Co-op
Gender Pay Gap
Report 2023

Foreword

At Co-op we're committed to treating our colleagues equitably and this includes being fair with how we pay our female colleagues. We've seen a significant reduction in our gender pay gap since we started to report data in 2017, and this year's data shows some further progress towards closing it. This is partly the result of a huge investment in pay for colleagues in lower paid roles in 2023 where a bigger proportion of our female colleagues work. For example, all Customer Team Members 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.

It's important to reiterate that we don't pay people differently based on their gender at Co-op, the gender pay gap is caused by us having fewer females in leadership roles (where salaries are higher) and more women represented in our lower paid roles. Our aim is to create a diverse and proportional workforce that reflects the communities we serve. We've made good progress towards this ambition, with Co-op being named in the top 10 of the FTSE Women Leaders Review for our high representation of women at board and executive level.

Our focus on improving representation will remain, as we know this is one of the key drivers causing the gender pay gap. Today, 40% of our leadership population are female - this is not enough, which is why we've launched a series of development programmes and have a coaching and mentoring offer to support women with career progression. We'll monitor progress through our diversity data and by reviewing individual leaders' objectives on diversity and inclusion. We know there's still much to do in this space and will hold ourselves to account and continue to strive for gender equality.

Claire

Claire Costello
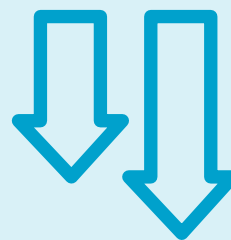Chief People & Inclusion Officer

Key points in this year's report:

We have a gender pay gap and we know why

We have fewer women in leadership roles (which pay more) and a higher proportion of women in entry/mid-level level roles (which pay less).

Our pay gap is reducing

Our mean pay gap has reduced from 18.9% (2017) to 13.2% (2023) which is a reduction of 5.7 percentage points. This compares well to a UK average reduction of 1.2 percentage points since 2017.

The gender bonus gap is still high

Our variable bonus scheme pays higher percentages for more senior roles. As we have a higher proportion of men in senior leadership positions, they're paid higher bonuses.

Most of our colleagues are on a fixed rate of pay

86% of our pay-relevant colleagues (people included in the gender 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 Gender Pay Gap Reporting?

People often assume the gender pay gap is caused by men and women getting paid different amounts for doing the same or an equivalent role (this is referred to as equal pay). Whilst this can be a factor, the gender pay gap is largely driven by a lack of female representation in senior roles.

The difference between gender pay gap and equal pay:

1. Equal pay is where men and women should be paid the same for doing an equivalent job. As stated in the Equality Act 2010, it is illegal to pay men and women differently for performing equal work.

2. The gender pay gap measures the difference between male and female average earnings across the whole organisation (it compares all female and male salaries, regardless of the job role, and takes an average of their earnings using different calculations). In an ideal world we wouldn't see any gap in the pay between male and female colleagues.

Why do we only report on male/female genders?

We recognise that not all colleagues identify as male or female and hope in future years, as our diversity data completion improves, that we can also report on our non-binary pay gap and other self-identifying categories. However, for the purposes of this report we have used the 'legal sex' data recorded on payroll in compliance with current legislation.

Pay gap calculation methods:

Men £ 🖥 £ **Women**

Following the convention set out by the UK Government, a negative number indicates that women on average earn more than men.
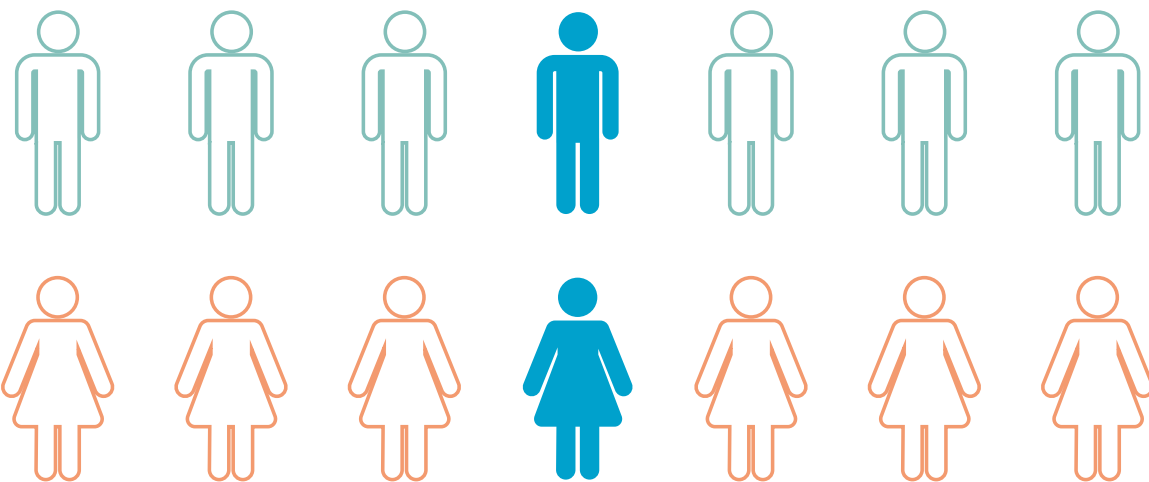
Mean pay Gap

The mean gender pay gap is the difference in the hourly pay for women compared to men, within a company.
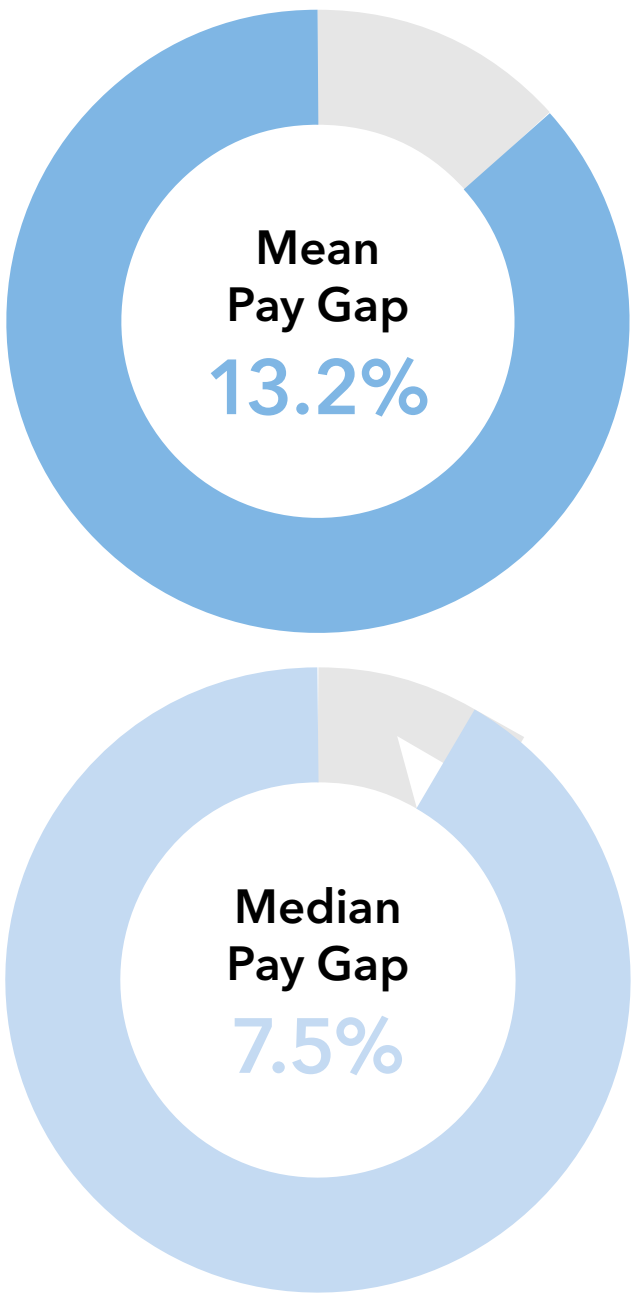
Median pay Gap

The median represents the middle point of a population. If you separately lined up all the women and all the men in a company in order of hourly pay, the median pay gap is the difference between the hourly pay rate for the woman in the middle of the data compared to that of the man in the middle of the data.
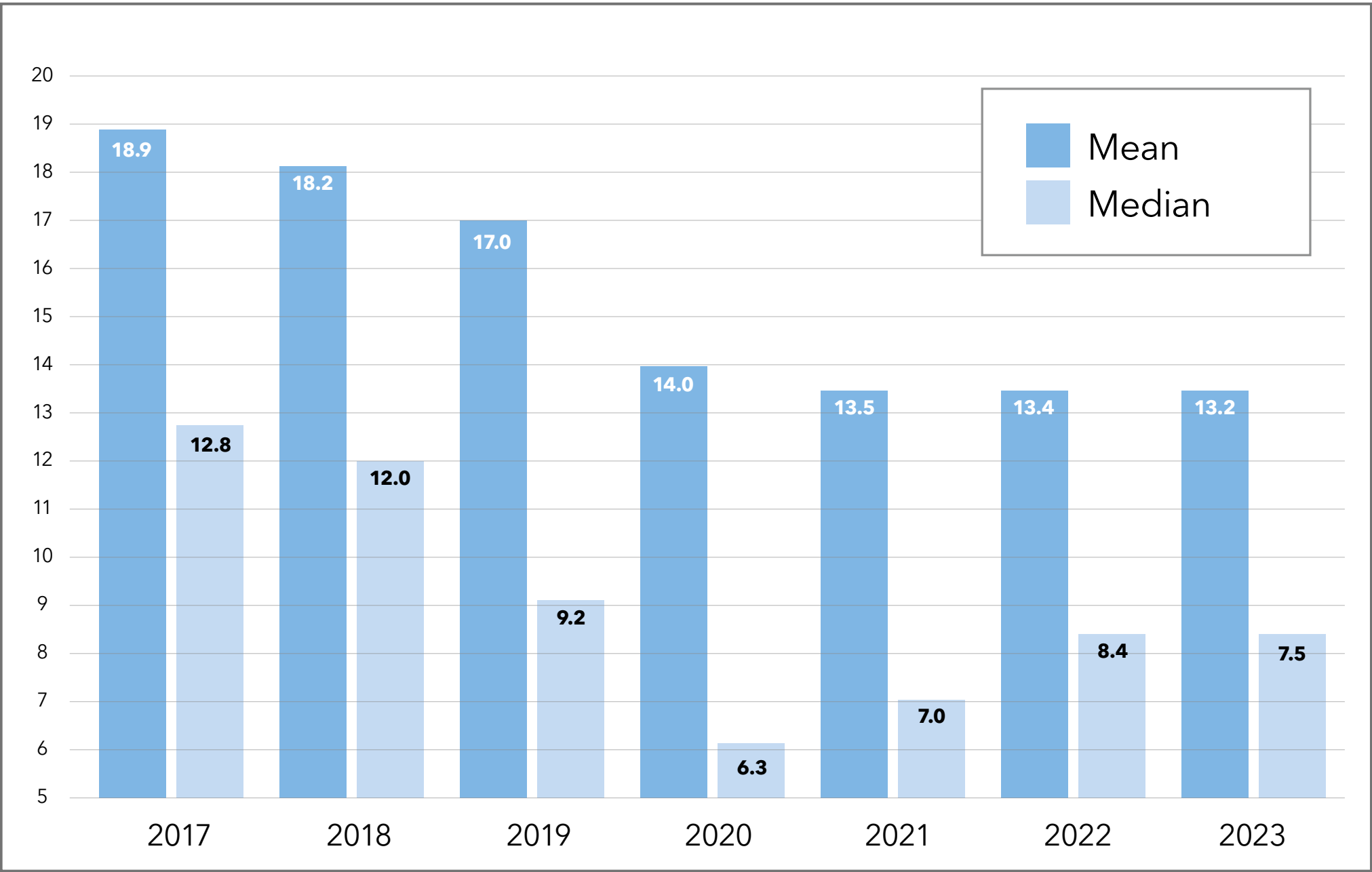
What the numbers tell us:

2023 Gender Pay Gap

Mean Pay Gap
13.2%

Median Pay Gap
7.5%

Our pay gap has been reducing since 2017

Year	Mean	Median
2017	18.9	12.8
2018	18.2	12.0
2019	17.0	9.2
2020	14.0	6.3
2021	13.5	7.0
2022	13.4	8.4
2023	13.2	7.5

In 2023, our mean gap decreased marginally by 0.2%. This slight improvement is due to the increased pay for our entry level roles where we have a higher representation of female colleagues.

Our median gap has decreased by 0.9% this year compared to last. In the median calculation. The middle male role is a Team Leader (TL) based in a Food store in London. Our middle female colleague is a Customer Team Member (CTM) in a Food store working outside of London.

Both our CTMs and TLs received the same % pay increase on their hourly rate last year (10.1%). However, in our London stores we also pay a location allowance to reflect the higher cost of living in London – this allowance wasn't increased. Therefore, the reason we see a reduction in the median pay gap this year is largely due to the location allowance in our London food stores not being increased in line with the hourly rate increase. This effectively meant that the overall hourly rate of the male TL did not increase as much in percentage terms as the pay for our female CTM.

Quartiles

2023 Quartile	Men	Women
Top Quartile	68.2%	31.8%
Upper Middle Quartile	48.0%	52.0%
Lower Middle Quartile	38.2%	61.8%
Lower Quartile	31.6%	68.4%

We have sorted our colleagues in order from the highest to the lowest paid and then split them into four groups of equal numbers of people. The top quartile shows that we still have more men than women in our most senior roles and there hasn't been much movement of women between the quartiles (role levels) this year. It's also important to be aware that the year-on-year comparison isn't like-for-like due to a reduction in our colleague headcount - we now have 3,500 fewer colleagues in 2023, compared to 2022, due to an organisational restructure.

2022 for comparison

2022 Quartile	Men	Women
Top Quartile	67.6%	32.4%
Upper Middle Quartile	47.4%	52.6%
Lower Middle Quartile	38.8%	61.2%
Lower Quartile	30.8%	69.2%

Bonus Pay

Approximately 7,500 colleagues are eligible to participate in our bonus plan. These colleagues work predominately in head-office roles, and it also includes our Food store managers. Our operational roles do not participate in our bonus plan.

Bonus Pay	Mean	Median
Women's Bonus Pay	47.8% (Lower)	86.5% (Lower)

Having lower representation of female colleagues in senior positions is impacting our mean bonus gap. As the calculations show, our female bonuses are 47.8% lower than our male colleagues' bonuses, which equates to an average of £714.25 using the mean calculations.

Bonus Pay 2021	Men	Women
% who received Bonus Pay	20.5%	18.3%

The percentage of males who receive a bonus payment is higher than females when we look at it as a % based on our overall headcount (we employ more females than men across the business). The bonus pay gap is therefore largely driven by lower levels of female representation in the most senior roles who are eligible to participate in our bonus plan and receive higher percentages. However, in terms of absolute numbers, 400 more females than males received a bonus payment in the 12 months preceding April 2023.

Representation data

We know that our pay gap is predominantly driven by the under-representation of females in senior roles. We've looked at representation data in food operations, which is our largest business area, along with the support centre (head office), where the majority of our senior management roles are aligned, to see how a lack of female representation contributes to our gender pay gap.

Food Stores

Looking at career pathways for our colleagues in food operations, we can see that 65% of our Customer Team Member colleagues are female. As we move through the seniority levels in our Food stores up to Store Manager and then onto Head of Operations, we can see that the percentage of females in these roles gradually decreases by approximately 10% at each step in the hierarchy. Since compiling this set of data we have appointed a new female ROM.

Role	Headcount	Male %	Female %
Head of Operations	12	83%	17%
Operations Manager	97	73%	27%
Store Manager	2,432	67%	33%
Team Manager	290	56%	44%
Team Leader	10,972	46%	54%
Customer Team Member	28,095	35%	65%
Total	**41,898**	**40%**	**60%**

Support Centre (Head Office)

Similarly, data for colleagues in our head-office roles shows that female representation decreases as you move up the grading structure, where WL1 represents our most senior roles, including our CEO.

Role	Headcount	Male %	Female %
WL1	3	67%	33%
WL2	24	58%	42%
WL3	88	70%	30%
WL4	380	62%	38%
WL5	1,322	55%	45%
WL6	2,945	44%	56%
Total	**4,762**	**49%**	**51%**

As the data above demonstrates, we can confidently say that representation is the biggest factor driving our pay gap.

Progress made and actions to further reduce our pay gap:

PACT (Parents And Carers Together) network

Our PACT network works closely alongside Aspire to create a safe space for parents and carers to connect and share experiences. It also provides education on key topics, including baby loss (we also updated our policy), infertility and support for those in caring roles - there will be a new policy update coming in 2024.

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 CEO and since the data snapshot was taken in April 2023, we've also appointed a new female CFO and a female chair on our board.

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 women across Co-op who'd like the support of a coach or mentor.

Aspire women's network

Our Aspire network continues to support women in the business, creating a safe community to help women network and raise awareness of key issues affecting women at work. These include subjects such as menopause, which resulted in the creation of a new policy, period poverty and violence against women and girls. They also lead on key events such as International Women's Day, discussing topical and relevant issues.

Women's career development programmes and apprenticeships

We've launched a series of career development programmes and will be launching an apprenticeship scheme aimed specifically at supporting women in entry/mid-level roles with their career development. The programmes target areas which research has identified as the key barriers that hold women 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 also 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 re-designing our interview questions to make them more inclusive for all colleagues and candidates.

We're continuing to focus on candidate attraction campaigns to target more females, particularly in some of our most under-represented business areas, such as logistics.

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.

Diversity data to give visibility on the barriers that women face

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