

# Tesco Bank Gender Pay Report 2020.

Proud to champion and  
celebrate gender diversity across  
every level of our business.





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**We value the unique characteristics, experiences and background every single person brings to work.**”

Tesco Bank is nothing without our colleagues. They are the heart of our business, and we value the unique characteristics, experiences and background every single person brings to work. We're fully committed to building an inclusive workplace that reflects the diverse communities and customers we serve. Gender pay gap reporting plays a key role in this by keeping us accountable.

This is the fourth year that we have published our Tesco Bank Gender Pay Report, and I can confirm that the data included within this report is calculated according to the requirements of The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

Unfortunately, in this reporting period, we have not made the progress we had hoped for.

The data shows that our median gender pay gap has widened slightly, from 17.6% in 2019 to 18.4% in 2020. While this is narrower than the financial services industry as a whole (33.7%), it is larger than the UK average\* (15.5%).

We know that the main driver of our gender pay gap is the higher proportion of men in more senior roles. We remain committed to improving the gender balance, particularly at the most senior levels of our business. Partly because we want everyone at Tesco Bank to have the opportunity to get on, regardless of gender or background. But also because the evidence tells us that companies with more diverse workforces perform better – due to their ability to win top talent, the delivery of stronger customer outcomes, improved employee satisfaction, and better decision making.

Since becoming signatories of the Women in Finance Charter in 2017, we have made positive progress.

In that time, we have increased our female representation at:

- **Board** from 7% to 18%
- **Executive Committee** from 11% to 28.5%
- All **Director** level from 3% to 19%

Our targets remain in place for a third of our Board, Executive Committee, and Directors to be women by the end of 2022. We've had a focus on increasing the representation of women at the most senior levels of our business, and while we have made progress, we simply must do more. Specifically, we are actively working to improve the diversity of our talent pipeline across every level of the Bank. This will allow us to continue to address diversity across the full spectrum of leadership populations and take a holistic approach to the issue throughout the organisation.

As we seek the required improvements, our efforts continue to focus on three core areas: supporting and attracting talented women; equipping and empowering our leaders; and sustaining an inclusive culture.

I believe we're on the right track, but clearly there is more to do.

**Gerry Mallon**  
 Chief Executive, Tesco Bank

# Our Gender Pay Gap.

This report shares our gender pay gap data for the 12 months to 5 April 2020 and is calculated using the pay data for 3,487 Tesco Bank colleagues.

The figures opposite show our gender pay gap as a percentage in both median and mean pay for the 12-month reporting period.

Both our median and mean gender pay gap have increased slightly this year, to 18.4% and 27.8% respectively. Through our analysis, we know that our gender pay gap is driven primarily by a higher proportion of men in senior roles.

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## Gender Pay Gap - Median

**18.4%**  
2020

**17.6%**  
2019

## Gender Pay Gap - Mean

**27.8%**  
2020

**26.8%**  
2019

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



Women **54%**  
Men **46%**



Women **60%**  
Men **40%**



Women **53%**  
Men **47%**



Women **34%**  
Men **66%**

# Our Gender Bonus Gap.

**We believe that every colleague should be recognised and rewarded for the success of our business.**

The figures opposite show the percentage of men and women who received a bonus payment for the year ending 5 April 2020, as well as the percentage difference in bonus amount.

Our data shows that a slightly higher proportion of women compared with men received a bonus in 2020 at 83.4% and 76.9% respectively.

Both the median and mean bonus gaps have decreased this year, to 27.5% and 53.5% respectively. Our analysis shows that this is primarily driven by a higher proportion of men in more senior roles, which typically have a higher bonus opportunity.

## Gender Bonus Gap - Median



## Gender Bonus Gap - Mean



## Men and Women who received a bonus



# Our Actions.

**At Tesco Bank, we're committed to creating a truly inclusive workplace where everyone is welcome.**

We know that it will take time to reduce our gender pay gap, and we're continuing to focus our efforts across three core pillars: support and attract talented women, equip and empower our leaders, and sustain an inclusive culture.



## Support and attract talented women

- **Recruitment policies**

We work with our recruitment partners to ensure that we receive a more diverse range of candidates, striving towards 50/50 gender-balanced shortlists. We continue to enhance our employer brand so that our employee proposition is more inclusive.

- **Supporting our senior women**

We continue to support our senior women in securing external appointments, mentoring opportunities and external networks as part of their development plans.

- **Engagement with Women in Banking and Finance**

We continue to advertise our vacancies on job boards that attract more women, including the Women in Banking and Finance website and Vercida. Technology will also support us in ensuring that our job posts are inclusive and free from inadvertent gender bias.

- **Mentoring program**

Throughout 2020/21, Tesco Bank is participating in the Moving Ahead mentoring program, focusing on gender diversity, to build and strengthen pipelines and achieve parity of women in leadership and board roles.

- **Talent reviews**

Talent and succession discussions now happen formally throughout the year, with the Executive Committee spending half a day per quarter reviewing the insights from the data to drive the talent and succession agenda forward. With all senior appointments, we seek not only capability for the role, but potential to strengthen succession and improve the diversity of talent pipelines.

## Equip and empower our leaders

- **Our Extended Leadership Team**

Our Extended Leadership Team encourages diversity of thought and gives women the opportunity to raise their profile across their peers, directors and the Executive Committee. All senior women members of the Extended Leadership Team have participated in a 360-feedback process that has provided insights into how well they role model the behaviours required to realise our desired culture.

- **Our new leadership programme**

We are focused on developing our leadership populations to lead inclusively, addressing the foundations of inclusion. Our senior leadership population are engaged in a varied development programme that has inclusion woven throughout. Additionally our leadership populations are participating in masterclasses over the next 12 months, focusing on the subjects of race, intersectionality and privilege. Our Executive Committee will also be participating in a partnership with Arrival Education, a diversity and inclusion consultancy and charity, which will see them mentor individuals from socially and ethnically diverse backgrounds.

- **Inclusive leadership**

This year, we have introduced new inclusive leadership behaviours that we expect all our leaders to display. These are used as a reference point when assessing how colleagues are performing in their role.



- **Executive sponsorship for inclusion**

Executive level sponsorship remains critical to nurturing an inclusive culture at Tesco Bank. Gerry Mallon, Chief Executive, became the Executive Sponsor for Inclusion at Tesco Bank in August 2020 and is also the accountable Executive for our Women in Finance Charter commitments. This means that the inclusion agenda and advocacy for our five colleague networks are overseen and conducted at the highest level of the business.



## Sustaining an inclusive culture

- **Inclusive development**

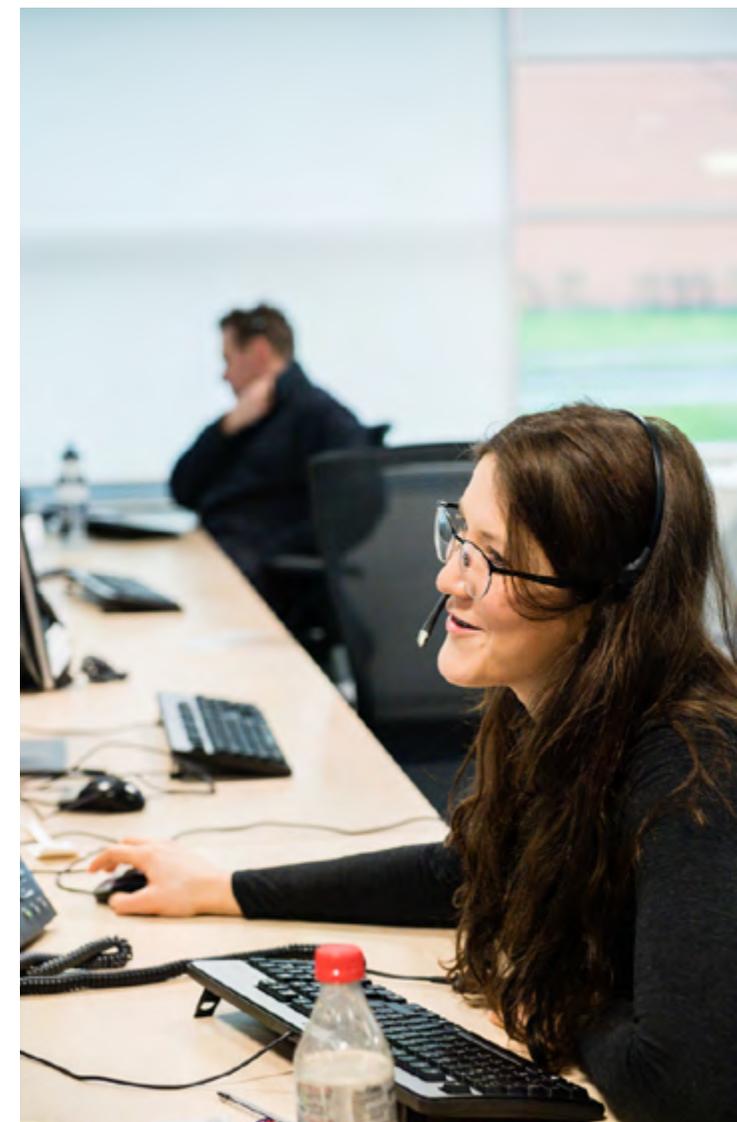
We continue to develop our colleague and line manager inclusion capability through a suite of toolkits, modules and development opportunities. We launched a series of 'Inclusion toolkits' this year, which include guides on being a good ally, holding inclusion conversations and a Diversity and Inclusion glossary. A new line manager training module 'Being an Inclusive Manager' will launch in 2021. Alongside this, all new colleagues complete a Diversity and Inclusion training module online.

- **Established colleague networks**

Our five colleague networks continue to drive greater colleague engagement with our inclusion agenda. The Women at Tesco Network has a strong membership and provides a support channel for colleagues across all levels of Tesco Bank. As part of the wider Inclusion Network, it ensures the broader inclusion aims are in line with the lived experiences of our female colleagues.

- **Our future operating model**

There is a clear link between a business that embraces flexible working and a more diverse organisation. We are keen to build on the experience of 2020 and reimagine a future workplace for an even more diverse workforce. Flexibility of hours and location provide opportunities to do this as we reposition our employer brand.



# 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.

There are two ways we must report and calculate our gender pay gap - 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 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. Each quartile shown contains an equal number of colleagues.

### 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 is 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.](#)

