

UK PAY GAP REPORT 2023

COSTA
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A Message From Our Chief People Officer

As the Nation's Favourite Coffee Shop*, we are proud to be at the heart of thousands of communities across the UK, hosting millions of coffee experiences every day. We employ over 16,000 talented people in the UK and have a pivotal role to play in providing a workplace for our people in which we all feel we belong, are invested in, and are cared for.

Every year, as required by gender pay gap legislation under the Equality Act 2010, we submit a report outlining the gender pay gap for our UK-based employees to ensure we represent our people and the communities we serve.

Our Gender Pay Gap report may only be a snapshot in time, but it gives us an opportunity to reflect on the actions we're taking to close the national pay gap and drive more inclusive and diverse work environments.

This year, we are encouraged to see a further decrease in our mean pay gap and that our median pay gap remains well below the national average. We are also pleased to have been able to increase the number of women in managerial-level roles across our business.

Over the past year, we've made significant investments across our employment offer. Alongside a £12m investment in our total reward package for store teams, we have also further enhanced our learning and development programmes, and established a new framework for accelerating performance.

We are also committed to driving greater engagement across our business to help us improve representation and inclusion. Our employee engagement networks are dedicated spaces for our team members to make working at Costa Coffee more inclusive for our diverse population.

In this report, we set out the steps we're committing to take next in our journey and the areas we're focusing on to make the biggest impact.

Jonathan Crookall
Chief People Officer



I confirm the gender pay gap data and narrative contained in this report are accurate.



*Costa Coffee has been voted the 'Nation's Favourite' coffee shop for the 14th year in a row by World Coffee Portal's independent panel of consumers. The question 'What is your favourite coffee shop?' was asked of over 5,000 UK coffee shop consumers with 51.6% citing Costa Coffee as their preferred café.

Gender Pay Gap

OUR GENDER PAY GAP

| | 2023 | 2022 | 2021 | NATIONAL AVERAGE | |
|--------|-------|-------|-------|------------------|---|
| Median | 4.3% | 3.2% | 9.4% | 14.3% |  |
| Mean | 18.1% | 21.5% | 26.2% | 18.4% |  |

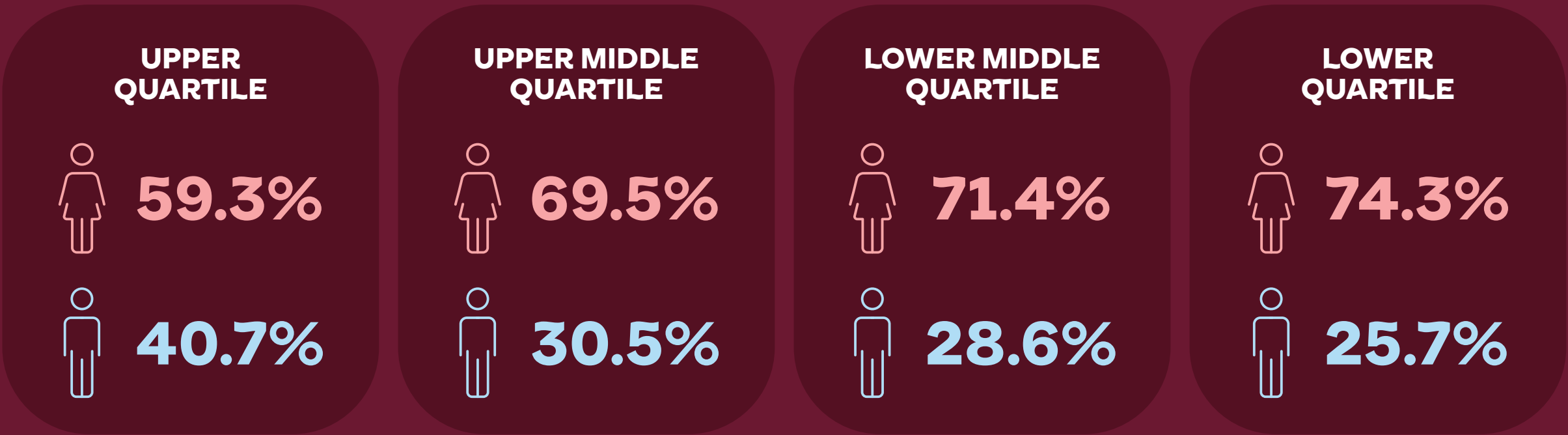
Following legislation that came into effect in April 2017, all businesses with 250 or more employees are required to publish gender pay gap information.

Costa Coffee is made up of team members from across the globe, however for the purpose of the gender pay gap report, we only include our UK based population.

One of the main drivers for our gender pay gap is the large proportion of women who join Costa Coffee at entry level roles such as Barista’s and Barista Mastro’s.

We continue to look for opportunities to support the progression of our store team members to improve our overall gender pay gap through improved policies, development and role modelling.

2023 QUANTILES



Key Points:



- Our gap is in part driven by the higher proportion of female team members in retail entry-level roles
- Our mean gender pay gap has decreased and therefore improved by 3.39%. Our median has increased slightly by 1.07%
- We remain below the national average on both median and mean calculations

Our Bonus Gap

In 2023, more of our team members than ever before received a bonus payment. We were also able to support our entry level support centre team members with a one-off cost of living payment.

Our organisational structures and working patterns in store and support centres are diverse, giving great flexibility to our team members, and this also means our bonus payments are varied.

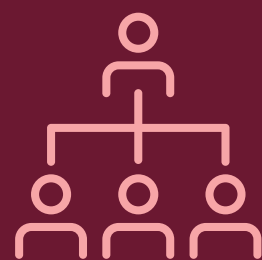
As a result of a much wider population than in previous years receiving a bonus, our bonus gap on both the median and mean calculation increased during 2023.

| | 2023 | 2022 | 2021 |
|--|-------|-------|-------|
| Median Bonus Gap | 39.2% | 1.3% | 9.4% |
| Mean Bonus Gap | 64.5% | 22.8% | 15.5% |
|  Receiving a bonus | 86.3% | 9.5% | 12.3% |
|  Receiving a bonus | 90.5% | 17.9% | 19.1% |



Our Action Plan

In 2024 and 2025, we’re determined to make progress in reducing our gender pay gap by focusing on the following actions:



Aim to have 50% of our leadership team roles held by women by the end of 2025.



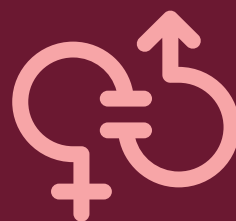
Continue to develop our flexible working environment and policies across all roles.



We continue to invest in our employee engagement networks and our gender equality network ‘Together’.



Continue encouraging women to get involved in our apprenticeships; we currently have 49% female representation.



By adopting a gender balanced approach to our programmes.
(For example, an internal group of high-performing team members showing readiness for senior leadership roles – the Game Changers – has a gender split of 52% female and 48% male.)

“The Costa Graduate Programme is the perfect way to really make a difference to a huge global business – my ideas could even be rolled out across the world. Having started working as a Barista in one of our stores, I feel that there’s really no limit to how far my Costa career could go!”

Katie Cotton, Second Year Marketing Graduate and Level 4 Data Apprentice

“After over 12 years with Costa, the Store Manager apprenticeship that I joined last year is making a huge difference to me, my team and my store and I’m growing so much thanks to the programme. If I could sum up the apprenticeship opportunity it would be; life changing, growth and bright future”.

Lilly Nilsson, Store Manager, Basildon and Level 5 Leadership Apprentice

Useful Notes


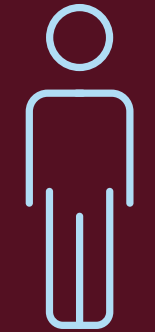
What’s the difference between median and mean figures?

- **Median pay gap:** The median pay gap is the difference between the midpoints of hourly pay of all men and women. The easiest way to picture how this is calculated is to imagine all our female team members standing next to each other in one line in order of lowest hourly pay to highest and imagine the same picture where all our male team members did the same. The median gender pay gap is the difference in pay between the female counterpart in the middle of their line and the male counterpart in the middle of their line.
- **Mean pay gap:** The mean gender pay gap is the difference in average hourly pay between men and women. The average hourly rate of pay is calculated by adding up all of the hourly pay of every female team member and dividing it by the total number of female team members. The same is done for male team members.

Understanding our workforce

Our job grades are measured based on their relative scale, impact, and size. This allows us to compare job grades in all different industry sectors in our business. We look at every individual role and not the person in the role to determine a grade, from our executive teams to our entry-level roles and consider the impact it has on the organisational structure.

OUR WORKFORCE

| |  |  | TOTALS |
|------------------------|---|---|--------|
| Senior Leadership Team | 32 | 69 | 101 |
| Managers | 232 | 299 | 531 |
| Entry Level Roles | 11223 | 4893 | 16116 |
| Total Population | 11491 | 5217 | 16762 |

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