

Diversity and inclusion.

Why It Matters.

Upholding diversity and inclusion principles helps to build a fairer and more equitable society and the benefits of a diverse and inclusive culture are significant. Research indicates that diversity has a direct impact on organisational performance, with diversity of thinking enhancing innovation by 20%¹. What’s more, 67% of job seekers consider workplace diversity as a vital factor when looking for employment opportunities². We know the importance of having an inclusive workforce and as such, diversity and inclusion is identified as one of our most material issues, where we have the opportunity to make a positive and lasting contribution.

Relevant Sustainable Development Goals (SDGs).



SDG 5 Gender Equality aims to achieve gender equality and empower all females. We focus on continuing to build an inclusive culture where everyone has the opportunity to get on. Our commitments to gender equality include ensuring there is equal, balanced female representation across Tesco.



SDG 10 Reduced Inequalities aims to tackle inequality in all its forms. We are committed to fostering an inclusive and diverse culture. Relating specifically to SDG 10.2, our diversity and inclusion strategy enables us to embed inclusion across our business making sure that our customers, colleagues and suppliers feel welcome.



SDG 17 Partnership for the Goals aims to strengthen global partnerships for sustainable development. Key partnerships, such as with the Black British Network, have enabled us to target social groups who have been underrepresented in the workplace and in society more broadly. We continue to gain valuable insight that ensures we continue to push the agenda on building a more inclusive workforce.

Highlights.

83% of colleagues agree that ‘There is an inclusive culture at Tesco where people are accepted for who they are without judgement’

Launched our [If not now When? Report](#) communicating our progress towards Black inclusion

54% of external senior appointments were female in 2021

38% of internal senior management promotions have been female

¹ Deloitte research

² Glassdoor

Our Approach.

Fostering a diverse and inclusive culture is embedded in our values: We treat people how they want to be treated. We are committed to supporting inclusion and diversity, helping us better reflect the communities we serve, enhance engagement among our colleagues, customers and suppliers and improve our performance.

In 2022 we introduced ESG metrics into our remuneration policy to reflect our commitment to sustainability. The Performance Share Plan (PSP) now includes diversity targets relating to gender and ethnicity representation of our top global leaders. These targets support our commitment to building an inclusive culture where everyone has the opportunity to get on.



Read more about our Executive remuneration in our latest Annual Report [here](#).

Our diversity and inclusion strategy is the driving force behind ensuring that everyone really is welcome at Tesco. Helping us deliver 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 distribution and fulfilment 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 in a number of ways that include recognising multicultural events and annual festivals across diversity groups.

Our networks also help build relationships with external partners including the Black British Network and Stonewall to hold ourselves to account and ensure we continue to make progress. We now have six Colleague Networks in the UK: Armed Forces at Tesco, Disability at Tesco, LGBTQ+ at Tesco, Race & Ethnicity at Tesco, Women at Tesco and our new Parents & Carers at Tesco. Tesco Ireland has also launched six new Colleague Communities: Enabled at Tesco; Gender Balance at Tesco; LGBTQ+ at Tesco; Carers at Tesco; Young People at Tesco; and Ethnicity at Tesco. In Central Europe we have run business wide diversity weeks to engage colleagues on the importance of making sure everyone is welcome and raise awareness of the needs of colleagues and customers from a broad range of backgrounds.



Read more about our Colleague Networks [here](#).

We collaborate with a number of external organisations to support and help inform our diversity and inclusion strategy and related programmes, including: [Business in the Community](#), [Business Disability Forum](#), [Investing in Ethnicity](#), [Black British Network](#) and [Stonewall](#).

Lead and role model inclusion

We are committed to building an inclusive workplace with a sense of belonging, led by inclusive leaders who value diverse talent in their teams. Actions we have taken include:

- **Continuing to work with Arrival Education:** Business Leaders participated in the mentoring programme to support diverse talent outside our business – giving mentees inspiration, insight and helping build skills.
- **Introducing Diverse Talent Communities:** Sponsored by our Executive team and Business Leaders to help colleagues from ethnic minority backgrounds accelerate their career at Tesco.
- **Improving gender balance in senior roles:** As members of the [30% Club](#) and signatories of the [Women in Finance Charter](#), we are committed to empowering senior female leaders.
- **Setting Board level commitment** to a zero-tolerance stance on harassment and bullying to cultivate a fair and equal working environment.
- **Helping young people to be career ready:** As part of our commitment to Career Ready, a national charity, five students were given work experience at Tesco Bank. Each student received valuable mentoring with Bank colleagues as part of a two-year programme.

Listen, Learn and Act

Our Listen, Learn and Act strategy helps us to recognise, celebrate and value our differences. We create opportunities for colleagues to share their views on diversity and inclusion topics, raise awareness through a suite of learning tools and take action within our communities to support diverse talent. Actions include:

- **Becoming a founding member of the Black British Network**, set up by Cephias Williams to help bring about lasting systemic change for the Black community. Following a series of powerful round tables our colleagues were inspired to create a Black Action Plan. Driven by colleagues from our Black Advisory Group, the plan includes new public goals and aspires to make lasting change that is fair and equitable, leveraging four key areas of our business that interact with society across: Talent, Commercial, Brand and Community.
- **Continuing to elevate diverse voices** through our Exec-led listening sessions.

- **Launching the Inclusion and Diversity Council** within Tesco Business Services to enable colleagues to build an inclusive network across Tesco. Nominated colleagues represent a range of business levels including senior managers and executives.
- **Continuing the roll-out of Being an Inclusive Manager** across the Group, with more than 3,500 participants by the end of 2021. To complement the training, we also have a wide range of training courses and self-led learning resources to help educate colleagues and give them the tools to drive change and promote an inclusive environment.
- **Launching a new, more inclusive uniform** in early 2022 for colleagues working in our stores and centres, designed using colleague 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 name badges, 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.
- **Supporting young people from diverse backgrounds:** Our three year partnership with the Prince's Trust and the training charity Institute of Grocery Distribution (IGD) resulted in exceeding our target to reach 50,000 young people to develop employability and life skills through activity such as volunteering. With a focus on ethnicity and disability groups, as of 2021, our aim is to help 45,000 young people build employability skills over the next year. Our successful partnership is now extended to a further 5 years with an ambition to reach an additional 200,000 young people develop life-long skills.
- **Launching our new Business Diversity Internship** 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, 67% from an ethnic minority background, and 19% with a disability. Feedback has been positive, with a satisfaction rate of 94%. 72% of interns were also offered a place on our Business Graduate Programme
- **Continuing our focus on collecting diversity data** from our colleagues through our 'This is Me' campaign. We aim to reach 70% colleague data, enough statistical significance to allow us to monitor progress and to participate in voluntary reporting such as Ethnicity Pay Gap.
- **Introducing market-leading family policies** in our Central Europe business including maternity, paternity, adoption and fertility policies.
- **Launching bullying and harassment training** in 2020 to office colleagues in UK & ROI and expanded to our stores and distribution colleagues in 2021.

Embed inclusion in everything we do

It is essential that our colleagues always feel welcome, and we are continually reviewing and updating our policies and processes to ensure inclusion is embedded in everything we do. Actions include:

- **Launching a new flexible working policy** in 2021 for UK colleagues to help maintain retention levels and attract new talent. As we move towards a workforce for the future our new policy gives more opportunity for colleagues to have a healthy work-life balance.
- **Relaunching our Workplace Adjustments** programme in 2021. Working with our independent provider, Health Partners, managers now have instant access to make requests for all colleagues and have the confidence to offer the right guidance or options for their team.
- **Introducing a new web accessibility assistance toolbar to our Careers website.** Recite Me allows applicants to customise the website in a way that works best for them - particularly supporting people with disabilities or for those who use English as a secondary language.
- **Partnering with several diversity job boards** including: Vercida, Even Break and Scope, helping us attract more diverse groups. Our website has been updated to showcase colleague stories and details of our colleague networks.
- **Training recruiters across the Group** to strengthen our recruitment processes and ensure an inclusive culture is embedded, including understanding bias and creating a better candidate experience.

Gender equality

We are proud to be the first employer in our Central Europe markets to voluntarily publish individual gender pay gap data for the Czech Republic, Hungary and Slovakia. We have also published our first **Everyone's Welcome report** which covers our Tesco UK market. This report, which goes beyond gender pay gap reporting, shares 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.

Alongside our enhanced disclosures, we've also made a number of voluntary commitments on gender equality. Building on the former Hampton Alexander Review, we have committed to the external **FTSE Women Leaders target** of 40% female representation at Board and Executive level by 2025. This commitment puts focus on bringing more female representation to our Board, Executive Committee and their direct reports.

We have also announced new targets to increase diverse representation of our top global leaders – our executive directors, business leaders and directors.

- Increase female representation of our top global leaders to 35% by 2025.
- Increase the proportion of our top global leaders from an ethnically diverse background to 14% by 2025.

Executive external resourcing and strong internal succession plans play a critical role in enabling and accelerating our ability to meet our diversity and inclusion ambitions.

We have 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. By implementing these changes, alongside demanding more diverse shortlists from our recruitment agency partners for senior roles has resulted in over 50% of our external senior appointments awarded to females since March 2021.

Awards and Benchmarks.

INvolve Empower Role Model list

Jason Tarry, UK CEO, and Jasvinder Deo, Group Risk & Functional Transformation Director, named in the Empower Role Models list 2021, for their work as ally and champion within ethnic minority groups.



The Times Top 50 Employers for Women 2021

Tesco featured in the Times Top 50 Employer for Women, demonstrating our commitment to gender equality.



Workforce Disclosure Initiative

In 2021 we achieved our highest score of 88% in recognition of our enhanced workforce disclosures.



Stonewall Best Network Award 2022

The award recognises the increased focus, proactive engagement and support the LGBTQ+ network at Tesco gives colleagues.



Stonewall Equality Index Top 100 Employer

This in-depth evaluation has recognised our inclusion work in areas such as policies, our colleague networks and feedback from our colleagues.



Stonewall Change Maker of the Year 2022

Awarded to the LGBTQ+ at Tesco network chair, Adam Jarvis, for delivering the transformation plans of the network.



LGBT Awards 2021 Best Network Award

Recognised as a top 10 inclusive UK employer within the LGBT 2021 Awards.



Via Bona Outstanding Employer Award

Tesco Slovakia ranked first for the second consecutive year, recognised for the ongoing efforts to support colleagues and create an inclusive work culture.



Performance.

Group data					
Commitment	KPIs	2018/19	2019/20	2020/21	2021/22
Continue to build an inclusive culture where everyone has the opportunity to get on	Percentage of colleagues that agree 'There is an inclusive culture at Tesco where I feel I can be myself without fear of judgement'	N/A different survey	79%	81%	83%
	Percentage female share of total workforce and by work level across the group	Total: 55% Board: 31% Directors: 22% Directors & Managers: 33%	Total: 54% Board: 31% Directors: 24% Directors & Managers: 33%	Total: 53% Board: 31% Directors: 26% Directors & Managers: 33%	Total: 53% Board: 31% ^(a) Executive Committee: 31% ^(b)
	Percentage of Top Global Leaders ^(c) that are female	N/A – New KPI introduced in 2021/22			26% ^o
	Percentage of Top Global Leaders that are ethnically diverse	N/A – New KPI introduced in 2021/22			11% ^o

◊ Deloitte LLP was engaged to provide independent limited assurance over the selected diversity and inclusion data highlighted in this report with a ◊ using the assurance standard ISAE 3000. Deloitte has issued an unqualified opinion over the selected data. Deloitte's full assurance statement is available at: www.tescopl.com/sustainability/reporting-hub

- (a) Our CEO and CFO are members of the Board and Executive Committee and are included within both groups in the above table. Following Board changes which will take effect following the AGM in June 2022, the Board diversity will be 36% female, 18% ethnically diverse.
- (b) With the introduction of our new KPI relating to 'Top Global Leaders' and with the change from the Hampton Alexander Review to the FTSE Women Leaders, we have updated our reporting of female representation by work level. Previously we have reported Board, Directors and Directors & managers but from 2021/22 onwards we will provide data for Board, Executive Committee and our Top Global Leaders.
- (c) Our top global leaders relate to directors and business leaders across the Group, including Executive Committee members.

Gender Pay Gap

UK Retail				
	2017/18	2018/19	2019/20	2020/21
Gender pay gap: median	8.9%	8.0%	6.8%	6.7%
Gender pay gap: mean	11.3%	12.6%	10.0%	9.3%

Tesco Bank				
	2017/18	2018/19	2019/20	2020/21
Gender pay gap: median	18.1%	17.6%	18.4%	12.4%
Gender pay gap: mean	28.6%	26.8%	27.8%	20.3%

Booker				
	2017/18	2018/19	2019/20	2020/21
Gender pay gap: median	21.0%	14.5%	16.9%	17.6%*
Gender pay gap: mean	8.9%	11.7%	10.9%	11.7%*

* Contributing factors to the increased pay gap includes; more male colleagues choosing to work shifts at times that pay premiums in our warehouses as well as a higher proportion of male colleagues in more senior roles. We remain committed to creating, developing and delivering more opportunities to ensure we make further progress on all measures. Plans include taking further steps for recruitment, talent management, career progression and retention to continue to build diversity and inclusion across our team.

Central Europe			
Retail 2020/21 ^(a)			
Gender pay gap: mean ^(b)	Czech Republic	Slovakia	Hungary
	9.30%	9.20%	8.40%

(a) Reporting is based on a 12-month period from Sept 2020 – Sept 2021.

(b) Central Europe reported its Gender Pay Gap for the first time in 2020 and only includes the mean average. Future plans include reporting the median and mean averages. 2020/21 results include retail store formats where we have operations.

Methodologies.

How we measure our progress

To track our progress in promoting inclusion and diversity, we rely on the direct feedback we receive from colleagues through our “Every Voice Matters” (EVM) survey. We also conduct a weekly listening version of our EVM survey to gather more regular feedback to help us better track progress. We ask the question “Is there an inclusive culture at Tesco where people are accepted for who they are without judgement?” on an annual basis.

In the UK, we adhere to Gender Pay Gap reporting requirements by publishing an annual statement on our performance.

Percentage of top global leaders that are female

Defined by executive directors, business leaders and directors. We currently use the legal definition of gender; male and female, stored in our payroll system. The scope of data includes UK and ROI, Central Europe and international sourcing hubs.

Data is obtained via the Tesco Data Team and payroll systems serviced by engineering teams. Data is updated to the master tracker provided by the Talent team. Access to gender data is strictly limited to the People Data team.

Data is recorded at the end of the Tesco financial year and reflects a single point in time. The number of colleagues who identify as female is divided by the total number of colleagues who have responded. Results are rounded, using standard calculation practices.

Percentage of top global leaders that are ethnically diverse

Ethnicity is defined by a combination of factors, including country of birth, nationality, language, skin colour and religion. For the purpose of this report colleagues will self-identify as within five groups. See ethnicity definition breakdown. The scope of data covers UK and ROI, Central Europe and international sourcing hubs.

Data is obtained via the Tesco Data team and payroll systems serviced by engineering teams. Data is updated to the master tracker provided by the Talent team. Access to ethnicity data is strictly limited to the People Data team.

Data is recorded at the end of the Tesco financial year and reflects a single point in time. The number of colleagues who have identified themselves as ethnically diverse is divided by the total number of colleagues who have responded. Results are rounded, using standard calculation practices.

Definitions:

Top Global Leaders

Defined collectively as executive directors, business leaders and directors.

Gender

We have used the legal gender of the colleague which is stored in our payroll systems. Currently legal gender may only be male or female.

Ethnicity

For the purpose of this report colleagues will self-identify as either:

- A. White
- B. Mixed / multiple ethnic groups
- C. Asian
- D. Black
- E. Other ethnic group

‘Ethnically diverse’ is defined as groups B-E in the above list.

Looking ahead.

We will continue building an inclusive workplace where everyone is welcome. Our strategic priorities will focus on leading and role modelling inclusion, embedding inclusion in everything we do and embedding our ‘listen, learn, act’ strategy. We will continue to listen and elevate diverse voices with education and support for colleagues and our communities, developing effective long-term KPIs for inclusion and diversity that truly reflect our business over the coming year.

Commitments and targets

- Everyone’s welcome at Tesco and has an opportunity to get on
- 35% of our Top Global Leaders are female by 2025
- 14% of our Top Global Leaders are ethnically diverse by 2025
- Committed to the external [FTSE Women Leaders target](#) of 40% female representation at Board and Executive level by 2025.
- Pledged commitment to the British Retail Consortium D&I Charter, enabling us to promote equitable standards across the industry and embed inclusion within Tesco.

Read more about our approach

More information

[Our approach to diversity and inclusion](#)

[If not now when report](#)

Policies

[Inclusion Policy](#)

[Bullying and Harassment](#)

Gender Pay Gap report

[Everyone's welcome - Tesco retail](#)

[Tesco Bank](#)

[Dunnhumby](#)

[Booker](#)

[Czech Republic](#)

[Hungary](#)

[Slovakia](#)

Highlights of our journey to date.

