BLACK SHEEP COFFEE

GENDER PAY GAP REPORT

2023

WE ARE BLACK SHEEP COFFEE

- Founder-led business started in September 2013, currently 65 shops

- First in the UK to use specialty grade Robusta coffee beans

- Deliver the highest quality specialty grade coffee, at speed, without compromising customer service

- Strong sense of social responsibility when it comes to sourcing our beans, our packaging and our local community

- Our teams make Black Sheep Coffee what it is today.

Black Sheep Coffee don't follow trends/rules/norms; we make our own, but most of all we take nothing for granted and seek to challenge the status quo. **We are Black Sheep Coffee.**

#LEAVETHEHERD

OUR VALUES

🌍 Only source the best beans in the world

💪 Only hire the best baristas in town

🌱 Get rid of plastic

🧦 Support our homeless community

🤟 Never fear competition, open right next door instead

👣 Leave the herd behind

😎 Repeat

WHAT IS THE GENDER PAY GAP?

The gender pay gap is the difference between the average (mean or median) earnings of males and females across a workforce. It is different to Equal Pay which is about males and females receiving the same pay for doing the same job.

WHAT ARE WE REQUIRED TO REPORT?

The Government has asked companies with over 250 employees to calculate, report and publish these gender pay gap figures:

1. percentage of male and female in each earnings quartile
2. mean (average) gender pay gap, based on hourly pay
3. median (middle) gender pay gap, based on hourly pay
4. percentage of male and female employees receiving a bonus
5. mean (average) gender pay gap for bonus pay
6. median (middle) gender pay gap for bonus pay

The gender pay gap calculations are based on payroll data drawn from a specific date each year. This specific date is called the 'snapshot date' which is 5 April each year.

BLACK SHEEP

COFFEE

THE RESULTS

PERCENTAGE OF MALE & FEMALE IN EACH EARNINGS QUARTILE

Q1 — 52% | 48%

Q2 — 56% | 44%

Q3 — 59% | 41%

Q4 — 59% | 41%
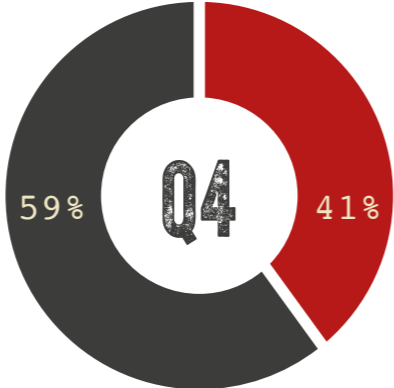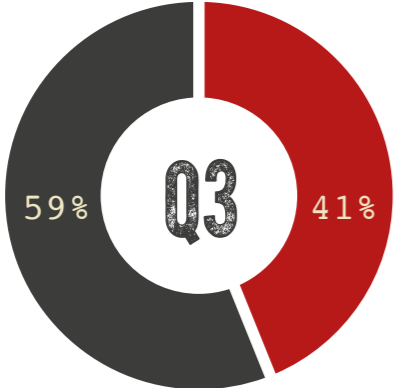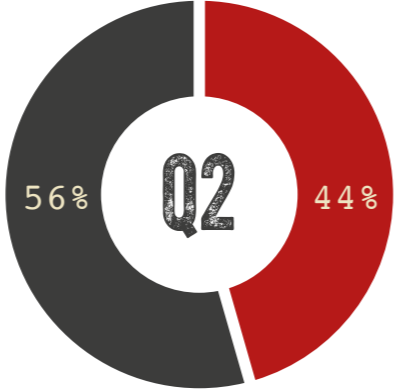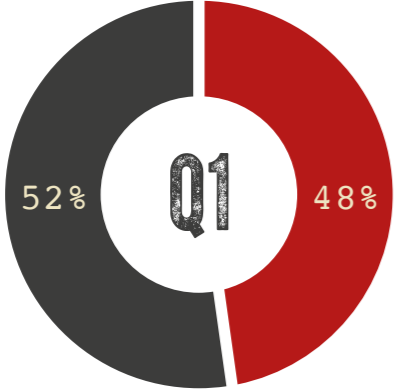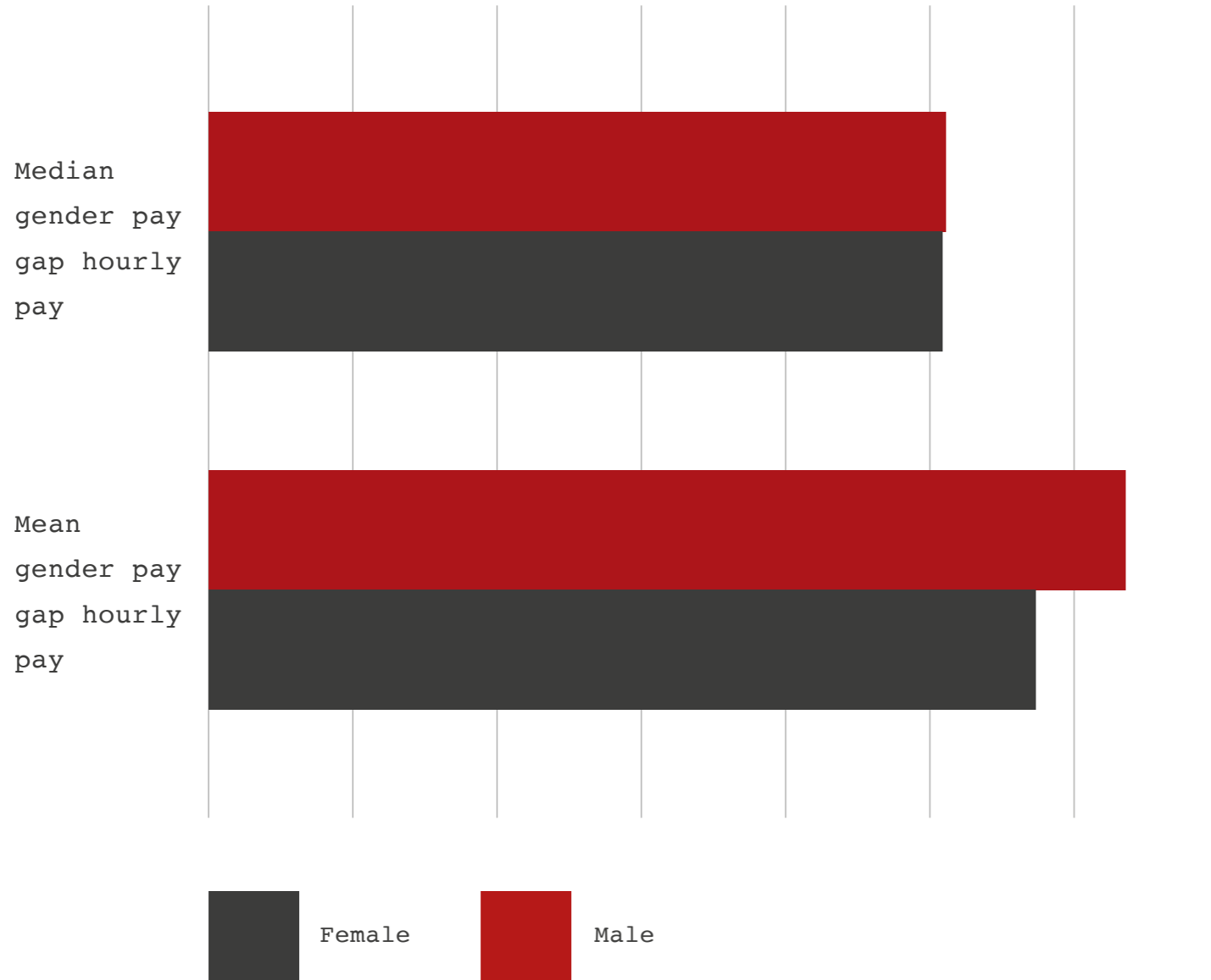
We divided employees into pay quartiles.

There is an equal number of employees in each quartile, ranging from the lowest paid in quartile 1 to the highest in quartile 4.

Female

Male

GENDER PAY GAP BASED ON HOURLY PAY

Median gender pay gap hourly pay

Mean gender pay gap hourly pay

Female

Male

The median pay gap difference is 0.1%, meaning the middle-earning female employee earned the same as the middle-earning male employee.

The mean pay gap difference is 13%, meaning the average female employee earned thirteen percent less than the average male employee.

GENDER PAY GAP BASED ON BONUS PAY

Median gender pay gap bonus pay

Mean gender pay gap bonus pay
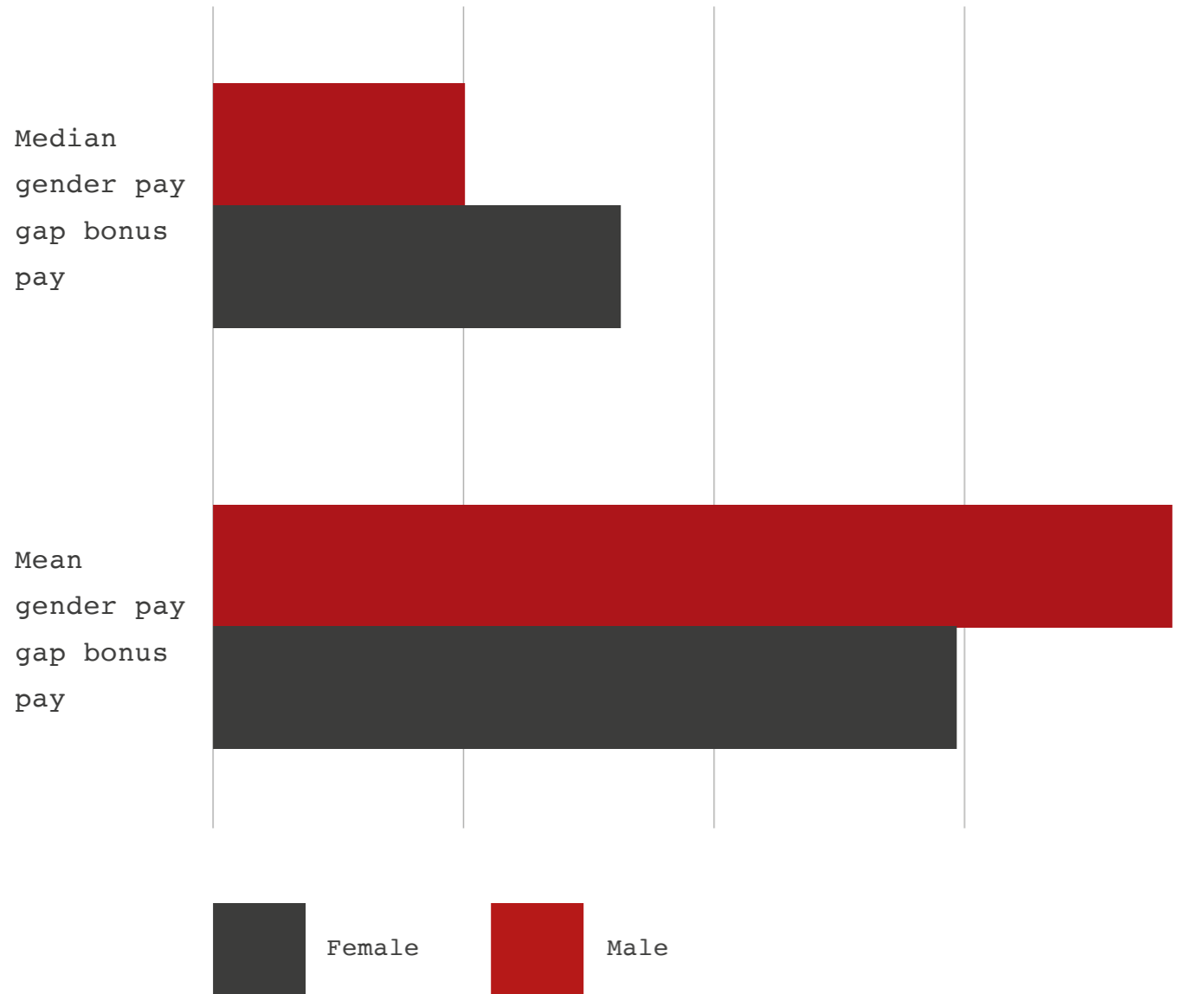
Female ■ Male ■

At the time of the snapshot, 19% of all staff had received a bonus in the previous 12 months.

The percentage of female employees that received a bonus was the same as male employees.

The median bonus paid to female employees was 38.5% higher than male employees.

The mean female employee bonus was 29.2% lower than the mean male employee bonus.

SUPPORTING NARRATIVE

This is the first year Black Sheep Coffee has been required to report on the gender pay gap.

As a hospitality business the majority of employees (baristas) are typically employed at slightly above National Minimum Wage. This is reflected in the median hourly pay gap which showed female employees and male employees received the same. The mean hourly pay is driven up by the Support Office function where there are more males in senior management positions than females.

Due to the Covid-19 pandemic there was no bonus scheme in place linked to KPIs in the 12 months prior to the snapshot date. This was due to the pandemic with shop closures and employees being placed on furlough. Employees received ad hoc project based bonuses and there was a bonus scheme in place for employee referrals to drive recruitment during the staff shortage following the pandemic and Brexit.

ACTION PLAN

The results highlight that we should focus on further supporting females with their career development, particularly when it comes to working towards more senior roles in the business. We will be creating a more clearly defined succession plan in 2023 with clear pathways to management to help us achieve this. We have recently recruited additional roles within our L&D team to help drive this. With the planned growth of the business and the existing support office team we are confident that this is achievable over the next couple of years.

We want to achieve an increase in applications from females for these roles and aim to have a more equal pool of female/male applicants for vacancies at a more senior level. We will explore ways in which we can become a more attractive employer for females and introduce these throughout the course of the year. We will be introducing a survey around career development and progression to help identify if females would consider stepping up into internal promotions, and if not, looking to understand the reason for this and what we can do to make continued improvements in this area.

We have introduced more transparent and target based objectives across the business and are confident that this will result in a more equal balance of the bonus payouts in next year's report.

CONCLUSION

We concluded that the mean average (12%)is significantly higher than the median (0.1%) as a result of having more male employees in senior positions than females. With a current ratio of four males, inclusive of our two Founders to two females, one of which was excluded as a full-pay relevant employee due to maternity leave.

Our workforce is predominantly operational which equates to 95% of our employees. We have a pay structure for operational positions and female and male employees are paid the same hourly rate. This is evidenced in the median percentage variance of 0.1%.

Whilst the median bonus pay gap came in at 29.2% this was due to an ad-hoc project based bonus initiative during the pandemic, when removing this key outlier for the bonus the variance reduced significantly from 29.2% to 1.5%.

I confirm that the published information is accurate.

Isobel Childs | Managing Director | April 2023

LEAVE THE HERD BEHIND