



Sainsbury's Group

Gender Pay Report 2018

Sainsbury's

Gender pay report 2018



Mike Coupe
Group CEO

We want to be the most inclusive retailer, helping all of our colleagues be the best that they can be, and ensuring that all of our customers feel welcome when they shop with us. To lead in a highly competitive retail market, it is essential that we attract, retain and develop the very best diverse talent.

We have continued to work hard to improve the gender balance across the Group and become a more inclusive place to work over the last 12 months. Whilst I am pleased to share an improvement to our average pay gap this year, we recognise we have more to do.

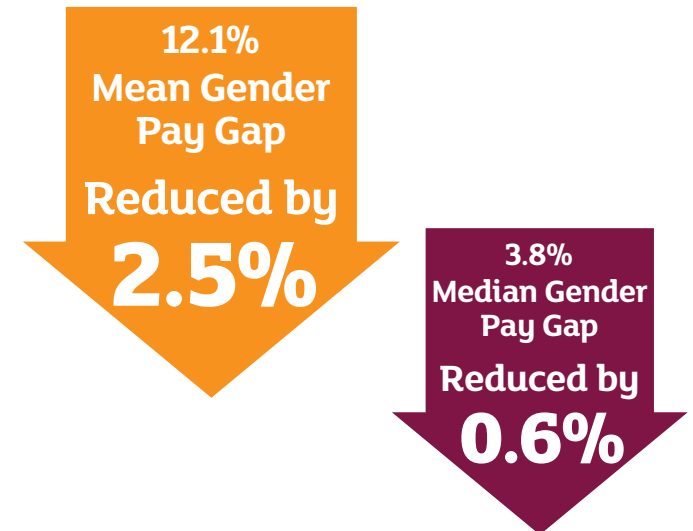
We pay our colleagues according to their role not their gender. For example men and women doing the same job in our stores are paid the same hourly rate. Our gender pay gap is caused by the factors we outlined last year; we have more men than women in our most senior roles, more women than men in our hourly paid roles, and more men in hourly paid specialist roles that attract premiums, such as our online delivery drivers.

We are taking the steps needed to address this imbalance, with focused initiatives and greater accountability through the introduction of aspirational gender targets in March 2018. Our aim is to reach 40% female representation at a senior level by 2021. You can read more about our strategy for achieving these targets within this report.

Last year we also reported our adjusted pay gap, which looked at the difference between men and women across each pay grade and removed premiums from specialist hourly paid roles. I am pleased to report an improvement in this number too, which has now fallen below 1%.

A picture of how we're doing overall, along with the mandatory gender pay gap reports for Sainsbury's Supermarkets Ltd, Argos Ltd, Nectar Loyalty Holding Ltd, and Sainsbury's Bank plc, are set out in the report that follows.

Mike Coupe
Group CEO



What is the gender pay gap?

The gender pay gap is the difference in average earnings between all men and women in an organisation, regardless of their roles.

It is based on a series of calculations set out by the government and is significantly influenced by the difference in the number of men and women at various levels.

Equal pay is different

Equal pay is different from the gender pay gap. Equal pay deals with the pay men and women receive for doing the same or similar roles, or work of equal value.

The way the government has asked companies to report means that even when pay is equal, there may still be a gender pay gap.

Calculating the bonus gap

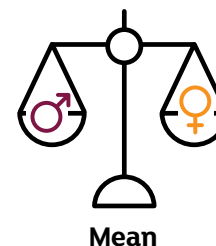
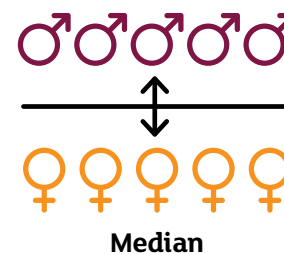
Under the regulations the way we are asked to calculate the bonus gap uses actual bonus paid across all men and all women. It does not take into account where bonus is pro-rated for part-time hours. We are required to provide both median and mean figures.



How is the gender pay gap calculated?

The government asks us to do this in certain ways.

1. If we were to rank our male and female colleagues separately, from the lowest to the highest paid, the middle paid colleague is the median. **The median pay gap** is the difference between the male median and female median. The difference is expressed as a percentage and a positive figure indicates there is a pay gap with men earning more than women.
2. **The mean gender pay gap** shows the difference between the mean or average hourly pay for all men compared with all women across an organisation. Like the median, it is expressed as a percentage.



Gender Identity

At Sainsbury's we recognise that gender identity is broader than simply male and female. Although the gender pay gap regulations ask us to identify our colleagues as men and women, we know that some of our colleagues may not identify with either gender. We value, welcome and celebrate colleagues of all gender identities, working closely with our Proud LGBTQIA+ network, to encourage everyone to be their true selves at work.



Our results - Sainsbury's Group

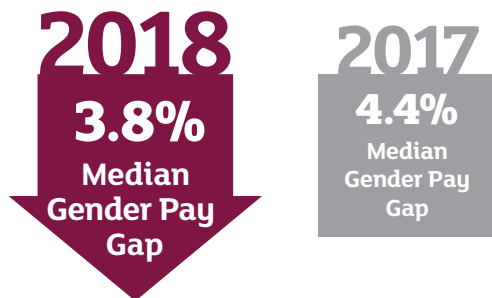
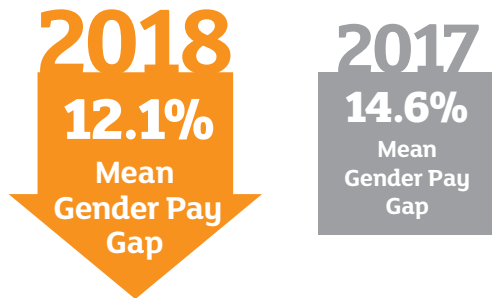
Below are our Group results. These figures include all eligible colleagues employed by Sainsbury's Supermarkets Ltd, Sainsbury's Bank plc, Argos Ltd, Nectar Loyalty Ltd and J Sainsbury plc. We employ over 180,000 colleagues across the Group.

Our adjusted pay gap **0.7%**

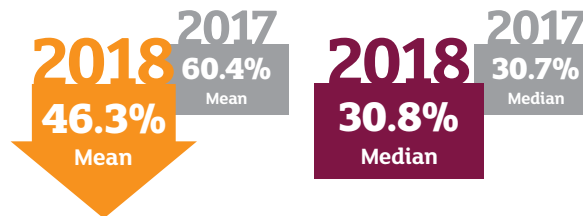
When we look at the difference in pay between men and women across each pay grade and remove premiums for hourly paid roles, our gap is 0.7%.

Our adjusted bonus gap **1.6%**

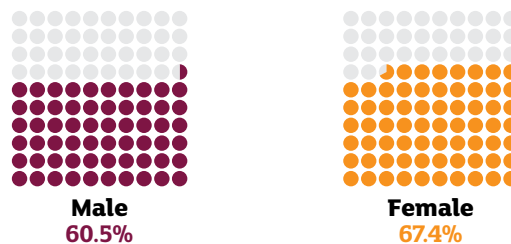
When we look at the difference in bonus between men and women across each grade, and adjust for part-time hours, the bonus gap is 1.6%.



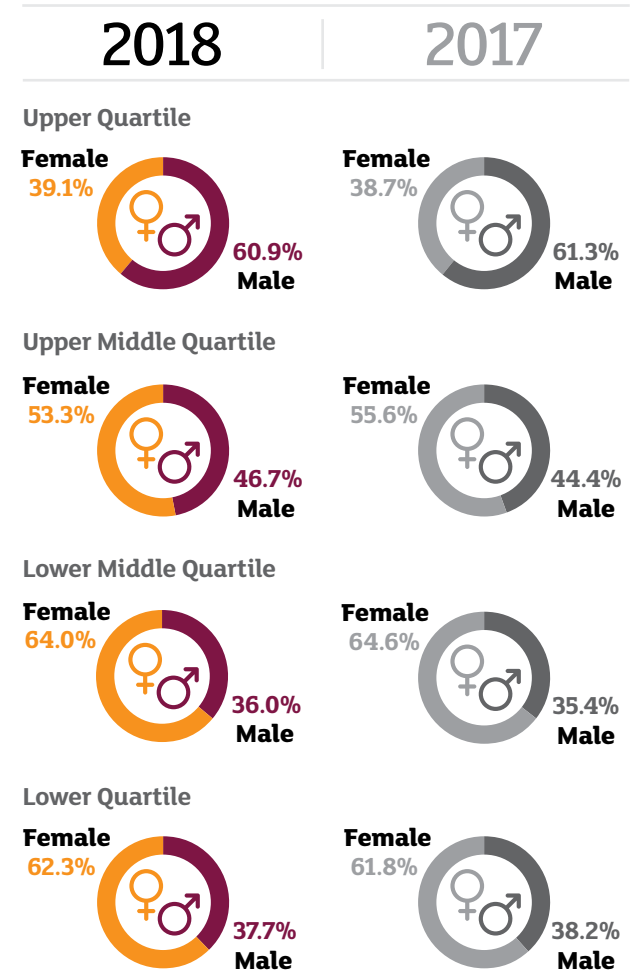
Gender bonus gap



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.

Retail industry mean gender pay gap 17.6%. UK mean gender pay gap 17.1%.
Retail industry median gender pay gap 9.1%. UK median gender pay gap 17.9%.
(Source: ASHE survey 2018)

Understanding our gap

There are a number of factors that contribute to the changing picture.

Bonus levels

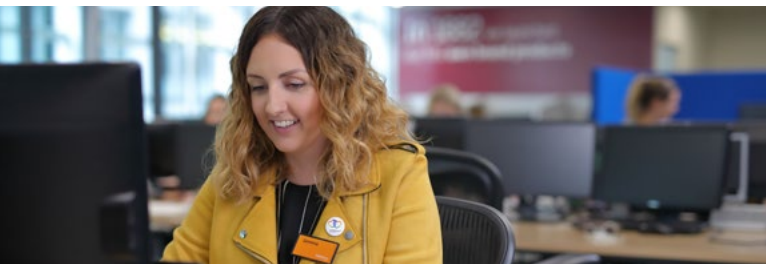
Our bonus gap will fluctuate year on year depending on our level of bonus pay out. The change in the bonus gap this year is partly due to this.

Business change

As we continue to grow and evolve our Group, the structure of our business changes and brings a level of people change.

Continued focus on enabling our colleagues to be the best they can be

We continue to invest in initiatives that enable our colleagues to fulfil their potential. We strive to create a truly inclusive culture, baking inclusion into our people processes, policies and reducing opportunities for bias. As we build more balanced pipelines we are seeing an improvement in the progression of women within the organisation.



Whilst we have been working hard to create greater gender balance across our organisation we acknowledge we have more to do. Our pay gap is influenced by the same factors that were set out in our 2017 report:

More men than women are in senior roles

We have seen a slight improvement in our gender balance at a senior level. However, we still have more men than women in our most senior and well paid roles and more women in our hourly paid positions.

Senior roles also have a higher bonus potential and more senior colleagues participate in our long-term share incentive plan, which is included in the bonus figures and affects our bonus pay gap.

More women are working part-time

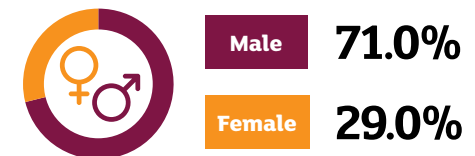
Across the Group 58% of roles are part-time and of these, 63% are held by women. The bonus gap calculation does not account for part-time hours. Therefore, a bonus for a part-time female colleague is compared to that of a full-time male colleague. This results in a bonus gap even if our colleagues were paid the same hourly rate and received the same bonus as a percentage of salary.

Directly employing Travel Money colleagues

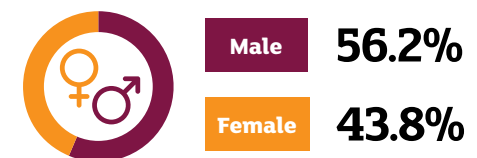
Sainsbury's Bank is structurally unique in the Financial Services industry. We directly employ our in-store Travel Money Bureaux colleagues rather than filling our positions through a third party agency. Around 45% of Sainsbury's Bank colleagues work in these roles on hourly rates of pay and almost three quarters of these roles are held by women. This impacts our gender pay gap in this part of our Group.

Group data by level

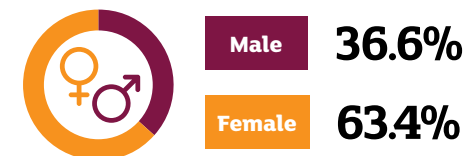
Senior Managers and Directors



Full-time



Part-time



Driving inclusion



John Rogers
Sainsbury's Argos
CEO and Group
Gender Sponsor



I am hugely proud to be our Sainsbury's Group Gender Sponsor, it is a role I take very seriously. I genuinely believe that diverse teams are more effective and that greater diversity at all levels of our business will strengthen our ability to meet our many different customer needs. We work closely with our gender networks to build our organisation's understanding of the challenges women may face and are taking active steps to address any barriers to progression or success they experience.

John Rogers
Sainsbury's Argos CEO
and Group Gender Sponsor



Inclusive leadership

We've invested in engaging and upskilling our leadership teams through a series of deep dive sessions on inclusive leadership plus a core training module for all new line managers called 'Being an inclusive leader'.

We've developed aspirational targets for the make-up of our senior population. In addition our top 50 leaders each have agreed inclusion objectives which are linked to their annual bonus.

An inclusive approach to talent development

We continue to bake inclusion into our talent development and career management approaches.

This year we trialled a women's development programme, aimed at facing into the specific challenges women may face when looking at progression. Following a successful trial we are rolling out this programme to colleagues across the Group, helping us to build the diversity of our talent pipeline.

Inclusive recruitment

We've trialled a number of initiatives over the last few years to reduce opportunities for bias within our recruitment processes, such as anonymised CVs, video interviewing, mandating interview best practice and, more recently, strengths-based assessment. We continue to integrate the best practice gathered from these experiments to improve our recruitment processes.

This year we built an in-house executive recruitment team who are taking proactive steps to boost the diversity of our senior external pipeline. We also aim to represent the diversity of our customers in all recruitment campaigns, enabling us to appeal to the broadest range of applicants.

Driving inclusion

Developing a culture where all can thrive

In 2016 we launched our Embrace the Difference campaign and introduced our colleagues to key inclusive behaviours. Since its inception we have explored challenging topics such as banter, and equipped colleagues to call out exclusive behaviour.



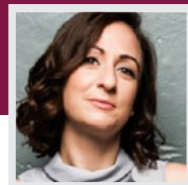
In March, as part of an ongoing calendar of inclusion events and communication campaigns, we celebrated International Women's Day across the Group. Many of our senior women shared their career stories and we were joined by Dame Stella Rimington who shared her insights and experiences with our colleagues.

Our gender inclusion networks play a vital role in driving awareness, highlighting great role models, connecting colleagues and influencing strategy.



As a Regional Operations Manager within Sainsbury's Food Retail, I'm in a large leadership position and have 36 stores on my region. I see it as my responsibility to ensure there is equality of opportunity. We serve a broad range of customers and to meet their needs, we need diverse and talented colleagues working across every level of our business. We are on a journey to achieving this and my team and I have committed to taking an inclusive approach to talent spotting, development and recruitment. We have also been running mentoring circles with diverse colleagues from across the region, helping them to grow, develop and ultimately progress.

Jo Hall
Regional Operations Manager



Our Gender Balance network works collaboratively with colleagues from across our business to build a deeper understanding of the challenges or barriers women face to progression, to highlight fantastic role models and to build a more inclusive environment for all.

It's essential that we involve men and women in this conversation to drive long-term change. Through our network insight we have been able to respond directly to colleague feedback, helping to address some of the barriers women face and to level the playing field.

Emma Bolton King
Gender Balance Network Chair



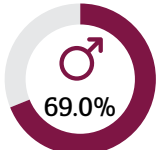
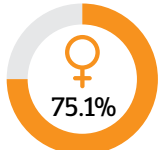
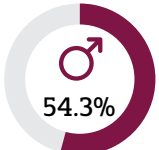
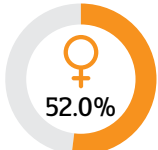
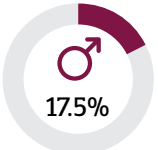
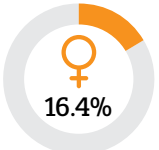
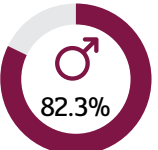
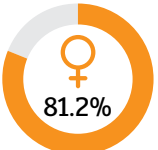
Demonstrating our commitment to inclusion

Sainsbury's Bank signed up to the Women in Finance Charter in January 2018. Created by HM Treasury, this charter is designed to support and motivate finance companies to land activity that, over time, will help address gender imbalance at senior leadership levels. By 2020, we're aiming to reach 30% female representation at a senior management level and above across our Bank. We are currently at 26.8%.

For the third year running we have chosen to voluntarily report the gender make-up of our Group Board and direct reports as part of the Hampton Alexander review.

Statutory gender pay gap disclosure (2018)

The gender pay gap disclosure of Sainsbury's Supermarket Ltd, Sainsbury's Bank plc, Argos Ltd and Nectar Loyalty Ltd as at the snapshot date of 5th April 2018.

Sainsbury's Supermarkets Ltd		Sainsbury's Bank plc		Argos Ltd		Nectar Loyalty Ltd					
Mean gender pay gap	11.7%	Mean gender pay gap	36.4%	Mean gender pay gap	9.9%	Mean gender pay gap	8.6%				
Median gender pay gap	3.7%	Median gender pay gap	38.5%	Median gender pay gap	4.9%	Median gender pay gap	16.4%				
Pay quartile headcount gender %			Pay quartile headcount gender %			Pay quartile headcount gender %			Pay quartile headcount gender %		
	Male	Female		Male	Female		Male	Female		Male	Female
Upper	61.0%	39.0%	Upper	56.1%	43.9%	Upper	60.6%	39.4%	Upper	63.3%	36.7%
Upper Middle	47.1%	52.9%	Upper Middle	35.2%	64.8%	Upper Middle	49.7%	50.3%	Upper Middle	55.7%	44.3%
Lower Middle	35.8%	64.2%	Lower Middle	33.0%	67.0%	Lower Middle	47.8%	52.2%	Lower Middle	41.7%	58.3%
Lower	33.9%	66.1%	Lower	24.3%	75.7%	Lower	46.1%	53.9%	Lower	51.7%	48.3%
Mean bonus pay gap	43.0%	Mean bonus pay gap	63.3%	Mean bonus pay gap	32.3%	Mean bonus pay gap	17.1%				
Median bonus pay gap	29.6%	Median bonus pay gap	90.0%	Median bonus pay gap	27.2%	Median bonus pay gap	36.8%				
Colleagues receiving bonus		Colleagues receiving bonus		Colleagues receiving bonus		Colleagues receiving bonus					
Male	Female	Male	Female	Male	Female	Male	Female				
 69.0%	 75.1%	 54.3%	 52.0%	 17.5%	 16.4%	 82.3%	 81.2%				

Sainsbury's