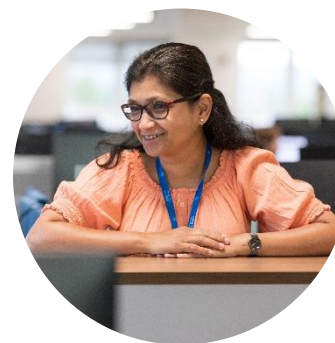


Everyone's Welcome

2024 report.



Foreword.

In November 2024, Tesco Bank's banking business successfully transferred to Barclays UK. This report contains data from April 2024 and reflects colleagues who were part of the Tesco Bank business ahead of this change, as well as colleagues who remain part of Tesco Insurance and Money Services (IMS).



We're passionate about creating a workplace where our people can bring everything that makes them unique.

Diverse experiences and attitudes help us understand the world from different perspectives, and make sure we bring those insights to how we serve our customers and community. An inclusive culture is a hallmark of Tesco, and we're proud to make it a focus in our business too.

In November 2024, we completed the sale of our banking operations in credit cards, savings, and personal loans to Barclays, along with a ten-year strategic partnership to offer Tesco-branded banking products. Tesco Insurance and Money Services businesses remained part of Tesco as part of the separation.

The timing of publication of this year's report is our first as Tesco Insurance and Money Services but reflects our results as Tesco Bank in April 2024. While we share the successes and challenges identified inside, the insights are a great starting point to further renew our efforts behind our DEI plans post separation.

Separating Tesco Bank and IMS gave us an opportunity to position ourselves as a great place to work. We filled 75% of the roles in the new business internally, retaining critical talent, and showing how strong our employee offer is. We've built an incredible team, who choose to be part of our ambitions to offer a more Tesco experience in the insurance market and across our money services product range.

Gender representation is still front of our minds, and we were pleased to meet our gender diversity stretch target ahead of 2025. This will continue to be a focus for us, from understanding the reasons for any gaps and actively addressing them.

Building the business we want starts with building the culture we want, and that comes down to our people. 2025 and beyond will see us establish our unique identity and define what makes Tesco Insurance and Money Services a great place to work for everyone.

A handwritten signature in black ink that reads "C. P. Bundell".

Craig Bundell
Interim CEO Tesco Insurance and Money Services

The pay gap is broadly in line with expectations given the focus on separating the bank. The gender bonus gap is still higher than we'd like with actions being taken to improve

We continue to focus on three key areas of attraction, retention, and progression to drive change

We remain confident in our commitments and are renewing our efforts post separation - reflected by achieving our Bank gender target in 2025

Measuring The Pay Gap.

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. All employers in Great Britain with 250 or more employees need to report their gender pay gap, under the UK Government's Gender Pay Gap Regulations.

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.

Under the regulations there are two ways to measure the gender pay/bonus gap:

Mean pay/bonus gap

The mean gender pay gap is the average difference in hourly pay or bonus payments for women, compared to men, within a company.

Median pay/bonus gap

The median represents the middle point of a population. If all of the women in a company lined up alongside all of the men in order of hourly pay or bonus payments, the median pay gap is the difference between the hourly rate or pay or bonus payments for the middle woman compared to that of the middle man.

When is the data taken from?

The Gender pay gap information within this report has been calculated using the pay data for Tesco Bank and Tesco Underwriting for the 12 months prior to April 2024, so the information relates to the organisation as it was (prior to separation in November 2024). Future reports will be reflective of data from the newly-established Tesco IMS 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 same with men.

Other terms explained:

Pay Quartiles

We have sorted all colleagues in order from the lowest to the highest paid and then divided them into four groups of equal people. These quartiles show how many men and women are represented in each quartile of the business.

Work Levels (WLs)

Our IMS business is divided into Work Levels, reflecting the seniority of our roles. Work Levels go from WL1-WL5. WL3 and above are considered leaders.

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

Our gender and bonus pay gaps.

Our gender pay data has been collected according to the requirements of the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

The Gender pay gap information within this report has been calculated using the pay data for 3,526 Tesco Bank and Tesco Underwriting colleagues and covers the 12 months prior to April 2024.

The table opposite shows gender pay differences for the Tesco Bank business, which includes Tesco Bank and Tesco Underwriting.

Combined Population

Compared to the previous year, there has been a small reduction in headcount but no significant changes relating to the male/female population split.

	Tesco Bank & TU Combined	Tesco Bank	Tesco Underwriting
Gender pay gap: median	25.9%	32.3%	0.2%
Gender pay gap: mean	20.7%	21.3%	13.1%
Proportion of men/women in lower quartile pay band (M% / W%)	46% / 54%	47% / 53%	47% / 53%
Proportion of men/ women in lower middle quartile pay band (M% / W%)	38% / 62%	38% / 62%	45% / 55%
Proportion of men/ women in upper middle quartile pay band (M% / W%)	53% / 47%	54% / 46%	47% / 53%
Proportion of men/ women in upper quartile pay band (M% / W%)	65% / 35 %	66% / 34%	47% / 53%
Gender bonus gap: median	43.7%	52.8%	6.2%
Gender bonus gap: mean	46.2%	46.3%	43.2%
Proportion of men who received a bonus	71.8%	71.7%	72.8%
Proportion of women who received a bonus	75.3%	75.8%	71.0%

Our gender and bonus pay gap – the numbers.

Tesco Bank

Gender pay gap

Both the median and the mean gender pay gaps have decreased slightly this year. The proportion of men and women working in the banking business remained largely the same.

Gender pay and bonus gaps are influenced by differences in the proportion of men and women in higher vs lower paid jobs. Small changes in the colleague populations at these levels tends to increase the gap. But as 60% of our colleagues work in WL1, and the majority of these are women, a slight rise in this population has increased the median hourly pay for women and decreased the median gender pay gap.

We're committed to closing the gap further in our smaller, standalone business through an even split of male/female colleagues at each level.

Gender bonus gap

The median gender bonus gap has increased by 3% this year. A strong financial performance in the business year 2022/23 led to higher bonuses across the business and men overall received greater amounts than women. However, the women's median bonus at WL2-5 increased by significantly more than the men's vs last year and at WL4 and WL5 the women's median bonus is almost the same as the men's.

The slight widening of the overall bonus gap is driven mainly by our large colleague population at WL1, which is made up of a higher proportion of women who work part-time and therefore receive pro-rated bonus payments.

Gender pay gap – Median

32.3% 32.7%

2024

2023*

Gender pay gap – Mean

21.3% 21.7%

2024

2023*

Gender bonus gap – Median

52.8% 49.8%

2024

2023*

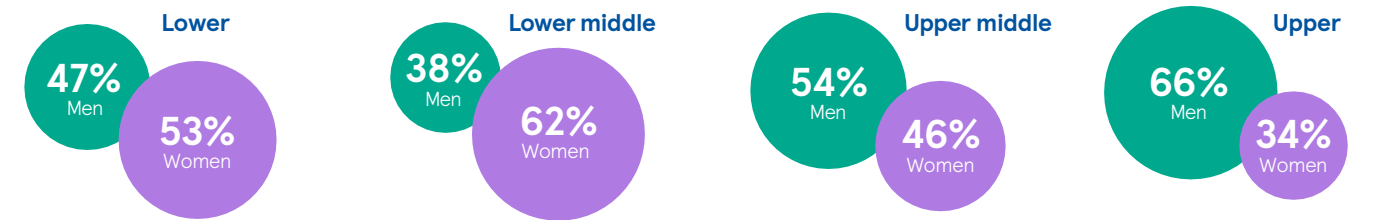
Gender bonus gap – Mean

46.3% 44.1%

2024

2023*

Proportion of men and women in each quartile pay band



Men and women who received a bonus

2024

Men 71.7%

Women 75.8%

2023

Men 70.6%

Women 74.3%

*Our gender pay data has been collected according to the requirements of the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

* Gender pay gap information within this report has been calculated using the pay data for 3,526 Tesco Bank and Tesco Underwriting colleagues and covers the 12 months prior to April 2024.

Our gender and bonus pay gap – the numbers.

Tesco Underwriting

Gender pay gap

Significant progress has been made on reducing the gender pay gap within our underwriting business. The median figure has fallen from 6.8% in the previous year to 0.2% and the mean from 15.6% to 13.1%.

This is largely down to a more even balance between men and women recruited at WL1. Median male and female pay is now almost identical at WL1 and WL2 with a gap remaining at WL3 and WL4. Similarly, for mean pay, there is a gap between male and female colleagues from WL2 and above. However, as WL1 colleagues represent 80% of the population in Tesco Underwriting, this has driven an overall reduction in the pay gap.

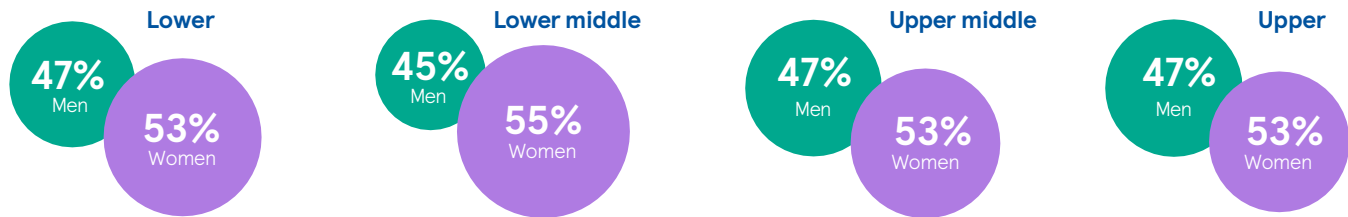
Gender bonus gap

There has also been progress with bonuses. Both the median and mean gender gaps have decreased – from 11.1% to 6.2% and 68.1% to 43.2% respectively. Median and mean female bonuses are higher than male bonuses at WL1 and WL2. At WL3, the median bonus gap was previously reported at -0.9% but has now increased to a 23% gap. This is a relatively small population and is due to organisation changes as well as an increase in part-time working in the female WL3 population since last year.

Overall, the bonus gap figures are impacted by the high numbers of joiners since last year, who will have received a lower pro-rata bonus.

Gender pay gap – Median		Gender pay gap – Mean		Gender bonus gap – Median		Gender bonus gap – Mean	
0.2%	6.8%	13.1%	15.6%	6.2%	11.1%	43.2%	68.1%
2024	2023*	2024	2023*	2024	2023*	2024	2023*

Proportion of men and women in each quartile pay band



Men and women who received a bonus



*Our gender pay data has been collected according to the requirements of the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

* Gender pay gap information within this report has been calculated using the pay data for 3,526 Tesco Bank and Tesco Underwriting colleagues and covers the 12 months prior to April 2024.

We're committed to closing the gender pay gap and building a more sustainable inclusive business where everyone feels welcome.

We're focused on three key areas to drive change, across Tesco Insurance and Money Services, and continue to gather data and insight to inform our thinking and measure impact.

Our Executive team have targets to increase the proportion of senior women and ethnically diverse colleagues in their **teams as part** of their annual objectives.



Progression

A circular inset image showing a man with a beard wearing a headset, looking at a computer screen. A red circle with the word 'Attraction' is overlaid on the top right of the image.

Attraction

A circular inset image showing a woman with long brown hair and glasses, smiling. A red circle with the word 'Retention' is overlaid on the top left of the image.

Retention

Attraction.

1

Specialist software ensures all our vacancy marketing is gender neutral, meaning we reduce gender bias in our recruitment.

2

We are transparent about our pay. Our pay ranges are published on all internal and external adverts and candidates are offered a salary based on their experience and skills – not their current salary. A clear exceptions process with appropriate approvals is in place for any offers above the pay range. This encourages equal pay, consistency in decision making and clear rationale for above range offers.

3

For senior recruitment, our shortlists have a minimum of one third gender or ethnicity representation to increase diversity across Tesco Insurance and Money Services.

4

The majority of our roles are advertised internally to widen our pool of candidates and provide career opportunities for everyone.



Retention.

1

Diversity reporting throughout colleagues' employment helps us to identify any patterns, potential challenges or barriers experienced by underrepresented groups across the business.

2

Everyone has the opportunity to work flexibly. We continually review our flexible working policy and practice to help us attract and retain more women and diverse talent and to encourage more men to work flexibly. This includes the introduction of carers' leave and kinship leave.

3

Our recently launched scenario-based workshop, Being an Inclusive Manager, helps empower our leaders to respond to the diverse needs of their team. To date, 87 of our people leaders have attended, building skills and confidence in active listening and challenging non-inclusive behaviour.

4

98% of our colleagues have completed our diversity, equity and inclusion online learning which educates and supports them to drive change.

5

We've addressed the gaps and barriers faced by women and other underrepresented individuals by reviewing our DEI strategy. In 2025 we will launch five DEI commitments with a focus on making it easier to work flexibly with more choice at every level of the business.

6

By collaborating with our colleagues, we've identified improvements to our workplace adjustments, which we've included in our disability inclusion plans to help us better support, attract and retain our talent.

89%

of colleagues
agreed that they
feel they can be
themselves at
work

94%

of colleagues agree
that their manager
makes everyone
feel welcome

Progression.

1

Our annual pay review supports pay progression. We ensure colleagues low in their pay range, including newly promoted colleagues, are awarded a higher percentage pay increase.

2

Since signing the Women in Finance (WIF) Charter in October 2017, we've increased women's representation across all senior levels of our business. We've exceeded the targets we set for our Executive Committee and Board women's representation.

(Based on 2023/2024 submission).

Board
7% to 50%

ExCo
11% to 45%

Director
3% to 47%

3

The diversity of our talent pools and succession plans are increasing thanks to our support and development of high-potential women. Strong career paths are built through our women's development programme, transition support for women moving into senior roles and our support for career plans aligned to individual capabilities.

4

An increasing number of women with caring responsibilities reported being happy with the career choices available to them at Tesco Bank this year compared to 2023.

5

The career aspirations of women at Tesco Bank have been supported by our collaboration with Women in Banking and Finance to provide career development, mentoring and networking opportunities.

As active members of the Women in Banking and Finance network, our female colleagues are provided with career development, mentoring and networking opportunities

16

Mentees from
Tesco Bank

84%

Of colleagues have
completed our
diversity survey

Future targets and commitments.

We measure the effectiveness of our Diversity, Equity and Inclusion (DE&I) policies and activities through agreed targets and actions in our DE&I and People plans, seeking regular feedback from our people.

We regularly engage our Executive Committee and Board to ensure their full commitment. They review performance against our DE&I goals and KPIs.

These are our refreshed targets for the Tesco IMS business, and the outcome of both our gender and ethnicity targets roll up to Tesco Group. The good news is that we've met our previous gender diversity target ahead of the 2025 deadline.

To increase female representation of our senior leadership team to 47% by 2026, and to 50% by 2027.

To increase ethnically diverse representation of our senior leadership team to 12% by 2026, and to 14% by 2027.



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.

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.

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.

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.

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.

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.

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.

Everyone's Welcome

Our 2024 report.

Celebrating diversity across our business

