



Tesco Bank Everyone's Welcome Report 2022.

Celebrating diversity across our business.

TESCO Bank

Foreword.

It's been a year of transition for Tesco Bank as we've focused on shaping the Bank for the future. The external environment has continued to be challenging, but we've been there to support all our customers with their banking needs through some tough times.

At the heart of our business is our purpose, to serve our customers, communities and planet a little better every day. Building an inclusive culture where colleagues can be their best self – irrespective of gender, ethnicity, preferences or beliefs – will help us deliver this.



This is our sixth year of publishing our gender pay gap and as expected, both the median and mean gender pay gap have increased for 2022. This is largely due to the one-off payment made to Tesco Bank colleagues which was reflected in our 2021 gender pay gap reporting, and some strategic organisational changes. However, I'm pleased we've made progress in our Tesco Underwriting business where both the median and mean gender pay gap has decreased. While, gender pay reporting plays an important part in supporting our desire to improve gender diversity across every level of our business, it's only part of our story.

In our first Everyone's Welcome report, we share the progress we've made at Tesco Bank, including in our Tesco Underwriting business which we acquired in 2021, and more importantly, the actions we're taking to drive real and lasting change.

I'm really proud of the improvements we continue to make year on year, especially to increase female representation across all senior levels of our business. We now have a 50/50 gender balance on our Executive Committee. There is more we can do of course, and we're building a pipeline of female talent through leadership development, succession planning and talent reviews. This year, I was pleased to welcome our first cohort from Code First Girls helping us play a part in reducing the gender diversity gap in technology.

It's great that so many colleagues (87%) feel they can be themselves at work, and 80% of colleagues feel comfortable sharing their personal diversity information with us. That's key in helping us build a better picture of the diversity in our business and shaping our diversity, equity and inclusion strategy.

We are determined to tackle the gender pay gap and build a more inclusive business for everyone. In the year ahead, we'll continue to learn, and drive change through a focus on our diversity, equity and inclusion strategic priorities; to lead and role model inclusion; embed inclusion in everything we do; and listen to our colleagues and communities.

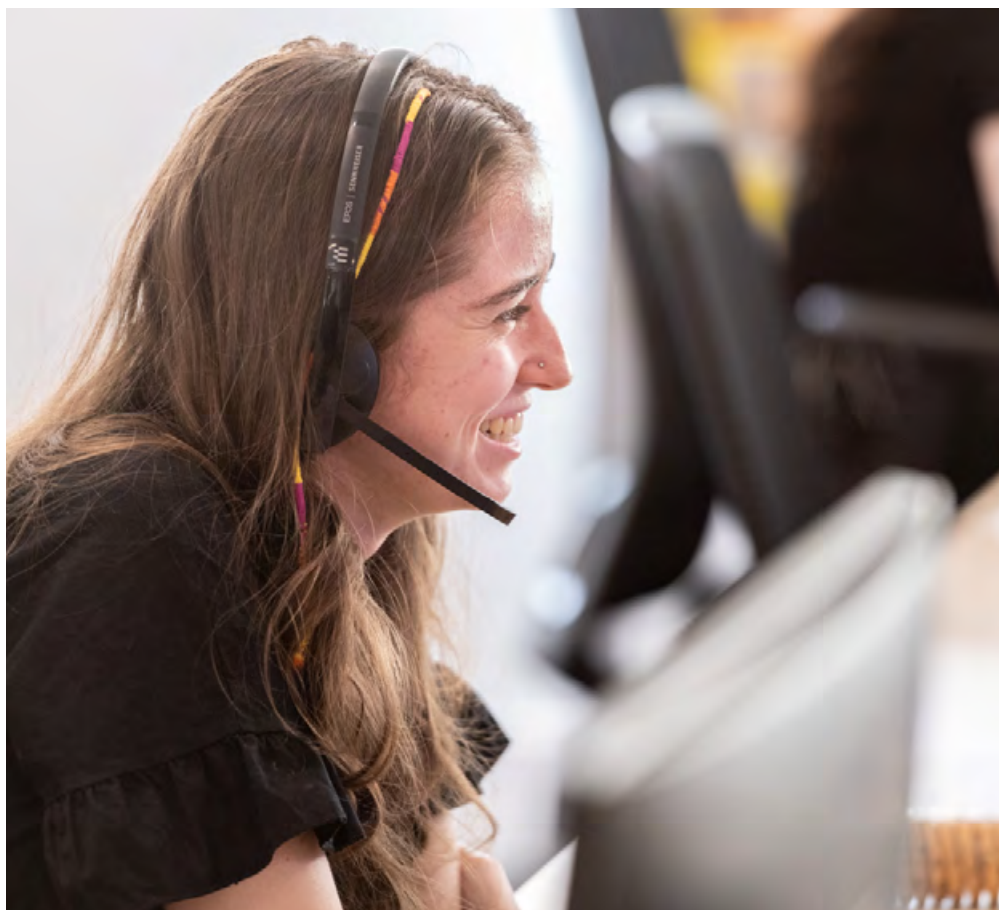
I'm looking forward to continuing to work with you all as we make a real difference for our customers and make Tesco Bank somewhere everyone feels welcome.

Gerry Mallon
Chief Executive, Tesco Bank

**I confirm the gender pay gap data in this report are accurate.*

Our Diversity, Equity and Inclusion Strategy.

2022 started with a full review and reset of our Diversity, Equity, and Inclusion (DEI) strategy, partnering with Tesco Group to make sure our core priorities were aligned and focused on the organisation's value, "We treat people how they want to be treated". We simplified our priorities to three strategic pillars:



Lead and Role Model Inclusion (Representation)

Building an inclusive workplace with a sense of belonging, led by inclusive leaders who value diverse talent in their teams.

Embed Inclusion in everything we do (Culture)

Being consciously inclusive across all colleague touchpoints, with fully inclusive people policies.

Listen, Learn and Act (Using our Voice)

Listening to and elevating diverse voices, providing education and support for colleagues and communities.

We've made good progress against our DEI strategy in 2022:

- Female representation on the Tesco Bank Board has increased from 18% in 2020 to 42% in 2022 and on the Executive Committee from 28% to 50% meaning we now have a 50/50 gender-balanced Executive team leading Tesco Bank.
- Gender representation in our Senior Manager (Work Level 3) population has increased from 28% to 32% and we're building a pipeline of female talent through leadership development, succession planning and talent reviews.
- As we set our diversity representation targets for Gender and Ethnicity, we applied an intersectional lens so we're considering all underrepresented groups.
- 87% of colleagues feel they can be themselves at work, up 3% year on year.
- 80% of colleagues have completed our "This is Me" diversity survey which is a 40% increase year on year meaning most colleagues feel psychologically safe to share their identity.



Our Colleague Networks and external partners.



Colleague Networks

Helping us drive our strategy are our five colleague networks, led by colleagues who share our ambition of an inclusive workplace.

- Armed Forces@Tesco Bank
- Enabled@Tesco Bank
- LGBTQ+ at Tesco Bank
- Multicultural Network
- Women@Tesco Bank

Our colleague networks have gone through a full reset of roles and responsibilities in 2022, recruiting new colleague co-chairs and Executive sponsors. We launched a new diversity awareness calendar, communications and engagement plan and leadership visibility plan to support underrepresented people and colleagues on their allyship journey.

The work our colleague networks do allows colleagues to connect, learn and broaden their networks in an environment where they can be themselves. Our Executive team have empowered these networks further this year by ringfencing 15 hours a month dedicated time for our co-chairs to focus their attention on the development of their networks and alignment of our broader DEI objectives across the business.

Together, with their insight and knowledge, we have introduced some new initiatives including a dedicated menopause toolkit to support colleagues and several inclusive recruitment guides to help hiring managers and make positive changes to our hiring practices.

External partners

As a signatory of the Women in Finance Charter since 2017, this partnership is key in helping us improve our gender balance, particularly at the most senior levels of our business. We continue to support our senior women with mentoring opportunities through our partnership with Women in Finance & Banking.

We're now in the second year of our partnership with Black Professional Scotland, an organisation that encourages and supports Black professionals in their careers. Through their internship programme, we have welcomed talented Black professionals. This partnership helps us encourage, support, and enable our Black colleagues to thrive and develop in their careers.

Working with Business in the Community to run colleague listening circles is helping us understand how colleagues from underrepresented groups feel and how we can address equity gaps and challenge bias. We'll continue to run these in 2023 on topics including race and DEI more broadly. This makes sure we are considerate of the widest possible perspectives within our business.

Our future plans include partnering with procurement on supplier commitments to DEI, working in partnership with Tesco Group to move towards being a Disability Confident Leader organisation and working on the commitments necessary to become a signatory of the Race at Work Charter.

Our actions: positive changes to build a more inclusive Tesco Bank.

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 will continue to take account of the regulatory focus and guidance, colleague data and insight in identifying our ongoing areas of focus and priorities and fully use colleague feedback and insights to evolve our plans. The following is an outline of our key areas of focus and progress, set out under our three Strategic Pillars:

Lead and Role Model Inclusion – representation

Talent acquisition: 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. We no longer ask for current salary at recruitment and conversations are focused on expected salary.

80% of colleagues completed our diversity survey meaning most colleagues feel comfortable sharing their identity, we aim to maintain 'This is Me' reporting to unlock insight to help us focus our plans and manage progress towards diversity targets.

We're now in the second year of our partnership with Black Professional Scotland and this year welcomed 6 interns. We will continue with ethnically diverse-focused external partnerships: connecting with these communities to establish diverse talent pools and amplify employer brand presence.

Talent identification and development: focusing on ethnically diverse talent. 12 colleagues have taken the opportunity to participate in Tesco's Diverse Emerging Talent Community Programme.

We welcomed 10 colleagues into our Technology team in partnership with Code First Girls giving more women the opportunity to pursue a career in tech coding.

20 interns completed a Tesco Bank placement through programmes which focus on diversity intersectionality (gender, ethnicity, and social mobility). In 2022, 50% of our interns were female.

Embed inclusion in everything we do – culture

Embedding DEI throughout our full colleague lifecycle: working with our leaders to achieve conscious inclusion in recruitment, development, progression, retention, reward and in our policies. To support this, we are sharing the pay ranges for all WL1-WL3 jobs with colleagues from March 2023 and will include pay information in job adverts.

Leadership education and empowerment: continuing to support leaders to become true advocates of the benefits of DEI reinforced by our ExCo measures on progress to reach our Women in Business and Finance target of 35% representation.

Regular reporting: We will deepen our metrics linked to gender pay (reporting on pay, promotions, movers and leavers at a more granular level i.e. using grades within Work Levels) to raise awareness and drive more targeted actions.

Training and awareness: we have a wide range of training, courses and self-led resources to help educate colleagues and give them the tools to drive change. 95% of line managers have completed our dedicated training module – Being an Inclusive Manager. 92% of colleagues have completed our Diversity and Inclusion online learning.

Listen, Learn and Act – using our voice

Communication and engagement: delivering a strong and connected diversity awareness calendar, supporting leadership visibility and our colleague networks as key platforms for colleagues to learn, celebrate and educate one another. As a result, 87% of colleagues feel they can be themselves at work, up 3% year on year.

Employer brand visibility: Supporting colleague led initiatives like Hot@Tesco, recognising menopause can be an issue in the workplace and colleagues need support, we've updated our Sickness Absence policy so any menopause related symptoms aren't included in absence calculations

Colleague data, listening and insight: We listened to colleague feedback on our benefits and improved holidays at WL1. This will support our lowest paid colleagues who have previously had the highest uptake in buying additional holidays.

We were proud to have four of our leaders shortlisted at the Women in Banking & Finance, 24th Annual Awards a celebration of the talent we have at Tesco Bank, as well as an opportunity to showcase our DEI programmes that promise to become industry best practice.

We will continue to make sure our employer brand reflects our inclusive culture, representing our colleagues authentically to support our brand reputation, build colleague advocacy and attract diverse talent.

Our actions: positive changes to build a more inclusive Tesco Underwriting.

In May 2021, Tesco Underwriting became part of Tesco Bank and this year our Everyone's Welcome report includes their progress in DEI. While many of the initiatives and priorities are similar across both businesses, Tesco Underwriting continue to make good progress in closing their gender pay gap.

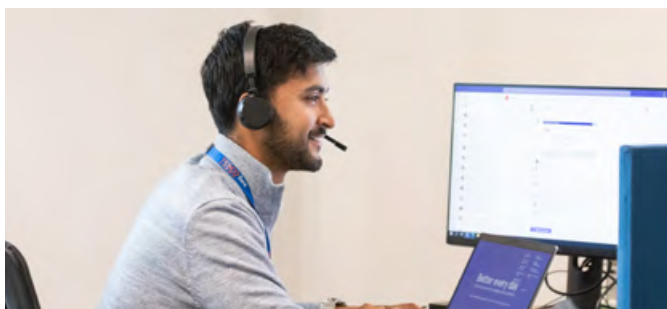


Lead and Role Model Inclusion – representation

Our 50:50 gender balanced shortlists have helped our ability to appoint talented senior females in to roles. This has led to improved female representation across senior levels at Tesco Underwriting with three female colleagues joining the business since 2021, creating a 50% gender diversity at this level – surpassing the target of 40% set for 2025.

We actively recruit from diverse recruitment markets and are exploring opportunities with LinkedIn to source D&I data from responses to implement positive changes to our hiring practices. We no longer ask for current salary at recruitment and conversations are focused on expected salary.

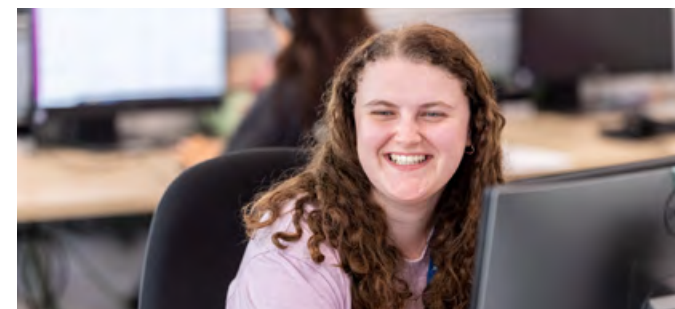
Two colleagues from Tesco Underwriting have been successful in Tesco's Diverse Emerging Talent Community Programme, focused on supporting ethnically diversity colleagues, colleagues with disabilities and/or colleagues that identify as being part of the LGBTQIA+ community.



Embed inclusion in everything we do – culture

We have a wide range of training courses and self-led resources to help educate colleagues and give them the tools to drive change. Tesco Underwriting leaders will attend the new 'Being an Inclusive Line Manager' workshops over the next 12 months to help raise awareness, skills and promote an inclusive culture.

We have dedicated Vitality & Be Well Champions who provide support to colleagues on overall mental health and wellbeing. We will continue to use a range of data and insights to prioritise and evaluate our investment in DEI, Health & Wellbeing.



Listen, Learn and Act – using our voice

As part of the wider colleague network reset, Terri-Anne Wilcox, the Head of Underwriting – a female senior leader – has taken on the role of co-chair of the Armed Forces network.

Colleagues in Tesco Underwriting take part in listening sessions, and our DEI calendar helps us mark key dates with our colleague networks support with different guest speakers throughout the year. As a result, 86% of colleagues in our Protect value stream (which includes Tesco Underwriting) feel they can be themselves at work.

With the support of our Chief Insurance Officer, Gary Duggan, we're scoping a partnership with LTSB, a social mobility charity, who recruit, select, prepare, and support young people from disadvantaged backgrounds and place them in meaningful employment. We're also collaborating with the Association of British Insurers on what more can be done within the insurance industry to increase diversity overall.

Supporting our customers.

We treat and serve everyone who has a Tesco Bank product equally, with respect, and recognise the differences in each other. As well as helping our customers manage their money better, we're here to listen to our customers' financial issues and work together to find a solution.



Volunteer e-gift cards

Designed for shielding customers to allow others to shop for them during the pandemic, this product is still available to customers who need support to do their shopping.

Little Helps grocery deliveries

Customer Support teams can arrange a local Tesco food delivery for customers who are in distress (e.g., if customer mentions they have no money for food etc). We helped over 100 customers in 2022.

Driving financial inclusion through ATMs

Tesco Bank has the third largest ATM network in the UK, with ATMs available and free to use in 3,100 Tesco and One Stop stores across the country. Our ATMs continue to issue £5 notes, and we've committed that Tesco ATMs will remain free to use for the long-term protecting access to cash.

Supporting vulnerable customers

A dedicated vulnerable customer team in place for customers who require additional support.

Tesco Underwriting colleagues adapt our claim's processes to meet the individual needs of vulnerable customers.

Colleague training

Working with the Money Advice Trust, we've delivered enhanced training to over 900 colleagues to improve the support we offer to vulnerable customers.

Publishing Little Helps

We provide customers with money helps through articles in the Tesco magazine and on our social media channels – from everyday money skills and advice to cost of living jargon busters.

A permanent Quiet Hour

Our ATM, Gift Card and Travel Money services can all be accessed in Tesco Stores.

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.

Financial support

Our Insurance claims teams consider a range of flexible options when helping customers in financial difficulty, supporting them when they need us most.



Our gender pay gap for our Tesco Bank 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 outcomes for our Tesco Bank businesses, which includes Tesco Bank and Tesco Underwriting.

	Tesco Bank Overall	Tesco Bank	Tesco Underwriting
Gender pay gap: median	27.0%	30.1%	4.9%
Gender pay gap: mean	23.9%	24.3%	19.5%
Proportion of men/women in lower quartile pay band (M% / W%)	45%/55%	46%/54%	43%/57%
Proportion of men/ women in lower middle quartile pay band (M% / W%)	39%/61%	38%/62%	45%/55%
Proportion of men/ women in upper middle quartile pay band (M% / W%)	50%/50%	51%/49%	44%/56%
Proportion of men/ women in upper quartile pay band (M% / W%)	65%/35%	66%/34%	54%/46%
Gender bonus gap: median	0.0%	0.0%	9.1%
Gender bonus gap: mean	43.5%	-3.1%	67.2%
Proportion of men who received a bonus	80.4%	80.4%	80.4%
Proportion of women who received a bonus	84.1%	84.5%	79.8%

Our Gender Pay Gap.

Gender pay gap information within this report has been calculated using the pay data for 3,804 colleagues, and covers the 12 months prior to April 2022.

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 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. Female representation on the Tesco Bank Board has increased from 18% in 2020 to 42% in 2021, on the Executive Committee from 28% to 50% meaning we now have a 50/50 gender-balanced Executive team leading Tesco Bank.

Tesco Bank

As expected, both the median and mean gender pay gap have increased for 2022. This is due largely to the one-off payment made to Tesco Bank colleagues which was reflected in 2021 gender pay gap reporting.

We know that workforce distribution drives gender pay gaps. Our figures for 2022 show for the first time we have more men than women at Tesco Bank (51%, up from 49% in 2021), due to some strategic organisational changes, such as the transfer of the Financial Assist operations team to Arrow Global Group in November 2021.

Tesco Underwriting

Both the median and mean gender pay gap has decreased to 4.9% and 19.5% respectively. We know that some of this improvement is due to the harmonisation payments we made to colleagues following the purchase of Tesco Underwriting in May 2021.

Gender Pay Gap – Median

27.0%

2022

12.4%

2021*

Gender Pay Gap – Mean

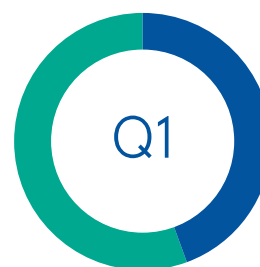
23.9%

2022

20.3%

2021*

Proportion of men and women in each quartile pay band



Women **55%**
Men **45%**



Women **61%**
Men **39%**



Women **50%**
Men **50%**



Women **35%**
Men **65%**

*2021 Gender Pay Gap snapshot data included one-off payment made to Tesco Bank colleagues in April 2021.
2021 Gender Pay Gap information does not include Tesco Underwriting as snapshot date was prior to change of control in May 2021.

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 decreased to 80.4% and 84.1%, respectively. This is due to some of the one-off payments made to colleagues during the pandemic not being included in this year's snapshot data.

Tesco Bank

The median gender bonus gap for Tesco Bank is 0.0%. Due to the impact of expected credit loss provisions during the pandemic, Tesco Bank Annual Bonus Scheme didn't pay out any awards under the Annual Bonus in May 2021. Instead, all eligible Tesco Bank colleagues received a flat one-off payment.

Tesco Underwriting

While the median bonus gap for Tesco Underwriting has decreased to 9.1%, the mean bonus gap remains broadly unchanged at 67.1%. This is primarily driven by a higher proportion of men in more senior roles, which typically have a higher bonus opportunity.

Gender Bonus Gap - Median

0.0%

2022

17.4%

2021

Gender Bonus Gap - Mean

43.5%

2022

50.2%

2021

Men and women who received a bonus

2022

Men **80.4%**

Women **84.1%**

2021

Men **95.3%**

Women **96.9%**

Appendix.

Targets, Commitments and Ambitions

This is Me

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. In 2022, 80% of colleagues have completed the survey and our target is to maintain this completion rate.

Increasing female representation in senior roles

In 2017, Tesco Bank became signatories of HM Treasury's Women in Finance Charter, which is a commitment by financial services firms to work together to bring more gender balance across our industry. Since then, we've increased female representation across all senior levels of our business. We have targets to increase female representation of our senior leadership team from 28% to 35% (with a stretch target of 40% if reached early) by 2025.

Diverse representation targets for senior leaders

As part of our commitment to increasing diverse representation at a leadership level, we have a target to increase ethnically diverse representation of our senior leadership team from 3.1% to 10% (with a stretch target of 14% if reached early) by 2025.



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

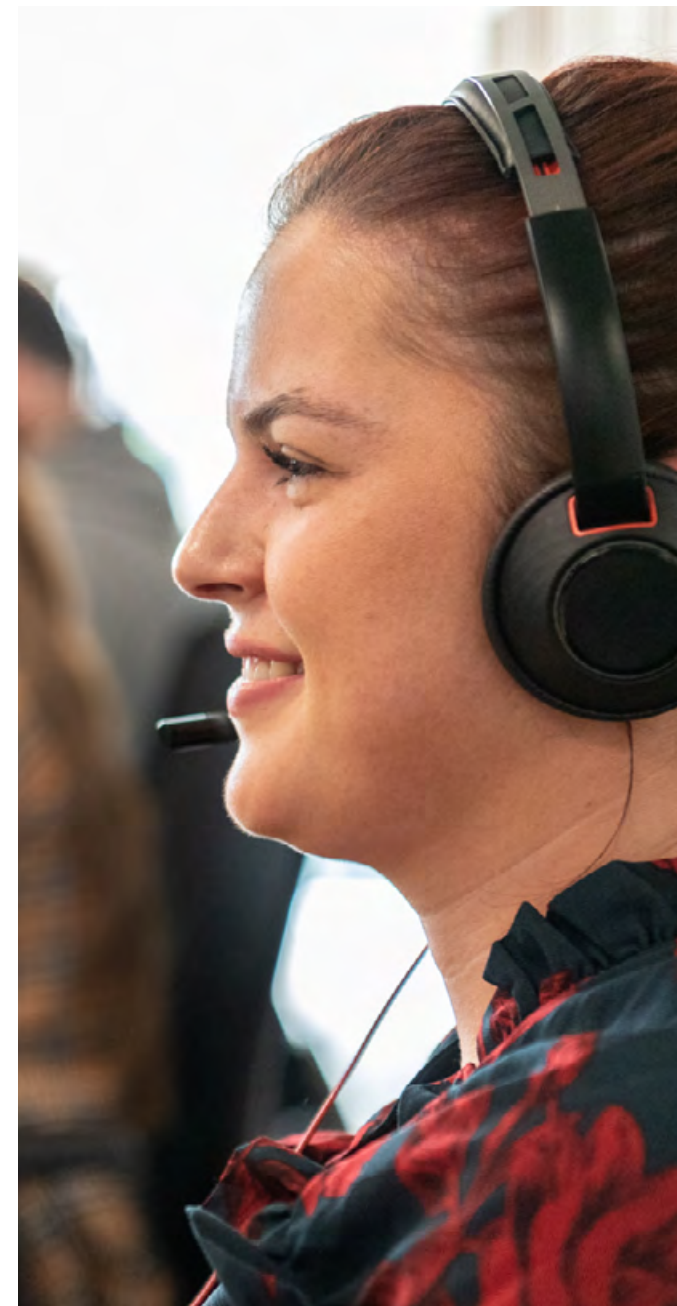
The proportion of women who received a bonus is shown as a percentage of all women in the business, and the proportion of men who received a bonus is shown as a percentage of all men in the business.

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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