

Tesco Gender Pay Report 2020.

Proud to champion and celebrate gender
diversity across every level of our business.



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Everyone's welcome and supported in their development, at all stages in their journey with us.

The last 12 months have been very challenging for everyone. We have faced into great adversity throughout this pandemic, but across Tesco, colleagues have done so with empathy, kindness and resilience, and I am incredibly proud to work in a business where we live and breathe our values.

Through these values we are also committed to supporting diversity and inclusion at Tesco, and we actively celebrate colleagues' different abilities, sexual orientation, ethnicity, faith and gender. Everyone's welcome and supported in their development, at all stages in their journey with us.

We were one of the first companies to voluntarily publish our data back in 2017, and we're pleased to say that our median gender pay gap has reduced for the second year in a row, to **6.8%**. This is less than half the UK national average of 15.5%* and our lowest figure since we started reporting. While we are pleased that our median - and mean - figures have decreased, we still have work to do. Our gender pay gap still exists and is due to, firstly, having a higher number of men in our more senior roles. To date, 31.7% of our Board, Executive and direct reports to Executive are women, and we know that we need to increase female representation in other areas.

Secondly, as we offer flexible working options to fit in with personal career and lifestyle choices, we have more male colleagues working shifts at times that pay premiums - including Sundays, nights and bank holidays. We support the decisions that are right for our colleagues' individual circumstances, and our parental policy ensures both primary parents and partners are able to take more dedicated leave to care for a new child, and have the opportunity to work at the times that best suit them. When we remove premium payments from the calculation, our median pay gap reduces further, to 4.2%.

We have made good progress, but recognise that we need to work harder to remove the gender pay gap from our business. We are committed to doing this through setting clear actions to help us improve, and by listening to and supporting our colleagues, so they feel confident in knowing Tesco is a place where they can get on.

Jason Tarry

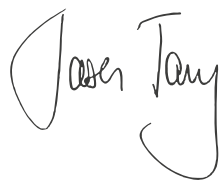
Chief Executive, UK and ROI

Our gender pay figures for Tesco UK businesses.

Our gender pay data has been collected according to the requirements of The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

The table opposite shows our latest gender pay figures for our Tesco UK businesses which includes Tesco Stores Limited (TSL), One Stop 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. Jack's is included as part of Tesco Stores Limited (TSL) data.



Jason Tarry

Chief Executive, UK and ROI

	Tesco UK Retail	TSL	One Stop	TFDL	Oakwood	Maintenance
Gender pay gap: median	6.8%	6.6%	2.3%	3.2%	-0.2%	-3.8%
Gender pay gap: mean	10.0%	9.7%	6.3%	5.3%	15.1%	-4.9%
Proportion of men/women in lower quartile pay band (M% / F%)	36% / 64%	37% / 63%	39% / 61%	18% / 82%	58% / 42%	96% / 4%
Proportion of men/ women in lower middle quartile pay band (M% / F%)	42% / 58%	42% / 58%	31% / 69%	20% / 80%	76% / 24%	98% / 2%
Proportion of men/ women in upper middle quartile pay band (M% / F%)	51% / 49%	52% / 48%	38% / 62%	25% / 75%	59% / 41%	96% / 4%
Proportion of men/ women in upper quartile pay band (M% / F%)	60% / 40%	60% / 40%	50% / 50%	30% / 70%	69% / 31%	96% / 4%
Gender bonus gap: median	26.3%	25.7%	3.6%	4.0%	4.8%	-1.7%
Gender bonus gap: mean	45.4%	45.6%	56.1%	2.4%	60.5%	-16.6%
Proportion of men who received a bonus	66.1%	68.1%	5.4%	12.3%	78.5%	83.3%
Proportion of women who received a bonus	70.8%	74.6%	4.7%	8.9%	91.2%	67.6%

Our Gender Pay Gap.

Our gender pay gap information in this report has been calculated using the pay data for 279,452 Tesco UK colleagues, and covers the 12 months prior to April 2020.

We're pleased to report that for 2020, both our median and mean gender pay gap have decreased, and are our lowest figures since we started reporting. When we remove premium payments from the calculation, our median pay gap reduces significantly further, to 4.2%.

Our mean and median figures have reduced due to an increase in women in the upper quartiles, an increase in men in the lower quartiles and an increase in the number of lower paid colleagues.

The events of this year have changed the shape of our organisation in that we had large numbers of additional colleagues join us on a temporary basis. Despite the impact of COVID-19 we did not furlough any of our colleagues, and colleagues who were sick or required to shield received full pay for the duration of their absence from the business.

To acknowledge and reward our front-line colleagues for their work during COVID-19, we awarded 10% additional pay from 9 March to 30 May and again over the Christmas period as a special recognition payment. The amount paid in April only falls within this report.

Gender Pay Gap - Median

6.8%

2020

8.0%

2019

4.2% (without premium payments)

Gender Pay Gap - Mean

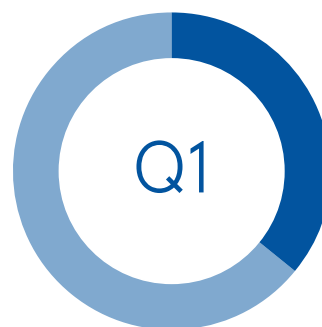
10.0%

2020

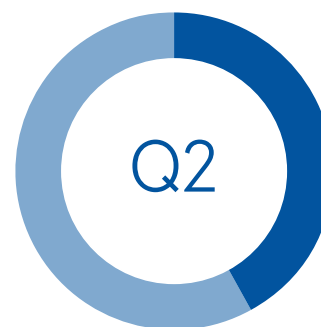
12.6%

2019

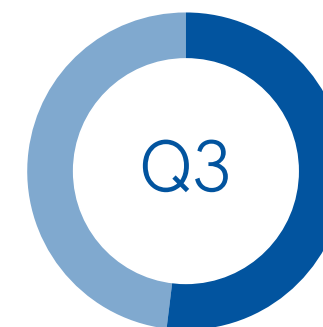
Proportion of men and women in each quartile pay band



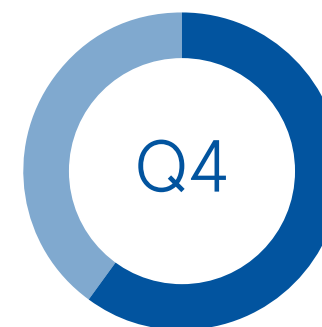
Women **64%**
Men **36%**



Women **58%**
Men **42%**



Women **49%**
Men **51%**



Women **40%**
Men **60%**

Our Gender Bonus Gap.

Our bonus scheme is open to all eligible colleagues, and those at the same work level or in the same job role, have the same bonus opportunity.

Eligible colleagues with three months continuous service received a bonus payment in the year ending 5 April 2020. A higher proportion of women compared to men received this bonus – 70.8% and 66.1% respectively.

As part of our 2019 negotiated pay agreement, and following colleague feedback, we removed our bonus plan for non-salaried colleagues in stores and customer fulfilment centres. The majority of our colleagues are based in our Retail business, and therefore a significantly smaller percentage of colleagues will receive a bonus for future years.

We are required to report on our gender bonus gap based on the actual hours worked, without taking into account pro-rating for part-time working. When calculating this using the full-time equivalent for part-time colleagues, our overall bonus gap was significantly lower at 2.8%.

Gender Bonus Gap – Median

26.3% 2020 **25.4%** 2019

2.8% (adjusted according to FTE)

Gender Bonus Gap – Mean

45.4% 2020 **48.1%** 2019

Men and women who received a bonus

2020



2019



Our Actions.

Everyone's welcome at Tesco and colleagues are supported throughout their career, whatever it is that they want to achieve.

To help us build a more inclusive business, we are continuing to take action by addressing three key areas:

- **Support and attract talented women**
- **Equip and empower our leaders**
- **Sustain an inclusive culture**



Support and attract talented women

• Women at Tesco network

Our Chief People Officer, Natasha Adams, continues to work with our Women at Tesco colleague network – which celebrates the success of our female colleagues, and provides them with advice on their personal and career development.

• Supporting Women's Health

It's important that we support women in our business through challenges and situations they face. In October 2019, we launched our Women's Health Guide for all colleagues, and our first Women's Health Week focused on key topics including wellbeing and menopause, as well as highlighting Breast Cancer Awareness Month.

• Own your Career programme

A number of our colleagues are taking part in an Own Your Career learning programme, giving them the tools they need to drive their career forwards. This year's intake is made up of a mix of colleagues from under-represented groups, with around 40% being female. Learning materials are also available online for all colleagues.

• 30% Club mentoring programme

We are participating in the 30% Club mentoring programme, which focuses on gender diversity to build and strengthen necessary pipelines and achieve parity of women in leadership and board roles. We send mentor/mentee pairings to be matched with someone from another company, and are supporting three pairs this year.

– Mentors are leaders (middle management to board) who are committed to creating a culture where men and women have equal opportunities to thrive

– Mentees are high potential women who are committed to their personal growth and development from every layer of the career pyramid

• FT Future Forum

12 high-potential, female colleagues are participating in the FT Future Forum, an authoritative space for businesses to share ideas, build relationships and develop solutions to future challenges. An additional 7 of our female colleagues are enrolled in the Women's FT Forum.

• Recruitment practices

We have committed to gender balanced shortlists for all of our senior vacancies and ask our recruitment agencies to do the same. We are taking the necessary steps to be able to record how we are doing against this commitment at every stage of the recruitment process, so that we can continue to improve. Additionally, we are making significant amendments to our Executive Resourcing processes to ensure that our hiring practices are as inclusive as possible.

• HGV Driver Apprenticeship programme

Developed with our training provider, South Essex College, our HGV Driver Apprenticeship programme supports colleagues in developing their career as part of our 'Opportunities To Get On' initiative. The programme helps to build confidence and provides qualifications to colleagues wanting to retrain. Our 2020 campaign was targeted at female drivers and led to a higher percentage of female applications – 5.8% versus 2.7% in 2019.



Equip and empower our leaders

- **Diversity and inclusion training for all colleagues**

We have developed a suite of learning resources to build diversity and inclusion capability at all levels of our business. This includes on-demand resources including our 'What does it take to be a great ally' and 'Having great conversations about D&I' guides, 'Being an inclusive manager' learning and masterclasses covering topics such as bias and privilege for our leaders. Every colleague will also be required to complete 'Everyone's welcome' digital learning.

- **Leadership development with Forward Institute**

We're investing in our leadership development with the Forward Institute – who actively help to build cultures and leadership teams that live their values, encourage new ideas and make responsible leadership decisions. This begins with a structured 18-month programme of development interventions for senior leaders, and 50% of our nominations for this year's cohort are female.

- **Executive mentoring programme with Arrival Education**

In November 2019, we introduced a new Executive mentoring programme, whereby members of the Executive Committee raised their understanding of the barriers faced by diverse talent by mentoring a participant from a socially and ethnically diverse background from other organisations. The programme, in partnership with Arrival Education, helped to highlight tangible actions that leaders and the business can take to drive diversity. A high proportion of the mentees have since taken up one of our internships or joined Tesco as a graduate. Given the success of the programme, we are now planning to roll this out to a second cohort of senior leaders.

Sustain an inclusive culture

• Elevating diverse voices

As part of our priority to elevate diverse voices within the business, we have held several executive-led listening sessions with colleagues from diverse communities. Amongst others, these have included senior females, with sessions focusing on understanding the experiences of these groups and looking at what more we can do to support them during their time at Tesco.

• Our D&I agenda and UK colleague networks

All five of our networks have a clear purpose, strong plans and Executive sponsorship to support colleagues. Our Chief Customer Officer, Alessandra Bellini, champions our diversity and inclusion strategy.

• Understanding the diversity of our colleagues

In September 2020 we launched a new campaign with colleagues, asking them to voluntarily disclose their personal diversity information, including gender. This data will help us to identify areas of improvement; enable us to make more inclusive decisions; and allow us to participate in legislative and voluntary reporting.

• Our commitment to the 30% Club

Executive resourcing and strong internal talent plans play a critical role in enabling and accelerating our ability to meet our diversity and inclusion ambitions, including the 30% Club target of beyond 30% female representation at Board and Executive level by 2023.

To date, the overall percentage of female members of the Board, Executive and direct reports to Executive is 31.7%.

• Bringing conscious inclusion to our policies, practices and recruitment

We review our policies and practices against external best practice, for a truly inclusive colleague experience. A number of our policies are already considered best practice, including our Family Leave policies which use gender neutral language throughout and which have been enhanced to ensure both primary parents and partners are able to take more dedicated leave in order to care for a new child. Our recruitment processes are being refreshed to ensure every candidate experience is consistent and non-biased, and the recruitment agencies we work with

share our focus on creating an inclusive workplace. Demanding gender balanced shortlists for all senior positions has resulted in 41% of shortlisted candidates this year being female (15% last year).

• Women in Finance Charter

Under the HM Treasury Women in Finance Charter, we've committed to have one third female representation on Tesco Bank Board and Executive Committee, and Director level, by the end of 2022.

• Greater flexibility for colleagues

Our stores have a scheduling tool to support preferred working patterns, and we are planning a new extra hours market place to allow colleagues to work a wider variety of shifts. 83% of colleagues completing our annual engagement survey cite they are able to work flexibly around their commitments.

Additionally, throughout the COVID-19 pandemic, we've offered colleagues a range of options to help support both them and their family - including flexible shifts, time away from work where needed, and working from home where they are able to.

- **Showing our support for gender diversity and women in the workplace**

We are a founding signatory of the Eve Appeal's EveryWoman pledge, which supports women in the workplace with health conditions such as menopause. As part of the first Women's Health Week, we ran a menopause awareness session in partnership with the Eve Appeal.

We remain focused on making the grocery industry more inclusive and gender diverse; and in partnership with Grocery Aid, we are a founding member of the Diversity in Grocery initiative.

Women in Technology is indirectly working on the gender pay gap by using initiatives like Tech She Can and the Makers Academy to attract and encourage more women to consider roles in Technology; ensuring existing colleagues have access to external resources to support their career progression in Technology; and participating in relevant events.

- **Human rights across our supply chains**

Across the Group we are looking at human rights throughout our supply chains, with a particular focus on women's rights, safety, empowerment and health and well-being both within our own business as well as across our food supply chains. A recent impartial survey scored us the highest amongst our competitors on a number of human rights and women's rights measures.

- **Reflecting diversity**

At this time the report does not reflect the position of colleagues who don't identify with the gender they were assigned at birth, such as gender non-conforming, non-binary, and transgender people. We hope this is something that we will be able to do in the future, dependent on the data available to us as a business.



Appendix.

Understanding how we calculate our gender pay and bonus gap

What is the gender pay gap?

The gender pay gap measures the difference between men and women's average pay within a business or 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.

There are two ways we must report and calculate our gender pay gap – 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 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. Each quartile shown contains an equal number of colleagues.

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 is 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.](#)



Tesco PLC

Tesco House,
Shire Park, Kestrel Way,
Welwyn Garden City,
AL7 1GA

www.tescopl.com

