



Sainsbury's

Sharing our **Ethnicity and Gender Pay Report 2021**

A note from our CEO

Colleagues are at the heart of everything we do and their commitment to our purpose and values is key to our Group's long-term success. Our aspiration is to be a truly inclusive retailer, where every single one of our colleagues can fulfil their potential and where all our customers feel welcome when they shop with us.

This is our fifth year of reporting our gender pay gap figures and the second year we are voluntarily reporting our ethnicity pay gap. While we are pleased with the progress we've made, we recognise that these pay gaps exist partly because of representation at senior levels, and we are committed to continuing to improve this.

I am encouraged that our mean gender pay gap for the Group has continued to improve year on year to 8.5% (down from 9.7%), as female representation at higher grades has improved. Our median pay gap for the Group has also reduced to 4.7% (down from 5.0%). The difference we continue to see is reflective of more men in senior roles, more women in hourly paid roles and more men in roles that attract premiums, such as online delivery drivers.

This year, our mean ethnicity pay gap is -0.9% (down from 0.4%) and our median ethnicity pay gap is -2.8% (up from -3.1%). The pay gap covers all ethnicities, but we are aware there are differences in representation across different populations.

For example, 4.5% of our hourly paid store colleagues are Black and account for almost 20% of our inner and outer London colleagues. Our mean Black colleague pay gap is 0.0%, and our median Black colleague pay gap is -4.2%, which is driven by a high proportion of our Black colleagues working in locations that attract a premium.

I'm proud of all that we've achieved across our Diversity & Inclusion commitments and the progress we have made. To further build on this momentum, this year, we've set new stretching gender, ethnically diverse and Black representation targets for 2024, and these form part of our leaders' long-term incentives.

You'll find more detail on our pay gap analysis as well as the work we're doing to build on our inclusive culture in the report that follows.



Simon Roberts
CEO



Simon Roberts
CEO

Driving our inclusive culture

At Sainsbury's, diversity, inclusion, and equity go hand in hand. Our colleagues make the difference to our customers day in, day out and we're committed to being a place where people love to work. This means being an inclusive employer that treats everybody fairly and with respect, and encourages colleagues to be themselves. We actively listen to colleagues and customers to help us make improvements. Here are just a few examples of our recent work.

Celebration

Recognising key dates and events that matter to our colleagues and customers

Proudly supporting the LGBT+ community

Sainsbury's Argon Tu habitat Sainsbury's Bank

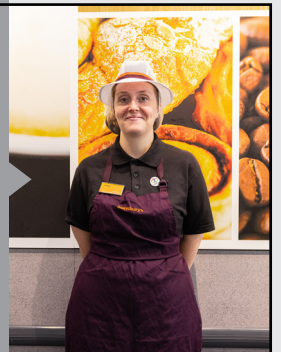
Education

Continuously improving inclusion training for all colleagues, and mandatory inclusion training for line managers



Family Leave

Supporting new families at Sainsbury's with enhanced and improved maternity, paternity and adoption leave



Disability confident scheme

We continue to be Leaders in the government's disability confident scheme



Our Customers

Better serving the needs of ethnically diverse customers by improving our food, clothing & beauty ranges



Development

Supporting the accelerated progression of women and ethnically diverse colleagues through tailored high-potential development programmes



Creating an inclusive culture

I AM ME

"I'm so proud to be one of the co-chairs of 'I AM ME', our colleague network for ethnically diverse colleagues. Through powerful conversations, we challenge the status quo and are key consultants to the business. For me, the idea that anyone I care about wouldn't feel safe to be themselves, drives my passion. I want to create the pathway for the next generation to be the best they can be."

Sam Dua-Agyemang
Co-Chair of I AM ME



Inspire

"I'm delighted to be the chair of 'Inspire', our gender balance network. Since our launch a year ago, we've focused on really listening to our colleagues and understanding what we can do to better support them. We're so proud of the changes made to our family leave offer and our ongoing support for colleagues going through the menopause, and their line managers."

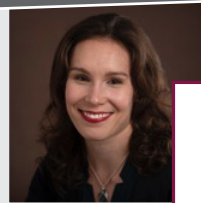
Kerry Johnson
Chair of Inspire



EnAble

"I'm proud to have founded 'EnAble', our disability network. As a network, we aim to improve our colleagues' disability awareness, boost confidence, and simplify the processes that enable disabled colleagues to thrive. Through my personal experience of having a hearing impairment, my aim as the EnAble chair is to encourage people to talk about disability in a safe space, ensuring a great place to work for all our colleagues."

Beth Hartley
Chair of EnAble



Proud

"At Sainsbury's, we have over 10,000 colleagues who identify as lesbian, gay, bisexual, trans and non-binary. I'm proud that our network exists to ensure that no matter what, every LGBT+ person can shape a fulfilling career and achieve their potential here. The Proud network and our allies work 365 days a year to grow awareness of LGBT+ and intersectional experiences as well as celebrate the valued contribution of our LGBT+ colleagues."

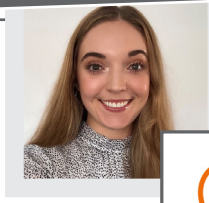
Jemma Kameen
Chair of Proud



We Care

"I'm immensely proud of how far our network has come. Our vision is that all our carers will be fully supported to fulfil their potential. Our members are devoted to building empathy and real flexibility to steer this positive culture change. We've worked to shape a focused agenda to maximise support for carers; including building a community to share resources and best practice and working collaboratively to drive consistency in approach."

Caroline Phillips
Chair of We Care



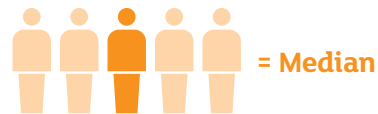
What is the pay gap?

The pay gap shows the difference in average earnings between groups of colleagues across our business, regardless of their roles. Our report shares the differences for gender and ethnicity, which means the difference between men and women as well as between our ethnically diverse and white colleagues. The government sets out calculations to use to generate the pay gap figures and we have used them to calculate both our gender and ethnicity pay gaps.

Equal Pay is different from the pay gaps that we are reporting here. Equal pay is about how much colleagues are paid for doing the same or similar role or work that's considered of equal value. We pay our colleagues according to their role, regardless of their gender or ethnicity, for example, all colleagues in stores are paid the same hourly rate. It's important to know that the way the government asks us to report, means that even when pay is equal, there may still be a gap.

How is the pay gap calculated?

- Imagine our male and female colleagues lined up in a row from the lowest to the highest paid, the pay of the colleague in the middle is the median. The median pay gap is the difference between the middle male colleague and middle female colleague, and the middle ethnically diverse or Black colleague and middle white colleague.
- With the mean pay gap we take the average pay of all our male colleagues and compare this to the average pay of all our female colleagues. We do the same with ethnically diverse or Black and white colleagues.



How is the bonus pay gap calculated?

We calculate the bonus gap by using the actual bonus that's paid across all colleagues. This means it doesn't consider where bonus is pro-rated for part-time hours.



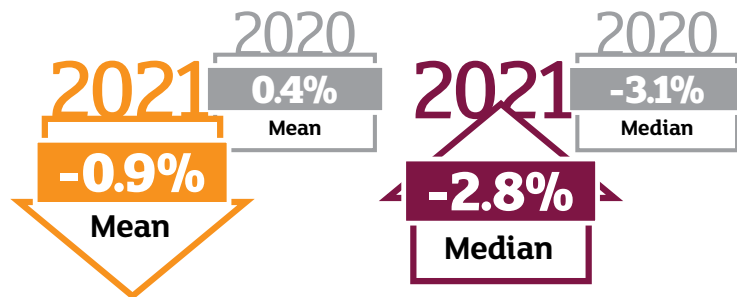


Our Ethnicity Pay Report 2021

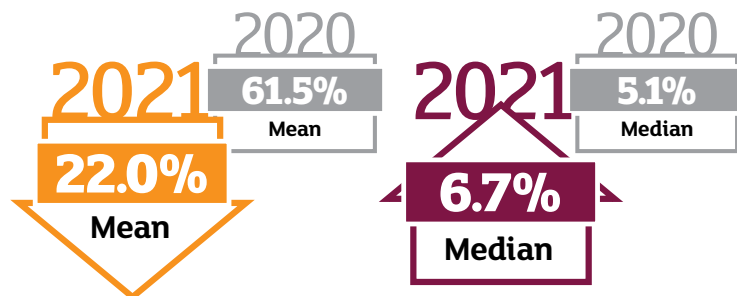
Our results: Ethnicity Pay Gap

The pay gap covers all ethnicities, but we are aware there are differences in representation across different populations, which is why we also share our Black colleague pay gap.

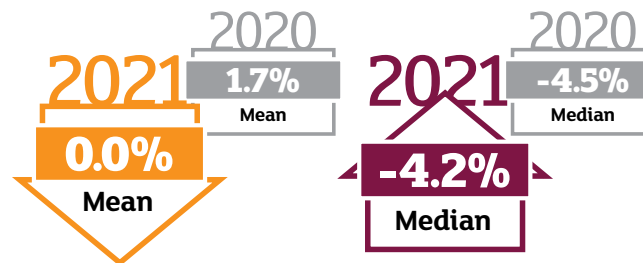
Ethnicity pay gap



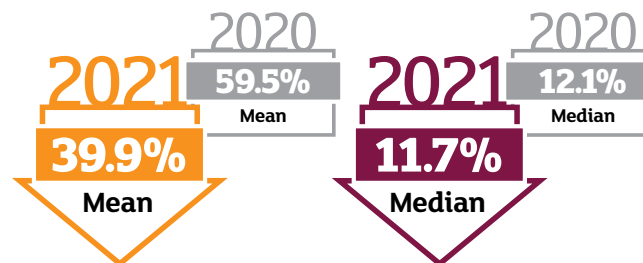
Ethnicity bonus gap



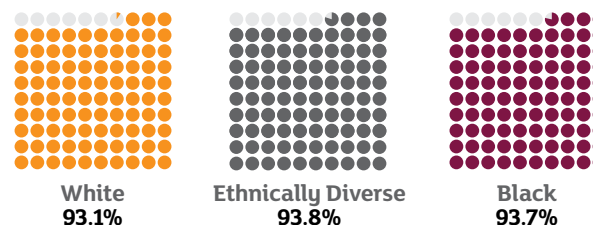
Black pay gap



Black bonus gap



Colleagues receiving a bonus



Proportion of ethnically diverse and white colleagues in each pay quartile

2021 | 2020

Upper Quartile



Upper Middle Quartile



Lower Middle Quartile



Lower Quartile



Quartiles are calculated by ranking pay for all colleagues from lowest to highest and then splitting into four equally sized groups, showing the percentage of ethnically diverse and white in each group.

Understanding our Ethnicity Pay Gap

Sharing personal data

It's important to highlight that it's not mandatory for colleagues to share their ethnicity with us, in the way it is for gender. We encourage colleagues to share their diversity data to support us in understanding the bigger picture and help drive improvement across the business. We typically recruit over 50,000 colleagues a year and so our colleague base is always evolving. In 2021, over 80% of colleagues shared their ethnicity with us, and we'll continue to seek to increase this figure.

Location is key when understanding our Ethnicity Pay Gap

All hourly paid store colleagues receive the same hourly rate, however stores in London attract a location premium. Just under 40% of our ethnically diverse colleagues work in stores that attract a location premium (i.e. inner and outer London), compared to just under 6% of our white colleagues. Our median white and median ethnically diverse colleagues are both hourly paid store colleagues, the location premium means the median ethnically diverse colleague has a higher hourly rate, therefore our median ethnicity gap is negative.

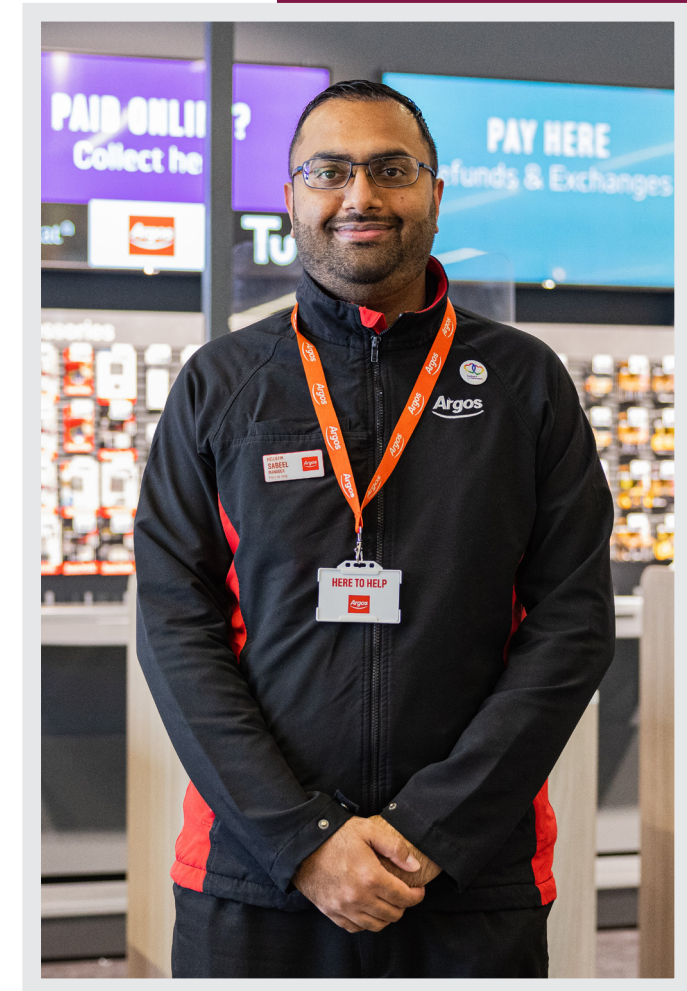
Our Bonus Pay Gap

Our Group mean ethnicity bonus pay gap has reduced from 61.5% to 22.0% and the median has increased from 5.1% to 6.7%. With store management and hourly paid store colleagues receiving Thank You payments during 2020, the percentage of ethnically diverse colleagues receiving a bonus increased from 52.3% to 93.8%.

Improving representation in our senior roles

8.3% of our senior leadership is ethnically diverse – an increase from 8.0% in 2020. To ensure sustained improvement we have aspirational targets and continue to offer focused development programmes, sponsorship and mentoring. Our new representation targets cover more of our talent pipeline and also covers Black representation specifically. Importantly, these targets form part of our long-term incentives for management.

	Current Target - senior leadership positions (top 230 leaders)	2024 Target - senior leadership positions (top 230 leaders) and senior management positions (top 1200 leaders beneath the top 230 leaders)
Ethnically diverse	10% (currently 8.07%)	12%
Black	n/a (currently 1.35%)	3%



Our progress

Actions to support the progression and representation of our ethnically diverse colleagues are an important part of our business strategy, and we have made additional commitments in support of our Black colleagues.

We've continued to build on our commitments made in July 2020 by donating to selected partners who each focus on a key area important to Black communities and broader society. This year, we've made a £40,000 donation to the Sickle Cell Society for the Give Blood Spread Love project, as well as donating 75p of every book purchased in the Black History Month book selection to the charity, in collaboration with Penguin.

We recently announced our partnership with Show Racism the Red Card, the UK's biggest anti-racism educational charity. Our support will allow the charity to provide new educational resources to every school in England, Scotland and Wales for the first time in its 25-year history - a total of 30,892 schools.



Sainsbury's joined the Black British Network and took part in several round-table discussions, where the focus was on how companies can create an inclusive culture. It was an opportunity to share experiences, best practice and leave with tangible actions to drive new behaviours, processes and understanding.



Teams from all over the business worked hard to make this year's Black History Month one to remember. We focused on four key themes, celebrating African and Caribbean food, exploring Black owned businesses, celebrating Afro-textured hair, and supporting the Black community. We've also focused on how we can use our role as a nationwide retailer to celebrate our Black colleagues and customers through food and education and support meaningful changes for Black communities and businesses.

We know that many Black people across the UK say they have faced discrimination for their hair. It's important to us that Sainsbury's is a place where Black people can be themselves and so we have adopted the Halo code, the UK's first Black hair code which protects colleagues who come to work with natural hair and hairstyles associated with their racial, ethnic, and cultural identities. We've also made improvements to our dress code policy.





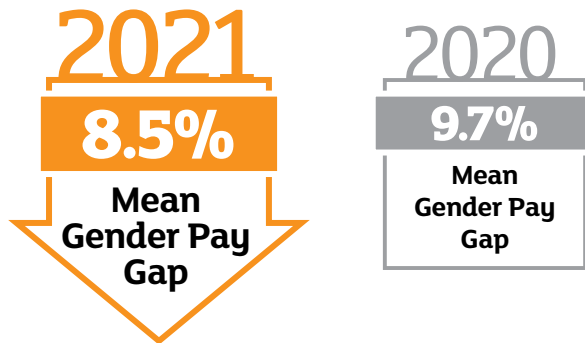
Our Gender Pay Report 2021

Sainsbury's Group

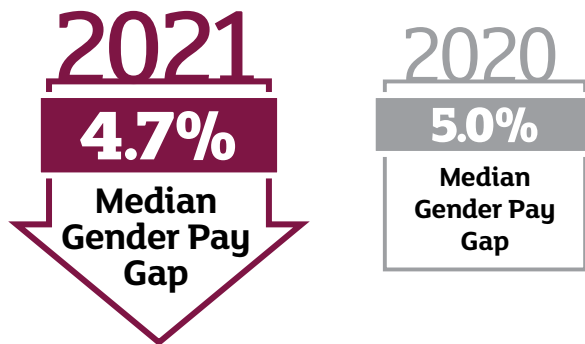
Our results: Gender Pay Gap

The figures below relate to colleagues across all of the Group businesses

Gender mean gap

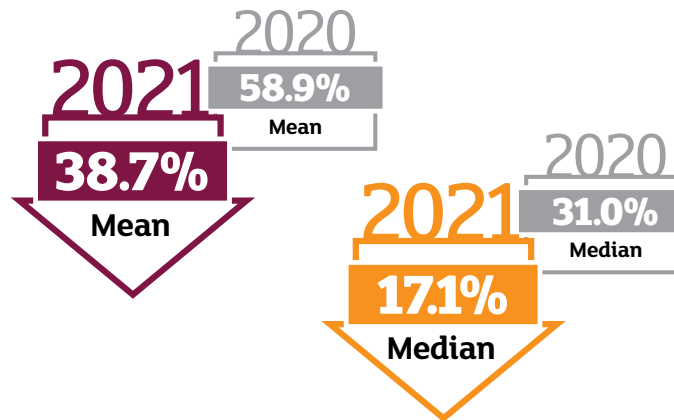


Gender median gap



Mean Gender Pay Gap: retail industry 11.8%, UK 14.9%
Median Gender Pay Gap: retail industry 7.5%, UK 15.4%
(Source: ASHE survey 2021 Provisional)

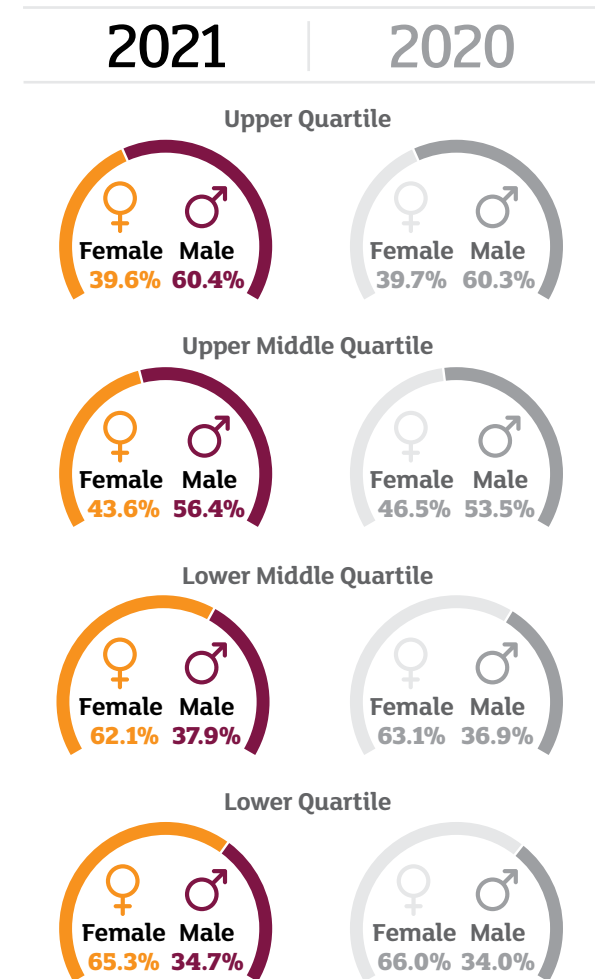
Gender bonus gap



Colleagues receiving a bonus



Proportion of females and males in each pay quartile



Quartiles are calculated by ranking pay for all colleagues from lowest to highest and then splitting into four equally sized groups, showing the percentage of men and women in each group.

Understanding our Gender Pay Gap

There are more men in senior roles

While we continue to see an improvement in female representation at senior levels, we still have more men in our most senior leadership levels and higher paid roles, as well as more women in hourly paid positions. Our gender pay gap figures include Sainsbury's Bank. We directly employ our in-store Travel Money Bureaux colleagues, which is structurally unique in the Financial Services industry. Around 36% of Sainsbury's Bank colleagues work in these hourly paid roles and just over 74% of these roles are held by women.

More men than women in specialist hourly paid roles that attract premiums

Hourly colleagues make up the vast majority of our workforce. All hourly paid colleagues receive the same hourly rate, however certain roles and locations attract a premium. In roles that attract a premium such as online drivers and bakers, only 9.2% of these are held by women.

Also, as a percentage of our hourly paid colleagues in stores, more men work in stores that attract a location premium (i.e. inner and outer London).

Our Gender Bonus Pay Gap

The bonus gap can change a lot year-on-year depending on the level of bonus pay out. Our mean gender bonus pay gap has reduced from 58.9% to 38.7% and the median gender bonus pay gap has reduced from 31.0% to 17.1%. This is due to the fact we paid Thank You payments to hourly paid colleagues and in 2020 our annual bonus payout was lower than the previous year.

We have around two-thirds more women in part-time roles

68% of roles within our business are part-time, and 59% of those part time roles are held by women. 40% of full-time roles are held by women. It's important to remember that the bonus gap calculation doesn't account for part-time hours. Therefore, a bonus for a part-time female colleague is compared to that of a full-time male colleague. This then results in a bonus gap, even when our colleagues were paid the same hourly rate and received the same bonus as a percentage of salary.

Gender identity

We want to be a truly inclusive retailer and take our responsibility towards our non-binary and gender-fluid colleagues very seriously. Gender Pay Gap regulations mean we must identify our colleagues as men and women: however, we actively support our colleagues of all gender identities through our inclusion strategy and our LGBT+ colleague network, Proud@Sainsbury's.



Our progress

Keeping a focus on female progression and inclusive policies are key to making sure everyone can fulfill their potential.

In September 2021 we announced significant improvements to our Family Leave offering. We now offer all eligible colleagues up to 26 weeks' paid maternity or adoption leave and up to four weeks' paid paternity leave.

The changes mean that we can better support our colleagues at this important stage of their life, as we strive to be a leading place to work for families. We are proud to support families by allowing parents to have more time with their children, without worrying about the impact on their finances or careers.

We've also taken the opportunity to update our pregnancy loss guidance to provide greater support to both colleagues and their line managers during these difficult times and to allow more flexibility within our bereavement guidelines.



We became Menopause Champions in 2021 and are working towards independent menopause accreditation to ensure that we support women transitioning through menopause while at work. We've launched colleague and line manager guidance and have used International Women's Day and World Menopause Day to highlight the support available to our colleagues across the business. We're proud to have signed the Wellbeing of Women Menopause Pledge.

Our goal for women to hold 50% of our most senior leadership positions by 2024 demonstrates our commitment towards gender balance. To ensure we have a balanced pipeline we also have targets around middle management.

We are making progress. Our Executive Board is now 40% female, and 39.7% of Senior Managers and Directors are women, up from 34.9% in 2019.



Statutory Gender Pay Disclosure (2021)

The Gender Pay Gap disclosure of Sainsbury's Supermarket Ltd, Sainsbury's Bank plc and Argos Ltd as at the snapshot date of 5th April 2021.

Sainsbury's Supermarkets Ltd

Mean Gender Pay Gap	8.3%
Median Gender Pay Gap	4.3%

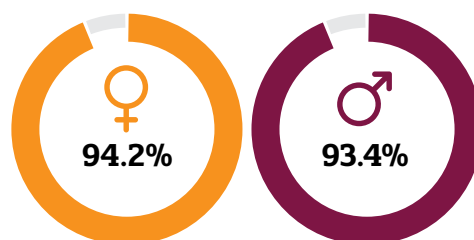
Pay quartile headcount gender %

	Female	Male
Upper	40.6%	59.4%
Upper Middle	44.8%	55.2%
Lower Middle	63.9%	36.1%
Lower	64.7%	35.3%

Mean Bonus Pay Gap	41.3%
Median Bonus Pay Gap	22.1%

Colleagues receiving bonus

Female	Male
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Sainsbury's Bank plc

Mean Gender Pay Gap	35.5%
Median Gender Pay Gap	34.8%

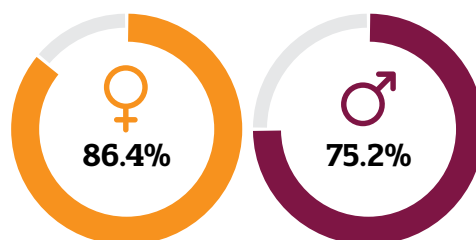
Pay quartile headcount gender %

	Female	Male
Upper	42.0%	58.0%
Upper Middle	56.9%	43.1%
Lower Middle	72.2%	27.8%
Lower	74.4%	25.6%

Mean Bonus Pay Gap	58.0%
Median Bonus Pay Gap	58.0%

Colleagues receiving bonus

Female	Male
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Argos Ltd

Mean Gender Pay Gap	6.0%
Median Gender Pay Gap	5.0%

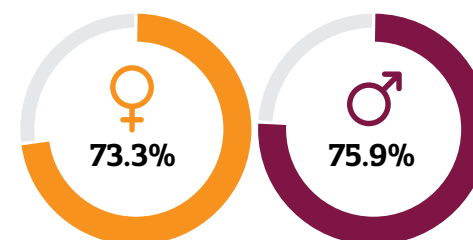
Pay quartile headcount gender %

	Female	Male
Upper	30.2%	69.8%
Upper Middle	28.4%	71.6%
Lower Middle	50.5%	49.5%
Lower	61.0%	39.0%

Mean Bonus Pay Gap	1.7%
Median Bonus Pay Gap	-0.3%

Colleagues receiving bonus

Female	Male
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Sainsbury's