

# Tesco Gender Pay Report 2017.

Tesco has always been a place for people to get on as they wish, regardless of gender, race or background.

**TESCO**





At Tesco, our purpose is to serve shoppers a little better every day. To live up to that purpose it's essential that our workforce truly reflects and represents the communities we serve.

We are committed to ensuring that Tesco is a place where colleagues can get on, as they wish, no matter their background. We have a long history of helping people develop their careers from the shop-floor to the leadership team, and we're proud of the opportunities we've created for so many colleagues.

But there is so much more we want to do. A big part of that is about doing even more to build an inclusive culture, where everyone feels welcome. A business where everyone really is treated the way they want to be treated.

Monitoring our gender pay data – and more importantly – understanding the factors that contribute to differences, can help achieve that. That's why we've been monitoring our pay gap since 2002 and were one of the first companies to voluntarily report it in 2012.



While we're pleased that our gender pay gap of 8.7% is significantly below the UK median, we want to close the gap altogether.

Our analysis shows that our current gap is mainly driven by two things:

**Career and lifestyle choices.**

Our male colleagues are more likely to choose to work shifts at times which pay premiums reflecting the time they work, like working nights, bank holidays and Sundays.

**A lower proportion of women than men in senior roles.**

I'm pleased that we are making progress in this area and exceeded our own target of 25% women on the board by the end of 2017. But we know there is more to do when it comes to other leadership roles in our business. So earlier this year we signed up to the 30% Club, which encourages businesses to achieve a minimum of 30% female representation in senior leadership roles by 2020.

We believe that long-term, sustainable change will take time. But we also believe it is the right thing for our business and essential for our long-term future. We are confident that by understanding what's driving the pay gap we see at the moment, and responding with clear, positive and inclusive actions that are guided by our values, we can do even more to make Tesco a place where everyone can get on.

**Matt Davies,**  
UK & ROI CEO

## Understanding the gender pay gap data.

In this report, we are sharing our gender pay gap data for the 12 months to April 2017. This comprises of five entities that make up Tesco UK Retail.



To calculate our gender pay gap, we have taken the pay data of more than 225,000 colleagues from our UK business.



### What is the gender pay gap?

The gender pay gap measures the difference between men and women's earnings across the business by expressing women's pay as a percentage of men's pay.

This is different to equal pay. Equal pay refers to men and women receiving equal pay for equal work.

## Gender pay gap.

	Median (middle)	Mean (average)
Gender pay gap	8.7%	12.0%
Adjusted gender pay gap (without premium payments)		2.7%

*\*UK national median gender pay gap is 18.4% (Office of National Statistics)*

Our median gender pay gap was 8.7% which is significantly below the UK median pay gap of 18.4%.

Our analysis showed that the gap is largely driven by:

- Career and lifestyle choices - more male colleagues work shifts at times that offer premiums, such as working nights, bank holidays and Sundays.
- More male colleagues are in senior positions.

**For the same role, regardless of gender, all our hourly paid colleagues are paid the same hourly rate and premium hourly rate.**

When we remove the premium payment from the calculation, then the gender pay gap reduces even more significantly to a median of just 2.7%

## Bonus gap.

When our colleagues serve shoppers better, our business succeeds and our colleagues can share in the success we have together. All eligible colleagues (with three months' continuous service) received a bonus payment in 2017.

% of colleagues receiving a bonus	Male 73.0%	Female 77.0%
Bonus gap	Median 27.0%	Mean 42.6%
Adjusted bonus gap (taking into account pro-rating)	7.1%	

The regulations require the bonus calculation to be based on the actual hours worked without taking into account pro-rating for part time working (which is different to how the pay gap is calculated). When we analysed the bonuses of full and part-time colleagues on an equivalent basis (that is, taking into account pro-rating for part time colleagues), the overall bonus gap was lower (7.1%) which is similar to our overall gender pay gap.



### Male colleagues

A higher proportion of male colleagues are in senior roles. These roles have a higher bonus opportunity in percentage terms. This highlights that we need to do more to support and encourage more women into senior roles.

### Female colleagues

A high proportion of female colleagues work part-time - 73%. Bonuses paid are proportional to their working hours.

## Pay quartiles.

Our pay quartiles confirm that a key driver of our gender pay gap is that a significant proportion of our colleagues are women in hourly paid roles, while a higher proportion of men are in more senior, salaried roles.

	Q1	Q2	Q3	Q4
Male	32.4%	39.9%	49.4%	59.3%
Female	67.6%	60.1%	50.6%	40.7%

## Our actions.

Our goal is to help our colleagues by providing them with the flexibility, skills and reward to get on.

We know that many of the actions we need to take to address the gap are not directly about pay, but are about ensuring a more inclusive balance across our business. To that end we are taking actions now to help us achieve that goal.

### Support and attract female talent

**Gender target** - Over the past 12 months we have increased the number of women who occupy Business Leader roles and we've introduced a gender diversity target of having at least one-third of women on the Board by 2020. We've also signed up to the 30% Club that encourages businesses to achieve a minimum of 30% female representation in senior roles.

**Learning and development** - Our Women in Business network and partnership with Everywoman, the world's largest network for females in business, provide an important learning and development platform available to all Tesco colleagues.

**Apprenticeships** - We continue to develop and expand our Apprenticeship programme to help colleagues shape their future career paths and achieve their aspirations.

**Maternity and Paternity support** - We've improved our maternity pay to help new parents manage those first months with their new baby, by extending the payments to colleagues on maternity leave. We have also introduced shared parental leave which means that colleagues can be flexible about the way they care for their baby.

### Equip and empower our leaders

**Inclusion training** - We have conducted inclusion training for our top 50 UK leaders. This training has been cascaded across our business globally to attract and retain a more diverse workforce.

**Coaching and support** - We now provide enhanced access to coaching support for females who are seen as high potential business leaders of the future.

### Ensure we are being inclusive

**Building an inclusive culture** - Our aim is to build an inclusive working environment that values colleagues' needs. We are reviewing our approach to flexible working for colleagues where they can select from a range of working options to best suit them, including term-time only contracts, seasonal and "friends and family" job shares.

**Enabling flexibility** - As part of our commitment to flexible working, we are currently trialling technology that will give colleagues more control of their own work schedules, as well as providing more opportunities to work additional hours.

**Inclusion Advisory Panel** - We have created an Inclusion Advisory Panel made up of key figures within the Diversity and Inclusion space to support, challenge and provide insight to our Business Leaders. The panel help us to understand how we can best support diverse customer and colleague groups and make real change at Tesco to build a truly inclusive culture.

**Timewise trial** - We are working with Timewise on a pilot scheme which will test how to unblock career progression for part time workers, through greater flexible working opportunities in managerial roles.

We are reporting on our Tesco UK Retail business which includes Tesco Stores Limited, One Stop Convenience Stores Limited, Tesco Family Dining Limited, Oakwood Distribution Limited and Tesco Maintenance Limited. It excludes Tesco Personal Finance plc ('Tesco Bank') and dunnhumby Employment Company Limited.

Statutory requirement	Tesco UK Retail	TSL	One Stop	TFDL	Oakwood	Maintenance
Gender pay gap: median (called hourly rate on the gov website)	8.7%	8.4%	3.2%	0.0%	12.0%	-30.1%
Gender pay gap: mean (called hourly rate on the gov website)	12.0%	11.5%	9.6%	8.3%	26.5%	-47.2%
Bonus: median	27.0%	26.5%	-20.0%	6.7%	53.5%	-84.4%
Bonus: mean	42.6%	42.3%	68.4%	13.2%	71.9%	-42.1%
Proportion of men who received a bonus	73.0%	75.3%	8.3%	12.0%	77.3%	82.9%
Proportion of women who received a bonus	77.0%	81.1%	6.2%	9.9%	71.5%	29.7%
Proportion of men/women in lower quartile pay band (M%/F%)	32.4%/67.6%	33.1%/66.9%	34.6%/65.4%	20.6%/79.4%	11.9%/88.1%	99.4%/0.6%
Proportion of men/women in lower middle quartile pay band (M%/F%)	39.9%/60.1%	40.5%/59.5%	29.4%/70.6%	28.3%/71.7%	12.4%/87.6%	98.7%/1.3%
Proportion of men/women in upper middle quartile pay band (M%/F%)	49.4%/50.6%	49.6%/50.4%	39.6%/60.4%	26.3%/73.7%	23.8%/76.2%	98.0%/2.0%
Proportion of men/women in upper quartile pay band (M%/F%)	59.3%/40.7%	58.9%/41.1%	51.3%/48.7%	32.1%/67.9%	69.2%/30.8%	95.1%/4.9%

I confirm that our data has been calculated according to the requirements of The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

**Alan Stewart,**  
Chief Financial Officer

