

Gender Pay Gap Report 2019



It's what we do



About us

The Co-op Group is the UK's largest consumer co-operative, with 4.6 million active members and a presence in every postal district in the country.

We're a major food retailer, a wholesaler, the largest funerals provider in the UK: the largest probate provider, we provide life planning services and sell insurance products. In 2019, we launched a new business - Co-op Health.

Our businesses are all UK based and our main support centre is in Manchester.

Since our Co-op was founded in 1844, we have had a clear social purpose that has grown and spread through the wider co-operative movement.

We exist to create value for our members and the communities in which we trade and can only achieve this by running a successful business.

How we run our business is important to us. We set ourselves high standards for sustainable and responsible retailing and service. We have a responsibility to be a campaigning business, speaking out on the issues that matter to our members. Ethics and sustainability are important to our members. That's why, for over a decade, we've provided members with a comprehensive report on our ethics and sustainability performance, so that they can see how we are doing. From 2017, our Gender Pay Gap report became part of our ethical reporting.

To find out more, read our sustainability report [here](#).

About our Co-op

Food Retailing & Wholesale: 53,000 colleagues across 2,611 stores and 10 depots

Funeral and Life Planning: 4,000 colleagues providing funeral services, probate, conveyancing and family law in 998 Funeralcare branches

Insurance: 1,300 colleagues selling travel, motor, home and pet insurance

Support Centre: 2,100 colleagues in central teams supporting all business areas

Approach to pay

Co-op is committed to being open and fair in how we pay our colleagues. This helps us to compete for skills and talent, encourage and reward those doing a great job and reflects our Co-op purpose and values.

What is Gender Pay Gap Reporting?

Employers with 250 or more employees are required to publish information showing different calculations of any pay gap between their male and female employees.

Gender pay gap reporting shows the overall difference in the average pay for all men and women across our Co-op. It doesn't compare what men and women are paid for doing the same job.

Where a business has more men than women in its higher paid jobs, this will create a gender pay gap.



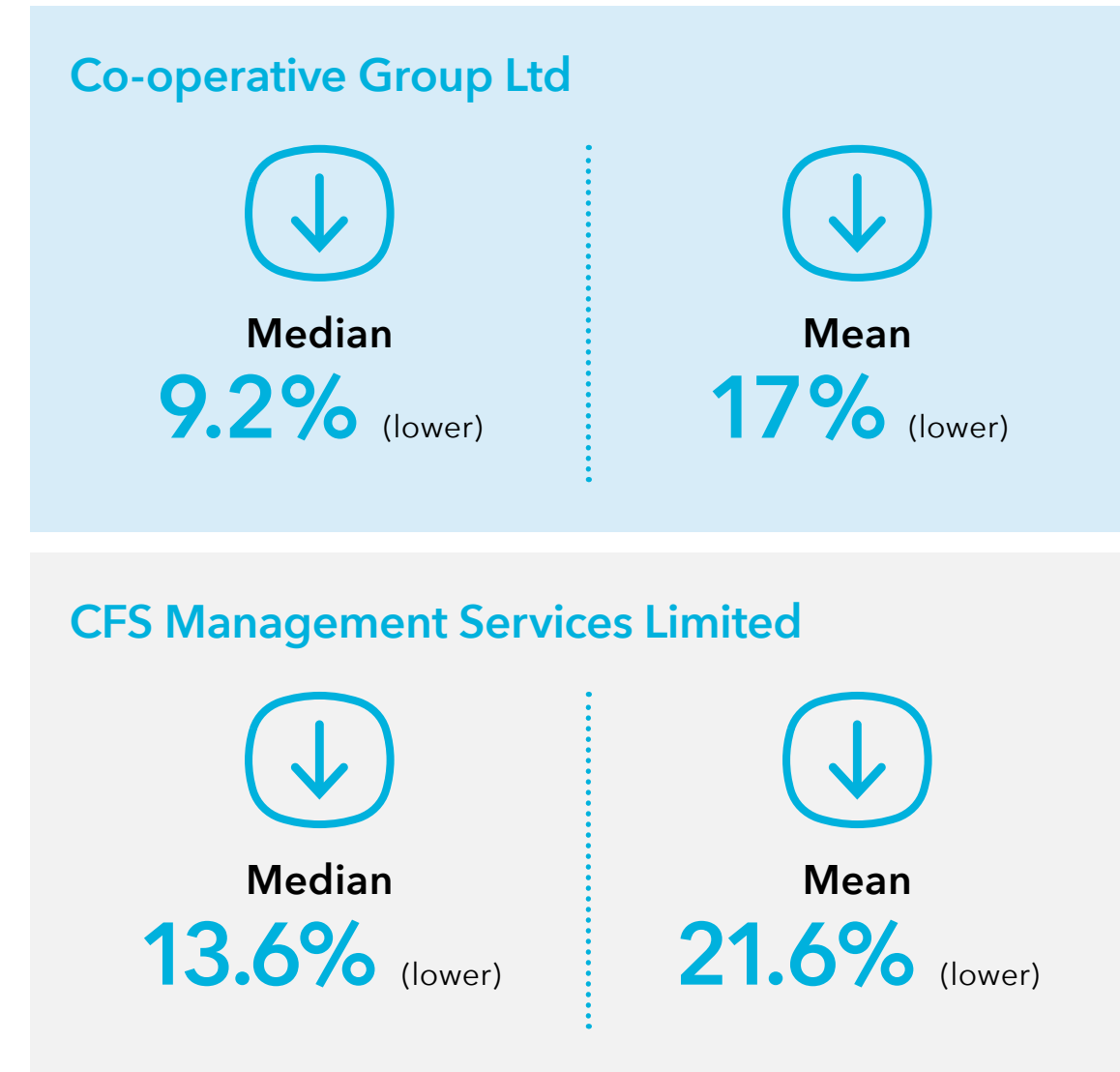
Our gender pay gap numbers

The regulations mean we have to produce data by employer. In our Co-op there are two employers:

- Co-operative Group Ltd which employs most of our colleagues
- CFS Management Services Ltd which is mainly made up of our insurance colleagues.

Women's Hourly Rate

These are reported separately. The overall picture is as follows:



The median compares the hourly rate of the middle male role to the middle female role and the mean compares the average hourly male rate to the average hourly female rate.

Nearly 80% of our relevant employees are on fixed rates of pay for their job.

In Co-operative Group Ltd we have continued to see a reduction in both our median and mean gender pay gaps, since we started to report data in 2017.

In CFS Management Services Ltd we have continued to see a slight reduction in our mean gap, but a slight increase in our median gap. The main reason is due to the changes in the size and shape of the organisation, our headcount has reduced which means the median male and female comparators used for the calculation has shifted.

Quartiles

Quartile	Co-operative Group Ltd		CFS Management Services Ltd	
	Male	Female	Male	Female
Top Quartile	68.0%	32.0%	64.2%	35.8%
Upper Middle Quartile	48.5%	51.5%	50.0%	50.0%
Lower Middle Quartile	35.2%	64.8%	44.9%	55.1%
Lower Quartile	31.3%	68.7%	47.5%	52.5%

We have sorted our colleagues in order from the highest to the lowest paid and then split them into 4 groups of equal numbers of people.

This shows that we still have more men than women in our most senior roles. In 2019 we did increase the number of women in senior roles which has contributed to a reduction in our gender pay gap.

Having more men in senior positions continues to impact our gender pay gap.

Bonus Pay

The regulations state that actual bonus payments are used for comparison. More part-time colleagues are female which distorts the comparison.

	Co-operative Group Ltd		CFS Management Services Ltd	
	Median	Mean	Median	Mean
Women's Bonus Pay	20.5%	33.7%	15.9%	51.1%

	Co-operative Group Ltd		CFS Management Services Ltd	
	Male	Female	Male	Female
% of people who received Bonus Pay	12.7%	6.4%	94%	93%

Overall there was a reduction in the percentage of colleagues that were eligible for a bonus. Due to the number of men in senior positions, more men received a bonus than women.



What we're doing

Equality has been a founding value of co-operatives since the Rochdale Pioneers gave all members equal rights and equal benefits in 1844. Today, equality and diversity are key in supporting us to create an inclusive Co-op and achieve commercial advantage.

Creating an inclusive culture where all of our colleagues can come to work to be their best selves is a key strand in the successful delivery of our 'Being a Co-op Colleague' strategy.

Our strategy focuses on designing and developing the foundations that enable us to create, sustain and embed an inclusive culture through;

- enabling colleagues and leaders to lead diverse teams inclusively and create the right culture and environment for diversity to thrive
- designing processes that help us to eliminate or reduce bias in our people processes

- creating an inclusive culture where we actively celebrate difference and the value it brings
- tackling behaviours such as bullying, harassment and discrimination.

Our definition of diversity is 'anything that makes us unique and different' and is not exclusive to traditional characteristics such as gender, age, sexual orientation or religion. We define inclusion as how we create a true sense of belonging, where everyone feels valued and can be their best selves at work.

Our work in 2019 is centred around three priorities:

Building a more inclusive culture

We have continued to use celebratory events to build awareness of why diversity and inclusion is important in the Co-op and to include colleagues in the conversation. In 2019 we went bigger and bolder and we reached more of our 60,000 colleagues.

We have 106 diversity and inclusion pioneers across the business. Our pioneers are supporting the implementation of the Diversity and Inclusion Strategy by leading the conversation; helping leaders and colleagues understand the value and importance of having a more diverse and inclusive Co-op.

We have also worked with our colleague networks to enable them to align to the organisational strategy and to create a bigger impact for colleagues.



Focusing on respect at work

To ensure that colleagues are treated fairly and respectfully, we relaunched our Bullying, Harassment and Discrimination policy. Our new e-learning module, released to 60,000 colleagues, sets the baseline for colleague understanding of bullying, harassment and discrimination and how they report and manage it.



Attracting and engaging colleagues

We know that unless our recruitment, training and promotion processes are free from bias, we will never create and sustain an inclusive culture. In 2018, we started to address this through reviewing how we attract, select, hire and induct new colleagues.

Launched in 2019, our One Co-op behavioural framework ensures our colleagues and leaders are clear on how we expect them to behave. This has informed the development of new interview guides, supporting hiring managers to make the right decisions and creating a consistent approach to recruitment. We'll take this a step further in 2020, by designing inclusive hiring training for all our hiring managers.

Our work so far has created a more balanced gender profile in terms of new hires. In 2019, we were able to balance our new hires 50:50 across the organisation. We also continued to increase the number of women into senior positions.

We spent time in 2019 reviewing our people processes and colleagues lived experiences which has resulted in a clear plan for building inclusivity into our processes.

We also enhanced our performance and talent processes by;

- launching a talent development programme for future leaders using blind applications to reduce bias
- supplementing our manager guides to address potential bias when rating male and female colleagues
- ensuring part-time colleagues were set the right amount of goals, reflective of the hours they worked

Our focus for 2020

Building on our progress in 2019, we will

- Build the skills and capability of our leaders and colleagues by providing them with the tools to become more inclusive.
- Continue to celebrate and help colleagues understand the value of difference; how it contributes to a better working environment and greater commercial returns.
- Strengthen our diversity data to enable us to better understand the shape and culture of our existing workforce and set our strategy, goals and priorities for 2021 - 2025.
- By the end of 2020, we will have co-created our strategy to 2025 with our colleagues and we will have set our organisational Inclusion and Diversity targets, outcomes and measures. This will focus on colleagues, our communities and our customers - a truly holistic approach to inclusion.

I confirm that the Co-op pay gap data is accurate and has been collated in accordance with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017



Helen Webb
Chief People Officer

