WMUK
ETHNICITY
PAY GAP
REPORT

WARNER
MUSIC
UK
Warner Music UK (WMUK) is committed to shaping an environment where all our employees can thrive, grow and progress. We’re continuing our journey to bring about lasting and meaningful change across our business, making us more reflective of the artists we represent and the world we live in.

Reducing and ultimately eliminating our Ethnicity Pay Gap (EPG) is central to delivering on this commitment. To help us on this journey, we published our annual EPG Report for the first time in 2021. We’re not legally required to publish this data, unlike our Gender Pay Gap (GBG), but we believe it’s important to be transparent in reporting such metrics to help drive further change across the business.

To avoid identifying any individual employees, and in the absence of any official Government guidance, we’ve combined people from Black, Asian and other underrepresented ethnicities in one group. We’re aware that this is increasingly thought of as an unhelpful prism through which to view these issues, but we know there’s a risk that individuals could be identified if we go more granular in reporting pay by specific ethnicity at this stage.

Our figures show that we’ve made some early progress towards narrowing our EPG, but it’s clear that we have much more to do if we’re to fully reflect the society we operate in. We’re in continuous dialogue with The Link, our Employee Resource Group (ERG) for people of colour and their allies, to see what more we can do to create the conditions where everyone can succeed.

As with our GPG journey, we know this is a marathon and not a sprint. Our EPG is driven by the overrepresentation of White people in the highest paid roles in the company. We’re committed to changing that, with a ‘stretch target’ of increasing the representation of employees from Black, Asian and other underrepresented ethnicities in our combined senior and executive positions to 21% by the end of 2025 and across the company as a whole to 33%.*

We’ve calculated the figures using the methodology outlined by the government for the GPG as a framework. For consistency, the numbers outlined in this report relate to 5th April 2022, the date we’re legally obliged to report the GPG data from. Our data has some limitations, with only 89% of all respondents choosing to disclose their ethnicity, but we’re confident that the figures offer a reasonable understanding of where we are as a company.

Our colleagues at Warner Music International (WMI) have also published their EPG figures, which you can view here. These colleagues are based in our London offices, but predominantly work with our other teams worldwide and were not included in our EPG reporting last year.

Closing our Ethnicity Pay Gap is the right thing to do; it will make us more culturally relevant and better placed to support our artists and help them connect with fans.

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

*Please note that the EPG 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.
In April 2022, our mean salary EPG was 5.6% (down from 13.4% in 2021), and our median EPG was 23.9% (up from 14.3% in 2021). These figures are driven by the fact that employees from Black, Asian and other underrepresented ethnicities are still not fully represented at the most senior levels of the business. Addressing this is a priority for us.

**MEAN vs MEDIAN**

**MEAN ETHNICITY PAY GAP**

The salaries of all employees from Black, Asian and other underrepresented ethnicities are added together then divided by the number of employees from Black, Asian and other underrepresented ethnicities. 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 who 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 employees from Black, Asian and other underrepresented ethnicities 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.

**EQUAL PAY FOR EQUAL WORK**

The EPG is not caused by employees of Black, Asian and other underrepresented ethnicities being paid less for doing the same jobs as White employees. It is illegal to pay anyone more or less than others doing the same job on the basis of their ethnicity. The Gap is a company-wide calculation and driven by having more White people than those from Black, Asian or other underrepresented ethnicities in senior roles.
In 2022, 87% of White employees received a bonus (up from 85% in 2021), compared to 84% of employees who are Black, Asian or from another underrepresented ethnicity (up from 81% in 2021). This number reflects those eligible to receive a bonus before the 1st July cut-off date.

Our mean EPG in bonus payments for 2022 is 22.5% (down from 35.3% in 2021) and our median EPG in bonus payments is 35.7% (up from 34.7% in 2021).
Employees from Black, Asian or other underrepresented ethnicities comprise just 22% of those in the Upper Quartile at WMUK. The proportion is significantly higher in the Lower Middle Quartile (32%) and Lower Quartile (38%). But across the company it falls below the 40% of the working population of London who are Black, Asian or from another underrepresented ethnicity. The recruitment, training, and development strategies outlined in our Diversity Equity and Inclusion (DEI) Report are intended to help improve these figures.
We're committed to ‘stretch targets’ of increasing representation across the company of employees from Black, Asian and other underrepresented ethnicities from 22% to 33% and increasing their representation in the combined senior and executive positions to 21%.

To help us achieve this, we’ve undertaken several actions, including:

1. **CHANGES TO RECRUITMENT, HIRING, AND ONBOARDING**

   We’ve changed our recruitment, hiring, and onboarding strategies with the aim of securing greater representation of underrepresented ethnic groups across all levels at WMUK. From the application stage we use Textio to ensure our job specs are unbiased, and we post opportunities with networks that target diverse audiences. We don't ask for current salaries and we aim to present a diverse slate of talent for each role. We also collect, on a voluntary basis, employees’ diversity data in Workday to identify any blind spots to see where we can improve. We always encourage a diverse interview panel, and we have DEI recruitment commitments that we’re working hard to achieve.

2. **DEVELOPING OUR TALENT**

   We’ve created a Reciprocal Mentorship Programme, following a successful pilot in 2021. The scheme sees employees from underrepresented groups, with two years or less service, paired with senior mentors. It’s designed to support these underrepresented groups in advancing and progressing in their careers and increasing their representation in WMUK’s leadership roles.

   Following a successful pilot with WMUK employees in 2021, WMG’s Global DEI Team are continuing to develop our reciprocal mentorship programme, which sees junior employees from underrepresented groups paired with senior mentors for mutual development. Integrating pilot learnings alongside insights from our 2022 global engagement survey, a second iteration launched in the US, Canada, and Latin America in October 2022 – and is open to employees from all WMG divisions. We expect an improved and expanded version of the scheme to launch in Europe in 2023.

   The two-way learning supports business leaders to be more informed, inclusive, and agile for hiring and management and provides people from groups underrepresented in leadership (including women and gender expansive people) relationships and guidance from senior leaders that will support them to progress in their careers.

   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.

3. **TRANSPARENCY**

   Publishing our EPG data annually is an important step in our journey, and we hope doing so will encourage others in the industry to do the same.

   The WMUK Diversity Equity and Inclusion Council was established in 2020 with the goal of helping drive accountability, visibility and engagement with our DEI agenda. It includes representation from all employee resource groups, the WMUK senior management team and other key stakeholders from across the business.
TRAINING & EDUCATION

In partnership with our ERGs, we’ve built a curriculum of learning and educational events linked to their networking calendar, both at UK and global levels. This helps us to create a more inclusive culture, which in turn makes WMUK a more attractive workplace for the diverse and talented workforce we work to recruit and retain across all levels. As part of our approach, we’ve curated and shared digital learning resources, offered support with networking and facilitation and curated a Racial Equity Glossary that is housed on a global DEI Hub.

Events have included:

- A screening of two films in Steve McQueen’s anthology *Small Axe* and then follow up discussion groups (organised by The Link and Black Employee Network leads)
- Panel discussion with Kanya King CBE (Founder & CEO of MOBO Organisation), Estee Blu (recording artist and MOBO UnSung Competition alumni) and Paulette Long OBE (music industry executive and artist manager), moderated by Jeremiah Gogo (WMUK) for Stephen Lawrence Day
- Saskia Coomber (WMI) interviewed Shoobs founder Louise Broni-Mensah about professional development, transferable skills, following your passion and creating community
- David Zhou of Eastern Margins – presentation as part of the Stop Asian Hate campaign, introduced by Chris O’Leary (WMI)
- Dr Matthew D Morrison: A presentation on Black British Music History for Black History Month introduced and moderated by Joe Kentish (WMUK)
- Sian Anderson (WMUK): A Cook-Along for Black History Month
- Drinks with The Link: a casual catch-up at a pub near our Kensington offices for members and allies
- A self-care package from Black-owned business CocoBean to mark the anniversary of George Floyd’s murder and we set up a partnership with New Beacon Books, Britain’s first independent Black-owned publisher/specialist bookshop and have co-curated a recommended reading list.

WELLBEING SUPPORT

We’ve provided several wellbeing resources to support the self-care of our employees if personal, work, or societal issues are impacting their wellness. They include targeted resources to support our employees from Black, Asian and other underrepresented ethnicities, who may, for example, feel more comfortable partnering with bespoke, wellbeing coaches from a similar background and lived experience. We hope this will help us recruit and retain employees from the widest possible range of backgrounds by enhancing their experience at WMUK.