

A photograph of two Tesco employees in a grocery store aisle. The employee on the right is a man wearing a blue turban and a blue polo shirt with the Tesco logo. He is smiling broadly and holding a small green and yellow product box. The employee on the left is a woman with blonde hair, also in a blue polo shirt, looking at the product. The background shows shelves stocked with various products, including sandwiches, with wooden signs hanging from the ceiling that read 'Fruit', 'Chicken Sandwiches', and 'Chicken Sandwiches'. The Tesco logo is visible in the top right corner.

TESCO

Everyone's Welcome Report 2021.

Celebrating diversity across our business.



Foreword from Jason Tarry, Chief Executive, UK and ROI

It's been another busy year and we've continued to grow stronger as a business. From overcoming the challenges we've faced during the pandemic, to how our colleagues have collectively come together across the Group to support others, we've achieved a lot as a team.

It's now time for us to look ahead to our next chapter and our new purpose – **servicing our customers, communities and planet a little better every day**. We will continue to keep customers at the heart of Tesco, but also recognise the positive contributions we can make in our wider world.

As one of the largest employers in the UK, we need to best represent the communities we serve. Our commitment to this is the driving force behind delivering our diversity and inclusion strategy, and we will always champion colleagues and their career journey, whatever that means individually to them.

In our first Everyone's Welcome report, we want to share the progress we've made and the actions we're taking, towards creating a more inclusive, supportive and family friendly workplace for all colleagues – irrespective of gender, ethnicity, preferences or beliefs.

I'm pleased to say that we are continuing to make progress. Our median gender pay gap has decreased for the third consecutive year, to 6.7% – less than half the UK national average of 15.4%*. Our mean has also decreased, to 9.3%. These figures continue to move in the right direction, and are our lowest numbers since we started reporting.

We are making progress, but we still have more to do. We offer flexible working options for all colleagues, however we have more male colleagues working shifts at times that pay premiums, including nights and bank holidays. We also still have a higher number of male colleagues in more senior roles.

In 2021, we were incredibly proud to be named one of The Times Top 50 Employers for Women, recognising our collective efforts in working towards gender equality. We were also recognised as one of the World's Top Female Friendly Companies by Forbes, voted for by female colleagues. We will continue to drive female representation across all areas of our business to help us close the gap.

To support our ambition to report on our ethnicity pay gap, we are currently asking our colleagues to voluntarily share personal diversity information with us. As of November 2021, 42% of colleagues have shared this data, and with around 300,000 colleagues in our UK business alone, creating a full picture will take time. This year, we are focusing on producing an internal-facing ethnicity report to understand where we need to improve, and we've set out our own targets for further increasing diversity across all levels of Tesco.

Businesses need young, diverse talent, and through our Place to Get On campaign, we're helping 45,000 young people build employability skills to jumpstart their career. We have a wide range of facilitated and self-led training available to colleagues to support their development and help shape their future – whoever they are and whatever their background.

We are on a journey together; to learn more, challenge what we do and drive change, and make Tesco a place where all colleagues have opportunities to get on.

Jason Tarry

Chief Executive, UK and ROI

“
We will work together to learn more, challenge what we do and drive change, and make Tesco a place where all colleagues have equal opportunities to get on.



Our diversity and inclusion strategy.

No matter your gender, ability, ethnicity or belief, Tesco is a place where everyone is welcome. Our diversity and inclusion strategy is at the heart of our business, and embedded in our values – we treat people how they want to be treated. Our key priorities for our strategy are linked to three core pillars, and the following pages share the actions we’re taking to help achieve this.

Lead and role model inclusion

Tesco is led by inclusive leaders, who value diverse talent in their teams and help us build a workplace where colleagues feel supported and comfortable to be themselves. Through our leaders, managers and recruitment teams, we work to attract, train and develop diverse talent of all genders and abilities, and from all backgrounds.

Embed inclusion in everything we do

Our aim is to ensure all colleagues always feel welcome, and we are driving a more inclusive workplace across all colleague touchpoints with fully inclusive policies – from recruitment and new joiners, to the way our managers lead their team. Every colleague understands the importance of diversity at Tesco.

Listen, learn, act

We recognise, celebrate and value the differences in our colleagues. We work together to raise awareness and educate ourselves, through open and honest conversations and a range of facilitated and self-led learning. Our leader-led listening sessions support us in understanding what matters to our colleagues, and elevate diverse voices.



Our Colleague Networks and external partners.

Helping us drive our strategy are our six colleague networks, made up of colleagues who share our ambition of an inclusive workplace. In addition to Executive sponsors and network chairs, we've introduced representatives in our offices, stores and centres, to provide contact points for all colleagues, wherever they are based. Together, with their insight and knowledge, we aim to celebrate the differences in each other. Our networks also help build our relationships with our external partners, to hold ourselves to account and ensure we are continuing to move forward.

Armed Forces at Tesco

We recognise the value of transferable skills from those who have served in the Forces, such as leadership, the ability to cope under pressure and working as a team.

We offer support to former service personnel in their search for a civilian job, inside or outside Tesco. All veterans are supported throughout their employment, and for colleagues who are reservists, we support their training and military activities. Colleagues who have family in service can also take advantage of flexible working before deployment, and we offer workplace transfer options where needed.

Externally, we were the first retailer to sign the MoD's Armed Forces Covenant back in 2014, and we're proud to have been named a Gold employer by the Government's Employer Recognition Scheme.

Disability at Tesco

With over 20% of the UK population living with a disability, we use the knowledge and skills from our colleagues to help us make better decisions, and become a more accessible and inclusive business.

We are a proud Level 2 Disability Confident Employer – a voluntary Government scheme which encourages the employment of those with disabilities – based around a specialist framework designed to help us attract, develop and retain disabled talent. We have strong aspirations and steps in place to move to Level 3 – Disability Confident Leader – across Tesco UK in the next 12 months.

In the UK, we have established a strong relationship with Remploy and Shaw Trust, who help us find skilled and dedicated people with disabilities to work with us. We work in partnership with the Business Disability Forum, to help us build a disability-smart Tesco, and in 2019 became a signatory to the Valuable 500, ensuring that disability is always on our leadership agenda.

LGBTQ+ at Tesco

We want all colleagues to feel safe and confident to be themselves, whatever their sexuality and however they identify.

Together with our LGBTQ+ colleague network, we are proud to support Pride events each year, and were headline sponsor of London Pride in 2019. We are signatories of the United Nations Standards of Conduct for Business, as part of our work in tackling discrimination, and work with Stonewall and the Open for Business coalition to support LGBTQ+ inclusion around the world.

In August 2021, in recognition of our team's hard work in helping us drive a more inclusive culture, we were named 'Best Network' at the British LGBT Awards. In February 2022, we placed 23rd on Stonewall's Top 100 LGBTQ+ Employers List.



Parents & Carers at Tesco

A new colleague network for 2022, recognising the different family units across Tesco and helping better support our family-friendly approach to work.

Race & Ethnicity at Tesco

We are committed to supporting all our ethnically diverse colleagues, and our Race & Ethnicity colleague network supports us in raising awareness of different cultures and beliefs.

We've recently renamed our network - which was originally BAME at Tesco - to better reflect the diversity of our business and support the use of more inclusive language going forward.

In the last year, our Race & Ethnicity network contributed unique knowledge and experience to help us build new colleague resources around having better conversations, understanding racism, the Black Lives Matter movement and being a great ally to others.

We are a proud member of the Black British Network, Race at Work Charter, and If Not Now, When? campaign, all of which share our commitment to create a more inclusive future for people from an ethnic minority background.

Women at Tesco

Women at Tesco champions gender diversity and promotes a positive culture where our female colleagues feel confident and empowered to share their views.

To support our commitment to increase female representation in our most senior roles, we are a member of the 30% Club - a campaign group made up of CEOs and leaders from businesses who are coming together to create change. We are also part of the FTSE Women Leaders Review.

We actively seek women in areas which are often predominantly men. Our HGV campaign in 2020 was aimed at attracting women, and we've signed up to a PWC led initiative called 'Tech She Can' which encourages women to consider careers in Technology.

Attracting, retaining and developing talent.

To help us close our gender pay gap and build a more inclusive business for everyone, we are taking tangible, sustainable actions to improve our culture and ensure everyone feels welcome.



We believe that our colleagues should have the opportunity to learn new skills and work in a range of different roles during their time with us. We remain focused on supporting colleagues from all backgrounds and with different abilities, in shaping their career path.

Inclusive recruitment

Inclusive recruitment is firmly at the forefront of our hiring process, and is key in ensuring we reflect the diversity of the communities we serve.

This year, we introduced a new web accessibility assistance toolbar to our Careers website. We partner with a number of diversity job boards, and are improving how we advertise roles – for example by using Textio, an augmented writing tool to ensure gender neutral and non-biased wording within our job adverts.

Over the past year we have also continued to implement positive changes to our senior hiring practices. These include the development of inclusive interview guides, and feedback surveys for candidates, hiring managers and search partners. These changes, alongside driving our recruitment agency partners to deliver diverse shortlists for senior roles, means we have seen over 50% of our external senior appointments since March 2021 to be female. We listen to both candidates and hiring managers to learn how we can improve further.

Helping young people to get on

In addition to permanent roles across the business, we also offer a wide range of apprenticeship, internship and graduate opportunities, as we look to bring young diverse talent into our business.

Our HGV Apprenticeship programme has been in place since 2018, giving existing colleagues the opportunity to become drivers. Our 2020/21 campaign was specifically aimed at a female audience, as we aim to break stereotypes within a male dominated industry.

New for 2021, our Business Management Degree Apprenticeship helps school leavers to gain first-hand management experience alongside studying for their degree. We have five school leavers currently enrolled, four of whom are female, and we will take a further cohort in 2022. Our Business Diversity Internship launched in June 2021, with external candidates identifying as disabled; ethnic minority; LGBTQ+; or socially/economically disadvantaged. 50% of candidates taking part in the 10 weeks paid experience were female, 42% from an ethnic minority background, and 15% with a disability. Feedback has been positive, with a satisfaction rate of 94%. 72% of interns are also offered a place on our Business Graduate Programme.

In July 2021, following nationwide disruption to education and job prospects as a result of COVID-19, we launched A Place to Get On – a new external campaign committed to supporting over 45,000 young people from all backgrounds build employability skills and jumpstart their career. We will deliver this through our work placement programmes, the Government's Kickstart scheme and our ongoing commitment as part of our Movement to Work collaboration.

Within the secondary school setting, we teach employability skills with the help of partners including Speakers for Schools and IGD. We have also extended our partnership with the Prince's Trust for an additional five years and aim to reach 200,000 young people most in need during this time, through vital confidence building and skills development programmes in schools.



Educating and empowering colleagues

Mentoring with Arrival Education

Working with Arrival Education, our Executive Committee and business leaders can participate in a mentoring programme to support young, diverse talent outside our business – giving them the inspiration, insight and skills to drive meaningful change.

The programme matches Tesco mentors with mentees – where mentees gain confidence in leadership teams and in creating change, and our mentors gain a deeper, authentic understanding of the challenges ethnically diverse talent face, and what they as leaders need to do to help drive change.

Across our two cohorts for 2021/22, 57% of mentees identify as Black, with around 50% being female.

Training and resources

We work hard to raise awareness of important events or issues that matter to our colleagues. We have a wide range of training courses and self-led resources to help educate colleagues and give them the tools to drive change.

Across 2021, all UK colleagues were required to complete mandatory “Everyone’s Welcome” training to help them understand the importance of diversity and inclusion at Tesco, and the responsibility we all have in helping everyone feel welcome. Leaders attended a series of masterclasses covering topics including bias, intersectionality, privilege, and race fluency – which now form part of our core learning offer for directors and business leaders. In our UK business, 100% of respondents in a survey say they are now more aware of their role in driving an inclusive culture.

Other self-led resources shared with colleagues this year include our guides on anti-racism and allyship, how to have great conversations about inclusion, understanding LGBTQ+ identities and a D&I calendar of key dates.

We also hold regular listening sessions with our Race & Ethnicity, Disability and LGBTQ+ networks, hosted by Executive sponsors.

Building a more inclusive Tesco.



Championing diverse talent

Building a Black Action Plan

Black voices are under-represented throughout society, and we want to ensure we provide a platform for them to be heard, and opportunities for them to get on. We are focusing on understanding the disparities and challenges faced by the Black community, to help us deliver lasting change through our new Black Action Plan, which launches this year. Our Plan has been driven by our colleagues, predominantly those in our Black Advisory Group and colleague network, and aspires to achieve fair and equitable representation across four key areas:



Tesco is a proud member of the Black British Network, supporting lasting systemic change for the Black community. Our Black colleagues are supported and encouraged to attend network roundtable sessions alongside our UK & ROI CEO, to discuss how we can improve the inclusion of Black colleagues at every level.

Our Black Advisory Group

Set up by our Race & Ethnicity network, colleagues meet regularly to discuss ongoing support for Black inclusion, and provide feedback on wider business initiatives and project work.

Developing an Anti-racism guide

Our anti-racism guide has been developed as part of our Black Action Plan, containing information for all colleagues to embed inclusion into everything we do, and help create safe spaces for the Black community and other persons of colour.

Ethnically Diverse Talent Communities

Aimed at office colleagues, our Ethnically Diverse Talent Communities are in place to help us accelerate individual development and address barriers to progression - with one community for leaders, and one for emerging talent. Within the latter, 61% of participants are female, and we have seen three promotions to the next work level.

Other colleagues have had opportunities to experience different areas of the business, and take on stretching assignments to help them achieve their career goals. When asked, 100% of our Emerging Talent Community feel the scheme will help them reach their potential, and are proud to be a part of it. Across our leadership community, 43% of promotions have been female, and are supported by mentoring from existing leadership.

Both communities have proven popular with colleagues, and we've expanded to a trial for female colleagues within our Convenience stores. We are also exploring options to extend the communities to all colleagues beyond ethnically diverse talent, for colleagues with disabilities and who identify as LGBTQ+. All online learning resources are available to access by our wider colleague population.



Supporting colleagues in the workplace

A more inclusive uniform

In early 2022, we are introducing a brand-new, more inclusive uniform for colleagues working in our stores and centres, designed using their insight and feedback.

The new gender-neutral range supports colleagues in choosing which items they want to wear, customisable through our Workplace Adjustments programme - including changing zips, buttons and material, and adding hard of hearing logos. We've also introduced a new breathable menopause-friendly material in one of our core options.

With the support of our LGBTQ+ colleague network, we've already introduced colleague pronoun badges, so our teams are able to display how they wish to be identified and addressed by others.

Policies to support families

Tesco is a family-friendly employer, and we want all our colleagues to feel supported to start a family at any stage of their career.

Our policies support primary and secondary parents and caregivers, irrespective of gender; sexual orientation; or how and when a colleague chooses to start a family. All policies use gender neutral language throughout. Our Maternity and Paternity Leave policies go above statutory requirements, and we have additional policies to support adoption, foster families and colleagues who are having fertility treatment.

Ensuring colleagues feel safe and confident at work

We are committed to providing a working environment free from bullying and harassment, which includes racist abuse. We take all colleague and customer complaints seriously, with all allegations investigated and the relevant action taken.

Marking key dates and having great conversations

Our D&I calendar helps us mark key dates with both colleagues and customers, and our colleague networks support with guest speakers throughout the year - recent topics include baby loss, religion and belief, HIV awareness and neurodiversity.

Encouraging flexible working

COVID-19 meant that many of our colleagues had to adapt their ways of working, and our new Flexible Working policy explains the different options available to colleagues on a more permanent basis, as our workplace adapts for the future.

With a fixed term option for flexible working, we've created a checklist to support managers in considering colleague requests, and added a section on blended working for office colleagues to help them balance their time. In distribution, we've been trialling part-time working to better suit colleagues' needs, and have seen a positive increase in productivity levels. The percentage of female colleagues working part-time hours has also increased to 71% in our trial distribution centre - above the UK distribution average of 21% - as they take advantage of more flexible working opportunities.

Supporting colleagues with disabilities

We want colleagues to feel comfortable in talking about any necessary changes to better support them at work, and we've recently updated our Workplace Adjustments programme. Working with our independent provider, it's now easier to request adjustments as a colleague, and managers have the confidence to offer the right guidance or options for their team.

Women's health in the workplace

The health and wellbeing of colleagues remains our top priority. In 2020 we became a founding signatory to the Eve Appeal's 'Every Woman Promise' - a number of workplace initiatives we are working towards to support women's health, including menopause and period dignity. In 2021, we became a signatory of Wellbeing of Women's 'Menopause Workplace Pledge', which looks at how we can support colleagues affected, and how to talk positively, respectfully and openly about the menopause.

For 2022, we will continue to take positive action around menopause, focusing on training, culture, practical support and education; creating a menopause policy guide; and increasing workplace conversations.

Supporting our customers.

We treat and serve everyone who shops with us equally and with respect, and recognise the differences in each other. As well as helping our customers celebrate the key moments that are special and important to them, we also want to make it easy, safe and convenient for everyone to shop an inclusive product range.



Identifying invisible disabilities

In 2019 we launched the sunflower lanyard initiative across all our UK stores, helping our colleagues identify customers with invisible or hidden disabilities who may need a little extra help. So far, we've handed out over 750,000 free lanyards, and created a visual imagery guide to support customers with autism.

Changing Places facilities

We've partnered with Changing Places to introduce bigger bathroom facilities in many of our larger stores, helping those with complex disabilities use toilets safely and comfortably. We are market leading with the number of facilities currently available in UK locations, and are currently looking at new stores to include in a future rollout.

A permanent Quiet Hour

We understand that for some customers, supermarkets can be too loud and bright, which can feel overwhelming. To help create a calmer atmosphere, from 9am to 10am every Wednesday and Saturday, we turn down our lighting in larger stores and reduce the volume on checkouts in all of our stores.

Plasters for all skin tones

Developed with support from our Race & Ethnicity colleague network, in February 2020 we introduced a new range of first aid plasters, becoming the first UK supermarket to offer options to match all skin tones.

Removing the Tampon Tax

In 2017, Tesco became the first retailer to cover the cost of VAT on female sanitary products, both on our own brand and branded ranges. The following year, we launched our TOTM range of sanitary products, offering more sustainable alternatives which use less plastic.

Auditing our stores

Working with AccessAble, we've recently carried out an independent accessibility survey of all our stores. The data collected will help us work together to create an individual guide for every store – to help us see how we can improve, and offer customers more support ahead of their shopping trip with us.

Diverse lingerie and hosiery

Recognising the need for a more diverse colour range of basics, our F&F team developed and launched a wider range of skin toned lingerie and hosiery.

Updating our self-service checkouts

To support our blind and partially-sighted customers, we've updated our self-service checkouts with a new feature, allowing them to increase font size when paying for their items. With over 14,000 checkouts included in the rollout, we are registered as market leading by the Development Assistance Committee.

African-Caribbean hair care

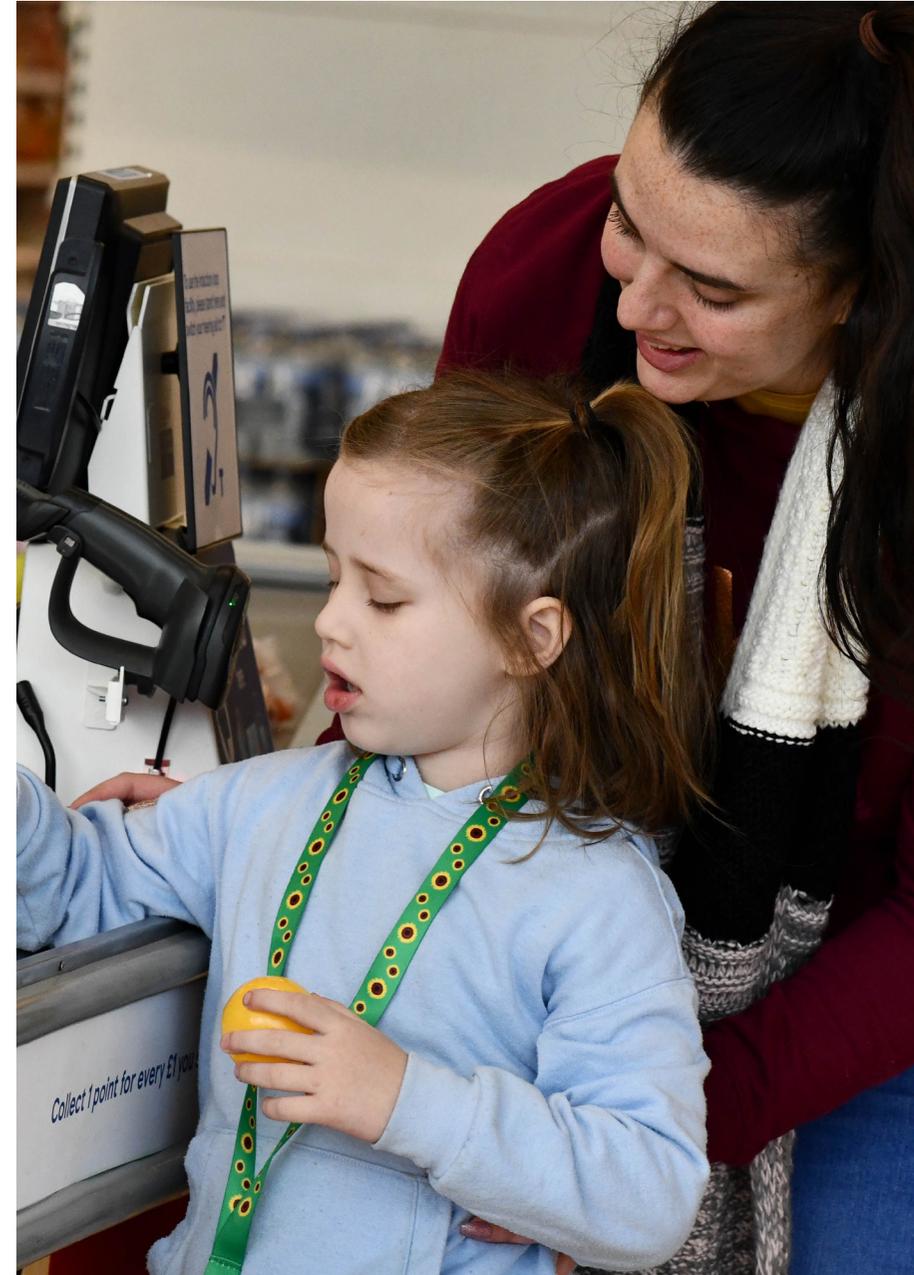
For our Black customers, we've introduced a range of products specifically designed for Black hair, which requires specialist products to treat and style correctly.

Greeting cards for all occasions

We've reviewed our greeting cards range, adding options to help customers celebrate significant dates including Ramadan and Pride; represent different family dynamics and LGBTQ+ identities; and with a wider range of designs showcasing the different ethnic backgrounds and cultures seen across the UK.

Toys for children

In our stores, we're looking at ranging our children's toys by activity, rather than by gender, a change which has already been made on our website. We are also looking at the packaging and how we talk about toys, to allow a more inclusive range for our younger customers.



Our gender pay gap 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 and Tesco Underwriting, 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.

	Tesco UK Retail	TSL	One Stop	TFDL	Oakwood	Maintenance
Gender pay gap: median	6.7%	6.3%	2.6%	0.2%	3.8%	3.1%
Gender pay gap: mean	9.3%	8.8%	6.4%	4.9%	20.2%	4.8%
Proportion of men/women in lower quartile pay band (M% / F%)	35.2% / 64.8%	36.0% / 64.0%	40.8% / 59.2%	17.3% / 82.7%	51.7% / 48.3%	92.9% / 7.1%
Proportion of men/ women in lower middle quartile pay band (M% / F%)	42.7% / 57.3%	43.1% / 56.9%	31.2% / 68.8%	18.8% / 81.2%	56.7% / 43.3%	96.4% / 3.6%
Proportion of men/ women in upper middle quartile pay band (M% / F%)	51.6% / 48.4%	51.6% / 48.4%	35.7% / 64.3%	20.2% / 79.8%	66.7% / 33.3%	95.7% / 4.3%
Proportion of men/ women in upper quartile pay band (M% / F%)	59.7% / 40.3%	59.3% / 40.7%	49.8% / 50.2%	29.6% / 70.4%	75.0% / 25.0%	96.0% / 4.0%
Gender bonus gap: median	26.5%	25.7%	19.9%	27.9%	3.5%	4.4%
Gender bonus gap: mean	47.7%	47.2%	37.0%	18.5%	56.3%	12.4%
Proportion of men who received a bonus	89.1%	89.0%	85.6%	99.0%	100%	97.3%
Proportion of women who received a bonus	89.8%	89.8%	88.2%	98.1%	100%	91.8%

Our Gender Pay Gap.

Gender pay gap information within this report has been calculated using the pay data for 258,203 Tesco UK colleagues, and covers the 12 months prior to April 2021.

Everyone is welcome at Tesco and we celebrate the differences in each other, including colleagues who may identify as non-binary, transgender or gender-fluid. Gender Pay Gap regulations require us to report our data as male and female, however we support all colleagues in being themselves.

We're pleased to report that for 2021, both our median and mean gender pay gap have decreased – our median for our third consecutive year, and our mean for the second. Both figures are our lowest since we started reporting, and show our commitment to equality across our business.

We offer our colleagues flexible working options, and as a result, across our stores and centres we have more male colleagues than female colleagues working Sundays, nights and bank holidays – shifts that pay premiums. If we remove premium payments from the calculation, our median pay gap reduces significantly further, to 2.9%.

We are committed to increasing the percentage of female colleagues in our more senior roles, to ensure our leadership team is truly reflective of our customer base and wider colleague population. As of November 2021, over 30% of our Executive Committee and their direct reports are women and we will continue to drive female representation across all roles to close the gap.

Gender Pay Gap – Median

6.7%

2021

6.8%

2020

Gender Pay Gap – Mean

9.3%

2021

10.0%

2020

2.9% (without premium payments)

Proportion of men and women in each quartile pay band



Women **64.8%**
Men **35.2%**



Women **57.3%**
Men **42.7%**



Women **48.4%**
Men **51.6%**



Women **40.3%**
Men **59.7%**

Our Gender Bonus Gap.

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

The proportion of male and female colleagues receiving a bonus has increased, to 89.1% and 89.8%, respectively. These figures have increased due to discretionary bonus payments made to non-salaried colleagues in stores and customer fulfilment centres.

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 median bonus gap was significantly lower at 8.2%.

We recognise the hard work shown by all of our colleagues, and eligible WL2 head office and store manager roles are now part of our discretionary Annual Bonus Plan, increasing their potential target bonus opportunity for the 2021/22 financial year. Eligible WL1 colleagues in office salaried roles, as part of our separate Colleague Bonus Plan, will also see their potential bonus increase for the same time period. These changes will take effect from any bonus payments made from May 2022, and as a result are not shown in this year's report.

We removed our bonus plan for non-salaried colleagues in stores and customer fulfilment centres in 2019, following their feedback and a negotiated pay agreement. Since the start of the pandemic, these colleagues have received four recognition payments, which are included in the bonus data within this report.

Gender Bonus Gap - Median

26.5% 2021 **26.3%** 2020

Gender Bonus Gap - Mean

47.7% 2021 **45.4%** 2020

8.2% (adjusted according to FTE)

Men and women who received a bonus

2021



2020



Appendix.

Our targets, ambitions and commitments

This is Me

Driven by our Chief People Officer, our This is Me campaign asks colleagues to voluntarily share their personal diversity data, to support our ambition to voluntarily publish our ethnicity pay gap data. This information will also help us identify gaps and where we need to improve, and allow us to make more inclusive decisions. This year, we are focusing on publishing an internal-facing report, to share details of our progress with colleagues.

Driving female representation in senior roles Diversity in Grocery

As part of the FTSE Women Leaders Review, we are focused on achieving 33% female representation across our Executive Committee and their direct reports. We are also a member of the 30% Club - made up of CEOs and leaders from business to drive change - which looks for 30% female representation at Board and Executive level by 2023. As of November 2021, over 30% of our Executive Committee and their direct reports are female.

Diversity in Grocery

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

Diverse representation targets for senior leaders

As part of our commitment to increasing diverse representation at a leadership level, we have set targets for gender and ethnic representation by 2025 - to increase female representation of our global senior leadership from 26% to 35%, and from 11% to 14% for leaders from an ethnically diverse background. We will monitor our progress each year.

If Not Now, When? campaign for Black inclusion

We are a signatory to the If Not Now, When? campaign for Black inclusion within business, committing to increase racial diversity at all levels within Tesco.

Women in Finance Charter

Tesco Underwriting had reported their gender diversity progress separately, however when Tesco Bank acquired the business in May 2021, we agreed to make some changes to our Women in Finance Charter commitments. We've committed to have one third female representation on Tesco Bank Board and Executive Committee by the end of 2022, and at senior management level by 2024.



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.

What is 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.

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.

Calculating the median and mean

We must report both our gender pay gap and gender bonus gap as a median percentage and as a mean percentage. We also must report the proportion of men and women who received a bonus payment.

To calculate the median, we look at the figure that falls in the middle of a range when all hourly pay or bonus payments are stacked from lowest to highest. The median is the difference between the middle figure for all women's hourly pay or bonus payments, and the middle figure for all men's hourly pay or bonus payments.

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



More information on these calculations can be found on the Government website.

Appendix.

Inclusive language

We understand that the words we use have the power to include or exclude, and want to ensure both our customers and colleagues feel supported, respected and listened to. We are continuing to learn from each other and those outside our business, to ensure we create a safe, inclusive Tesco for everyone.

Culture: The pattern of daily life learned consciously and unconsciously by a group of people. These patterns can be seen in language, governing practices, customs, holiday celebrations, food, religion and clothing.

Disability: A mental or physical impairment which has a substantial effect on someone's ability to carry out normal day-to-day activities. This impairment may be cognitive, developmental, intellectual, mental, physical, sensory, or a combination of any of these.

Diversity: Having a range of individuals with a variety of different backgrounds and characteristics such as gender, language, manners and culture, social roles, sexual orientation, education, skills, income, and countless others.

Equality: When everyone has the same status in certain respects, including civil rights, freedom of speech, property rights and equal access to certain social goods and services.

Equity: When different levels of support are offered to individuals or communities depending upon need, in order to achieve a fairer and more equal outcome.

Gender: The range of characteristics pertaining to, and differentiating between, masculinity and femininity. Many cultures use a gender binary of two genders (male or female), however gender is becoming recognised as a spectrum including a range of other identities, for example non-binary.

Inclusion: An effort or practices in which different groups or individuals with different backgrounds are culturally and socially accepted, welcomed and treated fairly and equally.





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The Tesco logo, consisting of the word 'TESCO' in a bold, red, sans-serif font, with three blue horizontal lines underneath it.