

Everyone's Welcome

Pay gap report 2024.



TESCO

Foreword.

Our purpose is to serve our customers, communities and planet a little better every day. A vital element of this is our diversity, equity and inclusion strategy, which ensures that we best represent the communities we serve.

Our 2024 Everyone's Welcome report includes an update on the progress we continue to make and the actions we're taking towards creating a more inclusive, supportive and family friendly workplace for all our colleagues – irrespective of gender, ethnicity, preferences or beliefs.

For the fourth year in a row, we have been named by the Times as a Top 50 Employer for Gender Equality, and we have launched our second cohort of our Group-wide Women's Development Programme to accelerate our work to identify and support women to realise their potential.

Our gender pay gap is at 5.1% (median) and 9.1% (mean). Over the eight years since we started to report, we have made steady progress in reducing our gender pay gap, and it is now below our figures for 2017 (8.7% median and 12% mean).

We are also well ahead of the UK average of 13.1% (based on data from the Office for National Statistics on UK median gross hourly earnings, excluding overtime), although we recognise there is still more to do.

We are proud of our achievements this year. We asked our colleagues what changes would make a real difference to them in their working lives and are delivering on their feedback.

We have implemented a number of family-related policies to support colleagues with their busy and demanding lives, including the right to request flexible working from the first day in role, ahead of legislation.

In 2024 we achieved Level 3 Advanced Employer in the 'Investing in Ethnicity Maturity Matrix' (UK), with Tesco also nominated for Outstanding Employer in the Ethnicity Awards.

We have continued our dedication to the Black Action Plan, with the 'If Not Now When?' commitments, focussing on Black inclusion within this.

Last year, we reported our ethnicity pay gap for the first time, and we remain committed to ensuring it remains a priority on our agenda. This data is based off our 'This is Me' questionnaire, where colleagues voluntarily share personal diversity information.

Making Tesco a place where all our colleagues feel welcome and supported is at the heart of our approach. I know we will continue to strive towards this goal.

Matthew Barnes

Chief Executive Officer, Tesco UK



Reporting on
our Ethnicity Pay
Gap for the
second year

Introduced a
number of new
family and flexible
working policies

Times Top 50
Employer for
Gender Equality
fourth year in
a row

Declaration: We confirm that our data has been calculated according to the requirements of the Equality act 2010 (Gender Pay Gap information) Regulations 2017.

Our gender pay gap.

Gender pay gap information within this report has been calculated using the pay data on snapshot date of 5 April 2024 for 257,537 Tesco UK colleagues*

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, but we support all colleagues in being themselves.

Our median and mean gender pay gap have remained steady, with a 0.1% increase on the median and a 0.3% decrease on the mean since 2023.

Over the last eight years since we started to report, we have made progress in reducing the gender pay gap which is now well below our figures for 2017.

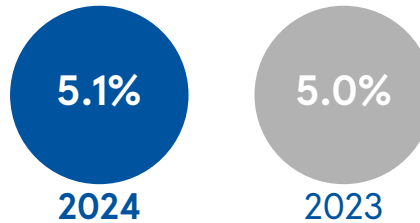
We are ahead of the UK average in reducing this gap, although we recognise there is still more to do to build on this progress.

Our colleagues can take advantage of flexible working options, wherever they work. If we remove premium payments from our calculation, our median pay gap is 2.3% and the mean pay gap reduces to 7.6%.

We have made progress in reducing our gender pay gap in stores, and we now have 2.5% fewer women working in the lowest paid quartile vs 2023.

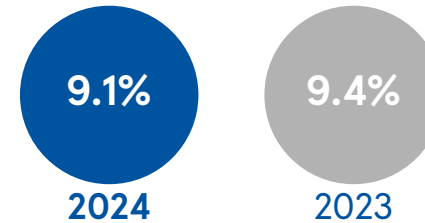
**Based on full-pay relevant colleagues employed on 5 April 2024*

Gender pay gap – Median



2.3% (without premium payments)

Gender pay gap – Mean



7.6% (without premium payments)

Proportion of men and women in each quartile pay band

Q1



Q2



Q3



Q4



We continue to support colleagues across our business and remain committed to increasing the percentage of female colleagues in more senior roles, and ensuring Tesco is reflective of our customer base and wider colleague population. One third of our Executive Committee and their direct reports are women, and we continue to focus on improving the level of female representation at all leadership levels.

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.

Our bonus gap continues to be an area of focus for us, and the median figure increased and remains high. Our mean bonus gap at 36.7% is a 21.6% reduction vs last year. The median increased from 30.2% to 45.4%.

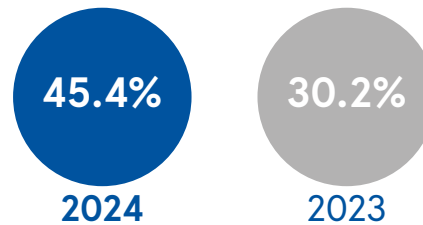
This was driven by a higher percentage of men in senior roles. We know we need to do more to address this, to increase the number of female colleagues in senior roles and tackle this gap.

We are required to report on our gender bonus gap based on actual bonuses paid, without considering pro-rating for part-time working. Across Tesco UK Retail, the bonus gap figures reflect bonuses paid in the year to April 2024. There is less year-to-year consistency in the bonus figures due to varying performance outcomes.

Additionally, in 2023 for Tesco Stores Limited, the absence of a 'Thank you' payment to hourly paid colleagues in 2023 caused significant variations in the numbers compared to the previous year, reducing the percentage of bonus receivers.

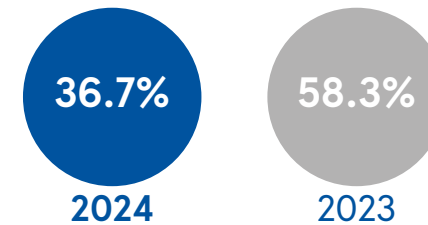
This year's gap is predominantly driven by our bonus payments made to salaried colleagues in addition to a productivity bonus, paid to those who enter into and win a prize draw. The productivity bonus is generally a lower payment and more women received more of these payments compared to men.

Gender bonus gap – Median



47.3% (adjusted according to FTE)

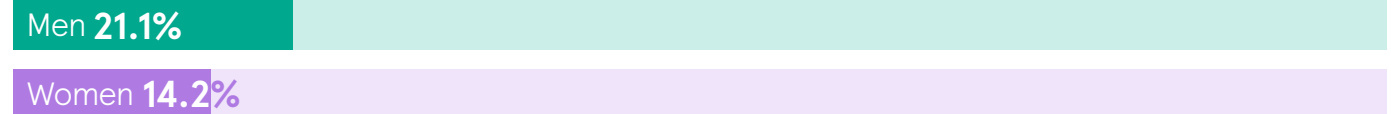
Gender bonus gap – Mean



34.3% (adjusted according to FTE)

Men and women who received a bonus

2024



2023



Eligible Work Level 1 colleagues in office salaried roles and Lead and Team Managers in Tesco Stores Ltd were part of our separate Colleague Bonus Plan and joined the Annual Bonus Plan from March 2024.

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 on the right shows our latest gender pay figures for our Tesco UK businesses, which include Tesco Stores Limited (TSL), One Stop, Tesco Family Dining Limited (TFDL), Oakwood Distribution Limited and Tesco Maintenance Limited.

It excludes Tesco IMS, Tesco Underwriting, Booker Group and dunnhumby Employment Company Limited, who have reported their gender pay gap figures separately.

	Tesco UK Retail	TSL	One Stop	TFDL	Oakwood
Gender pay gap: median	5.1%	5.3%	3.1%	0.4%	1.0%
Gender pay gap: mean	9.1%	9.3%	2.8%	2.5%	16.5%
Proportion of men/women in lower quartile pay band (M% / F%)	38.2%/61.8%	38.1%/61.9%	35.7%/64.3%	22.2%/77.8%	66.7%/33.3%
Proportion of men/ women in lower middle quartile pay band (M% / F%)	41.3%/58.7%	42.3%/57.7%	31.0%/69.0%	22.5%/77.5%	58.3%/41.7%
Proportion of men/ women in upper middle quartile pay band (M% / F%)	53%/47%	53.9%/46.1%	40.8%/59.2%	23.1%/76.9%	66.7%/33.3%
Proportion of men/ women in upper quartile pay band (M% / F%)	63.4%/36.6%	64.0%/36.0%	49.1%/50.9%	25.9%/74.1%	70.2%/29.8%
Gender bonus gap: median	45.4%	44.8%	-461.4%	19.7%	12.9%
Gender bonus gap: mean	36.7%	37.1%	-91.5%	12.8%	35.9%
Proportion of men who received a bonus	21.1%	21.7%	4.0%	14.0%	17.6%
Proportion of women who received a bonus	14.2%	15.0%	0.3%	10.6%	7.7%



Our ethnicity pay gap.

Our ethnicity pay data has been collected from the results of our 'This is Me' questionnaire and, in line with our Gender Pay Gap reporting, is taken as of 5 April 2024.

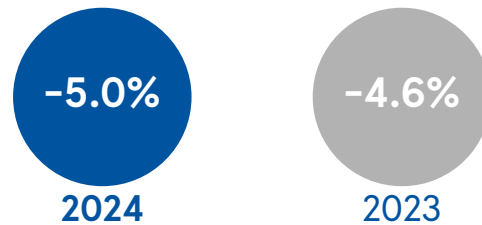
This is the second year we are publishing our ethnicity pay gap. This data gives us valuable insight into the experience of our ethnically diverse colleagues and helps us to boost our recruitment efforts. We also hope it will encourage other colleagues to share their diversity information in future years, as they see how it contributes to our efforts to ensure a diverse workforce.

We have used our Tesco Stores Ltd gender pay gap data set*, and included ethnicity from the colleagues who chose to share their ethnicity as part of the 'This is Me' questionnaire; as such, the data relates to 60% of our colleagues. We have focused on the ONS2 figures in this report, to compare White and All Other Ethnic Groups Combined*.

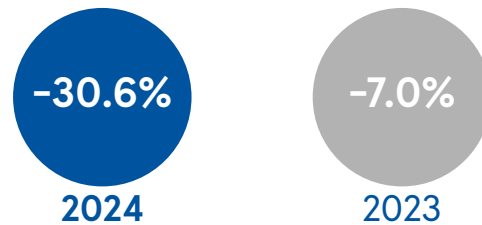
The pay gap has remained relatively stable to last year's report with hourly location pay continuing to be the biggest impact. When location pay is removed the mean pay gap is -1.7% and the median is -2.3%.

Premium payments and salary sacrifice do still drive some of the gap, when these are removed too, the mean gap reduces to -1.3% and the median to -1.2%.

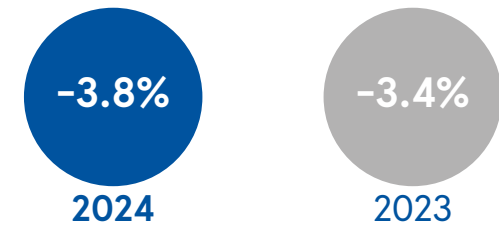
Ethnicity pay gap – Median



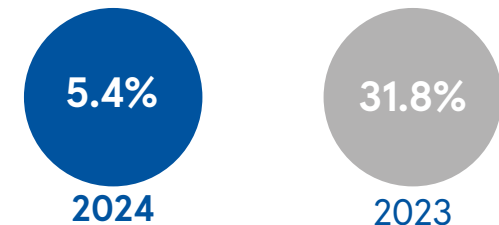
Ethnicity bonus gap – Median



Ethnicity pay gap – Mean



Ethnicity bonus gap – Mean



The positive mean bonus gap appears to be driven by Work Level 4 and 5 colleagues. When we look at the bonus gap between WL1 to 3 colleagues, this reduces to -8.3%. We're very aware that there is work to do to build greater representation in senior positions. To address this issue, we have implemented diverse shortlists at senior management level and have a target of 18% by 2027. We also contribute to the Parker review which aims to improve ethnic diversity in the FTSE 350.

* This data set relates to full-pay relevant employees only, excluding Northern Ireland as per the existing gender pay gap regulations

Appendix.

Understanding how we calculate our gender and ethnicity 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 or

bonus payments for 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.

Calculating our ethnicity pay and bonus gap

The methodology for calculating our ethnicity pay and bonus gap mirrors the approach set out in the guidance for gender pay gap reporting. However, rather than reporting on the difference between men and women, the ethnicity pay gap and bonus gap measures the difference between ethnic groups' average earnings across the business or organisation, regardless of their role or work level.



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Pay gap report 2024.



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