

Southern Co-op Ethnicity and Gender Pay Gap 2021

What is the pay gap?

The gender pay gap is an equality measure that highlights the percentage difference in average hourly earnings between men and women. Moreover, the ethnicity pay gap is the difference in average hourly earnings between white and ethnically diverse people. Helping ethnically diverse people and women reach their full potential is not just the right thing to do; companies that are best for diversity are also more likely to show better financial and economical results.

To help eliminate the gap and encourage organisations to understand their own position and address the diversity challenges they may have, new legislation came into force in April 2017. This requires UK employers with more than 250 employees to publish information about their gender pay gap in April 2018 and then every year after that.

While not required by GPG legislation to do so, Southern Co-op believes in transparency and therefore has chosen to publish the Ethnicity pay gap.

If you'd like to know more about the measures and why they've been chosen, you can check out the government website – <https://www.gov.uk/government/news/view-gender-pay-gap-information>.

About us

Established in Portsmouth, Hampshire over 145 years ago, Southern Co-op is an independent regional co-operative owned by its operations across the south of England. Our main business is food retail where we have a network of stores including a successful franchise arm. We also have an end of life services business which includes funeral homes, crematoria and a natural burial ground.

As a co-operative, we have a purpose beyond profit. Our values and principles support sustainable business practice and we are committed to making a difference in our local communities.

We are members of Business in the Community and operate according to the BITC Responsible Business Tracker. More specifically, our aim is to be an employer that provides 'Good Work and Inclusive Growth'; providing access to work and opportunities for personal and professional growth to all, with particular focus on under-represented groups.



Our Colleagues

- Our board of directors is made up of six women and four men
- Our leadership team is made up of three women and four men
- We have over 4000 colleagues
- The majority of our colleagues, 88% are paid a fixed hourly rate, regardless of gender or ethnicity

Our approach to pay and benefits

- We believe in a transparent, fair and ethical approach to pay; where all colleagues are paid equally for doing equivalent jobs, with all appointments free of bias and based on merit
- We are committed to promoting gender equality and ethnic diversity across our society
- We have a Reward Policy endorsed by our Board of Directors via the Remuneration Committee
- Hourly paid new starters in retail are immediately paid at the full rate for their role, rather than at a reduced 'starter rate'
- All salaried roles are evaluated using an internationally recognised and robust job evaluation framework which aligns our pay structure to the job role
- Holiday entitlements exceed statutory requirements
- All colleagues participate in a bonus scheme; receive life assurance, colleague discount and have access to employee assistance and financial education and support programmes
- We provide all colleagues with access to voluntary benefits including a cycle to work scheme; healthcare cash plan and our share incentive plan



How is the pay gap calculated?

(NB. pictures are examples only to help explain the calculations – not based on our data)

MEAN (i.e Average)
difference in PAY

MEAN (i.e Average)
difference in BONUS

MEAN = £ pay or bonus amounts all added together & divided by no. of payments



MEDIAN (i.e middle point)
difference in PAY

MEDIAN (i.e middle point)
difference in BONUS

MIDDLE = point of all £ pay of bonus amounts



Proportion M & F in each group when PAY rates split into 4 quarters



Proportion M & F who received any BONUS payment



Our Gender Pay Gap 2021

As required by the legislation, we looked at our data from 5 April 2021 and our results are shown below.

AVERAGE difference in
PAY **10%**

AVERAGE difference in
BONUS **47%**

MEDIAN difference in
PAY **6%**

MEDIAN difference in
BONUS **13%**

Proportion
M & F in each
group when
PAY rates split
into 4 quarters
- lowest (Q1) to
highest (Q4)

	M	F
Q4	46%	54%
Q3	38%	62%
Q2	23%	77%
Q1	44%	56%

Proportion
M & F who
received any
BONUS
payments

	M	F
Yes	82%	83%
No	18%	17%

Understanding the data

Mean & Median difference in pay

Our mean pay gap is 10%

- There are more females than males in all 4 quartiles, however the majority of females are in the lower and upper mid quartiles i.e.Q1, 2 & 3, which are lower paid
- Almost 80% of our roles are part time and females hold 67% of these
- Average male pay has increased at a slightly faster rate than female pay since 2020 (female increase 3%, males 5%)
- While slightly greater than 2020 (8%) the average pay gap 10% is consistent with 2018 and 2019
- Governance around pay ensures that males and females are treated consistently. The pay gap is influenced by the make up of the colleague population with variations in the number of women in the lower and upper quartiles year on year

Our median pay gap is 6%

- The female sat at the midway point is an adult CSA who earns £8.84 an hour
- The male sat at the midway point is a band C14 who earns £9.41
- The pay gap has increased as a result of the high number of female colleagues and the percentage of those who sit in the lower quartiles

Mean & Median difference in bonus

Our mean bonus gap is 47% and the median bonus gap is 13%.

- All colleagues participate in the annual bonus scheme
- Colleagues in roles that are paid a spot rate, or those in non-management head office roles participate in the colleague scheme, the earnings potential at this level is set at approximately one week's earnings
- 3715 or 88% of colleagues received a colleague level bonus, and 67% of these were female
- The management bonus schemes have minimum and maximum earnings potential that increases in line with business performance. Participants in these schemes are the more senior colleagues, and the highest paid roles in this group are held by males

Ethnicity Pay Gap April 2021

The ethnicity pay gap follows the same measures and calculations as the gender pay gap reporting.

AVERAGE difference in PAY
6%

MEDIAN difference in PAY
-5%

Proportion of ethnically diverse and white colleagues in pay quartile

	W	E
Q4	94%	6%
Q3	90%	10%
Q2	94%	6%
Q1	93%	7%

AVERAGE difference in BONUS
52%

MEDIAN difference in BONUS
20%

Proportion of white and diverse colleagues who received BONUS payments

	W	E
Yes	78%	65%
No	22%	35%

Understanding the data

Mean & Median difference in pay

- White colleagues account to 93% of the population included in this report
- There are more white colleagues in senior roles
- It is not mandatory for colleagues to disclose their ethnicity
- The median pay gap favours ethnically diverse colleagues; this is as a result of a lower number of ethnically diverse colleagues
- There are no ethnically diverse colleagues in the top 40 bonus receivers

Addressing the Pay Gap

- Changing the shape of the organisation and attracting more women and those from ethnic minority groups into senior, higher paid job roles is a long-term challenge
- Southern Co-op's Responsible Business agenda developed in 2020 aims to address the pay gap by investing in a range of activities that creates employment and progression opportunities for all with specific emphasis on under represented groups
- Appointment of a Board Director sponsor to champion Diversity at the most senior level
- Choices – the introduction of flexible working practices for all Head office colleagues. This includes hybrid working and flexible shift patterns that allow colleagues to balance job needs with personal commitments
- Women in Management programme aimed at female colleagues, providing support and development that builds confidence and encourages women to see themselves as credible candidates for more senior roles. Unconscious Bias training for all line managers
- Support young people into work by offering work placement to those under 25 through the government sponsored Kickstart Scheme
- Refine our attraction strategy so we appeal to a diverse demographic

Executive Pay Ratio

The ratio data in this report is published voluntarily. It shows the difference between the total pay and benefits of the Chief Executive and the total pay and benefits of the three colleagues who sit at the 25th, median and 75th percentile positions in a list of all colleagues.

- As our base data, we've chosen to use the calculations we produce for our Gender Pay Gap reporting ('Option B')
- The majority of our colleagues work in Retail Food stores, therefore two of the people in the comparison are Customer Service Assistants & the third is a Duty Manager

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2019	Option B	27:1	25:1	23:1
2020	Option B	25:1	24:1	22:1
2021	Option B	27:1	26:1	23:1