

Tesco Bank Gender Pay Report 2017/18.

We're committed to creating
a truly inclusive workplace
where everyone's welcome.

TESCO Bank



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different
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Gerry Mallon
Chief Executive,
Tesco Bank



At Tesco Bank, we value the different characteristics that each colleague brings to work every day and we're committed to creating a diverse and inclusive workplace that reflects the customers we serve.

In our last colleague feedback survey, 87% of colleagues told us that there is an inclusive culture at Tesco Bank where people are accepted for who they are without judgement. We're very proud that Tesco Bank has always been a place for people to get on no matter what that means to them, but there's more for us to do. We want people to recognise us as an inclusive business where everyone's welcome – whether you work for us, or bank with us.

To achieve that goal, we know it's important that every colleague is able to play a part in shaping our culture. That's why this year, we spent time working with colleagues from across the Bank to shape our approach to diversity and inclusion. With this feedback, we refined our inclusion strategy and agreed our immediate priorities, one of which is improving gender balance across the Bank.

This year our median gender pay gap has increased to 18.1%, which is slightly above the UK national average of 17.9%*, and the main driver of this is a higher proportion of men in more senior roles. We know we need to make improvements in this area and we're confident that we'll do this by continuing to make the right decisions and take the right actions for our colleagues and customers.

*Office of National Statistics

We recognise the benefit that a diverse senior management team brings and to that end, Tesco Bank became a signatory to the Treasury's Women in Finance Charter in 2017. As part of our commitment to the Charter, we have set three targets to ensure that at least:

- One third of our Board will be women by the end of 2020.
- One third of our Executive Committee members will be women by the end of 2020.
- One third of our Directors will be women by the end of 2022.


This is an important first step for us and we've been working hard to achieve these targets, but our ambitions for the long term are much greater. We want to drive change and reach a sustainable gender balance across our business so that we close our pay gap altogether.

We recognise that change will take time but we're confident that our action plan will help us to make real progress as we focus our efforts in three core areas; supporting and attracting talented women; equipping and empowering our leaders; and sustaining an inclusive culture.

We're clear on the journey that we need to take and we're dedicated to creating a diverse and truly inclusive workplace where everyone is welcome.

Thank you.

Gary



We're clear on the journey that we need to take and we're dedicated to creating a diverse and truly inclusive workplace.



Our data

In this report, we are sharing our gender pay gap data for the 12 months to April 2018.

We've used the pay data for over 3,300 Tesco Bank colleagues to calculate our gender pay gap.

Gender pay gap

The figures opposite show our gender pay gap as a percentage in both median and mean pay for 2017 and 2018.

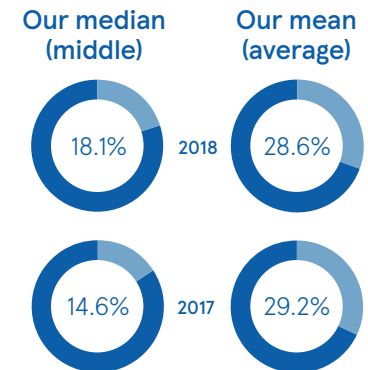
While our mean gender pay gap has reduced, our median gender pay gap has increased to 18.1%. Through our analysis, we know that this is driven primarily by a higher proportion of men in more senior roles.

We recognise that we need to make progress in this area and we're confident that we're taking the right actions for both our colleagues and our customers to help us close our gender pay gap altogether and achieve real sustainable change for the longer term.

Understanding gender pay

The gender pay gap measures the difference between men and women's average pay within an 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.

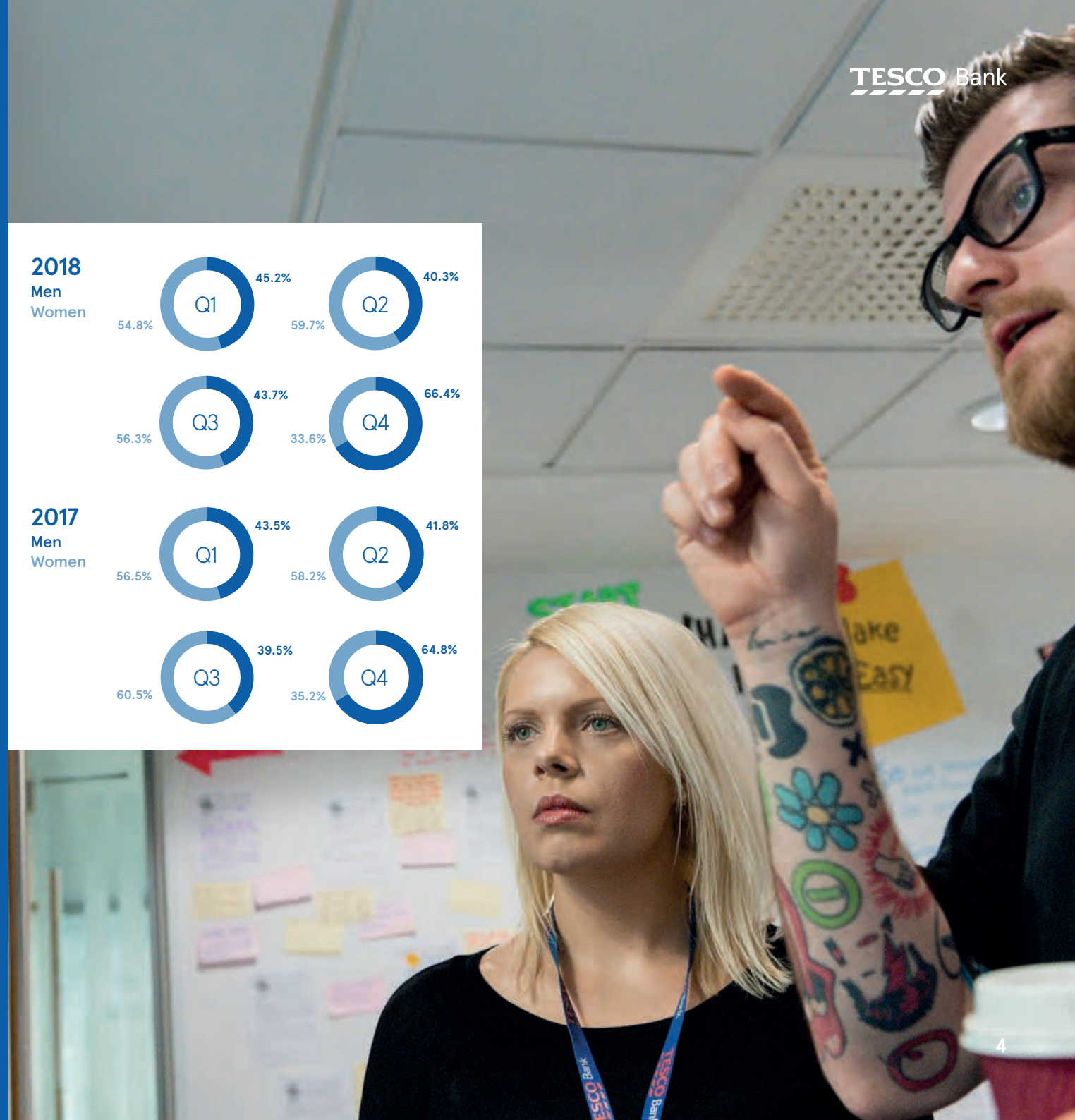
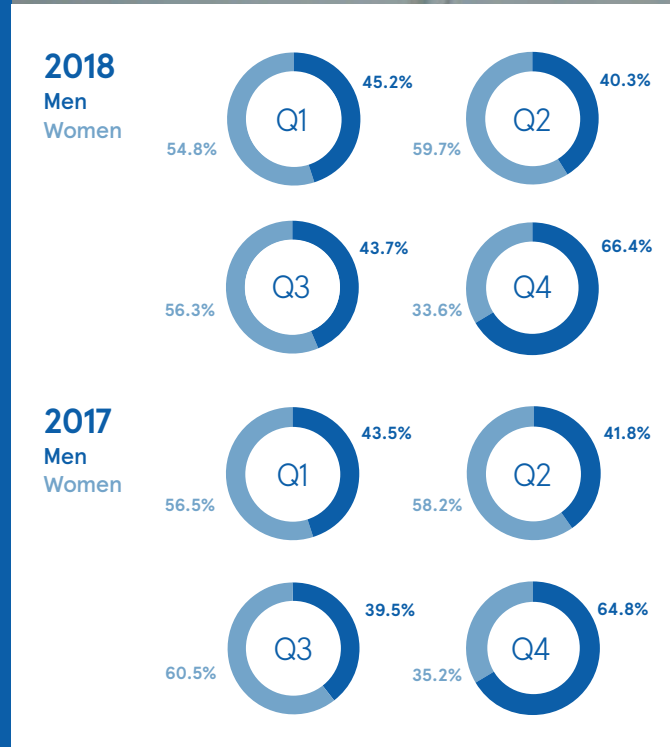


Pay quartiles

The figures opposite show the gender balance within each of our pay quartiles for 2017 and 2018.

Within each of the quartiles, there is an equal number of colleagues ranging from Quartile 1 which includes the lowest paid colleagues to Quartile 4 which includes the highest paid colleagues.

Our analysis of the pay quartiles shows that we have fewer women in Quartile 4 where there is a higher proportion of men in more senior roles.





Gender bonus gap

The figures opposite show the percentage of men and women who received a bonus payment as well as the percentage difference in bonus amount for the year ending 5 April 2018.

At Tesco Bank, it's important that all colleagues are recognised and rewarded for the success of our business. Over the reporting period, all eligible colleagues with three months' continuous service received a bonus.

As our figures show, around four-fifths of our colleagues received a bonus and, while our mean bonus gap has reduced, our median bonus gap has increased to 25.6%.

We know we have work to do in this area, and our analysis shows that our gender bonus gap is primarily driven by a higher proportion of men in more senior roles which typically have a higher bonus opportunity.

2018

Percentage of men and women who received a bonus

Men	80.2%
Women	79.4%

Bonus gap

Median	25.6%
Mean	56.4%

2017

Percentage of men and women who received a bonus

Men	64.8%
Women	69.3%

Bonus gap

Median	21.6%
Mean	61.6%

I confirm that our data has been calculated according to the requirements of The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. Gerry Mallon, Chief Executive.

Our actions

Everyone is welcome at Tesco Bank and our focus is on creating a diverse and truly inclusive workplace that reflects the customers we serve.

Through our analysis, we know that the main driver of our gender pay gap is that we have a higher proportion of men in more senior roles.

We recognise the value that a diverse senior management team will bring to our business and to that end, we became a signatory to the Treasury's Women in Finance Charter in 2017 which aims to achieve gender balance at all levels across financial services firms.

We know it will take time to close our gender pay gap altogether which is why we've focused our efforts on three core pillars that will help us to make real progress – support and attract talented women, equip and empower our leaders and sustain an inclusive culture.

We're confident that by taking clear, positive and inclusive actions, we will achieve gender balance that is truly sustainable at all levels of our business.

Support and attract talented women

- **Bespoke development plans** – we've worked closely with senior women across the Bank to understand their career aspirations and help them build bespoke development plans that will support them to progress their careers.
- **Women's development community** – we have a number of women participating in a structured learning programme with women from across the wider Tesco business. Over a year, the programme will focus on key areas that help women to develop their careers, such as building strong career plans, the importance of an active network, building self-assurance and the value of an authentic personal brand. We're also building two additional modules, influence and leadership transitions, which are tailored towards the needs of our Bank colleagues.
- **Inclusive recruitment practices** – we insist on gender balanced shortlists for all senior roles and we've spent time working with our recruitment agencies to ensure they share our focus on creating a truly diverse workplace.
- **Mentoring** – our business leaders are mentoring women across the Bank offering them direct guidance and a stronger network of active sponsors.



Equip and empower our leaders

- **Diversity and inclusion training** – our business leaders and directors have now completed face-to-face diversity and inclusion training and all of our colleagues across Tesco Bank also complete an online learning module on diversity and inclusion.
- **Executive sponsorship for diversity and inclusion** – David McCreadie, Managing Director at Tesco Bank, champions our diversity and inclusion strategy from the most senior level of our business and each of our five colleague networks are now sponsored by one of our Directors.

Sustaining an inclusive culture

- **Refined inclusion strategy** – we've refined our inclusion strategy so that every colleague is clear on our goals and one of our three focus areas is to improve gender balance across the business.
- **Refreshed colleague networks** – we've worked with each of our five colleague networks, including our Women at Tesco Network, to ensure they have a clear purpose, strong sponsorship and plans that support our diversity and inclusion strategy.
- **Benchmarking our policies and practices** – we are reviewing our policies and practices to ensure that the colleague experience at Tesco Bank is truly inclusive from beginning to end and we are benchmarking these against external good practice.

Appendix: Understanding how we calculate our gender pay and bonus gap

Calculating the gender pay gap

The gender pay gap measures the difference in total hourly pay between all women in a business and all men in a business. There are two ways we must report this, as a median percentage and as a mean percentage.

Median

- The median is the figure that falls in the middle of a range when all hourly pay is stacked from lowest to highest. The median gender pay gap is the difference between the middle figure for all women's hourly pay and the middle figure for all men's hourly pay.

Mean

- The mean is the average figure when you consider the hourly pay for all men and all women. The mean gender pay gap is the difference between the average hourly pay for all women and the average hourly pay 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.

Calculating 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. There are two ways we must report this, as a median percentage and a mean percentage. We also must report the proportion of men and women who received a bonus payment.

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.

Median

- The median is the figure that falls in the middle of a range when all bonus payments are stacked from lowest to highest. The median gender bonus gap is the difference between the middle figure for all women's bonus payments and the middle figure for all men's bonus payments.

Mean

- The mean is the average figure when you consider the bonus payments for all men and all women. The mean gender bonus gap is the difference between the average bonus payment for all women and the average bonus payment for all men.

It's important to note that colleagues who work part-time receive their bonus on a pro-rata basis, but we are required to report our gender bonus gap calculation without adjusting these to the full time equivalent payment.

More information on these calculations can be found on the [government website](#).

