

Gender Pay Gap Report 2020



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.

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. Our vision is Cooperating for a fairer world, which means we're going to make things fairer for our colleagues, make life fairer for our members and communities, and we're going to be fairer for our planet.

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 and 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, such as ethics and sustainability. 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: 55,000 colleagues across approx. 2,600 stores and 12 depots

Funeralcare: 4,200 colleagues in 998 Funeralcare branches

Life Planning and Legal: 530 colleagues in Life planning and Legal Support Centre

Support Centre: 3,355 colleagues in central teams supporting all business areas

Insurance*: Although the Insurance business has now been sold and is no longer part of the Co-op in the same way, the sale completed at the end of 2020, so the business has been counted in the numbers of this report.

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.

We'll be further improving pay for our frontline colleagues by aligning hourly rates to the Real Living Wage as set by the Living Wage Foundation. This is a significant investment that recognises the vital role that our frontline colleagues continue to play. The Real Living Wage will apply to all colleagues including younger colleagues and apprentices.

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.

We recognise that there are more than two genders, but for the purpose of this report, we will be using the definitions set by the government of men/ women

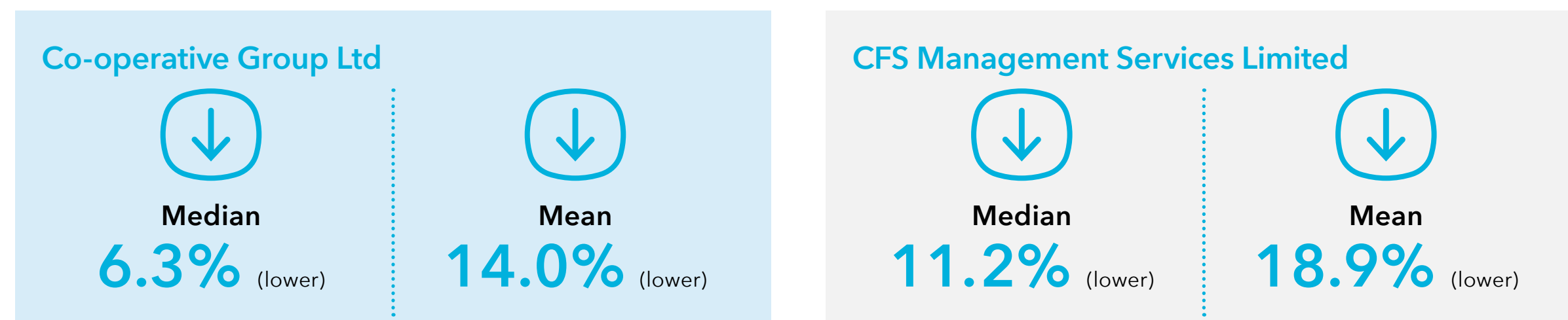
Our gender pay gap numbers

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

- Co-operative Group Ltd which employs most of our colleagues
- CFS Management Service 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.

In 2020, in response to Covid-19, Co-op hired 6,500 temporary front line colleagues, of which 5,900 are Customer Team Members (CTMs). This resulted in a 10% headcount increase in our Pay Relevant colleagues, of which CTMs accounted for 9%.

Nearly 83% of our Pay 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. Co-op has continued to invest heavily at the CTM/front line level.

In CFS Management Services Ltd, we see a slight reduction in our mean and median gap. We have also continued to see headcount reduction in CFSMS (12% reduction on Full Pay Relevant Colleagues). This changed 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

Gender pay analysis 2020	2020			
	Co-operative Group Ltd		CFS Management Services Ltd	
	Men	Women	Men	Women
Top Quartile	66.7%	33.3%	65.7%	34.3%
Upper Middle Quartile	46.9%	53.1%	48.3%	51.7%
Lower Middle Quartile	37.9%	62.1%	46.2%	53.8%
Lower Quartile	32.4%	67.6%	49.2%	50.8%

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. CTMs accounted for 55% of total population, which is equivalent to the bottom two quartiles. Any changes to the CTM demographics would impact these quartiles directly. The temporary recruitment of 5,900 CTMs have shifted the quartiles distribution.

In 2020, we continued to increase the number of women in senior roles which has contributed to a reduction in 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.

Gender pay analysis 2020	2020			
	Co-operative Group Ltd		CFS Management Services Ltd	
Bonus Pay	Median	Mean	Median	Mean
Women's Bonus Pay	36.8% (Lower)	32.1% (Lower)	21.9% (Lower)	54.7% (Lower)
Bonus Pay	Men	Women	Men	Women
% who received Bonus Pay	15.9%	11.0%	94.6%	95.6%

Having more men in senior positions than women is impacting our gender bonus gap.

In Co-operative Group Ltd, overall there was an increase in the percentage of colleagues that were eligible for a bonus. A large number of colleagues (c.2500) who did not receive an annual bonus payment in May 2018, captured in the 2019 pay gap report, did receive a bonus payment in May 2019, captured in this 2020 pay gap report. This is due to the bonus plan in which they participate not paying out in the previous years. Due to the number of men in senior positions, more men received a bonus than women.

What we're doing

Inclusion & Diversity

We've set ourselves a bold Vision to Co-operate for a Fairer World, and to achieve this we need all of our colleagues and leaders to bring their diverse talents to the table to make change happen. Creating an inclusive culture, where all our colleagues can come to work to be their best selves is key to helping deliver this Vision. Our strategy remained focused on designing the foundations that enable us to create and sustain an inclusive culture. For us, these are:

We currently have:

125 pioneers¹
(2019: 106) and
5 colleague networks (2019: 4)

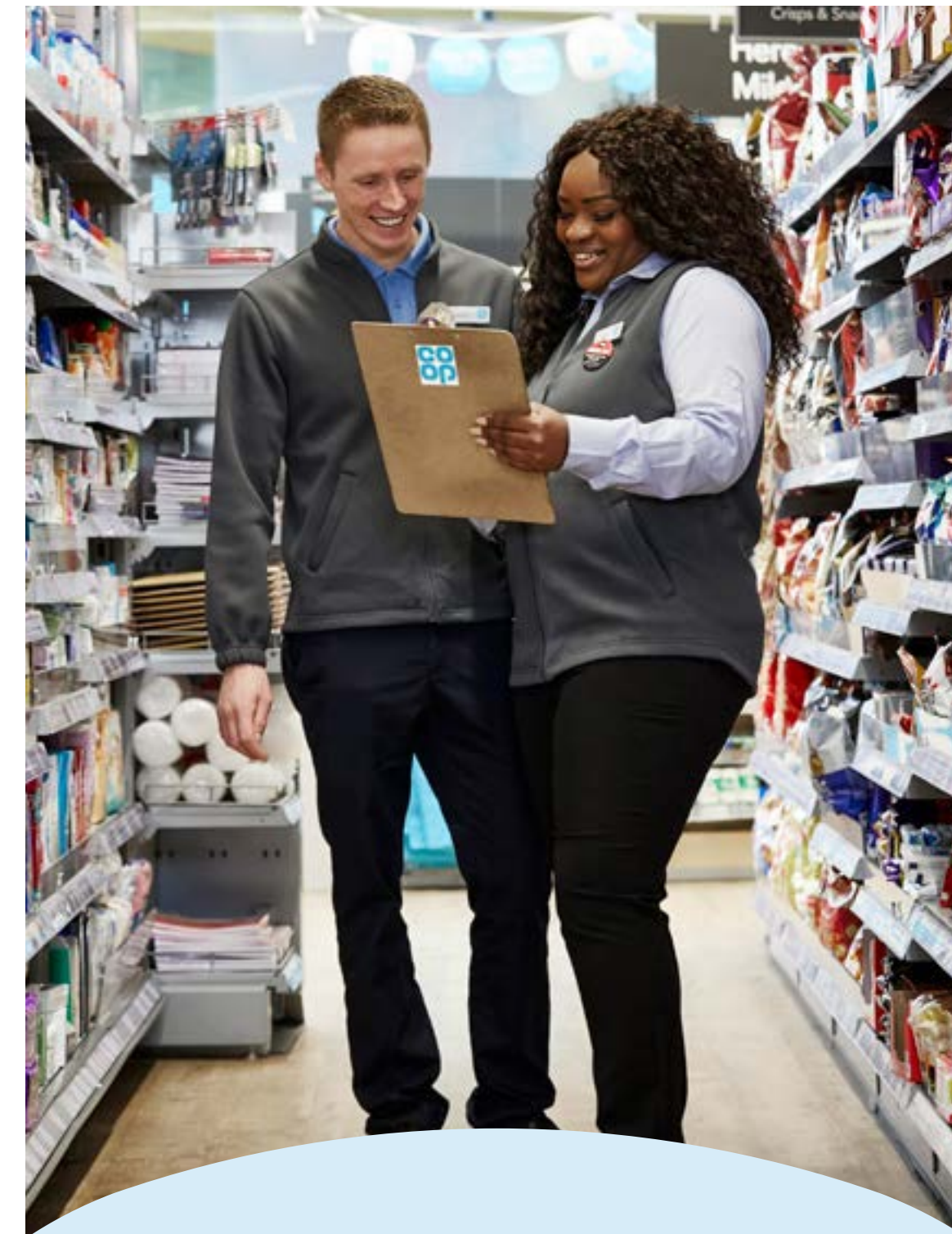
Raising awareness and inspiring colleagues

We continued to educate colleagues in other areas of diversity such as gender, LGBTQ +, disability and neuro diversity through events and learning sessions in National Inclusion week, International Women's day, Pride and International Day of Disability.

We also piloted our inclusive leadership programme to help leaders develop the skills and behaviours to lead diverse teams more inclusively.

We continued to empower our colleague networks and pioneers to educate and inspire colleagues at a local level.

As one example our colleague network Aspire, which is our colleague network Championing Women in Co-op that advocates and co-operates for a fairer world for all women, has regular events such as career roundtables, financial awareness sessions and grief listening groups, as well as more enduring initiatives such as a Co-op-wide mentoring scheme, a 10-month career development programme (open to all colleagues) and a Parents and Carers Together (PACT) network.



Focusing on respect at work

Having a zero-tolerance approach to bullying, harassment and discrimination is important to us, and this year we've been looking to understand how colleagues' lived experiences are impacted by their identity.

From the insight gathered in 2020, we know that we have more to do in this space and will undertake a deep dive in 2021 to get a greater understanding of the issues we face and help create more meaningful interventions.

Attracting and engaging colleagues

In 2020 we continued the work to diversify our talent pipeline, ensuring that we are attracting and recruiting colleagues that represent the communities in which we serve, maintaining our focus on both gender and ethnicity.

Our approach includes partnering with organisations that can help us to reach diverse talent outside of our existing channels, so we continue to partner with The Prince's Trust, Catch 22 and Black Young Professionals, as well as rolling out inclusive hiring training for our recruitment teams which we plan to extend to our hiring managers in 2021.

We have also started to scope our approach to how we support colleagues with a disability and ensure that they can easily access reasonable adjustments.

Diversity Data In 2020 we strengthened our diversity data strategy by collecting all diversity data in our central HR system. Our data set incorporates all identities as well as additional insight on caring responsibilities and socio-economic indicators. We will use this data to help shape our strategy, goals and priorities for 2021-2025.

Inclusive Leadership

In 2020 we helped our leaders connect to the Inclusion agenda on a personal level. From coaching members of the Exec, to delivering bespoke inclusive leadership training, workshops and webinars, we tailored our training programmes to suit colleagues at all stages of their leadership journey.



Our focus for 2021

As we move into 2021, we remain focused on developing a diverse and inclusive culture and we will do this through:

Representation Ensuring that our colleague base reflects the communities we serve through publishing our base level of diversity data as well as developing our own approach to ethnicity pay gap reporting and lobbying the government to make it mandatory.

Removing Barriers Continuing to remove barriers to progression for all diverse colleagues through, for example, launching our development programme specifically for our Black, Asian and Ethnic Minority colleagues.

Inclusive Culture We will continue to use our inclusion events to engage and educate colleagues. In 2021, our colleague network Aspire's emphasis continues to be on ensuring events and initiatives are accessible, relevant and inclusive, however, there will be a focus on building a strong ally network and ensuring that women's voices are heard.

Effective Leaders and Skilled People All leaders will have a core priority goal which centres around making a positive impact in their role, through creating an inclusive culture and supporting our Co-op Vision.

Co-op has also invested in a relationship with LEAD for 2021 which will provide the opportunity for several Co-op colleagues to represent Co-op externally, gain support from an external mentor and volunteer with the network to drive forward the women's agenda on an international scale.



Helen Webb
Chief People Officer

