes the parameters under which all parties entered these negotiations and confirms that the parties fully explored all matters in respect of a number of key pay terms and conditions. The overall ambition of all parties is aimed to assist in working toward a new more collaborative working relationship going forward.

In that context, this collective agreement proposal reaffirms existing collective agreements will continue unless altered by this agreement. All parties have agreed to recommend this proposal for acceptance.

Pay and Rewards Proposal

Pay Terms

It is proposed that the existing model of basic pay plus the numerous premium payments will be replaced with a new higher consolidated pay rate. The new higher consolidated pay rate will replace all premium payments that employees currently receive including overtime rates, unsocial hours, Sunday working, public holiday premium, trade day and good Friday (where applicable), Christmas Sundays or any other ad-hoc pay adjustments that employees may receive.

A total of a 11% pay increase will apply to all employees effective from 1st October 2021 up to 1st April 2023 (this is broken down by a 5% pay increase and a 6% compensation package in respect of the move to a consolidated pay rate) with the exception of the starter rate move to €12.35.

Increases to a higher consolidated rate of pay will replace the existing base rates and premium rates structure as follows:

Pay Rate	Day	Night	11 % increase
Rate 1 } <i>a probationary rate of €11 will apply for the first 3 months and the final 15 months will see a move to the full rate of €12.35 *</i>	€12.35	€16.21	
Rate 2	€12.68	€16.86	
Rate 3	€14.98	€19.92	
Recognised historical rate	€17.89	€23.86	
GHS Driver	€16.23	N/A	

18 months progression remains between rate 1, rate 2 and rate 3

**Upon successful completion of probation*

As the new consolidated rate of pay is introduced, heretofore there was a contractual obligation to work 3 out of 4 Sundays, this will now be revised to a contractual obligation for all colleagues to work, if rostered, 2 out of 4 Sundays.

Distribution of working hours will be allocated on a fair and equitable basis.

In recognition of those employees who consistently work premium time hours (Sunday, early mornings), the following compensation package will be provided to them.

1. For employees who consistently worked 6 plus hours premium time but less than 8 hours premium time as part of their rostered hours, a compensation payment of €1000 will be provided.
2. For employees who have worked 8 plus hours premium time as part of their rostered hours, a compensation payment of €2000 will be provided.

For employees who have worked 3 in every 4 Sundays and 8 plus hours premium (early morning premium) in the same reference period below, they will receive an additional €1000.

3. Employees affected by this compensation are those who have been in receipt of these premium payments at week 1 (28th February 2021) of the Tesco financial year 2021/2022 for a period of 26 weeks.
4. All the above will be paid on a once-off gross basis in line with the movement to a consolidated pay rate.

In addition, any employee who works 8 hours or more premium, as defined above, they will be offered an increase to the next banded hour configuration at the earliest opportunity but no later than a 9-month period from the date of agreement. It should be noted that any employee in this category working 35+ hours will be offered a 39-hour contract on a voluntary basis.

Hours of work

In the very rare and unique circumstances where employees have contracted hours above a 39-hour week, the company confirm that they retain those hours on the new consolidated rate subject to a maximum of 48 hours.

In the main, store standard hours are 39 hours per week, however for those employees covered by these proposals and who work in a small number of stores, where store standard hours are less than 39 hours, it is proposed to move those stores to the 39-hour per week standard.

Those full-time employees who are currently contracted on less than 39 hours will have the opportunity, when hours become available, to increase their hours to 39 hours per week. This will be done on a voluntary basis.

Sick Pay

The introduction of a single universal sick pay scheme that will encompass sick pay equivalent to 8 weeks top up of the state illness benefit calculated on the new consolidated pay rate with the initial 3-day waiting period for all employees who successfully complete their probation. This will become effective from 1st March 2023 and will replace all legacy sick pay schemes.

The Company occupational sick pay scheme year will run in conjunction with the Company financial year (day 1 of the financial year). No more than eight weeks sick pay will be available in any sick pay scheme year.

Where an employee is on paid sick leave coming up to the end of the sick leave year, and has not yet received eight weeks sick pay within that leave year, sick pay will continue after this date subject to a maximum period of eight (8) weeks. In order to subsequently avail of the balance of the new years' sick pay scheme an employee must have returned to work with a doctor's certificate confirming full fitness to return to work and be an unrelated illness. In this event the first 3 days is unpaid for the new period of sickness absence. *(see appendix 11 for scheme outline)*

Family Leave

From 1st March 2022, new and improved benefits will apply for all employees with 12 months service:

- 14 weeks paid maternity will be provided (the company will top up the State maternity benefit to the consolidated pay rate)
- 14 weeks paid adoptive leave be provided (the company will top up the State adoptive benefit to the consolidated pay rate)
- 2 weeks paid paternity leave be provided (the company will top up the State paternity benefit to the consolidated pay rate)

Pension

Whilst the current Defined Benefit pension has a deficit and its continuation is, in the opinion of the Trustees of the Scheme and Company, unsustainable it is proposed to close the DB scheme in March 2022 to future accrual and new members and replace this with a new defined contribution retirement pension savings scheme to be put in place in March 2022. Tesco have, in the context of moving to a defined contribution pension saving scheme, committed to fund the existing deficit.

Tesco have agreed that entry into the new DC scheme will be possible after 6 months employment with Tesco. The overall ambition is to have a retirement savings scheme that will be market leading encompassing all elements of a modern, accessible, affordable, and competitive retirement savings plan.

The details of this new pension DC scheme are outlined as follows:

- Entry to the scheme will be possible after 6 months of employment
- Contribution rates will be applied to the higher consolidated rate of pay
- No offset of the State pension will be applied
- A flexible contribution scale ranging from 1% to a maximum 7.5% with the Company matching the contribution made by the employee (1:1) e.g. you pay €10, Tesco pays €10
- Employees may choose to make additional voluntary contributions (AVCs) unmatched in addition to normal matched contributions
- Employees can change the contribution rate upwards or downwards throughout their employment to provide flexibility, with the employer contribution adjusted accordingly
- For all employees who join the Defined Contribution retirement savings scheme, there will be the option to continue to save for retirement up to the age of 70 (in the current pension schemes this is restricted to those under 65 years of age)

In addition to the above, for current members of the Defined Benefit plans (those who were members or applied to join on or before the company announcement on 8th July 2021) and in recognition that these employees had already participated in the Defined Benefit plans, the following additional exceptional arrangement will be put in place:

- Confirmation that benefits built up under the Defined Benefit plans up to the point of closure will not be affected
- For Final Salary scheme members, the salary link for benefits built up will also be maintained for the **employees**, up to the point of leaving the Company or retirement date
- Contribution rate on the standard range of 1% up to a maximum matched contribution rate of 7.5% will be matched at a rate of 1:2 – the company will contribute double the employee contribution e.g. you pay €10, Tesco pays €20
- This provides these employees with the potential opportunity of a total contribution of 22.5% of higher consolidated rate of pay into their defined contribution scheme

Access to the existing DB pension continues to be available to employees and where an employee wishes to join the scheme post the 8th July 2021, contributions level to the DC scheme will be on a 1:1 basis (the company will match the contribution of the employee).

When auto enrolment legislation is enacted, the parties will review the new scheme to ensure it meets all legal requirements.

Life Assurance

Under the new Defined Contribution retirement savings scheme, all members will be provided with an enhancement to the Life Assurance (Death-in-service) benefit equivalent to the value of 5 x annual base pay (this is currently 3 x annual base pay). For those who choose not to join the Defined Contribution retirement savings scheme, Life Assurance (Death-in-service) benefit will remain at equivalent to 1 x annual base pay.

RSO Employees

Given the complexities attached to the RSO pay structure, a commitment has been made to have a separate discussion with RSO trade union representatives (Mandate / SIPTU) in relation to the terms and conditions of this population. Such discussions will commence as soon as this proposal has been balloted upon with the ambition to finalise these discussions by end December 2021. However, RSO staff members will benefit from the 5% pay increase proposed, improvements to sick pay, adoptive leave, and family leave arrangements as well as the new defined contribution retirement pension savings scheme.

Mandate Pre-1996 Employees and Siptu Pre-1997 Employees

The potential for the application of consolidated pay as a means of an alternative solution to the outstanding matters in respect of employees, commonly referred to as the pre-1996 (Mandate) and pre-1997 (SIPTU) workers, was explored but final agreement has not yet been achieved. In light of this, the status quo will remain in respect of these matters for these employees pending resolution. Both parties reaffirm their commitment to reaching a mutually agreeable solution and will reengage further under the auspices of the WRC, in accordance with collectively agreed procedures, in a time bound process of three months (excluding the month of December). This can be extended by mutual agreement. The scope of those discussions is set out below and should a set of proposals be reached on those elements, a separate ballot unique to these employees will take place.

In the interim, the terms of the proposals in respect of the 5% pay increase (the non-consolidated element of the pay increase), the proposed benefits to sick pay, the

introduction of family leave benefits and the changes to pension scheme arrangements will all be provided to these employees as part of the broader proposal.

In reference to the above group of workers, all parties agree to continue to have a direct engagement to reach an acceptable resolution in respect of the following four elements:

- 8% / Retrospection
- Consolidated Pay
- Flexibility
- Potential for a Voluntary Redundancy offer

This engagement will be in line with existing agreed collective agreement procedures and will remain under the auspices of the WRC.

Yours sincerely

Anna Perry
Director
Conciliation Services

Appendix 1

Definitions

- *Night Worker*

For the purpose of this agreement, the term Night Worker shall mean a worker who is employed to commence and finish work between the hours of 10 pm to 8 am and has been issued with the relevant night worker's contract.

- *Day Worker*

For the purpose of this agreement the term Day Worker shall mean a worker who is employed to commence and finish work between the hours of 7 am to 11 pm and has been issued with the relevant day worker contract.

Appendix 11

Sick Pay Proposals

Purpose

The aim of the occupational sick pay scheme is to ensure that all colleagues are treated fairly and sympathetically at times of illness. The scheme principles therefore are:

- Operate an eight (8 week) occupational sick pay scheme for all eligible colleagues who are unfit for work arising from medically certified illness.
- To clearly set out what a colleague can expect to receive from the Company in terms of his/her illness benefit.

The Company is committed to investigating any underlying causes of high absence within roles and within stores e.g., high accident rates, poor morale, and endeavour to eliminate these causes to improve welfare and occupational health standards.

ELIGIBILITY

All post probationary colleagues are eligible to avail of the Company's occupational sick pay scheme.

SICK PAY

The first 3 rostered days of any period of sickness absence will be unpaid.

Where a colleague reports for a rostered shift and becomes ill during their shift, this will count as the first day of absence if they have worked 50% or less of the rostered shift.

After the first 3 rostered days the maximum benefit will be 8 weeks.

Thereafter payment will be on the basis of the document titled "Sick Pay Scheme Process 2012".

A week's sick pay is calculated as the average basic weekly hours worked over the previous 13 weeks. A day's sick pay is the average basic weekly hours worked over 13 normal weeks divided by the colleagues contracted days worked per week e.g., 5/7 or 3/7.

BENEFIT YEAR

The Company occupational sick pay scheme year will run in conjunction with the Company financial year (March to February). Any alteration to the financial year will be discussed in advance with both unions to understand any implications to the sick pay scheme. No more than eight weeks sick pay will be available in any sick pay scheme year.

Where a colleague is on paid sick leave coming up to the end of the sick leave year and has not yet received eight weeks sick pay within that leave year, sick pay will continue after this date subject to a maximum period of eight (8) weeks. In order to subsequently avail of the balance of the new years' sick pay scheme a colleague must have returned to work with a doctor's certificate confirming full fitness to return to work and be an unrelated illness. In this event the first 3 days is unpaid for the new period of sickness absence.

COMPANY SICKNESS ABSENCE PROCEDURE

In order to qualify for payment, the colleague must submit a medical certificate after the first 3 days of absence and a weekly certificate must be submitted thereafter. It may be appropriate to accept certificates on a less frequent basis, but in any case, should never be less than monthly. This should be discussed and agreed with the colleague. In the event of a dispute arising from this the normal grievance procedure will apply.

MEDICAL CERTIFICATES

A medical certificate should include all the following in English:

Name and address of doctor

Name and address of patient

Statement that the patient is, or was, under the doctor's care

The opinion of the doctor that the patient is, or was, incapacitated due to illness

The general nature of the illness

The expected duration of incapacity

The date of issue

Doctor's signature or stamp

The Company may request colleagues to attend the Company doctor.

With any illness or incapacity, where the doctor recommends treatment to help the colleague back to full health, e.g., physiotherapy, the colleague has a responsibility to ensure he or she acts on the medical advice and does not engage in any activity that may aggravate or prolong the condition.

RETURN TO WORK ARRANGEMENTS

When a colleague returns from absence due to illness, he or she must report to the Line Manager/Duty Manager before commencing work in his or her department.

A return-to-work interview should be carried out following the standard company format and guidelines. The purpose of this is to:

- Welcome the colleague back to work
- In cases of certified absences to ascertain that the colleague has been medically declared fully fit to return to work
- Integrate the colleague back into the workplace

In certain cases, especially long-term absence, we should accommodate the colleague returning by being as flexible as possible in our approach to their return, bearing in mind the operational requirements of the store/department. This could entail initially offering flexible hours, part time working etc.

MISUSE OF THE SICK PAY SCHEME OR FAILURE TO COMPLY WITH SCHEME REQUIREMENTS

If colleagues misuse the sick pay scheme, have unacceptable levels of absence, or fail to comply with the requirements under the Company sickness policy e.g., absence notification, submission of medical certificates, they will be subject to investigation which can lead to disciplinary measures which may include suspension from future participation and will be subject to standard disciplinary and grievance procedures.

An unreasonable refusal to attend the Company doctor, if requested to do so, can result in the immediate suspension from sickness benefit until such time that a colleague attends.

Exclusions

The scheme will not be for the purpose of providing this benefit for absences relating to:

- 1) Any absence that is not fully certified by a doctor
- 2) Traffic Accidents
- 3) Illegal Substance Abuse
- 4) Dangerous Sports (e.g., martial arts, mountaineering, skiing, parachuting, flying as a hobby, hang gliding)
- 5) Injury sustained whilst working for another paid employer

A colleague cannot move from paid/unpaid suspension to sick pay. If a colleague unfortunately becomes sick during this period they will be placed on unpaid leave until such a time they are fit. When the colleague declares that they are fit, they should be immediately placed back onto the appropriate paid/unpaid suspension. In certain unique circumstances the company may decide to provide sick pay entitlement, but this is at the discretion of the manager.

This sick pay scheme does not undermine an employee rights in terms of their statutory legislative rights.