

Sainsbury's

# Sharing our **Ethnicity and Gender Pay Report 2020**



# Ethnicity and Gender Pay Report 2020

We are committed to being the most inclusive retailer where all of our colleagues can be themselves and feel that they belong, and where all of our customers feel welcome when they shop with us.

Today, alongside our Gender Pay Gap, we are publishing our first Ethnicity Pay Gap. This is an important part of being transparent. 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. However, we need to hold ourselves to account as we continue to work towards having better representation at senior levels in our business.

The Gender Pay Gap shows the difference in the average hourly rate of pay of men and women across the whole organisation, regardless of their roles. The way this is calculated is set out by the government, and we have followed the same approach for our Ethnicity Pay Gap – comparing the average hourly rate of pay for ethnically diverse colleagues to that of white colleagues.

Our mean Ethnicity Pay Gap is 0.4% and our median Ethnicity Pay Gap is -3.1%. Location plays a key part in explaining the Ethnicity Pay Gap. Over half of our ethnically diverse colleagues work in our London stores, earning a location premium, which is why our median ethnicity gap is actually negative. However, we know our ethnically diverse colleagues make up only 8% of our senior leadership population and we have much more to do in this area.

The pay gap covers all ethnicities but we are aware there are differences in representation across different populations. For example, our mean black pay gap is 1.7%, driven by lower representation at more senior levels, and the median pay gap is -4.5%, as more black colleagues work in our London stores.

We have continued to build our representation of women at senior levels of our business and I am pleased to share our mean Gender Pay Gap is down to 9.7%, from 10.5% last year, and our median gap is 5.0% (a small increase from last year's 3.8%). The difference we continue to see is reflective of us having more men in senior roles, more women in hourly paid roles and more men in hourly paid specialist roles that attract premiums, such as online delivery drivers. We remain committed to continuing to improve this picture.

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



**Simon Roberts**  
CEO



**Simon Roberts**  
CEO



# What is the pay gap?

The pay gap is the difference in average earnings between groups of colleagues in a business, regardless of their roles. This report shares the differences between men and women, and between our ethnically diverse and white colleagues.



We use the calculations set out by the government to generate the pay gap figures and we have used the same approach for gender and ethnicity.

**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 pay gap.

## How is the pay gap calculated?

- If we were to line up our male and female colleagues separately from the lowest to the highest paid then the pay of the colleague in the middle is the median. The median pay gap is the difference between the middle male colleague and female colleague and the middle ethnically diverse colleague and white colleague.
- With the mean pay gap we take the average pay of all of our male colleagues and compare this to the average pay of our female colleagues. We do the same with ethnically diverse and white colleagues.



## How is the bonus pay gap calculated?

We're asked to calculate the bonus gap using the actual bonus paid across all colleagues. This means it doesn't take into account where bonus is pro-rated for part-time hours.



# Our Ethnicity Pay Report 2020

# Our results: Ethnicity Pay Gap

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



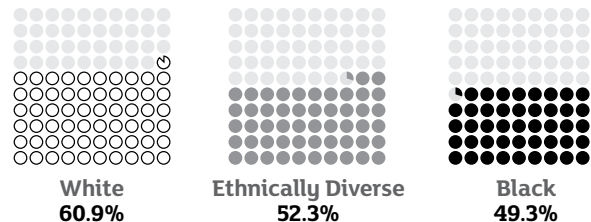
## Ethnicity pay gap



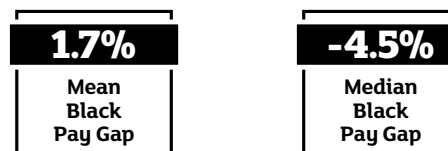
## Ethnicity bonus gap



## Colleagues receiving a bonus



## Black pay gap



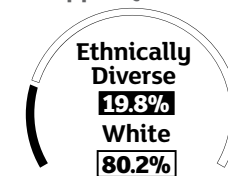
## Black bonus gap



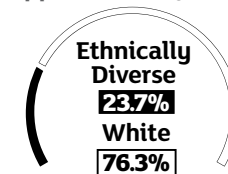
## Proportion of ethnically diverse and white colleagues in each pay quartile

2020

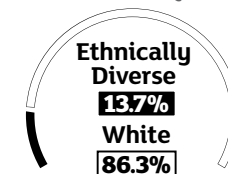
### Upper Quartile



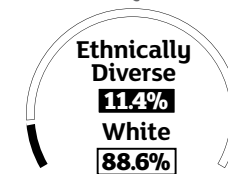
### Upper Middle Quartile



### 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

## More ethnically diverse colleagues in roles that attract a premium

We know that over half of our hourly paid ethnically diverse colleagues work in our London stores, and these attract an additional payment to reflect the London weighting, which balances the gap created by lower representation at more senior levels.

## More white colleagues in senior roles

We are working towards improving representation of ethnically diverse colleagues in our senior leadership population. Currently ethnically diverse colleagues make up only 8% of our senior leadership population and we have much more to do in this area.

## Sharing personal data

It is not mandatory for colleagues to declare their ethnicity in the way it is for gender, so this means we might not have the entire picture. We encourage colleagues to feel safe and comfortable to share their data with us and currently 88% of our colleagues have told us about their ethnicity. This picture will continue to change as we typically recruit over 50,000 colleagues a year.



# Championing our ethnically diverse colleagues

Actions to support the progression and representation of our ethnically diverse colleagues are an important part of our business strategy, and we made additional commitments earlier this year in support of our black colleagues, all of which are part of our focus on changing the conversation around race.



## Education as a foundation for change

We identified a gap in the understanding of our leaders around the lived experiences of our ethnically diverse colleagues. So we developed an interactive **Let's Talk about Race** session which was delivered to over 1,000 leaders this summer. This is helping us to speak more openly about race, driving better understanding and enabling our people to challenge non-inclusive behaviour. This is now being shared with all teams in our business. More broadly, we have encouraged our colleagues to **educate** themselves and gain different perspectives.

## Accelerating development

We have **tripled our investment** in the development programmes for our ethnically diverse colleagues and this year we also launched a number of black colleague specific cohorts. We want to support colleagues to manage their career and to maximise opportunities to take on more senior roles in Sainsbury's, whilst providing a safe place in which to discuss their personal experiences. Following a successful trial in 2019, we have continued to develop and evolve the programmes to accelerate our pipeline of talent.

## Inclusive recruitment

We've introduced a **mandatory approach** to inclusive recruitment to reduce the effects of unconscious bias. We also know we have a more diverse applicant pool when we advertise externally, so all head office management roles are now advertised both internally and externally. As a result of our approach we now make 21% of all of our head office job offers to ethnically diverse colleagues, an increase of 7% over 2 years.

## A dynamic colleague network

Our colleague network **I AM ME** has gone from strength to strength and now has over 4,000 passionate and engaged members. The group has been instrumental in showcasing role models and sharing their insights and helping to shape our approach, such as our biggest ever Black History Month campaign. They have also helped amplify the work we have done to recognise other dates that are important to our colleagues including Diwali and Chinese New Year.



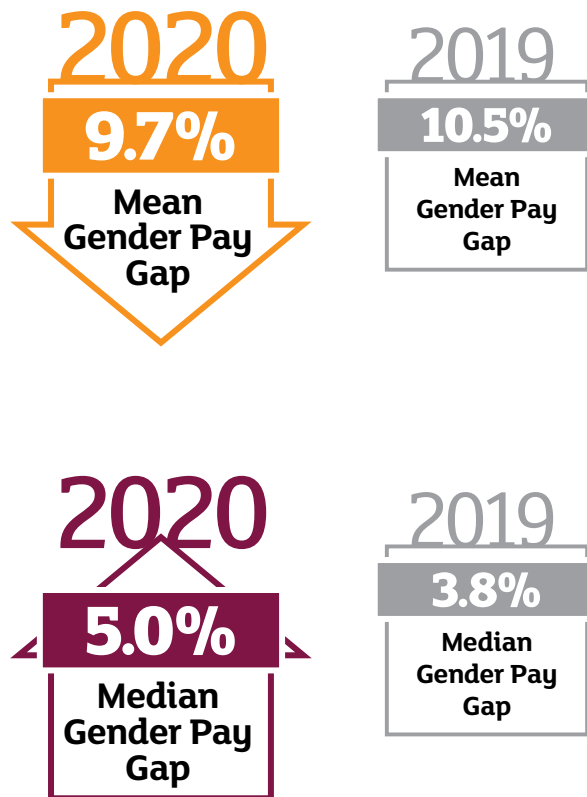
# Our Gender Pay Report 2020



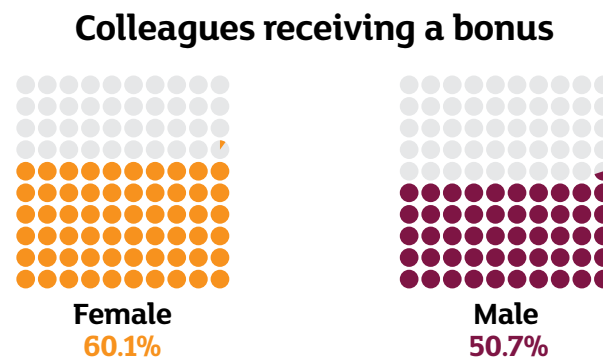
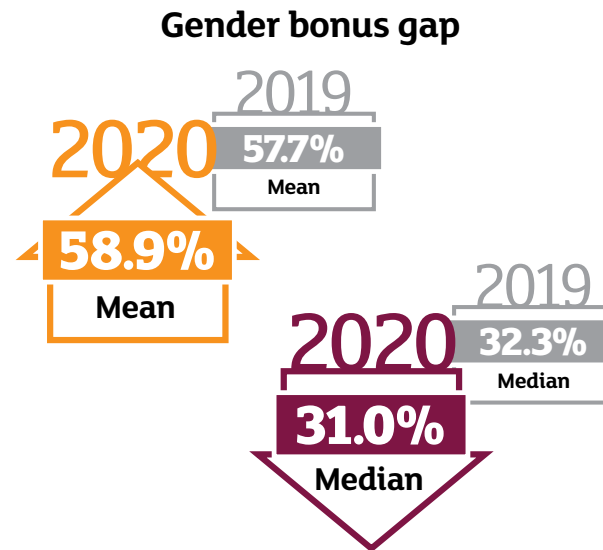
# Sainsbury's Group

## Our results: Gender Pay Gap

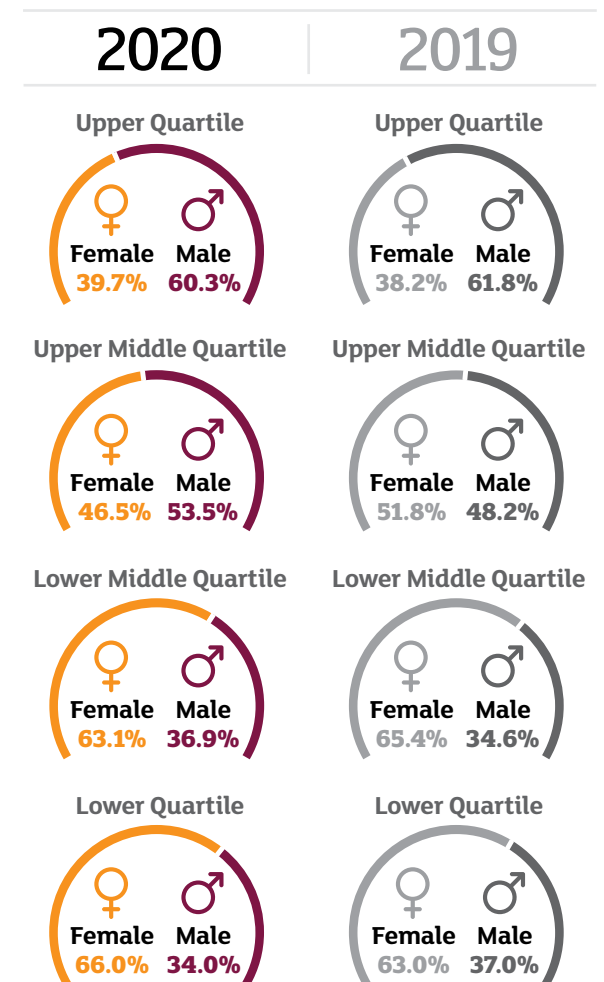
The figures below relate to colleagues across all of the Group businesses.



Mean Gender Pay Gap: retail industry 16.2%, UK 14.6%  
Median Gender Pay Gap: retail industry 7.1%, UK 15.5%  
(Source: ASHE survey 2020 Provisional)



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

We are continuing to see an improvement in female representation at senior levels, which has increased to 35%. However, we still have more men in our most senior leadership levels and higher paid roles and more women in our hourly paid positions.

Included in the figures is Sainsbury's Bank. We directly employ our in-store Travel Money Bureaux colleagues which is structurally unique in the Financial Services industry. Around 45% of Sainsbury's Bank colleagues work in these hourly paid roles, and around three-quarters of these roles are held by women.

We are on course to achieve our target of 40% female representation by March 2021 and will review and set a new aspirational target to ensure we continue to challenge our progress.

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

Almost 70% of the roles across our business are part-time and women hold 61% of these. 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. The bonus gap can also change a lot year on year depending on our level of bonus pay out.

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

Our median pay gap has risen and this is in part due to the fact that we have more men than women in specialist hourly roles, such as online delivery drivers and nightshift colleagues.

## Gender identity

As an inclusive retailer, we take our responsibility seriously towards our non binary and gender-fluid colleagues. Although Gender Pay Gap regulations mean we have to identify our colleagues as men and women, we actively support our colleagues of all gender identities through our robust inclusion strategy and our LGBT+ colleague network, Proud@Sainsbury's.





# Making a positive difference

Keeping a focus on female progression is key to making sure everyone can fulfil their potential.



## Championing female progression remains at the heart of what we do

We are now in our second year of a targeted 12 month development programme with groups of high potential female senior managers. Sponsored at Board level, it includes a mix of technical development as well as career development including Q&A sessions with female NEDs at other FTSE 100 businesses.

We've also created initiatives where a more targeted approach is required, for example, Women in Tech seeks to attract, develop and retain great female talent. In Sainsbury's Bank our commitment to the Women in Finance Charter continues, and this year we've increased our target for female representation in the Bank's leadership team from 30% to 40%.

Having great policies in place to **support our working families** is important for the attraction and retention of great colleagues of all genders, and in particular helps our female colleagues to make store manager and senior leader roles work for them more effectively. We've introduced new and improved guidance on our approach to parental leave to ensure colleagues feel fully informed about the benefits and support available to them. In addition the demands of Covid-19 on our business has accelerated our flexible working approach and we continue to leverage the benefits enabling our head office colleagues to more easily balance work and home.

**Visibility of women** in the business is key. We regularly celebrate our role models at all levels, sharing their stories as well as encouraging peer to peer celebration through initiatives such as our 'I Believe in You' campaign for International Women's Day. We have also created space for colleagues to talk openly about difficult topics including baby loss and the menopause, ensuring colleagues feel they are able to share their experiences and equipping line managers to have supportive conversations. This all contributes towards a sense of belonging.

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I am hugely proud to be our Gender Board Sponsor. It's a role that I'm immensely passionate about. Based on all of my life and work experiences, I passionately believe that having more diversity among our colleagues leads to a far more successful business... as it does for society! And as part of that we all have a role to play to create an equal playing field, and to ensure everyone can reach their potential, regardless of gender.

**Jim Brown**  
Sainsbury's Bank CEO



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# Creating an inclusive culture

Our colleague networks are an important part of creating an inclusive culture as they provide a safe space for colleagues to connect and share experiences, they also play a key role in creating allyship across our business.

## Inspiring our colleagues through our Inspire Network

We have refreshed our gender balance network this year with Board level sponsorship and a rebrand as the Inspire network. Colleagues in this network play such an important role in highlighting great role models and providing honest feedback that helps to shape our inclusion plans.



“ I am delighted to be the Chair of our Inspire network. I'm passionate about involving men and women in the conversation so we can truly drive positive and long-term change. It's fantastic that we have a brilliant balance of members from across the business in our network.

Through the work the network does, we highlight great role model stories, celebrate and recognise key dates in the inclusion calendar and help address some of the issues and barriers that women and men face.

**Kelly Ellwood**  
Head of Contact Centres  
and Inspire Network Chair



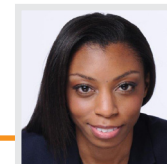
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## Empowering our ethnically diverse colleagues

The I AM ME Network has a powerful voice in our business and has played a vital role in shaping our commitments to black colleagues. Their vision is to be a community of diverse, authentic and inclusive colleagues who are passionate, brave, and energetic role models. They positively challenge and educate the business through awareness, visibility, mentoring and reverse board mentoring and celebrating ethnic diversity, inspiring an inclusive culture for all.

“ I am proud to have founded the first ever colleague network for ethnically diverse colleagues at Sainsbury's. Through the network, we have established effective mentoring relationships, led the celebrations of cultural and religious events and now play a valuable role as advisors to the business. Since starting in 2017 the network has grown to over 4,000 colleagues and allies. As the first black female Senior Manager at Sainsbury's, I am passionate about supporting inclusion and using my seat on the Ethnicity, Religion & Belief Steering Group to represent the network's voice across the business. For me inclusion is not just important in the here and now, but for the next generation of leaders coming up behind me.

**Sarah Nelson**  
Head of Supply Chain  
and Logistics Finance,  
I Am Me Network Chair



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# Statutory Gender Pay Disclosure (2020)

The Gender Pay Gap disclosure of Sainsbury's Supermarket Ltd, Sainsbury's Bank plc and Argos Ltd as at the snapshot date of 5<sup>th</sup> April 2020.

## Sainsbury's Supermarkets Ltd

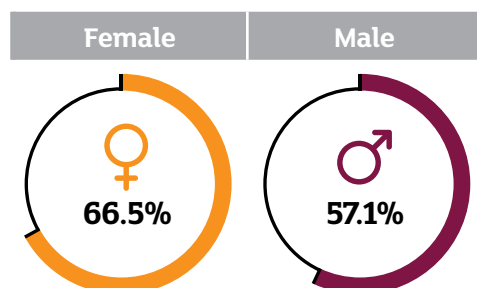
Mean Gender Pay Gap	9.6%
Median Gender Pay Gap	5.0%

### Pay quartile headcount gender %

	Female	Male
Upper	39.9%	60.1%
Upper Middle	47.1%	52.9%
Lower Middle	63.8%	36.2%
Lower	67.9%	32.1%

Mean Bonus Pay Gap	56.9%
Median Bonus Pay Gap	30.4%

### Colleagues receiving bonus



## Sainsbury's Bank plc

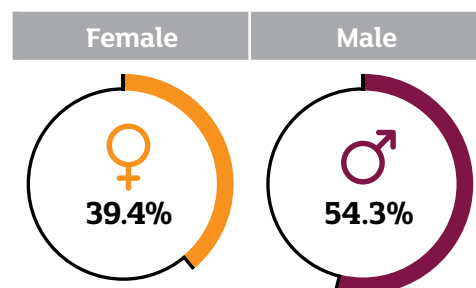
Mean Gender Pay Gap	36.6%
Median Gender Pay Gap	23.6%

### Pay quartile headcount gender %

	Female	Male
Upper	43.3%	56.7%
Upper Middle	66.0%	34.0%
Lower Middle	70.7%	29.3%
Lower	77.5%	22.5%

Mean Bonus Pay Gap	65.3%
Median Bonus Pay Gap	65.6%

### Colleagues receiving bonus



## Argos Ltd

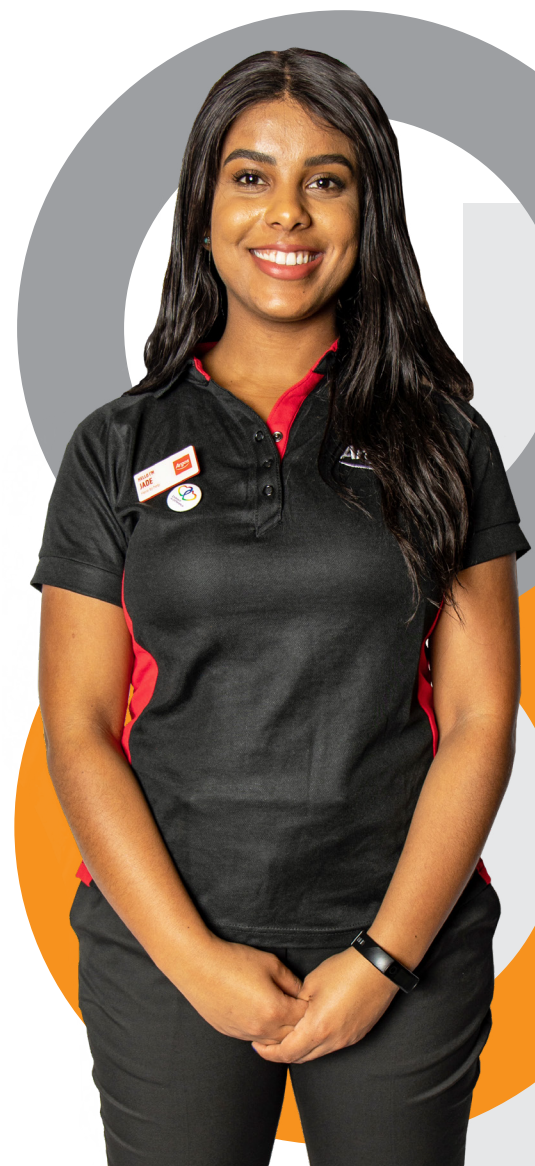
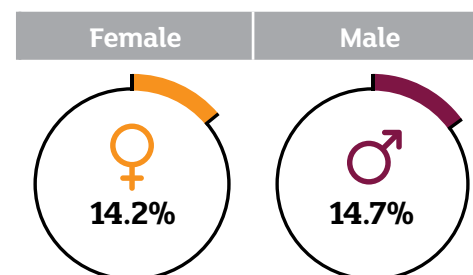
Mean Gender Pay Gap	7.2%
Median Gender Pay Gap	5.0%

### Pay quartile headcount gender %

	Female	Male
Upper	36.1%	63.9%
Upper Middle	42.4%	57.6%
Lower Middle	53.4%	46.6%
Lower	57.2%	42.8%

Mean Bonus Pay Gap	28.5%
Median Bonus Pay Gap	27.1%

### Colleagues receiving bonus



**Sainsbury's**