

# Everyone's Welcome



**Our 2023 report.**  
Celebrating diversity across our business

**TESCO**

# Foreword.

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

In this third Everyone's Welcome report, we will 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 colleagues – irrespective of gender, ethnicity, preferences or beliefs.

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 delivered 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), added a virtual GP service for colleagues and their families, as well as an enhanced Employee Assistance Programme to support them with their emotional wellbeing.

We have also received external recognition, including achieving level 3 Disability Confident Leader status as an employer, which recognises our focus on supporting colleagues with a disability.

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

Over the seven years since we started to report, we have made steady progress in reducing our Gender Pay Gap, and it is now well below our figures for 2017. We are also well ahead of the UK average in reducing this gap, although we recognise there is still more to do.

We ask our colleagues to voluntarily share personal diversity information through our 'This is Me' questionnaire and I am pleased that this year we are publishing our ethnicity pay gap for the first time in this report.

This data gives us a valuable insight into the experience of our ethnic minority colleagues. We have continued to deliver our Diverse Talent Community programme, building on the success of previous years in accelerating the career journey of young people from ethnic minority communities and finding ways to support colleagues in under-represented groups.

We continue to make progress with our Black Action Plan, which we set up in 2022 to address the challenges faced by our Black colleagues. This year we have worked with external consultants to develop our anti-racist narrative for colleagues with black heritage. We have also invested more than £1m in Black community initiatives, sponsored the 2023 Black Entrepreneurs Conference and helped facilitate and organise the Black History Month Festival, which we showcased in our Heart building on campus.

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.



**Ken Murphy**  
Group Chief Executive



- Achieved Level 3 Disability Confident Employer**
- Reported our Ethnicity Pay Gap for the first time**
- Extended our Women's Representation Plan across Tesco Group**

# Diversity, Equity & Inclusion at Tesco.

Tesco is a place where Everyone is Welcome, no matter what their gender, ability, ethnicity or belief. Diversity, Equity & Inclusion are embedded in our values – we treat people how they want to be treated. Our key priorities for our strategy are linked to three core pillars.

## Lead and role model inclusion

Tesco is led by inclusive leaders and we value diverse talent in teams where colleagues feel supported and comfortable to be themselves. Through our leaders, managers and recruitment teams, we work to attract, train and develop diverse talent of all genders and abilities, and from all backgrounds.



## Listen, learn, act

We recognise, celebrate and value the difference in our colleagues; working together to raise awareness and educate ourselves, through open and honest conversations and a range of facilitated and self-led learning.



## Embed inclusion in everything we do

We want all our colleagues to always feel welcome and we are driving a more inclusive workplace across all colleague touchpoints with fully inclusive policies – from recruitment and new joiners to the way our managers lead their teams. We want every colleague to understand the importance of diversity at Tesco.



## Lead and role model inclusion

### Promoting women and ethnically diverse colleagues

We have continued our efforts to make changes in our practices for senior appointments. We monitor the candidate diversity of our shortlists for senior roles regularly, via an anonymous survey, and continue to listen to hiring managers and candidates to see how we can further improve.

We continue to see the positive impact on both our senior hires and internal appointments: 47% of our new joiners at director level have been women this year, and of the internal promotions we have made to director level roles this year, 63% of them have been women. 14% of our new joiners at director level and above have been ethnically diverse.

Since 2022 we have linked gender and ethnicity targets to our Performance Share Plan awards to make sure our senior leaders are directly incentivised to achieve higher levels of women and colleagues from an ethnically diverse backgrounds among our top global leaders.

### Diversifying succession planning

As well as seeking to promote more of our own diverse colleagues to senior roles, we have also been engaging with diverse candidates who do not already work for Tesco. By aligning our internal and external efforts to find the right diverse mix of succession candidates, we aim to have a more diverse talent pool from which to appoint senior leaders.



## Women's Development Programme

To support our representation targets for ethnicity and gender at director and senior levels, we have developed a Group-wide Women's Development Programme, which is one element of our Gender Equity Plan. This development programme utilises the Own Your Own Career resources and empowers women to build their confidence and develop the skills to have a successful career at Tesco.

In addition, the programme explores some of the barriers women face in the workplace and offers advice on how to overcome these hurdles. Across the Group, we have 116 women on the programme.



They have all been identified as having the ability to do a bigger or broader role in the future. This initiative will provide them with the tools, development opportunities and support to realise their full potential. It also focuses on helping these women to reflect on prioritising themselves and taking ownership of their development and their careers



## Embed inclusion in everything we do

### Inclusive Recruitment

Throughout the recruitment and hiring process, ensuring we remain inclusive is firmly at the forefront of our efforts. This is key to ensuring we reflect the diversities of the communities we serve, at all levels of our organisation.

Our careers website features an accessibility assistance toolbar and we partner with diversity job boards to continually improve how we advertise roles so we reach more diverse candidates. Recent examples include our work with the Evenbreak job board, where disabled candidates can search for roles with inclusive employers.

We have also removed Situational Judgement Tests (SJT's) for colleagues in stores and distribution centres, which assess candidates' attitudes and behaviours in various work scenarios, to ensure our recruitment process is more inclusive and open to all.

We produce a disability guide for hiring managers and new joiners to ensure they are aware of the support we offer.



### Inclusive Policy Changes

Tesco is a family-friendly employer and we want all our colleagues to feel supported to start a family at any stage of their career.

Our policies support primary and secondary parents and caregivers, irrespective of gender, sexual orientation, or how and when a colleague chooses to start a family.

This year, we asked colleagues to give us feedback on the benefits and support they value the most and made improvements in line with what they told us.

In July 2023, we introduced new flexible working rights giving more than 300,000 colleagues the right to request a flexible working pattern from their first day in the job, rather than having to wait more than six months, in advance of the regulations changing to this effect from April 2024. All of our full-time vacancies are now advertised with the option of full or part-time hours by default.

Also in July, we announced a new benefit for colleagues and their immediate family - unlimited appointments with a virtual GP, seven days a week to give them added flexibility in managing their health.

Tesco colleagues are also able to access sleep therapists, nutritionists, counsellors, exercise coaches and physiotherapists to support their wellbeing, as part of an enhanced Employee Assistance Programme.

And we have improved our family leave policies across maternity, adoption and kinship to support our colleagues even more with major life events.



These include:

- Improved maternity leave to 26 weeks with full pay
- Up to 12 weeks paid neonatal leave
- Fertility leave extended to partners as well as birth mothers of up to 5 days paid leave per treatment cycle
- Adoption leave improved to 26 weeks on full pay and the industry-leading introduction of kinship leave on the same terms for colleagues with a Special Guardianship Order who need to take on custody of a child.
- Paid leave for two weeks for the loss of a baby pre 24 weeks of pregnancy, which is now the same as the provision for losing a baby post 24 weeks of pregnancy.
- Five days unpaid carers leave per year, in advance of pending legislation.

### Women's health in the workplace

The health and wellbeing of our colleagues remains our top priority.

We are a founding signatory to the Eve Appeal's 'Every Woman Promise' and this year we increased our support for women's health in the workplace by funding the Ask Eve information service for one month. This nurse-led service offers answers to questions around gynaecological concerns, symptoms and cancers.

This year we also made the free 'Understanding Menopause' booklet from Menopause Support available to our customers through our grocery and pharmacy online sites. This builds on our previous actions to support colleagues going through the menopause, including updating our Sickness & Absence policy, so that if colleagues need to take time off due to menopause-related symptoms, this is not counted as part of their absence review calculation.



## Listen, learn, act

### Building a Black Action Plan

In 2022, we launched our Black Action Plan, which focuses on understanding the disparities and challenges faced by Black colleagues to deliver lasting change, both inside and outside of our business.

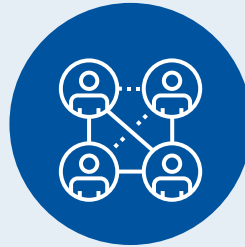
The plan has been driven by our colleagues, predominantly those in our Black Advisory Group and Race and Ethnicity colleague network.

Our aim is to achieve fair and equitable representation across four key areas, each of which are sponsored by our Exec and leadership. This year, we have:

- Established a partnership with external anti-racist consultant, Mahogany Inclusion Partners, to support with developing our anti-racism narrative.
- Sponsored the 2023 Black Entrepreneurs Conference and built connections with Black businesses: through supporting the conference judging panel (evaluating and feeding back on Black entrepreneur product propositions) and developing an internal commercial mentorship programme for shortlisted Black-owned suppliers.
- Supported external supplier incubator ADD PSALT for the third consecutive year, to assist early-stage Black-owned suppliers to develop and curate retail ready-propositions.
- Invested over £1m in Black community initiatives including The Black Fund (which funnels funds to a diverse range of

Black-owned non-profit organisations) and The Making of Black Britain (where we enrolled 20 Black colleagues in the Making of Black Britain's storytelling workshop).

- We delivered customer insight on the Black customer lifecycle to support the curation of the customer product plan, with the aim to address our important product gaps. This has influenced distribution conversations and product development to satisfy these needs.
- Helped facilitate and organise the Black History Month festival, showcased in our Heart building, which was one of the highest attended campus events last year.



### Talent

reach 3% Black representation at every level by 2026



### Community

direct 3% of our community contributions to the Black community by 2026



### Commercial

increase Cost of Goods Sold with Black-led suppliers and support all our supplier partners to develop and implement Black inclusion and anti-racism plans



### Brand

direct more New Product Development to address unmet needs of Black customers



## Helping young people into employment

We offer a wide range of apprenticeships, internships and graduate opportunities across Tesco, helping us to attract young and diverse talent into our business.

We believe that our colleagues should have the opportunity to learn new skills and work in a range of different roles during their time with us. We remain focused on supporting colleagues from all backgrounds and with different abilities to shape their career paths.

### Apprenticeships

We support existing colleagues and young people through a breadth of apprenticeship programmes from Level 2 Retail to Level 6 Business Management. A total of 1130 apprentices are currently on the programme across the Group.

In the UK, two new apprenticeships will be launching in 2024, including Senior Leader Apprenticeship Level 7 and Level 2 Stronger Starts Retail Apprenticeship in September.



### Internships

We have completed a third cohort of our Business Diversity Internship, which is a programme that supports external candidates identifying as disabled; ethnic minority; LGBTQ+; or from a socially or economically disadvantaged background.

A total of 30 business interns joined this summer across 10 different business areas. The programme achieved a 94% satisfaction rate, with 72% of interns from this programme being offered a place on our 2024 Graduate Programme.

### Tesco and Movement to Work - (10 year anniversary)

Tesco have been delivering work placements for over 10 years, with thousands of young people with and without disabilities supported to gain valuable work experience and employment through our programmes.

### Reaching young people with The Prince's Trust

We have now completed two years of our five-year partnership with The Prince's Trust, and in that time, we've helped over 80,000 young people from all backgrounds build their confidence and employability skills. Our ambition is to reach 200,000 young people by 2026.



# Our colleague networks.

Our six colleague networks share our ambition for an inclusive workplace. Each have Executive Sponsors, Network Chairs and representatives from our offices, stores and distribution centres to provide contact points for all colleagues, wherever they are based. Together, with their insight and knowledge, we aim to celebrate the differences in each other. Our networks also help build our relationships with our external partners, to hold ourselves to account and ensure we are continuing to make progress.

## Armed Forces at Tesco

This year we celebrated our close relationship with a Tesco Armed Forces Day event at the Heart building at our Welwyn Garden City headquarters. This featured an aircraft displayed outside the building, team command tasks and chefs from across the services working with Tesco chefs.

We were the headline sponsor of Armed Forces Day for the second year running and offered a free breakfast to all serving regular and reservist Armed Forces personnel at Tesco cafés across England, Scotland and Wales.

As the number one employer of ex-forces veterans in the UK, we also marked Remembrance Day with tannoy messages, a two minute silence and Reveille in more than 2,000 stores.



## Disability at Tesco

We are proud to have achieved Level 3 Disability Confident Leader status this year. This is a voluntary Government scheme and requires an external audit covering a number of criteria before the award is given.

The network celebrates key events to empower and educate colleagues and we also consult with the business in order to drive change. This year we added Neurodiversity Celebration Week to our calendar of events in March 2023, in response to colleague feedback asking for greater focus on hidden disabilities.

## LGBTQ+ at Tesco

Tesco was “Standing Proud Together” with our LGBTQ+ community this summer, celebrating Pride across the country with more colleagues and customers than ever. We refreshed our proposition this year, working in partnership with creator of the intersex inclusive Pride flag, Valentino Vecchietti.

This year, we were recognised as one of Stonewall’s Top 100 employers for 2023, achieving Gold status and improving our ranking to 15th.

Tesco donated almost £100,000 to various LGBTQ+ charities, including Fighting with Pride, Just Like Us, MindOut and Intersex Equality Rights UK this year. Over the last four years, this brings the total donated to LGBTQ+ charities through our Pride donations campaign to almost £700,000.

In October 2023, the network won Pink News Diversity Network of the Year.







### Parents & Carers at Tesco

We have made significant changes this year updating our family-friendly policies, including introducing the Right to Request Flexible Working from day one of employment, as well as improving our family leave policies across maternity, adoption and kinship to support our colleagues. We also launched an Adoption Network for colleagues.

In addition, our network partnered with charities to host events for colleagues to mark Carers Week and Flexibility Week.

### Race & Ethnicity at Tesco

We have continued our partnership with the Black British Network and conducted several listening sessions to further understand the experiences of our Black colleagues, and to ensure we are offering support in the right places. We have delivered more than 25 events across the year, including marking the 75th anniversary of Windrush, Black History Month and several festivals across our various offices to celebrate the diversity within our organisation.

Tesco has extended its Diverse Talent Community, which seeks to develop emerging talent from underrepresented communities by providing the tools and guidance to our Black and ethnically diverse colleagues to support their career development.

During the year, we raised money for the Black Fund. For Diwali, we provided food donations and raised over £4,000 for the Midland Langar Seva Society – a charity that provides 150,000 hot meals a month across the UK.



### Gender Equality at Tesco

For the third year in a row, we have been named by the Times as a Top 50 Employer for Gender Equality, and we have extended our Gender Equity Plan across the whole of the Tesco Group, aiming to identify and support women to realise their full potential.

We also received the award for Best Gender Strategy at the Balance in Business awards this year.

We have broadened the focus of the Women at Tesco Network and have changed our name to the Gender Equality at Tesco Network. It is important that we drive equality for all of our colleagues at Tesco, and where the conversation has changed with a focus on gender equality, we can drive change faster.



# Supporting our customers.

We celebrate the differences in each other and help our customers mark the key moments that are special to them. We serve and treat everyone equally and with respect and ensure everyone feels safe and comfortable while shopping in our stores.

## Supporting customers with disabilities

### Identifying invisible disabilities

The sunflower lanyard initiative has been in place across our stores since 2019, helping colleagues identify customers with invisible or hidden disabilities who may need a little extra help. We've also created a visual imagery guide to support customers with autism.

### Market-leading Changing Places facilities

We continue to partner with Changing Places to offer bigger bathroom facilities in many of our larger stores helping those with complex disabilities use toilets safely and comfortably.

### A Quiet Hour for customers

To help create a calmer atmosphere in our stores for customers who find supermarkets overwhelming, too loud and too bright, from 9am to 10am every Wednesday and Saturday, we reduce the volume on all our store checkouts, and turn down our lighting in larger stores.

## Auditing our stores

We recently carried out independent surveys across all our stores with AccessAble, which allowed us to work together to create an individual guide for every one of our stores and offer customers more support ahead of their shopping trip with us.

## Promoting inclusivity

### Diverse lingerie and hosiery

We offer a basics range, with skin tone colours to suit our customers, supported by our Race & Ethnicity network and developed by our F&F team.

### Caribbean hair care

For our Black customers, we've introduced a range of products specifically designed for Black hair, which requires specialist products to treat and style.



## Increasing representation

### Greeting cards for all occasions

We offer a broad range of greeting cards for all occasions, including Ramadan and Pride; representing different family dynamics and LGBTQ+ identities; and with a wider range of designs showcasing the different ethnic backgrounds and cultures seen across the UK.

### Food Love Stories

Since we launched Food Love Stories in 2018, we have made a continued and ongoing commitment to representing the diversity of the UK, our colleagues, and customers.

This year we created Alia's "Worth the Wait" Samosas, a campaign that aimed to make our Muslim customers and colleagues, one of the largest religious groups in the UK, feel seen, heard and represented during Ramadan and Eid, one of their most important moments of the year.

To ensure that we represented this moment authentically, we worked in partnership with strategic equity, diversity & inclusion consultancy The Unmistakables, consulted Muslim colleagues from the Tesco Race & Ethnicity network, and carried out research with Muslim customers.

For our Summer Food Love Story, we told the story of a recently separated couple who are still finding their feet in their new rhythms of life. The one thing that hasn't changed, however, is their love for their daughter, so when she requests an impromptu barbecue, they work together as a team to make it happen. Due to the complicated subject, we held focus groups with our Tesco Parents and Carers Network throughout development from scripting to final edit, and the director of our film also had lived experience of family separation.



# Our gender pay gap.

**Gender pay gap information within this report has been calculated using the pay data on snapshot date of 5 April for 251,136 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.

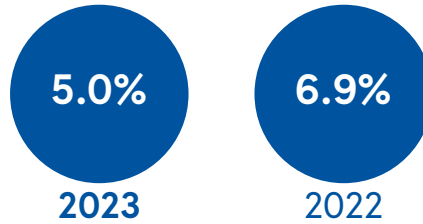
Over the seven years since we started to report, we have made steady progress in reducing the Gender Pay Gap and it is now well below our figures for 2017 when we first reported. We are also well ahead of the UK average in reducing this gap, although we recognise there is still more to do to build on this progress.

Our median pay gap reduced this year to 5%, down 1.9% from 2022, which is the largest improvement we have made in a single year. The mean pay gap came down by 1.1% in the last year, from 10.5% to 9.4%.

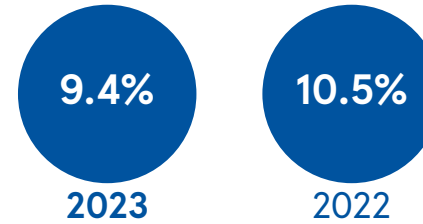
Our colleagues can take advantage of flexible working options, wherever they work. If we remove premium payments from our calculation, our median pay gap is 2.9% and the mean pay gap reduces to 7.8%.

We have made progress in reducing our gender pay gap in stores, and we now have 2.3% fewer women working in the lowest paid quartile.

## Gender Pay Gap - Median

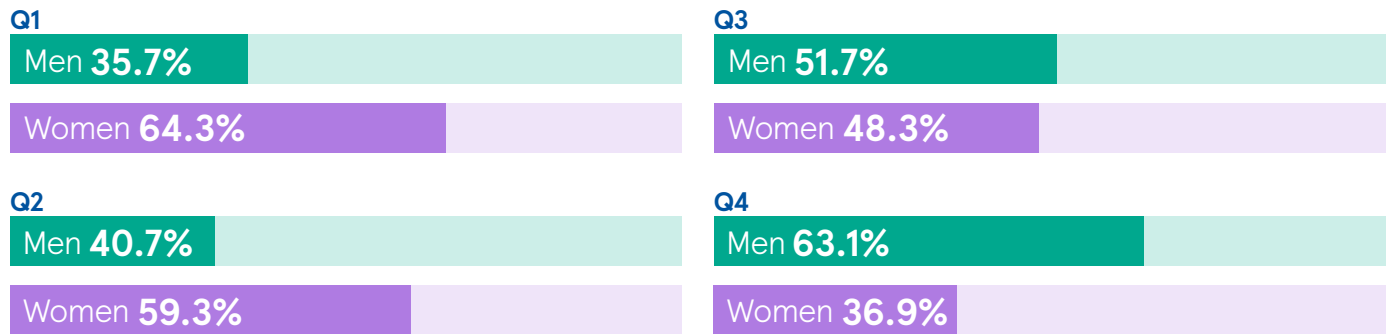


## Gender Pay Gap - Mean



2.9% (without premium payments)

## Proportion of men and women in each quartile pay band



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. More than 30% 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.

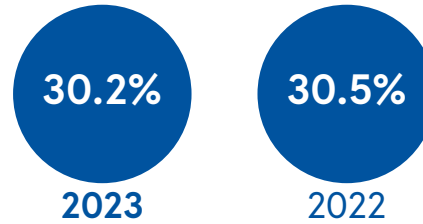
**Our bonus scheme is open to all colleagues in an eligible role, and those at the same work level or in the same job role have the same bonus opportunity.**

Our bonus gap continues to be an area of focus for us. While it decreased slightly on a median basis, the mean figure increased and remains high. 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.

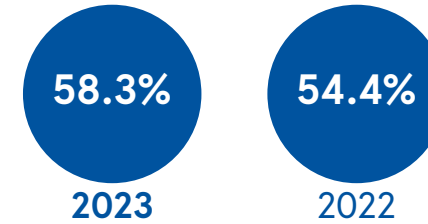
We are required to report on our gender bonus gap based on actual bonuses paid, without considering pro-rating for part-time working. When calculating this using the full-time equivalent for part-time colleagues, our overall median bonus gap was significantly lower at 10.5% and the mean bonus reduced to 51.3%.

Bonuses paid out at close to maximum in 2022, as the business delivered a strong performance for all stakeholders. We recognise the hard work shown by all of our colleagues, and eligible Work Level 2 head office and store manager roles are part of our discretionary Annual Bonus Plan. Eligible Work Level 1 colleagues in office salaried roles, Lead and Team Managers in channels are part of our separate Colleague Bonus Plan, and will join the Annual Bonus Plan from March 2024.

## Gender Bonus Gap - Median



## Gender Bonus Gap - Mean



10.5% (adjusted according to FTE)

## Men and women who received a bonus

### 2023



### 2022



# 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 opposite shows our latest gender pay figures for our Tesco UK businesses, which includes Tesco Stores Limited (TSL), One Stop, Tesco Family Dining Limited (TFDL), Oakwood Distribution Limited and Tesco Maintenance Limited. It excludes Tesco Bank and 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	Maintenance
<b>Gender pay gap: median</b>	5.0%	4.9%	2.7%	0.6%	0.0%	-25.9%
<b>Gender pay gap: mean</b>	9.4%	9.0%	7.6%	3.4%	17.4%	-18.1%
<b>Proportion of men/women in lower quartile pay band (M% / F%)</b>	35.7%/64.3%	36.1%/63.9%	34.6%/65.4%	20.9%/79.1%	61.5%/38.5%	97.9%/2.1%
<b>Proportion of men/ women in lower middle quartile pay band (M% / F%)</b>	40.7%/59.3%	41.1%/58.9%	34.1%/65.9%	20.2%/79.8%	63.5%/36.5%	97.9%/2.1%
<b>Proportion of men/ women in upper middle quartile pay band (M% / F%)</b>	51.7%/48.3%	52.2%/47.8%	35.0%/65.0%	23.9%/76.1%	62.7%/37.3%	97.9%/2.1%
<b>Proportion of men/ women in upper quartile pay band (M% / F%)</b>	63.1%/36.9%	63.0%/37.0%	50.1%/49.9%	28.4%/71.6%	70.6%/29.4%	94.6%/5.4%
<b>Gender bonus gap: median</b>	30.2%	29.7%	25.1%	34.3%	7.1%	-0.6%
<b>Gender bonus gap: mean</b>	58.3%	58.0%	65.0%	18.6%	57.0%	8.0%
<b>Proportion of men who received a bonus</b>	75.8%	76.6%	55.3%	15.5%	80.4%	89.6%
<b>Proportion of women who received a bonus</b>	80.9%	82.9%	64.5%	10.9%	88.2%	92.0%



# 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 2023.

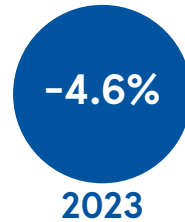
This year we are publishing our ethnicity pay gap for the first time, following through on our aspiration last year to be able to share these figures. This data gives us valuable insight into the experience of our ethnic minority colleagues and helps us to boost our recruitment efforts. We also hope 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.

For this first report, 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 50% of our colleagues.

We have focused on the ONS2 figures in this report, to compare White and All Other Ethnic Groups Combined.

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

Ethnicity Pay Gap - Median



Ethnicity Pay Gap - Mean



The data suggest that colleagues from All Other Ethnic Groups Combined:

- Received more premium payments
- Received more location pay
- Either make smaller contributions into salary sacrifice schemes or are less likely to contribute at all.

When retirement savings, cycle to work, premium payments and location pay are removed from the data, the median becomes -1.3% and the mean -0.9%.

In response to these results, we are looking at more promotion of our Sharia compliant salary sacrifice scheme and expanding our attendance at recruitment events for ethnically diverse candidates outside of London.

Ethnicity Bonus Gap - Median



Ethnicity Bonus Gap - Mean



Our mean bonus gap is high and is an area of continued focus for us. The gap is driven by a greater number of white colleagues in senior positions than colleagues from All Other Ethnic Groups Combined.

We’re very aware that there is work to do to build greater representation in senior positions. To address this issue, we are reviewing our hiring processes for attracting All Other Ethnic Groups at director level and above and have a target of 14% by 2025.

Our median bonus gap is in favour of ethnically diverse colleagues and is stable compared to the figure for last year.

# Appendix.

## Our targets, ambitions and commitments



### This is Me

Driven by our Chief People Officer Emma Taylor, our 'This is Me' questionnaire asks colleagues to voluntarily share their personal diversity data, so that we can continue to report on our ethnicity pay gap in future years. We aim to extend the scope to include other businesses in the Tesco Group.

This information helps us to identify gaps, where we need to improve and allows us to make more inclusive decisions.

### Diverse representation targets for senior leaders

As part of our commitment to increasing representation at a leadership level, we have set targets for gender and ethnic representation by 2025 – to increase female representation of our top global leaders from 26% to 35% and from 11% to 14% for leaders from an ethnically diverse background.

### Driving female representation in senior roles

As part of the FTSE Women Leaders Review, and as a member of the 30% Club, we continue to focus on increasing female representation at Board and Executive level. As of November 2023, over 34% of our Executive Committee and their direct reports are female.

### Women in Finance Charter

Under the HM Treasury Women in Finance Charter, we exceeded our target to have one third female representation on the Tesco Bank Board and Executive Committee, and Director level, by the end of 2022. In August 2023 we met a further stretching target, ahead of a 2025 deadline, reaching 40% of female representation in our leadership team.



### Diversity in Grocery

In partnership with Grocery Aid, we are a founding member of the Diversity in Grocery initiative and remain focused on making the grocery industry more inclusive and gender diverse.

### If Not Now, When? campaign for Black inclusion

We are a signatory to the If Not Now, When? campaign for Black inclusion within business, committing to increase racial diversity at all levels within Tesco.

# 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.





# Everyone's Welcome

Our 2023 report.

Celebrating diversity across our business

**Tesco PLC**

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