

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 ensuring that our career opportunities are accessible to the widest possible talent pool. 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 UN 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 Target 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 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 push the agenda on building a more inclusive workforce.

Highlights.

In our 2022 colleague survey, 85% agreed that ‘There is an inclusive culture at Tesco where people are accepted for who they are without judgement’.

40% of external senior appointments were ethnically diverse in 2022/23.

46% of internal senior management promotions were female in 2022/23.

¹ Deloitte research

² Glassdoor

Our approach.

Fostering a diverse and inclusive culture is at the core of how we do business. It 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 amongst our colleagues, customers and suppliers and improve our performance.

With the backdrop of cost-of-living challenges, we are aware of the risk of wider socio-economic inequalities being exacerbated. We remain committed to ensuring that the opportunities we create across our business are as inclusive and accessible as possible, and that everyone really is welcome at Tesco.

We deliver our diversity & inclusion strategy through the support of both our colleague networks and our external partners. Our colleague networks are now established across each of our markets, made up of colleagues across our stores, distribution centres and head office, supported by Executive sponsors and network chairs. Their insight, knowledge and passion help us to celebrate the differences in each other in a number of ways, including recognising multicultural events, key dates and annual festivals across diversity groups. In the UK, we created our sixth network in 2022, our Parents and Carers Network, alongside our established groups – Armed Forces at Tesco, Disability at Tesco, LGBTQ+ at Tesco, Race & Ethnicity at Tesco and Women at Tesco. Other highlights from the year include the resetting of our networks in Tesco Bank to update the roles, responsibilities and governance structures; and the creation of the LGBTQ+ Ally network in our service centre in Tesco Bengaluru.



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

Our networks also help build relationships with external partners, including the [Black British Network](#) and [Stonewall](#). More broadly, we collaborate with a number of external organisations to support and help inform our diversity and inclusion strategy and related programmes, including: [Business Disability Forum](#), [Business in the Community](#), and [Investing in Ethnicity](#). In 2022, we also pledged our commitment to the [British Retail Consortium Diversity & Inclusion Charter](#), comprising six commitments to which our diversity & inclusion strategy is already strongly aligned.

In 2022, we introduced Environmental, Social and Governance (ESG) metrics into our remuneration policy. The Performance Share Plan (PSP) includes three ESG targets, of which diversity forms one of the targets, aligned with our commitments on the gender and ethnicity representation of our top global leaders. We were pleased to deliver progress against both of these targets in 2022/23. These support our commitment to building an inclusive culture where everyone has the opportunity to get on.



Read more about our [Executive remuneration](#) [here](#).

In 2020, we launched the first of our [sustainability-linked finance products](#), and we have continued to strengthen this area over the last two years. Our product suite now includes a Revolving Credit Facility refinanced in November 2022, with interest linked to increasing the percentage of female and ethnically diverse colleague representation amongst our top global leaders by 2025, as well as other commitments on GHG emissions and food waste reduction.

Our diversity & inclusion strategy comprises three pillars:

1. Lead and role model inclusion.
2. Embed inclusion in everything we do.
3. Listen, learn and act.

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 this year include:

- **Increasing diversity amongst our top global leaders.** We have made progress against our new targets for the proportion of our top global leaders who are female and from ethnically diverse backgrounds. 29% of our top global leaders are female, up from 26% last year; and 15% are from ethnically diverse backgrounds, up from 11%. As we are setting targets with a time horizon to 2026, we will take into consideration progress made in 2022/23, ensuring we are retaining diverse talent and population data so we continue to drive towards representing the communities we serve. Likewise, we have made progress against our voluntary commitment to the external [FTSE Women Leaders target](#) of 40% female representation at Board, Executive level and their direct reports by 2025, reaching 34% female representation this year, up on 29% last year. These improvements have been supported by ongoing positive changes to our senior hiring practices, including taking a biannual, aggregated view of the candidate diversity of shortlists for senior leadership roles.
- **Our business leaders' continued participation in mentoring programmes.** Over 2021 and 2022, 37 business leaders participated in Arrival Education's mentoring programme to support diverse talent outside our business, to drive meaningful change in developing social and ethnically diverse talent. Likewise, members of Tesco Bank's Executive team have partnered with KPMG on their reciprocal mentoring programme for ethnically diverse talent and they have signed a partnership with Black Professional Scotland.
- **Launching a package of menopause support** over the course of the last year, to support colleagues going through the menopause and to raise wider awareness. This has included a change to our absence calculation to no longer include time off work to cope with menopausal symptoms; launching a menopause friendly uniform; and introducing resources including a colleague menopause guide and a Talking Menopause Colleague Café.

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 what we do. Actions include:

- **Proud to support the If Not Now, When? campaign,** publishing a report for the second year. This shows we continue to make good progress in increasing black inclusion and particularly proud to have launched our Black Action Plan in May 2022.
- **A focus on collecting diversity data** from our colleagues through our 'This is Me' campaign. Over the year we have increased the proportion of colleagues who have shared their ethnicity data to over 60%, through steps such as including 'This is Me' in our induction processes and our diversity and inclusion training and allowing time for colleague completion of the data within our stores' capacity planning. We aim to reach 70% colleague data, enough statistical significance to allow us to monitor changes and to participate in UK voluntary reporting such as Ethnicity Pay Gap. We are delighted to have now exceeded this figure amongst our UK head office, enabling us to use the data internally, such as to support diverse talent shortlists. Amongst our stores, distribution and fulfilment colleagues, we have reached over 60% and in the coming year, we plan to implement further campaigns in order to increase the proportion of colleagues represented in our data.
- **Continuing to transparently disclose our data,** now in the second year of publishing our Everyone's Welcome report for our UK market, and voluntarily publishing individual gender pay gap data for the Czech Republic, Hungary and Slovakia.
- **Since the start of the year, we have made good progress towards achieving Disability Confident Leader Status.** Progress includes, reviewed and improved attraction and selection processes for disabled candidates, improved candidate communication, and partnering with disability focused job boards. We also expanded our diverse talent communities, held Exec-led listening sessions to understand lived experience and increased communication around key dates in the disability calendar. This year we were the first retailer to achieve the RNIB Visibly Better Employer status.

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:

- **Continuing to drive our Black Action Plan, launched in May 2022** following a series of powerful round tables with the external organisation Black British Network. The plan is a disruptive and fast-paced initiative which looks to address the issues faced by our Black colleagues and the communities we serve, across the pillars of community, talent, commercial and brand. We have focused this year on talent equity, in particular, with 39 allies in our business working alongside colleagues who identify as Black to build co-mentorship relationships as part of the Black spotlight experience. More broadly, we were delighted to be the headline sponsor of the Black British Network's Black Experience Conference in November 2022, and are currently taking part in an Oral History Project, in partnership with The Making of Black Britain, bringing together voices from many different communities in commemoration of the 75th anniversary of Windrush.
 - **Continuing the roll out of Being an Inclusive Manager training** across the Group, with more than 7,000 participants as at Feb 2023, supporting our leaders to promote an inclusive environment through training and a wide range of self-led learning.
 - **In Booker, we launched our first Everyone's Welcome e-learning module** for our colleagues and so far, 80% of colleagues have completed this segment of learning.
 - **Following the introduction of the Diverse Talent Communities programme last year, to help accelerate the careers of colleagues from ethnic minority backgrounds**, we extended the programme to more parts of Tesco, including Tesco UK Head Office, UK Channels, One Stop, dunnhumby, Tesco Mobile, Tesco Bank, ROI and Booker and underrepresented groups. We have particularly brought focus this year to the opportunities for our black and disabled colleagues, with a dedicated black cohort within our communities, supported by non-black allies. A new dedicated Disabled Diverse Talent Community recognises the opportunities that we can create in our business, against a wider backdrop of a significant pay and unemployment gap for disabled individuals. The communities are sponsored by our Executive team and business leaders to help colleagues from minority backgrounds to accelerate their careers at Tesco, overcoming barriers and owning their career development.
- Continuing to reach diverse communities through our young people programmes.** Through our partnership with the Prince's Trust, we have reached over 50,000 young people in 2022/23, exceeding our target of 45,000 through offering employability skills to jumpstart their career. In the second year of our Business Diversity Internship, we have continued to see both broad representation and high levels of satisfaction with the programme. 72% of candidates taking part in the 10 weeks paid experience were female, 79% were from an ethnic minority background, and 21% identified as disabled or with a long-term health condition. From the 2022/23 cohort 69% of interns were offered a place on our Business Graduate Programme.

Memberships and partnerships.

Here are some examples of our key collaborations on diversity & inclusion:



Awards and benchmarks.

The Times Top 50 Employers for Women 2022

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



Workforce Disclosure Initiative

In 2022 we scored 82% for workforce disclosures. This year we achieved recognition in the 'Most Transparent' and "Workforce Action" categories for making answers available publicly and completing all WDI's workforce implementation questions.



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.



Performance.

		Group data				
Commitment	KPIs	2018/19	2019/20	2020/21	2021/22	2022/23
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%	85%
	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% Executive Committee: 31% ^(b)	Total: 53% Board: 42% ^(a) Executive Committee: 31%
	Percentage of top global leaders ^(c) that are female	N/A – New KPI introduced in 2021/22			26%	29% ^o
	Percentage of top global leaders ^(c) that are ethnically diverse	N/A – New KPI introduced in 2021/22			11%	15% ^o

◊ Deloitte LLP was engaged to provide independent limited assurance over the selected diversity and inclusion data. Further information on page 8.

(a) Our CEO and CFO are members of the Board and Executive Committee and are included within both groups in the above table.

(b) With the introduction of our KPI relating to 'top global leaders' and with the change from the Hampton Alexander Review to the FTSE Women Leaders, we updated our reporting of female representation by work level from 2021/22. We now provide data for Board, Executive Committee and our top global leaders, whereas we previously reported Board, Directors and Directors & managers.

(c) Our top global leaders relate to Directors and business leaders across the Group, including Executive Committee members.

Gender pay gap

UK Retail ^(a) gender pay gap					
	2017/18	2018/19	2019/20	2020/21	2021/22
Median	8.9%	8.0%	6.8%	6.7%	6.9%
Mean	11.3%	12.6%	10.0%	9.3%	10.5%

Tesco Bank gender pay gap					
	2017/18	2018/19	2019/20	2020/21	2021/22
Median	18.1%	17.6%	18.4%	12.4%	27.0%
Mean	28.6%	26.8%	27.8%	20.3%	23.9%

Booker gender pay gap					
	2017/18	2018/19	2019/20	2020/21	2021/22
Median	21.0%	14.5%	16.9%	17.6%	18.6%
Mean	8.9%	11.7%	10.9%	11.7%	12.1%

Czech Republic gender pay gap		
	2020/21	2021/22
Median	-	12.1%
Mean	9.3%	26.2% ^(b)

Slovakia gender pay gap		
	2020/21	2021/22
Median	-	10.1%
Mean	9.2%	16.5% ^(b)

Hungary gender pay gap		
	2020/21	2021/22
Median	-	10.2%
Mean	8.4%	15.9% ^(b)

(a) UK Retail includes our UK businesses Tesco Stores Limited, One Stop Stores Limited, Tesco Family Dining Limited, Oakwood Distribution Limited and Tesco Maintenance Limited. It excludes Tesco Bank and Tesco Underwriting, Booker Group and dunnhumby Employment Company Limited.

(b) 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.

Looking ahead.

We will continue building an inclusive workplace where everyone is welcome and focus on continuing to drive and embed our strategic priorities, with an ongoing focus into 2023 particularly on our Black Action Plan and our work to support disabled individuals. We seek to drive further progress against our commitments for 2025, and to continue to see more colleagues sharing their ethnicity data as part of our 'This Is Me' campaign, to enable us to reach a statistically significant data set to allow us to monitor progress and participate in voluntary reporting.

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, Executive level and their direct reports 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.

Methodologies.

How we measure our progress

To track our progress in promoting diversity and inclusion, we rely on the direct feedback we receive from colleagues through our "Every Voice Matters" (EVM) survey, where we ask the question "Is there an inclusive culture at Tesco where people are accepted for who they are without judgement?". Agreement is determined by the selection of "Agree" or "Strongly agree" in the EVM survey.

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

In our FTSE Women Leaders reporting this is defined by Executive Directors and Executive Directors' direct reports. The scope of data includes markets; UK&ROI, Central Europe (CE) and international sourcing hubs.

To calculate the percentage of top global leaders who are female we include all of our Directors, business leaders and Executive Directors and describe them collectively as our 'top global leaders'.

Data is obtained via the Tesco Data Team and payroll systems serviced by engineering teams. 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 top global leaders. 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 six groups. See ethnicity definition breakdown. The scope of data covers UK&ROI, CE and international sourcing hubs.

Data is obtained via "This is Me", a voluntary diversity survey (or via email where "This is Me" is not available). 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 gender information of the colleague which is stored in our payroll systems. Currently gender may only be male or female.

Ethnicity

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

- A. White
- B. Mixed/multiple ethnic groups
- C. Asian/Asian British/Asian Irish
- D. Black/African/Caribbean/Black British/Black Irish
- E. Other ethnic group
- F. Prefer not to say/don't identify

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

Assurance.

Deloitte LLP was engaged to provide independent limited assurance over the selected diversity and inclusion data highlighted in this report with a \diamond 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.

Read more about our approach

More information

[Our approach to diversity and inclusion](#)

[If Not Now. When? report](#)

Methodology and assurance

[Deloitte assurance statement](#)

[Diversity & Inclusion – Gender and Ethnicity methodology](#)

Policies

[Diversity and inclusion policy](#)

[Bullying and Harassment policy](#)

Gender pay gap report

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

[Tesco Bank](#)

[dunnhumby](#)

[Booker](#)

[Czech Republic](#)

[Hungary](#)

[Slovakia](#)