

ETHNICITY PAY GAP REPORT

2021



WARNER
MUSIC
UK

OVERVIEW

Warner Music UK (WMUK) is committed to building a diverse, equitable and inclusive workplace where each of our employees feels seen, heard, valued, respected and has the opportunity to truly fulfil their potential.

In 2021, along with our Gender Pay Gap numbers and to provide further transparency, WMUK has decided to publish its Ethnicity Pay Gap figures externally for the first time.

We hope and expect this to become mandatory by law for larger companies, but we do not want to wait for legislation before we act.

We're not doing this because our numbers are where they should be – we know they need improvement, and we know there's more work we need to do. Equally, if we want to contribute to real change, that means doing things differently and doing them before we're required to.

Since this is the first year publishing our Ethnicity Pay Gap numbers, the 2021 numbers in this Report will be the starting point for tracking our progress and help hold us accountable. In the interests of transparency, we have chosen to calculate and disclose our figures, using the methodology outlined by the government for the Gender Pay Gap as a framework. The numbers outlined relate to June 2021.

Our data also has some limitations, with only 90.2% of all respondents choosing to disclose their ethnicity, meaning 9.8% of employees did not declare their ethnicity. Still, we are confident the calculation provided offers an accurate baseline understanding of where we currently are as a company.

To avoid identifying any individual employees, we've had to group Black, Asian and Ethnic Minority employees in one group because if we go more granular than this, there's a risk that individuals could be identified. We recognise that this approach is limited in reflecting the lived experience of all our employees, and we will continue to strive to get a richer and more accurate picture of everyone at WMUK over time. We're also mindful that the DEI space is dynamic and developing, and the language and terminology around this subject regularly evolves. In this Report, we've included terms and definitions that are widely used in the UK today.

We hope that publishing our numbers today will encourage others to join the conversation and do the same.

Tony Harlow

CEO

Warner Music UK

Erica Bone

VP, People Team

Warner Music Group

Dr Maurice Stinnett

Global Head of Diversity, Equity & Inclusion

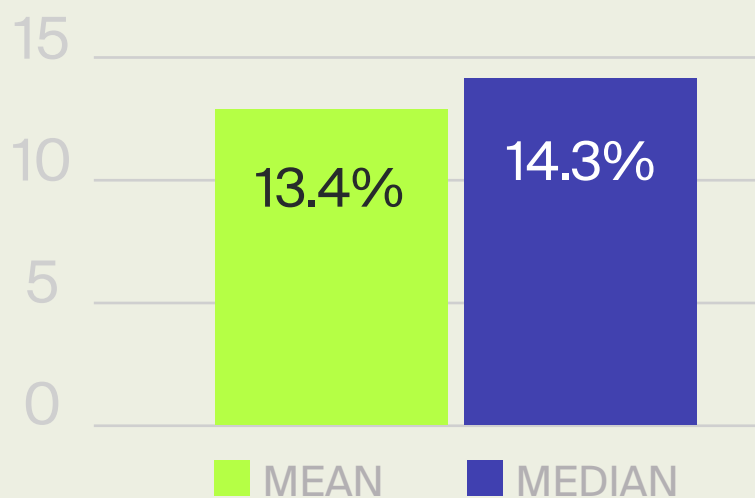
Warner Music Group

SALARIES

In June 2021, our mean salary pay gap is 13.4%, and our median salary pay gap is 14.3%. We believe our figures reflect the underrepresentation of Black, Asian and Ethnic Minority people at the most senior levels of the business and mean that addressing this must be a priority.

Since our analysis of the Ethnicity Pay Gap is in its first year, we cannot yet see trends; however, these numbers will form the starting point for tracking our progress over the coming years.

Mean & Median Salary Ethnicity Pay Gap, 2021



MEAN VS MEDIAN

Mean Ethnicity Pay Gap

The salaries of all Black, Asian and Ethnic Minority employees are added together then divided by the number of Black, Asian and Ethnic Minority employees. The same formula is applied to White employees' salaries. The mean pay gap is the % difference between the two. If there was no difference, the result would be a 0% pay gap. This metric is useful because it factors in the salaries of everyone in the company that has chosen to disclose their ethnicity data and therefore demonstrates how outliers – such as the most highly paid employees – can impact the average figure.

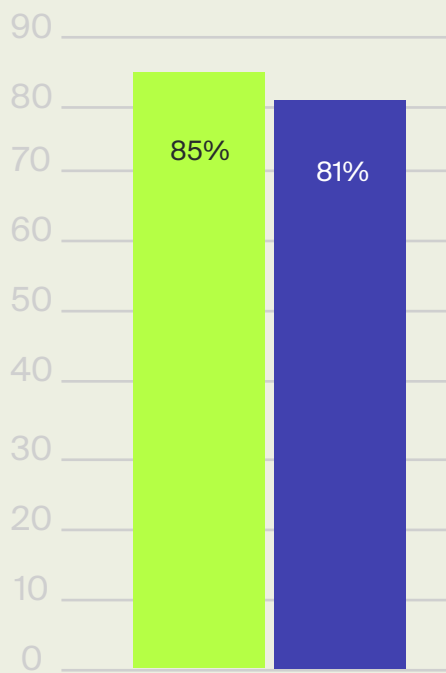
Median Ethnicity Pay Gap

The salaries of all Black, Asian and Ethnic Minority employees are lined up from smallest to largest and the one in the exact midpoint of the range is selected. The same formula is applied to White employees' salaries. The median pay gap is the difference between the two. If there was no difference, the result would be a 0% pay gap. This figure is useful because it eliminates the impact of outliers – such as the most highly paid employees – on the average figure.

BONUSES

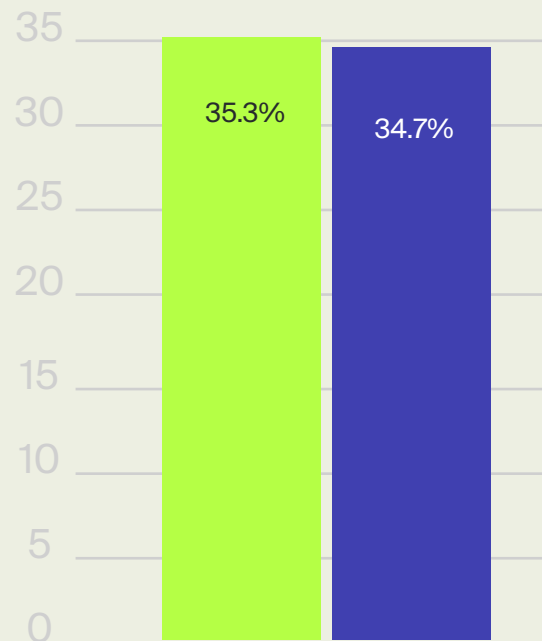
In 2021, 85% of White employees received a bonus, compared to 81% of Black, Asian and Ethnic Minority employees. This number reflects those eligible to receive a bonus before the 1st July cut-off date. Our mean and median ethnicity pay gaps in bonus payments for 2021 are 35.3% and 34.7% respectively.

June 2021 - % Receiving A Bonus



■ WHITE ■ BLACK, ASIAN AND ETHNIC MINORITY

Mean & Median Bonus Ethnicity Pay Gap, 2021

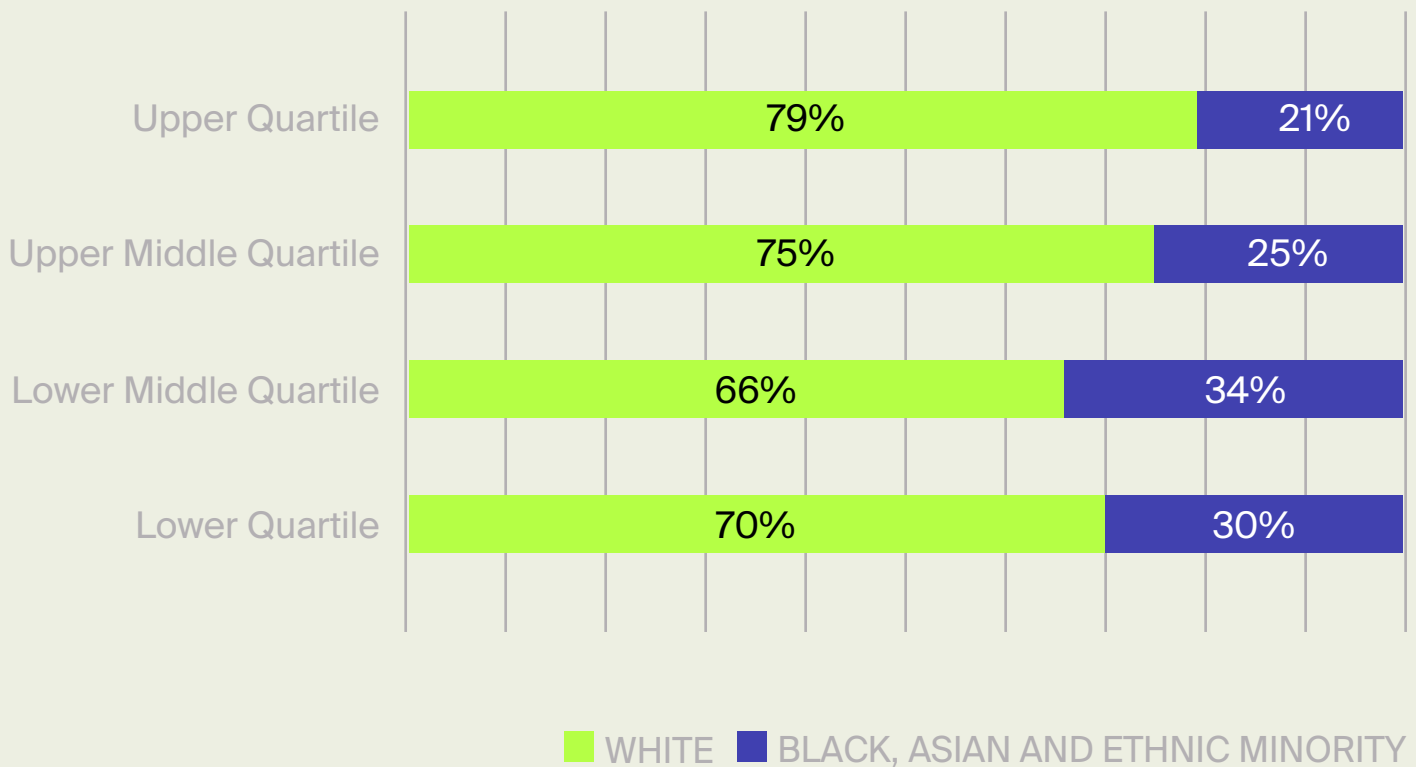


■ MEAN ■ MEDIAN

ETHNICITY DISTRIBUTION BY QUARTILE

When we look at the quartiles, we see that the lowest representation of employees identifying as Black, Asian and Ethnic Minority is in the upper quartile at just 21% and, while the corresponding figure is better in the upper middle quartile, lower middle quartile and lower quartile, at 25%, 34% and 30% respectively, in all quartiles it falls below the London population of 40%. The recruitment, training, and development strategies outlined in our DEI Report are intended to help improve these figures.

June 2021 - Ethnicity Pay Gap Quartiles



WHAT WE'RE DOING TO CLOSE THE GAP

In 2018, we embarked on a landmark project called 'Lived Experience'. Partnering with independent external consultants, we ran confidential discussion groups with our people to find out what life at WMUK is really like, what the challenges are and what needs to change. The insights that emerged from 'Lived Experience', combined with our People Data and invaluable input from our six Employee Resource Groups (ERGs), led to the publication of our first internal WMUK DEI Report, which outlined 31 actions we committed to undertaking in year one.

As part of the Report, we also outlined our 2025 ethnicity stretch targets. First, we aim to increase representation of Black, Asian and Ethnic Minority employees in the combined Senior and Executive positions from 12% to 21%. Second, we aim to increase representation across the company of employees identifying as Black, Asian or Ethnic Minority from 22% to 33%*.

Alongside these targets, we also included several actions aimed at moving this agenda forward. These included:



DEVELOPING OUR TALENT

In June 2021, we launched a pilot reciprocal mentorship program for people from underrepresented groups, including ethnic minorities. In addition, we worked closely with The Link, our ERG focused on championing equality and challenging discrimination, to introduce a bespoke mentoring programme specifically for its members. Alongside this, we continue to review and refresh our attraction, recruitment, hiring, and onboarding strategies with the aim of greater representation of Black, Asian and Ethnic Minority employees across all levels at Warner Music.



TRANSPARENCY

Publishing our Ethnicity Pay Gap data was an important step in our journey, and we hope doing so will encourage others in the industry to do the same. In addition, last year, we set up the WMUK DEI Council with the goal of helping drive accountability, visibility and engagement with our DEI agenda. The WMUK DEI Council includes representation from all ERGs, the WMUK Senior Management Team, and key stakeholders from across the business. Together, the WMUK DEI Council members help monitor the progress we're making against the commitments laid out in our DEI Report and report quarterly on the results. Alongside this, Chairs of our ERGs regularly join the WMUK Senior Leadership Team meeting to make sure that their thoughts are heard and actioned. We're also pleased to have Austin Daboh represent WMUK on the Board of the Warner Music Group / Blavatnik Family Foundation Social Justice Fund and were delighted to see that the first significant donation made outside the US was to the UK's Black Cultural Archives.



TRAINING & EDUCATION

In partnership with our ERGs, we have built a curriculum of learning and educational events linked to their networking calendar, both at UK and global levels. As part of this, we have curated and shared digital learning resources, offered support with networking and facilitation and curated a Racial Equity Glossary that is housed on a new, global DEI Hub.

* Please note that the Ethnicity Pay Gap Quartiles do not directly correspond with our definition of the 'Senior and Executive positions' mentioned here. This is because our targets are set according to definitive job titles, whereas the Quartiles are fluid based on company size. We believe setting our targets based on non-moveable benchmarks allows us to be more transparent.

Events have included:

- An internal screening and discussion around episodes from Sir Steve McQueen's Small Axe anthology in honour of the anniversary of George Floyd
- A talk and panel discussion with Kanya King, Founder & CEO of the MOBO Organisation, and artist manager and music industry executive Paulette Long, in recognition of Stephen Lawrence Day
- Access to Atlantic Record US' Off-Color and Black Coalition ERGs Race X Music series, which has included panels such as The Art of Activism with Dr Angela Y. Davis and The Art of Antiracism with Ibram X. Kendi and Danyel Smith



WELLBEING SUPPORT

Our Benefits Team has also launched several wellbeing resources to support the self-care of our employees if personal, work, or societal issues are impacting their wellness. This includes targeted resources to support our Black, Asian and Ethnic Minority employees, who may, for example, feel more comfortable partnering with bespoke Wellbeing Coaches from a similar background and lived experience.