



Ethnicity and Gender Pay Report 2022

Sainsbury's

Sainsbury's
Bank



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 long-term success. We are committed to being 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 sixth year of reporting our gender pay gap and the third year we are voluntarily reporting our ethnicity pay gap, and specifically our Black colleague pay gap.

We recognise that part of the reason these pay gaps exist is because of representation at the more senior levels of our business and we remain committed to improving this through our continued focus on the development and progression of women and Ethnically Diverse colleagues.

Our mean gender pay gap has remained flat at 8.5%, while our median gender pay gap has increased slightly from 4.7% to 6.3%. We continue to steadily improve female representation, for example it is 44% today (March 2023) at senior leadership level, but we still have further to go. The pay gaps exist due to a higher number of men in management roles, and more women in hourly paid roles. The small increase in the median gap is a result of us investing in our driver premium (which was needed to attract drivers in a tight labour market) and more men hold these roles.

Our mean ethnicity gap is -1.6% (down from -0.9% last year) and our median ethnicity pay gap is -4.0% (down from -2.8% last year). These statistics cover all ethnicities. However, we also choose to measure our Black colleague pay gap which is a mean gap of -0.4% (down from 0% last year) and a median gap of -5.8% (down from -4.2% last year). These numbers are driven by the fact that a high proportion of our Ethnically Diverse and specifically Black colleagues work in locations that attract a premium.

I'm proud of our work on delivering our Diversity, Equity and Inclusion commitments as we continue to strive towards becoming a truly inclusive retailer.

Simon Roberts
CEO

Driving our inclusive culture

At Sainsbury's, Diversity, Equity and Inclusion go hand in hand. It's our colleagues that make the difference to our customers day in and day out and we're committed to being a place where people love to work. This means ensuring we are a truly inclusive employer, treating everyone fairly and with respect, whilst encouraging colleagues to bring their whole selves to work. We actively listen to our colleagues and customers to help us achieve this. Below are just a few examples of our recent initiatives.

Development

Continuing support for the accelerated progression of women and our Ethnically Diverse colleagues through tailored high potential development programmes



Celebration

Recognising key dates across the year that matter to both our customers and colleagues to deepen understanding



External partnerships

Working with key external partners towards accreditations to enhance our customer and colleague experiences



Family leave

Improved maternity, paternity and adoption leave for our colleagues to support new families



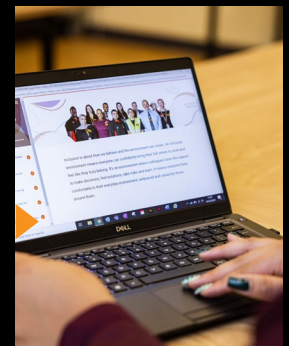
Diverse suppliers

The £1m Thrive with Sainsbury's initiative is a 16 week incubator scheme to support Black founder-led brands on their journey from start up to supermarket shelves



Education

Continuing to drive inclusion training for all colleagues, plus mandatory inclusion training and goal setting for all managers



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 retail assistants in stores are paid the same hourly base 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?

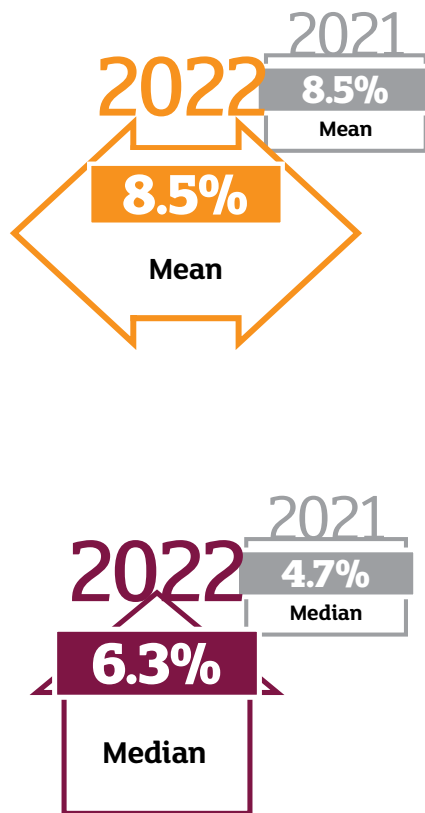
We are required to calculate the bonus gap by using the actual bonus that's paid across all colleagues. This means it doesn't consider where bonus is pro-rated for part-time hours.



Our results: Gender Pay Gap

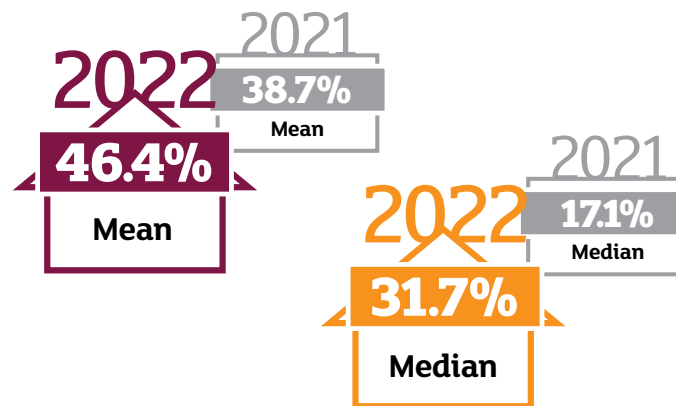
The figures below relate to colleagues across all of the Group businesses.

Gender pay gap



Mean Gender Pay Gap: Retail Industry 13.5%; UK 13.9%
 Median Gender Pay Gap: Retail Industry 8.5%; UK 14.9%
 (Source: ASHE Survey 2022 Provisional)

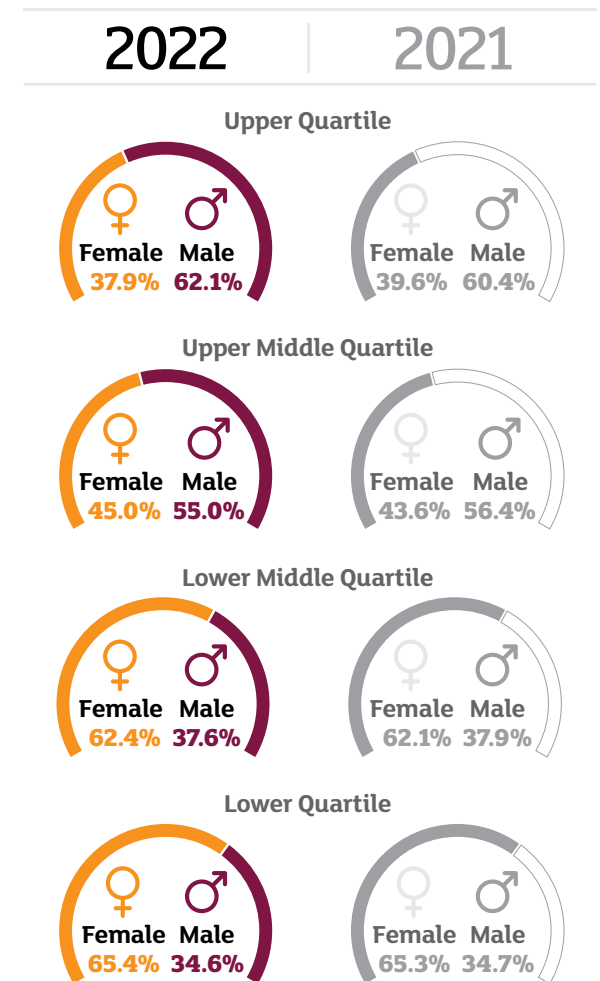
Gender bonus gap



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 males and females in each group.

Understanding our Gender Pay Gap

There are more men in senior roles

Whilst again this year we continue to see an improvement in female representation at senior levels in our organisation (up 2.4% points), we still have more men in our senior leadership, higher paid roles and more women in hourly paid roles – this drives the pay gap.

Specialist roles attracting a premium

All hourly paid retail assistants receive the same hourly base rate, however certain locations and roles attract a premium e.g. drivers and bakers, where men represent 90% of the workforce. Having invested in the premium paid to drivers, due to the tight labour market, this has caused the slight increase in the median gender pay gap.

There are more women than men in part-time roles

67% of roles within the business are part-time and 59% of those part-time roles are held by women. 39% 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

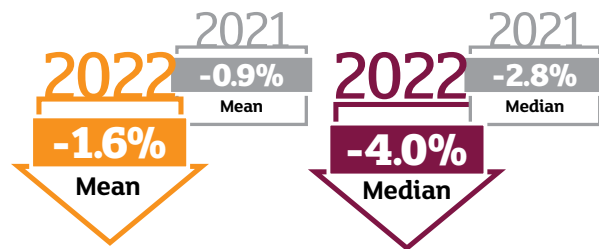
We want to be a truly inclusive retailer and take our responsibility towards our non-binary and gender fluid colleagues very seriously. Gender pay gap regulations mean we must identify our colleagues as men and women, however we actively support our colleagues of all gender identities through our inclusion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



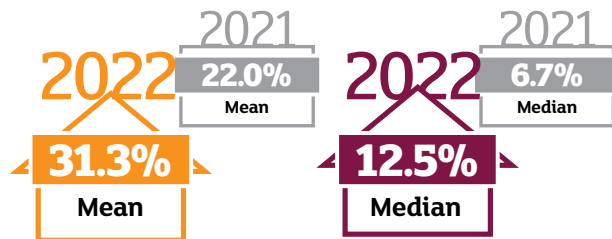
Our results: Ethnicity Pay Gap

Our ethnicity pay gap covers all ethnicities. We are aware there are differences in representation across different populations, which is why we also choose to share our Black colleague pay gap.

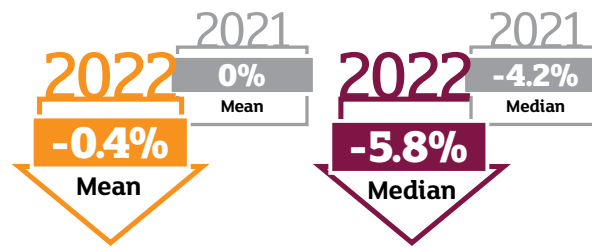
Ethnicity pay gap



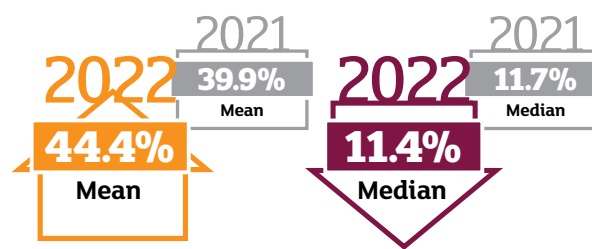
Ethnicity bonus pay gap



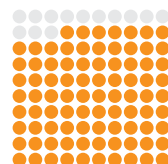
Black pay gap



Black bonus pay gap



Colleagues receiving a bonus



White
87.0%

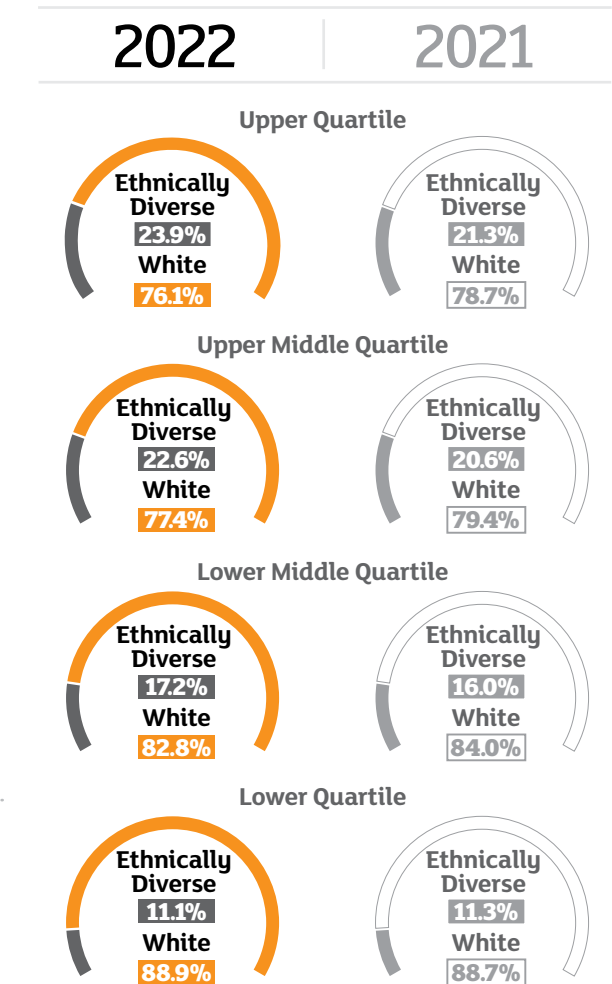


Ethnically Diverse
78.1%



Black
77.2%

Proportion of Ethnically Diverse and White colleagues 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 Ethnically Diverse and White colleagues in each group.

Understanding our Ethnicity Pay Gap

Sharing personal data

Whilst sharing gender data with us as an employer is mandatory, sharing ethnicity data is not. We actively encourage colleagues to share their diversity data – this helps us understand how to drive improvements across our business. We have an ever evolving colleague base, recruiting over 50,000 colleagues a year. In 2022 87% of our colleagues chose to share their ethnicity data with us.

Location drives the ethnicity pay gap

All hourly paid retail assistants receive the same hourly base rate. However, stores in London attract a location premium. Over 50% of our Ethnically Diverse hourly paid store colleagues work in London, compared to around 8% of our White hourly paid store colleagues. This drives the negative mean pay gap. Both our median White and Ethnically Diverse colleagues are hourly paid so the location premium paid means the Ethnically Diverse colleague has a higher overall hourly rate – driving the negative median ethnicity gap.

Bonus pay gap

Bonus pay gaps are liable to move considerably year on year due to performance outcomes and grade-related eligibility. The bonus pay gap has grown this year as managers received a higher bonus in 2021 than the previous year driven by business performance. Whilst Ethnically Diverse management representation has improved year on year (it is now 9.1% as of March 2023), the level of representation has an influence on the bonus gap.

Senior management targets

We remain focused on delivering our stretching 2024 Ethnically Diverse and Black Senior Management representation targets and continue to see progress. We will continue to apply our focus to internal and external development and recruitment programmes, sponsorship and mentoring to support improved representation. Our targets are part of our long-term incentives for management.

| | Senior Leadership positions (top 230 leaders) | | Senior Management positions (next 1200 leaders) | |
|--------------------|--|------------------------------|--|------------------------------|
| | 2024 Target | Position as at March 2023 | 2024 Target | Position as at March 2023 |
| Ethnically Diverse | 12% | 9.3% | 12% | 9.1% |
| Black | 3% | 2.8% | 3% | 1.0% |



Statutory Gender Pay Disclosure (2022)

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 2022.

Sainsbury's Supermarkets Ltd

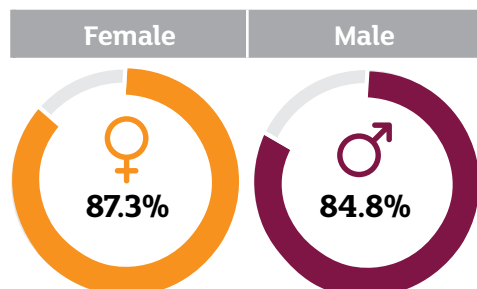
| | |
|-----------------------|------|
| Mean Gender Pay Gap | 8.3% |
| Median Gender Pay Gap | 6.0% |

Pay quartile headcount gender %

| | Female | Male |
|--------------|--------|-------|
| Upper | 38.2% | 61.8% |
| Upper Middle | 46.1% | 53.9% |
| Lower Middle | 64.0% | 36.0% |
| Lower | 65.6% | 34.4% |

| | |
|----------------------|-------|
| Mean Bonus Pay Gap | 45.7% |
| Median Bonus Pay Gap | 31.6% |

Colleagues receiving bonus



Sainsbury's Bank plc

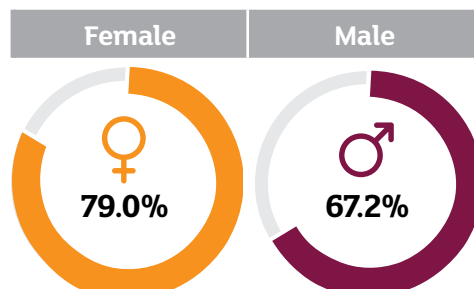
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|-----------------------|-------|
| Mean Gender Pay Gap | 34.3% |
| Median Gender Pay Gap | 36.9% |

Pay quartile headcount gender %

| | Female | Male |
|--------------|--------|-------|
| Upper | 41.5% | 58.5% |
| Upper Middle | 51.4% | 48.6% |
| Lower Middle | 68.5% | 31.5% |
| Lower | 76.5% | 23.5% |

| | |
|----------------------|-------|
| Mean Bonus Pay Gap | 83.1% |
| Median Bonus Pay Gap | 46.3% |

Colleagues receiving bonus



Argos Ltd

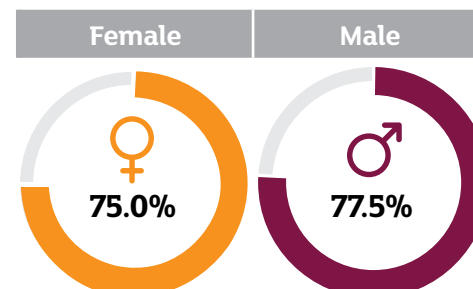
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|-----------------------|------|
| Mean Gender Pay Gap | 6.4% |
| Median Gender Pay Gap | 5.6% |

Pay quartile headcount gender %

| | Female | Male |
|--------------|--------|-------|
| Upper | 33.8% | 66.2% |
| Upper Middle | 31.0% | 69.0% |
| Lower Middle | 42.0% | 58.0% |
| Lower | 60.9% | 39.1% |

| | |
|----------------------|-------|
| Mean Bonus Pay Gap | 16.4% |
| Median Bonus Pay Gap | 32.3% |

Colleagues receiving bonus



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