



Everyone's Welcome

Our 2023 report.

Celebrating diversity across our business



TESCO Bank



Foreword.

We want all our colleagues to always feel welcome and be themselves at Tesco Bank.

We're committed to building a more inclusive workplace and celebrating everything that makes colleagues unique, and value the richness and diversity this brings to our business. A more diverse business helps us deliver on our purpose to serve **our customers, communities and planet a little better every day.**



In our second Everyone's Welcome report, we want to share the positive progress we've made on gender pay at Tesco Bank and Tesco Underwriting*, and the actions we're taking towards building a more inclusive culture which are helping us tackle the gender pay gap and helping all colleagues to thrive.

I'm really proud of the progress we've made in increasing women's representation across all senior levels of our business. The good news is we've met both our gender diversity target and stretch target ahead of our 2025 deadline.

We're striving to progress women through the organisation and we support their pay progression through our annual pay review where we recommend colleagues low in their pay range including newly promoted colleagues are awarded a higher % pay increase.

We understand the reasons why we have a gender pay gap and this gives us the best possible chance of doing more to fix it. We are committed to narrowing the gap becoming more gender-balanced across our organisation at all levels, and we are fully committed to making sustainable progress on Diversity, Equity and Inclusion for the long term.

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

Gerry Mallon
Chief Executive,
Tesco Bank

We have a gender pay gap, and we understand why

While we're seeing progress in gender representation at senior levels, we still have a higher proportion of women in entry level positions. Whilst promotions of women have positively impacted the pay gap and demonstrates strong talent pipelining, newly promoted colleagues are usually paid at the lower end of the pay range for their role, which means a gap still exists.

“
We're focused on three key areas of attraction, retention and progression, to drive change.

The gender bonus gap is still high

Our bonus gap is higher at more senior levels, where we have a higher proportion of men. The bonus gap is widened by the fact that bonuses are pro-rated for part-time colleagues – the majority of whom are women. Although part-time working has negatively impacted the bonus gap, we actively support and encourage flexible working to improve retention and progression.

The pay gap has reduced

Our median pay gap has reduced from 29.4% in 2022 to 27.9% in 2023. Our mean pay gap has also reduced from 24.7% in 2022 to 21.3% in 2023.

*Tesco Bank overall consists of two legal entities; Tesco Personal Finance (referred to as Tesco Bank) and Tesco Underwriting. Any reference to Tesco Bank overall is inclusive of both TB and TU.

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 3,450 Tesco Bank and Tesco Underwriting colleagues and covers the 12 months prior to April 2023.

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	27.9%	32.7%	6.8%
Gender pay gap: mean	21.3%	21.7%	15.6%
Proportion of men/women in lower quartile pay band (M% / W%)	45% / 55%	46% / 54%	40% / 60%
Proportion of men/ women in lower middle quartile pay band (M% / W%)	38% / 62%	39% / 61%	42% / 58%
Proportion of men/ women in upper middle quartile pay band (M% / W%)	52% / 48%	54% / 46%	45% / 55%
Proportion of men/ women in upper quartile pay band (M% / W%)	65% / 35 %	66% / 34%	51% / 49%
Gender bonus gap: median	43.7%	49.8%	11.1%
Gender bonus gap: mean	47.8%	44.1%	68.1%
Proportion of men who received a bonus	71.1%	70.6%	76.0%
Proportion of women who received a bonus	74.3%	74.3%	73.7%

Our gender and bonus pay gap – the numbers.

Tesco Bank

Gender pay gap

Both the median and mean gender pay gaps have decreased slightly this year overall. Positively, we've been seeing women promoted into more senior roles, but as they typically start lower in the range due to their level of experience, we've seen an increase in the gender pay gap at more senior levels – we are working to reduce this gap over time as they develop in role.

Gender bonus gap

Last year's report reflected the 2021/22 business year, when there were no annual bonus payments and only a small thank-you payment made to all WL1-3 colleagues meaning the median and mean gender bonus gaps are both higher this year than last year.

At all work levels the greater proportion of women working part-time, and therefore receiving pro-rated bonus payments, had a negative impact on the bonus gap.

The gap is also impacted by the number of senior women who are either relatively recent joiners or promotions as they typically will be lower in the pay range, due to level of experience. As mentioned above, we'll work to reduce this gap over time.

Gender pay gap – Median

32.7% 2023
33.9% 2022*

Gender pay gap – Mean

21.7% 2023
24.8% 2022*

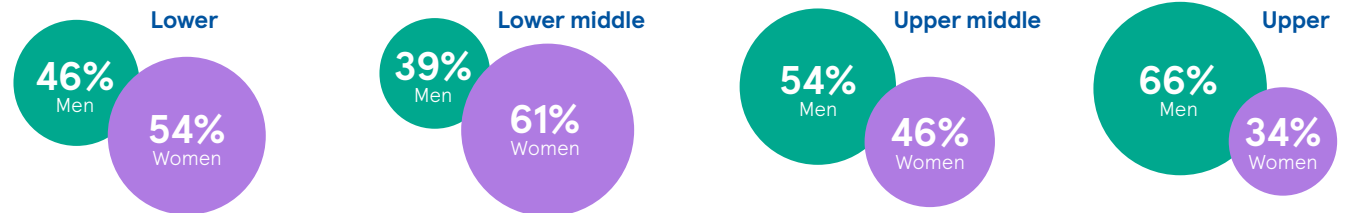
Gender bonus gap – Median

49.8% 2023
0.0% 2022*

Gender bonus gap – Mean

44.1% 2023
-3.1% 2022*

Proportion of men and women in each quartile pay band



Men and women who received a bonus

2023



2022



*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 3,450 Tesco Bank and Tesco Underwriting colleagues and covers the 12 months prior to April 2023.

Our gender and bonus pay gap – the numbers.

Tesco Underwriting

Gender pay gap

The median gender pay gap has increased since last year largely due to there being a higher number of female new starters at entry level and the starting salary of newly recruited colleagues tends to be lower to reflect their experience. On the other hand, the mean gender pay gap has decreased since last year, due to some personnel changes in the most senior roles.

Gender bonus gap

The median and mean gender bonus gaps have increased slightly this year. The bonus gap is affected by the higher proportion of women working part-time so the bonus gap is greater than the pay gap. It is also affected by the higher proportion of men in more senior roles that carry a higher bonus opportunity.

The small number of Directors in Tesco Underwriting are all male and have a much higher bonus opportunity than their colleagues at lower levels of the organisation.

The different methods of calculating mean and median causes their bonus figures to influence the mean bonus gap far more than they do the median bonus gap, resulting in a large difference between the mean and median bonus gap figures.

Gender pay gap – Median

6.8% 2023
4.7% 2022*

Gender pay gap – Mean

15.6% 2023
22.7% 2022*

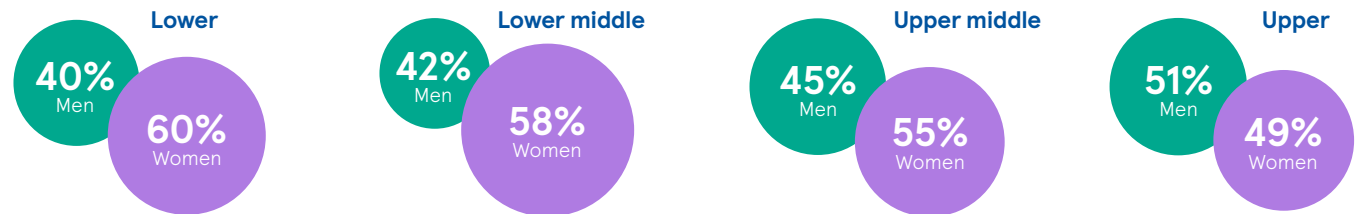
Gender bonus gap – Median

11.1% 2023
9.1% 2022*

Gender bonus gap – Mean

68.1% 2023
67.2% 2022*

Proportion of men and women in each quartile pay band



Men and women who received a bonus

2023



2022



*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 3,450 Tesco Bank and Tesco Underwriting colleagues and covers the 12 months prior to April 2023.

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 Bank and Tesco Underwriting, 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 and across the bank, as part of their annual objectives.



Progression



Attraction



Retention

Attraction.

1

We use specialist software for our vacancy marketing which makes sure it's more gender neutral and reduces gender bias in our talent attraction.

2

We are transparent about our pay, publishing our pay ranges on all recruitment adverts and offering candidates a salary based on their experience and skills – not their current salary. We also have a clear exceptions process, with appropriate approvals, for any offers above the pay range. This encourages equal pay by ensuring consistency in decision making and clear rationale for any such offers.

3

For senior internal and external recruitment, we're now making sure our shortlists have a minimum of one third gender or ethnicity representation to increase the proportion of women and ethnicity representation across Tesco Bank.

4

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



Retention.

1

We offer everyone the opportunity to work flexibly and 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.

2

We've improved some of our family leave policies, enhancing our paternity and maternity leave to support colleagues with time away from work when it matters most.

3

We're continually evolving our culture. We recently ran a senior women's listening session to understand what's working and what could be improved in relation to culture, retention, and transitioning between roles and/or milestones in life. Actions will be built into our Women's Representation plan which covers the whole colleague lifecycle.

4

We're helping managers understand and develop inclusive behaviours by providing a suite of inclusion training using our colleague engagement survey to measure impact.

5

97% of our colleagues have completed our newly refreshed diversity, equity and inclusion online learning which educates and supports them to drive change.

6

87% of colleagues agreed that they feel they can be themselves at work. This remains consistent with 2022.

7

Our Men Talk community helps us to focus on retaining and supporting our male colleagues by providing the opportunity to talk about mental health in a judgement free and safe space.



74%

of colleagues have completed our diversity survey.

Progression.

1

We support pay progression, through our annual pay review, by ensuring colleagues low in their pay range including newly promoted colleagues are awarded a higher % 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 and recently appointed a woman as Board Chair. (Based on 2022/2023 submission).

Board
7% to 45%

ExCo
11% to 50%

Director
3% to 47%

3

We're working to increase the diversity of our talent pools and succession plans. Current representation is: 41% women at Head of Department level and 40% women at Director level.

4

Our Chief Insurance Officer, Gary Duggan, is a Trustee of LTSB, a social mobility charity, who recruit, select, prepare, and support young people from disadvantaged backgrounds and place them in meaningful employment.

5

We introduced our Emerging Diverse Talent Programme in 2022, a community aimed at providing underrepresented colleagues with tools, support, and learning opportunities to them help overcome the barriers they face.

6

Our targeted recruitment campaigns have led to 33% of our recent hires in Technology being women and through our partnership with First Code Girls, we've welcomed more women at Senior Engineer level. Our Chief Technology Officer is mentoring female talent through career development programme "Own your Career".

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

13
mentees

38
colleagues

from Tesco Bank

In 2023

61%

of our interns were women and we're hopeful to retain some, building on our success from the previous year.

Targets and commitments for the year ahead.



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 current targets at Tesco Bank, and the outcome of both our gender and ethnicity targets roll up to Tesco Group. The good news is we've met both our gender diversity target and stretch target ahead of our 2025 deadline. We're reviewing our gender representation target in 2024.

To increase female representation of our senior leadership team to 35% by 2025, with a stretch target of 40% if reached early.

To increase ethnically diverse representation of our senior leadership team to 10% by 2025, with a stretch target of 14% if reached early.



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.

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.

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 2023 report.

Celebrating diversity across our business

Tesco Bank

2 South Gyle Crescent,
Edinburgh,
EH12 9FQ

www.tescobank.com

TESCO Bank