

Co-op Ethnicity Pay Gap Report 2023



Foreword

Our Co-op is committed to being a diverse and inclusive employer. We believe this means being fair and open in how we pay all our colleagues, which is why we continue to voluntarily publish our ethnicity pay gap data.

We know that to achieve fair pay we must have a representative and proportional workforce that reflects the diverse communities we serve.

Since we first published our ethnicity pay gap report in 2021, we have continued to focus on improving ethnic minority representation at leadership level, as we know this is the main factor that drives our pay gap. I'm pleased that we have made progress in this area by increasing the representation of ethnic minority leaders from 3% to 8% between 2020 to 2023. Consequently, we have seen our pay gap reduce, and we are on track to achieve 10% representation by 2025.

Moving forward, we will continue to support our ethnic minority colleagues to reach their full potential by providing opportunities to take part in career development programmes and engage the support of a coach or mentor to help them progress. We have similar programmes for our female colleagues, as we want to ensure that we improve diversity and inclusion in all forms, and we recognise that intersectionality plays an important role.

We also know that to address systemic barriers, representation alone isn't enough. Every individual must feel comfortable to be themselves always and know that they will be treated with respect when they come to work. That's why we continue to reinforce our zero-tolerance stance towards racism as set out in our colleague code, making it clear what behaviours are acceptable and which are not. I believe this is especially important for our Co-op colleagues and for our business in general, given the increasingly divisive society in which we exist.

I am very encouraged to hear that the vast majority of our ethnic minority colleagues tell us they feel a sense of belonging when working at Co-op. I and my leadership team fully commit to continue to drive this inclusive culture throughout our organisation, and I'm so grateful to all of my colleagues who share their feedback, personal information and experiences with us honestly to allow us to do this.



Shirine Khoury-Haq
CEO, The Co-op Group



Key points in this year's report:



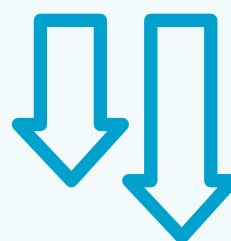
Our pay gap is reducing

Our mean pay gap has decreased from 3.1% (2021) to 0.9% and our median pay gap from -4.6% to -6.1%.



Ethnic minority representation in senior leadership

Ethnic minority representation in senior leadership has increased from 3% to 8% between 2020 and 2023.



Our mean pay gap for ethnic minority female colleagues has reduced

Our mean pay gap for ethnic minority female colleagues has reduced from 16.3% (2021) to 13.5% (2023).



Most of our colleagues are on a fixed rate of pay

78% of our colleagues (people included in the ethnicity pay gap calculations) are on fixed rates of pay for their job. This means that colleagues are on a set hourly rate of pay.



What is ethnicity pay gap reporting?

The ethnicity pay gap shows the difference in the average pay between all our ethnic minority colleagues and all our white colleagues.

We’ve used the same approach that we took to produce our 2023 Gender Pay Gap report, looking at both the mean and median averages.

Ethnicity Pay Gap Calculations



A negative pay gap means that on average an ethnic minority colleague’s hourly rate of pay is higher than the average white colleague’s.

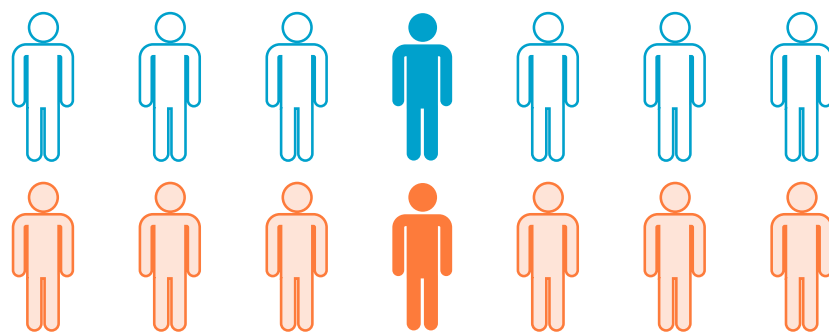
Mean pay Gap

The mean ethnicity pay gap is the difference in the hourly pay for ethnic minority colleagues compared to white colleagues, within a company.



Median pay Gap

The median represents the middle point of a population. If you separately lined up all the ethnic minority colleagues and all the white colleagues in a company in order of hourly pay, the median pay gap is the difference between the hourly pay rate for the ethnic minority colleague in the middle of the data compared to that of the white colleague in the middle of the data.



Colleague data included in the report

We had 57,052 colleagues who worked at Co-op (at the time the data was viewed) and 48,326 shared their ethnicity data with us, which represents 84.7% of our workforce.

We identify ethnic minority colleagues as people from Black, Asian, Mixed and other ethnic backgrounds. We’ve seen a gradual increase in the representation of ethnic minority colleagues over the past couple of years:

	2021	2022	2023
White	85.8%	85.5%	85%
Ethnic Minority	14.2%	14.5%	15%



What’s the data telling us?

Our mean and median pay gaps

Our pay gap is reducing.

	2021	2022	2023
Mean Pay Gap	3.1%	1.8%	0.9%
Median Pay Gap	-4.6%	-6.6%	-6.1%

The median calculations

The median compares the hourly rate of pay between the middle white colleague role, with the middle ethnic minority colleague role.

In the data set used to complete this year’s analysis, the median white colleague role is a Team Leader (TL) in a Food store based outside of London, and the median ethnic minority colleague is a Customer Team Member (CTM) based in a Food store in London. The reason we see a negative pay gap (where the ethnic minority colleague is paid more) is because in London we pay an additional allowance due to the higher cost of living.

The mean calculations

The mean compares the average hourly white colleague rate of pay to the average hourly ethnic minority colleague rate.

We’ve seen a reduction in our mean pay gap, which is good news, reducing from 2.6% (2021) to 0.9% (2023). We believe this is partly because we’ve employed more ethnic minority colleagues in store operational roles working in London.



Quartiles

2023 Quartile	White	Ethnic Minority
Top Quartile	82.53%	17.47%
Upper Middle Quartile	75.82%	24.18%
Lower Middle Quartile	89.88%	10.12%
Lower Quartile	91.13%	8.87%

2022 for comparison

2022 Quartile	White	Ethnic Minority
Top Quartile	80.27%	19.73%
Upper Middle Quartile	79.02%	20.98%
Lower Middle Quartile	89.56%	10.44%
Lower Quartile	92.19%	7.81%

Quartiles explained:

1. We created an anonymised spreadsheet with all our colleagues’ ethnicity data and equivalent hourly rates of pay (salary divided by hours), and sorted the list from highest to lowest paid.
2. We then divided the list into four quarters, ensuring each quarter has an equal number of colleagues.
3. We then worked out the percentage of white and ethnic minority colleagues in each quarter.

What’s the quartile data telling us?

The majority of our colleagues are on the same fixed hourly rate. In other words, we pay a set amount per hour for certain roles in the business, such as Team Leaders (TLs) and Customer Team Members (CTMs) in our Food stores. These colleagues make up the first three quartiles in the table (Lower to Upper Middle).

The main reason there is an increase in ethnic minorities in the Upper Middle and Top quartiles is due to the additional allowances that we pay our store colleagues who work in London (we employ more ethnic minority colleagues in Store Manager roles in London).

The table below shows how our Food store ethnicity profile in London is very different to our national Food store ethnicity makeup:

Food Operations	National (outside London)		London	
	White	Ethnic Minority	White	Ethnic Minority
Overall	90.8%	9.2%	22.2%	77.8%

Ethnic minority females

Average	2021	2022	2023
Mean	16.3%	15%	13.5%
Median	0.2%	-1.9%	-0.4%

As in previous reports, we’ve done a deep-dive analysis of the intersecting relationship between ethnicity and gender. This is because we know that women of colour are doubly impacted by systemic barriers because of their gender and ethnicity.

When we first started to report the data in 2021, we saw that there was a larger pay gap for our ethnic minority female colleagues than for ethnic minority male colleagues.

It’s positive to see that we have reduced our pay gap for ethnic minority females from 16.3% to 13.5% (mean average). This is partly because in 2023 we made a huge investment in pay for colleagues in some of our lower paid roles where a big proportion of our ethnic minority female colleagues work. For example, all Customer Team Members (CTMs) in our Food stores received a pay increase of 10.1% to align to the Real Living Wage rate as set by the Living Wage Foundation.



Progress made and actions to further reduce our pay gap:



Ethnic minority career development programme

We're launching a career development programme aimed specifically at supporting ethnic minority colleagues in entry/mid-level roles with their career development. The programme targets areas which research has identified as the key barriers that hold ethnic minority colleagues back in their careers.



Reducing bias from our recruitment process

We've rolled out inclusive hiring manager training to all areas of the business. The training focuses on addressing bias when making decisions about who to hire and promote internally.

We're piloting the introduction of diverse interview panels for our senior roles (work levels 1-4) as research shows this can help reduce bias towards under-represented groups.

We're redesigning our interview questions and assessment tools to make them more inclusive for all colleagues and candidates.

We're continuing to focus on candidate attraction campaigns to target more ethnic minority individuals, particularly in some of our most under-represented business areas.

We now send out interview questions in advance to help candidates prepare, as we know this can particularly support people with neurodivergent conditions and for those who speak English as a second language.



Learning and development opportunities

We've offered a number of learning interventions including:

- 'Race at Work' training for leaders to facilitate open discussions about race in the workplace and instigate personal commitments to tackle racism.
- 'Recognising and Tackling Non-inclusive Behaviours' training has been rolled out to all areas of the business as we believe that, to achieve significant culture change, behaviours must also change.
- An 'All-Colleague Code' has been rolled out alongside the 'Recognising and Tackling Non-inclusive Behaviours' training to support colleagues with better awareness of what behaviour is acceptable, and how to address non-inclusive behaviours.



Relaunch of our internal coaching and mentoring platform

We've relaunched our internal coaching and mentoring platform where we have over 250 trained leaders who can be accessed by all colleagues across Co-op.



Our Rise Colleague Network

The Rise colleague network continues to support ethnic minorities and allies across the business. It raises awareness and amplifies the voices of our ethnic minority colleagues, and collaborates with the business in addressing systemic barriers.



Visible senior leadership

It's often said you can't be what you can't see. We're proud at Co-op that we're the only major retailer to have a female Chief Executive Officer from an ethnic minority background, and that more recently we've appointed a new female Chief Financial Officer and a female chair at board.



Diversity data to give visibility on barriers

We're proud to have a high completion rate of 90% for diversity data (which is optional for colleagues to fill in), as this helps us to focus interventions in the right areas where we see ethnic minority colleagues are disadvantaged at work. We'll continue to encourage colleagues to complete their data.



Continued partnerships

We've continued our partnership with the Black Young Professionals Network to help introduce more young black leaders to Co-op. This partnership enables us to build a pipeline of talented people who'll eventually help us shape the future of Co-op as part of our next generation of senior leaders.