



Ethnicity Pay Gap Report 2020

OUR MISSION is to make it easy for everyone, everywhere, to access new worlds - of learning, entertainment and opportunity. To achieve this, we want to attract and retain talent that is fully reflective of the world we live in, and to become the publisher of choice for everyone.

Since the voluntary publication of our first Ethnicity Pay Gap report in 2019, we have worked in close consultation with **THRIVE**, our BAME (Black, Asian and Minority Ethnic) employee network, and heard directly from our colleagues via a series of workshops and meetings on how we can address the low representation of BAME colleagues across our workforce.

The key themes and feedback arising from these discussions have been used to inform our live action plan, and over the last year we have been focusing on ways to attract, progress, and retain talent from BAME backgrounds as we look to drive forward meaningful cultural change.

In 2019, in line with the Publishers Association Inclusivity Action plan, we pledged a BAME representation target of **15%** of the total group workforce within five years, and while we still have a long way to go, we are pleased to see an increase on last year's figures to take us from **7.7%** to **9.6%**.

Last year, we were shortlisted for an Inclusive Workplace Award at the Global Equality & Diversity Awards 2019 in recognition of our Ethnicity Pay Gap work. We remain committed to openness, transparency and to holding ourselves publicly accountable for the work we need to do to achieve true representation.

Later in 2020 we plan to conduct a **People Census**, which will allow us to build a more comprehensive picture of representation across our workforce, and we will use this information to inform future targeted intervention.

We will hold further workshops and continue to work in close collaboration with THRIVE to **review and renew our action plan** and move towards real positive change for our colleagues.

ACTIONS TAKEN SINCE OUR LAST PAY REPORT



We recruited our third cohort of **Publishing Trainees**, open to people from BAME backgrounds, and introduced buddying, senior mentors, and an Accountability Officer, to provide them with a robust and well-rounded network of support.



We participated in an interactive **publishing careers festival** for 400 16 – 25-year-olds from underrepresented backgrounds. This initiative was proposed by, and organised in close consultation with, one of our former Publishing Trainees.



We established a **Mirror Board** career development programme for high-potential colleagues from BAME backgrounds to work alongside the main Hachette UK Board on key business challenges.



We piloted **Cultural Awareness Training** with members of the Board.



We published a new **Respect and Inclusion Policy** to further define and embed inclusive values and behaviours throughout the organisation.



We held our first **Changing the Story Day**, a company-wide showcase exploring ways to become more diverse and inclusive in our workforce and publishing, comprised of employee network-hosted talks, spotlights on our publishing, and volunteering with charities, including the National Literacy Trust.



We became a signatory of the Business in the Community **Race at Work Charter**.

WHAT IS THE ETHNICITY PAY GAP REPORT?

Hachette UK's Ethnicity Pay Gap report is to be published every year, together with updated and re-evaluated action plans. Unlike gender pay gap reporting, there is no legal obligation but we choose to do so for transparency and to create a benchmark so that we can measure progress. For ease of understanding, we have decided to report in exactly the same way as we report our gender pay gap. The figures given are for a snapshot date of 5 April 2019, taken at the same time as the latest gender pay gap. An ethnicity pay gap is the difference between the average earning of all BAME employees and the average earning of all non-BAME employees, expressed as a percentage of non-BAME employees' earnings.

Whole Group and Hachette UK Ltd in context

Hachette UK consists of a number of employment entities of which only Hachette UK Ltd employs over 250 people and is the legal entity for which we report our gender pay gap. We are only required to report on this entity but for reasons of transparency and to give an accurate picture of the whole company, we choose to report on the Whole Group as well. We believe this gives a true reflection of our business. For this reason, there are two sets of figures in this report.

Due to some changes in our legal structure during 2019, Hachette UK Ltd, the legal entity, now includes nearly all employees of our publishing divisions. Divisions now included in Hachette UK Ltd but not in 2018 are: Bookouture, Octopus, Orion, Quercus and Little, Brown. Therefore, the difference between the two entities is almost entirely accounted for by the addition of employees working in our distribution business who are included only in the figures for the Whole Group. As a consequence of these changes, only the Whole Group 2018 and 2019 figures can be compared like for like.

The key numbers explained:

The representation of BAME employees is low, which means that a small number of jobs influences the figures disproportionately. The significant fluctuation in the pay gap figures is in line with what we would expect to see until more BAME employees join the company and the statistics become more robust. The increase in the pay gap figures from 2018 is explained by:

- An increased proportion of BAME employees in the Lower Quartile, and the changes in our distribution business which saw a large number of lower-paid, non-BAME employees leave the company during 2018, and which had been lowering the median pay of non-BAME employees.
- An increase in the proportion of BAME employees in every quartile of Hachette Group, except the Upper Middle, where movers from the Upper Middle to the Upper Quartile has not been offset by movement from the Lower Middle to the Upper Middle Quartile.
- Representation across our publishing roles, and senior management remaining very low. At April 2019, there were no Board members from a BAME background. In March 2020, our new Group Communications Director, Doyel Maitra, joined the Hachette UK Board.
- The bonus pay gap being affected by salary sacrifice, which is not included in the figures, and a number of employees joining the company in 2019 and therefore not being eligible for the bonus window.

THE BAME / NON-BAME

split of Hachette UK employees (April 2019)

The BAME population in the UK is 14% and 40.2% in London as per the 2011 census.

BAME Staff make up 13% of the publishing industry (Publishers Association Survey 2019)

Whole Group - everyone including Distribution	2019	2018
Total number of employees	1,534	1,650
% of employees from BAME backgrounds	9.6%	7.7%

Hachette UK Ltd - publishing and Hachette functions	2019	2018
Total number of employees	1,218	831
% of employees from BAME backgrounds	11.1%	10.4%

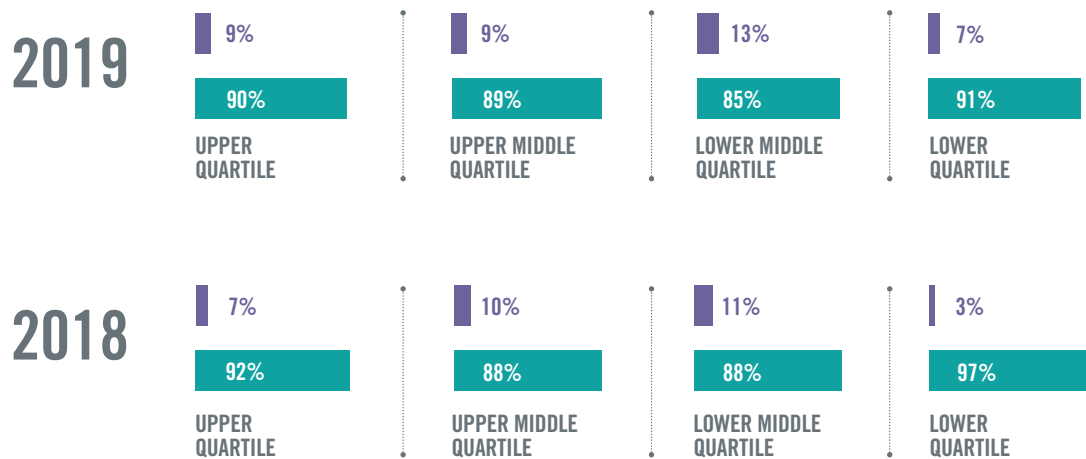
PAY QUANTILES

This is the percentage of BAME and non-BAME employees in four quartiles, calculated by ranking employees from the highest paid to the lowest paid and dividing our workforce into four equal parts.

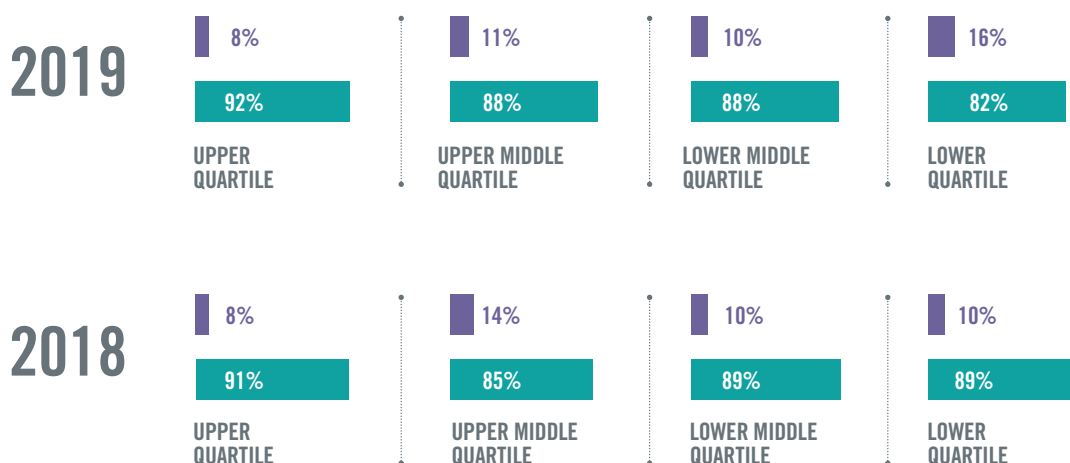
In some cases below the quartiles add up to less than 100%. This is because a very small number of employees chose not to disclose their ethnicity.



Whole Group - everyone including Distribution



Hachette UK Ltd - publishing and Hachette functions



HOURLY PAY

Whole Group - everyone including Distribution	2019	2018	Hachette UK Ltd - publishing and Hachette functions	2019	2018
Mean ethnicity pay gap	14.1%	9.8%	Mean ethnicity pay gap	21.9%	18.7%
Median ethnicity pay gap	7.9%	-6.9%	Median ethnicity pay gap	15.0%	-2.0%

The mean is the difference between average hourly rate of pay between BAME and non-BAME employees.

The median is the difference in the midpoints of hourly rates of pay between BAME and non-BAME employees. It is calculated by ranking all the figures in descending order from the highest to the lowest and taking the figures in the middle of the list. This avoids skewing by figures at either end of the scale.

BONUS PAY

Whole Group - everyone including Distribution	2019	2018	Hachette UK Ltd - publishing and Hachette functions	2019	2018
Mean ethnicity pay gap	59.7%	60.3%	Mean ethnicity pay gap	62.2%	70.9%
Median ethnicity pay gap	9.1%	-10.4%	Median ethnicity pay gap	16.7%	9.9%

The mean ethnicity bonus gap is the difference in average bonus pay that BAME and non-BAME employees receive.

The median ethnicity bonus gap is the difference in the midpoints of the ranges of bonus pay received by BAME and non-BAME employees.

WHO RECEIVED BONUS PAY

Whole Group - everyone including Distribution	2019	2018	Hachette UK Ltd - publishing and Hachette functions	2019	2018
Proportion of BAME employees receiving a bonus	86%	90%	Proportion of BAME employees receiving a bonus	87%	90%
Proportion of non-BAME employees receiving a bonus	89%	92%	Proportion of non-BAME employees receiving a bonus	93%	91%

These figures reflect who received a bonus payment in the 12-month period ending with the snapshot date. This is affected by salary sacrifice, which is not included in the figures, as well as a number of BAME employees joining the company in 2019 and therefore not being eligible for the bonus window.

DECLARATION

We confirm that the information and data reported are accurate.

They follow the government's Equality Act 2010 (Gender Pay Gap information) Regulations 2017.



DAVID SHELLEY
Chief Executive Officer,
Hachette UK

June 2020