

Tesco Gender Pay Report 2017/18.

We're committed to creating
a truly inclusive workplace
where everyone's welcome.

TESCO



I'm proud that Tesco has always been a place where people can get on regardless of who they are.

Jason Tarry

Chief Executive, UK & ROI
Tesco

I'm proud that Tesco has always been a place where people can get on regardless of who they are. 'Getting on' can mean different things to different people, but whatever it is colleagues want to achieve, we try hard to help.

In our last colleague feedback survey, 84% of colleagues told us that there is an inclusive culture at Tesco where people are accepted for who they are without judgement. We want to do all that we can to support colleagues to be at their best and reach their potential in a way that is right for them and we know we have more work to do.

We've been monitoring our gender pay gap for a number of years, and we were one of the first companies to voluntarily publish our findings in 2017. While our median gender pay gap is still significantly below the UK national average of 17.9%*, it has increased slightly this year from 8.7% to 8.9%.

It is important to note that the hourly rate for our hourly paid colleagues is the same for the same role, regardless of gender. When we look at our pay gap, we know there are two key drivers:

- **Career and lifestyle choices, with more men working shifts at times that pay premiums, such as nights, bank holidays and Sundays.**
We're proud that our colleagues are able to work around their home life and we're committed to providing more options for colleagues to work flexibly over the coming year.

- **A higher proportion of men in more senior roles.**
As members of the 30% Club, we're committed to achieving a minimum of 30% of women in our senior roles and we've made good progress towards that with 27% women as of January 2019.



We want to achieve true, sustainable gender balance at every level of our business, but we know that this will take time. To help us make real progress, we've focused our efforts in three core areas: supporting and attracting talented women; equipping and empowering our leaders; and sustaining an inclusive culture.

For Tesco colleagues, we know that inclusion means more than just diversity. It means being transparent in our communication with each other, recognising the contribution we each make, enabling work-life balance, and feeling comfortable enough to be open and bring our true selves to work. We're confident that the actions we're taking will help us to reduce our gender pay gap and continue to build an inclusive culture where everyone's welcome.

At Tesco, our people make our business and we want to ensure that every one of them has the opportunity to get on, no matter what that means to them.

Thank you,

Jason Jay

We're confident that the actions we're taking will help us to continue to build an inclusive culture where everyone's welcome.



Our data

In this report, we are sharing our gender pay gap data for the 12 months to April 2018.

We've used the pay data for over 269,000 Tesco UK colleagues to calculate our gender pay gap.

Gender pay gap

The figures opposite show our gender pay gap as a percentage in both median and mean pay for 2017 and 2018.

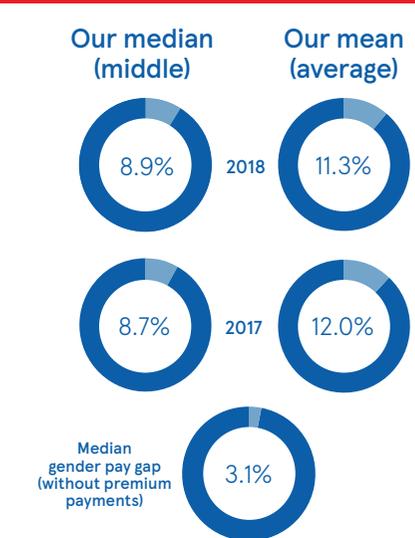
While our mean gender pay gap has reduced to 11.3% in 2018, our median gender pay gap has increased by 0.2% to 8.9% in 2018. Our analysis shows that the pay gap is largely driven by more men in senior roles and also career and lifestyle choices, where more men are working shifts at times that offer premiums such as nights, bank holidays and Sundays.

When we remove the premium payments from the gender pay gap calculation, the median pay gap reduces significantly to 3.1%.

Understanding gender pay

The gender pay gap measures the difference between men and women's average pay within an organisation regardless of their role or work level.

This is different to equal pay which compares the pay of men and women who perform the same role or roles of equal value.

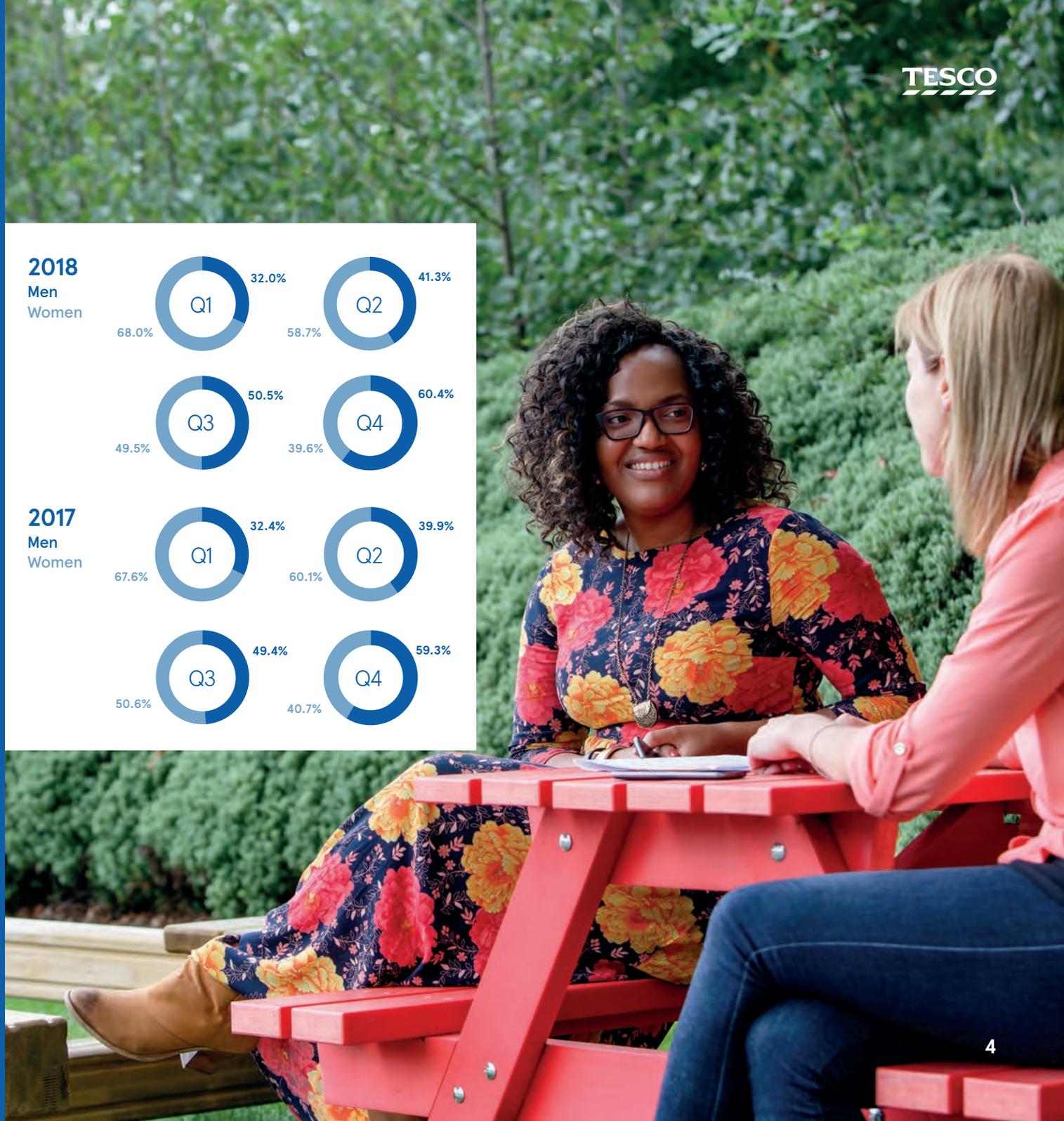
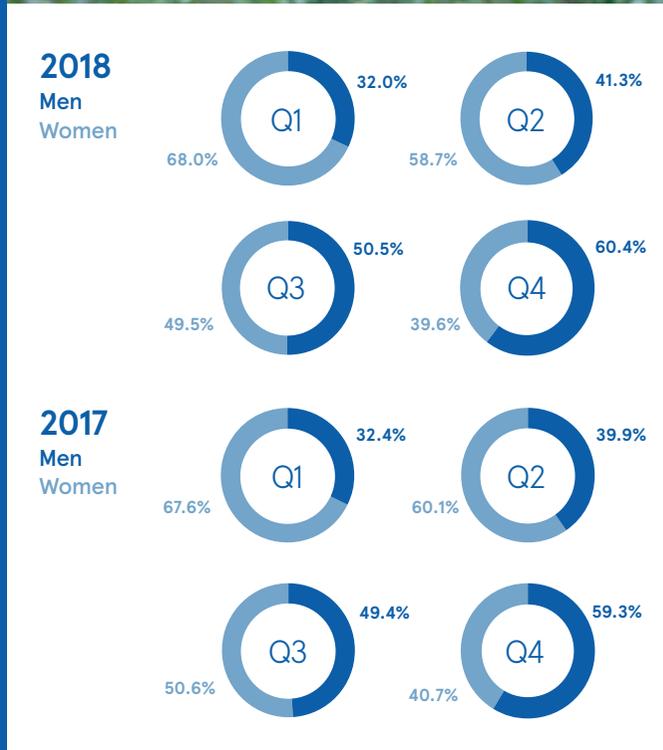


Pay quartiles

The figures opposite show the gender balance within each of our pay quartiles for 2017 and 2018.

Within each of the quartiles, there is an equal number of colleagues ranging from Quartile 1 which includes the lowest paid colleagues to Quartile 4 which includes the highest paid colleagues.

Through our analysis of the pay quartiles, we know that there are more women in Quartiles 1 and 2 where there is a majority of hourly paid roles, and a higher proportion of men in Quartile 4 where there are more senior, higher paid roles.





Gender bonus gap

The figures opposite show the percentage of men and women who received a bonus payment as well as the percentage difference in bonus amount for the year ending 5 April 2018.

It's really important that every colleague is recognised and rewarded for the success of our business. In 2018, all eligible colleagues with three months' continuous service received a bonus.

Our findings show that a higher proportion of women received a bonus compared with men however, both our median and mean bonus gap have increased. Through our analysis, we know that this is driven primarily by a higher proportion of men in senior roles which typically have higher bonus opportunities.

The regulations require us to calculate our gender bonus gap based on the actual hours worked, without taking into account pro-rating for part-time working. However, when we calculated our bonus pay gap using the full time equivalent for part-time colleagues, our overall bonus gap was significantly lower at 11.6%.

2018

Percentage of men and women who received a bonus

Men	73.2%
Women	77.6%

Bonus gap

Median	31.1%
Mean	49.1%

Bonus gap (adjusted for pro-rating)

Median	11.6%
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2017

Percentage of men and women who received a bonus

Men	73.0%
Women	77.0%

Bonus gap

Median	27.0%
Mean	42.6%

Our actions

Tesco has always been a place where people can get on regardless of who they are. 'Getting on' can mean different things to different people, but whatever it is colleagues want to achieve, we try hard to help.

This year, our median gender pay gap has increased slightly to 8.9% but we know that it takes time to achieve long-term sustainable change. As members of the 30% Club, we're committed to increasing the representation of women in senior roles in our business and we know this is a key driver of our gender pay gap.

We are taking clear, positive and inclusive actions to make real progress towards reducing our gender pay gap and we've focused our efforts across three core pillars – support and attract talented women, equip and empower our leaders, and sustain an inclusive culture.

We're confident that these actions will support us in creating a diverse and truly inclusive workplace where everyone is welcome.



Support and attract talented women

- **Bespoke development plans** – we've worked closely with senior women across our business to understand their career aspirations and help them build bespoke development plans that will support them to move into senior leadership roles.
- **Women's development community** – we have a number of women participating in a year-long learning programme which will focus on key areas that we know help women to develop and progress in their careers, such as building strong career plans, the importance of an active network, developing self-assurance and the value of an authentic personal brand. We know that getting on at Tesco is important to many colleagues so the learning material is also accessible online where everyone can take the opportunity to build the skills they need to take ownership of their career.
- **Inclusive recruitment practices** – we insist on gender balance shortlists for all senior roles and we record how we're doing against this at every stage of the recruitment process so that we can continue to make improvements. We also insist that our recruitment agencies do the same.

Equip and empower our leaders

- **Diversity and inclusion training** – our business leaders and directors have now completed face-to-face diversity and inclusion training and we're building learning that will be available for colleagues so that everyone is clear on the role they play in creating an inclusive culture for our colleagues and customers.
- **Executive sponsorship for diversity and inclusion** – Alessandra Bellini, Chief Customer Officer, champions our diversity and inclusion strategy from the most senior level of our business and each of our five colleague networks now have an Executive sponsor.



Sustaining an inclusive culture

- **Refined diversity and inclusion strategy** – we've refined our diversity and inclusion strategy so that we're clear on our goals over the next few years which include, creating a network of Inclusion Champions and building a deeper expertise on inclusion across the business.
- **Refreshing our already established colleague networks** – we've worked with each of our five colleague networks to ensure they have a clear purpose, strong sponsorship and plans that support our diversity and inclusion strategy.
- **Benchmarking our policies and practices** – we are reviewing our policies and practices to ensure that the colleague experience at Tesco is truly inclusive from beginning to end and we're benchmarking this against external good practice.
- **Enabling flexibility** – we're introducing a new scheduling tool that gives managers more flexibility around working hours and enables them to better support colleagues' preferred working patterns in store.
- **Providing more choice for colleagues** – we've been working with colleagues to trial an updated suite of contracts which give them more flexibility to make small changes to their working hours so they can more easily balance work with the things that are most important at home. We're also planning a new cross-skilling initiative for colleagues which gives them more flexibility to work a wider variety of shifts in store.
- **Bringing more conscious inclusion to our recruitment practices for senior leaders** – we're refreshing our recruitment processes to ensure that the candidate experience is completely consistent, adding rigour to remove bias, regardless of business area. Additionally over the last year, we've taken the decision to partner with a smaller number of recruitment agencies who share our focus on creating a truly inclusive workplace for Tesco colleagues.
- **Mentoring** – we've established a mentoring programme that connects colleagues with mentors who can offer guidance and support them with their personal development.
- **Established a Gender Diversity Partnership** – we've brought together a group of like-minded individuals across Tesco, Coke, P&G, Accenture, dunnhumby and Mondelez to help improve gender diversity in the retail industry.

Our gender pay figures for Tesco UK businesses

In this report, we are sharing our gender pay figures for our Tesco UK Retail business which includes Tesco Stores Limited (TSL), One Stop Convenience Stores Limited, Tesco Family Dining Limited (TFDL), Oakwood Distribution Limited and Tesco Maintenance Limited.

It excludes Tesco Bank, Booker Group and dunnhumby Employment Company Limited who have reported their gender pay figures separately.

Statutory Requirement	Tesco UK Retail	TSL	One Stop	TFDL	Oakwood	Maintenance
Gender pay gap: median	8.9%	8.5%	5.1%	0.0%	11.3%	-13.3%
Gender pay gap: mean	11.3%	10.9%	8.8%	5.9%	25.3%	-14.6%
Proportion of men/women in lower quartile pay band (M%/F%)	32.0%/68.0%	32.9%/67.1%	34.7%/65.3%	22.2%/77.8%	12.9%/87.1%	99.1%/0.9%
Proportion of men/ women in lower middle quartile pay band (M%/F%)	41.3%/58.7%	42.1%/57.9%	30.5%/69.5%	24.3%/75.7%	12.2%/87.8%	96.3%/3.7%
Proportion of men/ women in upper middle quartile pay band (M%/F%)	50.5%/49.5%	50.6%/49.4%	38.5%/61.5%	23.6%/76.4%	16.1%/83.9%	98.8%/1.2%
Proportion of men/ women in upper quartile pay band (M%/F%)	60.4%/39.6%	60.1%/39.9%	50.3%/49.7%	29.8%/70.2%	56.7%/43.3%	95.4%/4.6%
Proportion of men who received a bonus	73.2%	75.5%	8.3%	9.0%	82.2%	80.2%
Proportion of women who received a bonus	77.6%	81.8%	6.3%	6.8%	80.0%	69.8%
Bonus: median	31.1%	30.4%	-7.7%	22.7%	55.6%	-4.1%
Bonus: mean	49.1%	49.1%	38.4%	20.0%	71.5%	-48.4%

I confirm that our data has been calculated according to the requirements of The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. Jason Tarry, Chief Executive, UK & ROI

Appendix: Understanding how we calculate our gender pay and bonus gap

Calculating the gender pay gap

The gender pay gap measures the difference in total hourly pay between all women in a business and all men in a business. There are two ways we must report this, as a median percentage and as a mean percentage.

Median

- The median is the figure that falls in the middle of a range when all hourly pay is stacked from lowest to highest. The median gender pay gap is the difference between the middle figure for all women's hourly pay and the middle figure for all men's hourly pay.

Mean

- The mean is the average figure when you consider the hourly pay for all men and all women. The mean gender pay gap is the difference between the average hourly pay for all women and the average hourly pay for all men.



Calculating our pay quartiles

The pay quartiles measure how many men and women are represented in each quarter of the business when all men and women's hourly pay is stacked from lowest in Quartile 1 to highest in Quartile 4.

Calculating the gender bonus gap

The gender bonus gap measures the difference in total bonus payments between all women in a business and all men in a business. There are two ways we must report this, as a median percentage and a mean percentage. We also must report the proportion of men and women who received a bonus payment.

Proportion of colleagues to receive a bonus

- The proportion of women who received a bonus is shown as a percentage of all women in the business and the proportion of men who received a bonus is shown as a percentage of all men in the business.

Median

- The median is the figure that falls in the middle of a range when all bonus payments are stacked from lowest to highest. The median gender bonus gap is the difference between the middle figure for all women's bonus payments and the middle figure for all men's bonus payments.

Mean

- The mean is the average figure when you consider the bonus payments for all men and all women. The mean gender bonus gap is the difference between the average bonus payment for all women and the average bonus payment for all men.

It's important to note that colleagues who work part-time receive their bonus on a pro-rata basis, but we are required to report our gender bonus gap calculation without adjusting these to the full time equivalent payment.

More information on these calculations can be found on the [government website](#).



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