

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

Since the voluntary publication of our first Ethnicity Pay Gap report in 2019, we have worked in close collaboration with **THRIVE**, our Black, Asian and Minority Ethnic employee network, and heard directly from our staff in a series of workshops and meetings to discuss the pay gap and how we can address the low representation of people of colour throughout our business.

The key themes and feedback arising from these discussions have been used to inform our live action plan, and over the last 18 months we have been focusing on ways to attract, promote and retain talent from Black, Asian and Minority Ethnic backgrounds.

This report covers two years of data – as when we were planning to publish our report in early 2021, we went into lockdown so, in consultation with **THRIVE**, we decided to include two sets of data in this one to stay in sync with the Gender Pay Gap report.

In 2019, in line with the Publishers Association Inclusivity Action plan, we pledged a Black, Asian and Minority Ethnic representation target of **15%** of the total group workforce within five years. While we still have a long way to go, we are pleased that representation has increased by **49%**, from **7.7%** as at the April 2018 snapshot date when we published our first report, to **11.5%**, as at the April 2021 snapshot date.

Across Hachette UK Ltd, our publishing divisions and central departments, representation has increased to **13.3%**.

Last year marked the fifth anniversary of Changing the Story, our programme of employee networks, policy changes, partnerships and initiatives through which we will achieve our mission. We published our *Changing the Story: People and Publishing Transparency Report*, the purpose of which is to be open and honest about where we are today, and to share our aims and actions as we focus on the next five years of Changing the Story.

We were humbled to receive the Inclusivity in Publishing Award at the 2021 London Book Fair International Excellence Awards, which recognised the transparent, holistic and open approach we take with this work.

We are aware that we are only at the beginning of our journey towards meaningful and lasting change within our business and our industry, but we pledge to continue to do our very best to become the employer and publisher for everyone.

ACTIONS TAKEN SINCE OUR LAST PAY GAP REPORT



We carried out our first-ever **Staff Census** in April 2021, in which we asked our staff to disclose their personal characteristics and background to get a detailed picture of our workforce. Staff were asked to share their ethnicity from the categories used in the UK Census 2021, and we are really pleased that 97% of staff chose to share this information with us.



We conducted an **Author Census** too for the first time last year, asking authors and other contributors we had published in the last three years to share their personal characteristics and background to get a picture of the diversity of our publishing. We contacted 6,820 authors, illustrators, translators, external editors and other contributors, and had a 49% response rate.



We published our ***Changing the Story: People and Publishing Transparency Report*** in November 2021, with a detailed breakdown of the backgrounds and personal characteristics of our staff along with commentary about how we compare to British society. The report included the programmes, policies and initiatives we've introduced over the past five years to make our business more representative of all readers and to create an environment in which everyone can do their best work. It also included a snapshot of our publishing from 2019 and 2020, and showcased some of our imprints whose mission it is to champion voices from under-represented communities, along with some of the key programmes and initiatives designed to make our publishing more inclusive.



In June 2021 we welcomed our fourth cohort of **publishing trainees** from under-represented backgrounds to the company. We enhanced the programme to ensure a more holistic industry experience for our ten talented trainees, partnering with literary agency Curtis Brown and booksellers Waterstones, and broadening the number of departments and functions they will have exposure to. The trainees specialising in editorial are spending a month at Curtis Brown to learn how to represent authors and matchmake them with publishers, and some of them are spending a month at Waterstones to learn the art of bookselling and understanding consumer buying behaviour.



We've formed a partnership with **The Black Writers' Guild** to focus on actions to increase representation of Black staff and authors. Among other initiatives, we're working to raise our profile among Black communities and specifically engage with Black creatives and professionals about our job opportunities, and we hope the partnerships we form will help us reach potential Black employees. We will be tracking the number of candidates that we reach through these organisations via our applicant tracking system.



For the first time in the history of Hachette UK, we've created an **in-house talent acquisition team**, which will build more systems and processes for inclusive recruitment and appointments. Our new Head of Talent Acquisition will ensure our vacancies reach the broadest possible range of candidates. The team will support hiring managers to make sure that diversity, inclusion and our four pillars of strategy are at the heart of all appointments, and instil fairness and consistency of approach in recruitment practices across the company.



We're running a **new virtual work experience programme** for up to 1,000 students in the February 2022 half-term holiday as we strive to make our industry more transparent and accessible to everyone. In collaboration with our partner Springpod, we're reinventing work experience to reach more people, and the week-long course for students aged 15 to 18, called 'The Business of Publishing' will feature self-directed modules, live events and coursework submitted based on a business challenge. We've specifically targeted secondary schools and sixth form colleges with a higher proportion of students from Black, Asian and Minority Ethnic backgrounds in our outreach.

ACTIONS TAKEN SINCE OUR LAST PAY GAP REPORT



We matched our fifth cohort of mentors under our **Diverse Future Leaders** mentoring scheme, which pairs staff from backgrounds currently under-represented at Board level with a Board member in a mutual mentoring arrangement for a 12-month period. The scheme aims to develop the careers of junior staff and cultivate a diverse and dynamic management team at Hachette UK in years to come – and also supports our Board members in intergenerational understanding and seeing our business from a different perspective.



In recognition of the lack of ethnic diversity at Board level we created a **Mirror Board leadership programme** for high-potential colleagues from Black, Asian and Minority Ethnic backgrounds, which sat from January 2020 for an 18-month period. The programme involved bespoke leadership development, strategic tasks set by the Board to expand business understanding, and first-hand learning from Board members via a series of insights from Managing Directors on divisional strategies and their own career journeys.



In December 2021 we celebrated our second **Changing the Story Day**, with food from around the world to celebrate the diversity of our staff, a ‘freshers’ fair’ to recruit new members to our employee networks, and representatives from our charity partners The National Literacy Trust, TutorMate and BookAid who help to make our books more accessible to everyone.



Between June and October 2021, we held a series of free, virtual events called ‘**Opening the Book**’ to demystify publishing and help to make it more transparent and accessible to under-represented groups. Ten panel discussions were hosted and chaired by Sharmaine Lovegrove, Publisher at Dialogue Books and Patron of Changing the Story, with each focusing on a particular department. At each one, three of our colleagues shared their first-hand experiences of entry-level, mid-level and head of department roles, bringing to life the opportunities and challenges of working in publishing today.

WHAT IS THE ETHNICITY PAY GAP REPORT?

We've been voluntarily publishing our Ethnicity Pay Gap report since 2019. Unlike Gender Pay Gap reporting, there is no legal obligation to publish one on the Ethnicity Pay Gap, but we choose to do so together with updated and re-evaluated action plans 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 2021, taken at the same time as the latest Gender Pay Gap. We have also given figures as at the snapshot date of 2020, as the UK went into lockdown when we were planning to publish our 2020 report; in consultation with our THRIVE employee network, we decided to defer publication then.

An Ethnicity Pay Gap is the difference between the average earning of all Black, Asian and Minority Ethnic employees and the average earning of all non-Black, Asian and Minority Ethnic employees, expressed as a percentage of non-Black, Asian and Minority Ethnic employees' earnings.

Whole Group, Hachette UK Ltd and Distribution explained

Hachette UK Ltd comprises staff in our publishing divisions and our central departments. Until 2020 it was the only legal entity employing over 250 people and was therefore the only legal entity for which we were required to report our Gender Pay Gap. However, because we believe in transparency and to give an accurate picture of the whole company, we choose to report on the Whole Group as well, which includes everyone in Hachette UK Ltd plus everyone in distribution. We believe this gives a true reflection of our business.

In 2021 two legal entities employing staff in our distribution business were combined, and the distribution legal entity now employs over 250 people. For this reason, there are three sets of figures in this report: Hachette UK Ltd, Distribution and the Whole Group.

The key numbers explained:

The number of Black, Asian and Minority Ethnic employees is low, and while representation is increasing year on year, a small number of jobs influences the pay figures disproportionately. The fluctuation in the pay gap figures is in line with what we would expect to see until more Black, Asian and Minority Ethnic employees join the company and the statistics become more robust.

Since 2019, we've seen an increase in the proportion of Black, Asian and Minority Ethnic employees in every quartile of the Whole Group.

The mean pay gap figures have reduced since 2019, but with a slight upward fluctuation in the Whole Group figure between 2020 and 2021. Overall, the numbers are going in the right direction, with a 20.1% decrease for Hachette UK Ltd and a 17% decrease for the Whole Group.

The median pay gap figures have also reduced since 2019, but with a slight upward fluctuation in the Hachette UK Ltd figure between 2020 and 2021. Again, overall the numbers are going in the right direction, with a 16.7% decrease for Hachette UK Ltd and a 32.9% decrease for the Whole Group.

The negligible mean pay gap and the negative median pay gap figure for Distribution reflect the very low representation, and illustrate that Ethnicity Pay Gap figures become meaningful only when there is a good level of representation of Black, Asian and Minority Ethnic staff in an organisation.

Representation across our publishing roles and senior management remains very low. There is only one Black, Asian and Minority Ethnic member of the Hachette UK Board.

The mean bonus gaps have increased from 2020 to 2021 for Hachette UK Ltd and for the Whole Group. This reflects exceptional performance bonuses paid in February 2021, related to the company's strong financial results in 2020. This includes three-year Long Term Incentive Plan (LTIP) payments which were paid to four non-Black, Asian and Minority Ethnic members of the Board and were fully funded due to strong financial performance over the LTIP period.

The bonus pay gap is affected by salary sacrifice, which is not included in the figures, and the number of employees joining the company in 2020 who haven't received any bonus yet. We therefore see a lag between improvement in our representation of Black, Asian and Minority Ethnic staff, and the bonus pay gaps.

THE BAME / NON-BAME

split of Hachette UK employees (April 2021)

The Black, Asian and Minority Ethnic (BAME) population in the UK is 14% and 40.2% in London as per the 2011 census.

Black, Asian and Minority Ethnic staff make up 13% of the publishing industry (Publishers Association diversity survey of the publishing workforce 2020).

Whole Group - everyone including Distribution	2021	2020	2019
Total number of employees	1,594	1,501	1,534
% of employees from BAME backgrounds	11.5%	10.2%	9.6%

Hachette UK Ltd - publishing and Hachette functions	2021	2020	2019
Total number of employees	1,311	1,225	1,218
% of employees from BAME backgrounds	13.3%	11.8%	11.1%

Distribution	2021
Total number of employees	253
% of employees from BAME backgrounds	2.4%

PAY QUANTILES

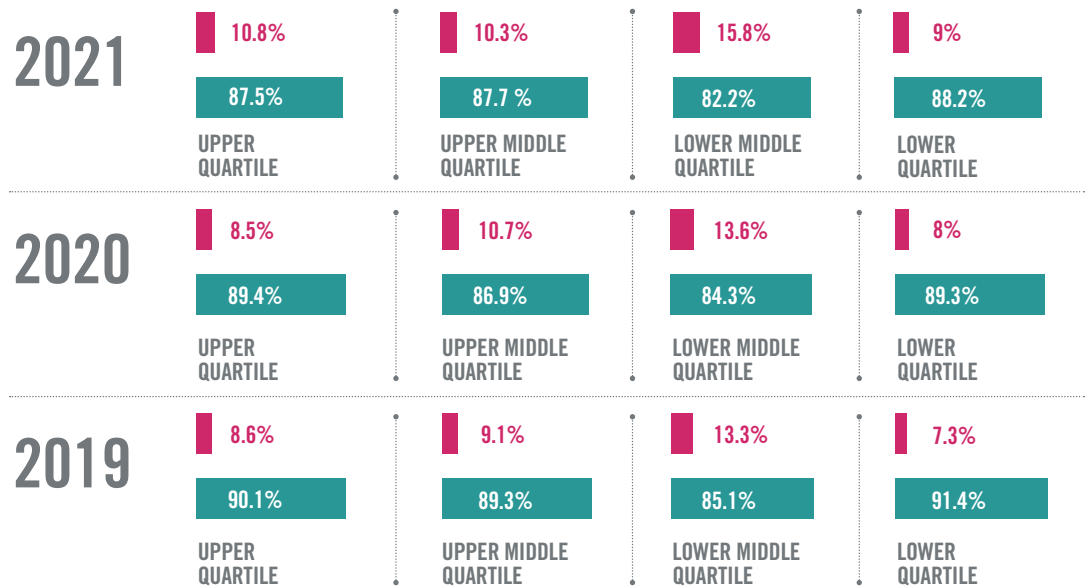
This is the percentage of Black, Asian and Minority Ethnic and non-Black, Asian and Minority Ethnic employees in four quartiles, calculated by ranking employees from the highest paid to the lowest paid and dividing our workforce into four equal parts.

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

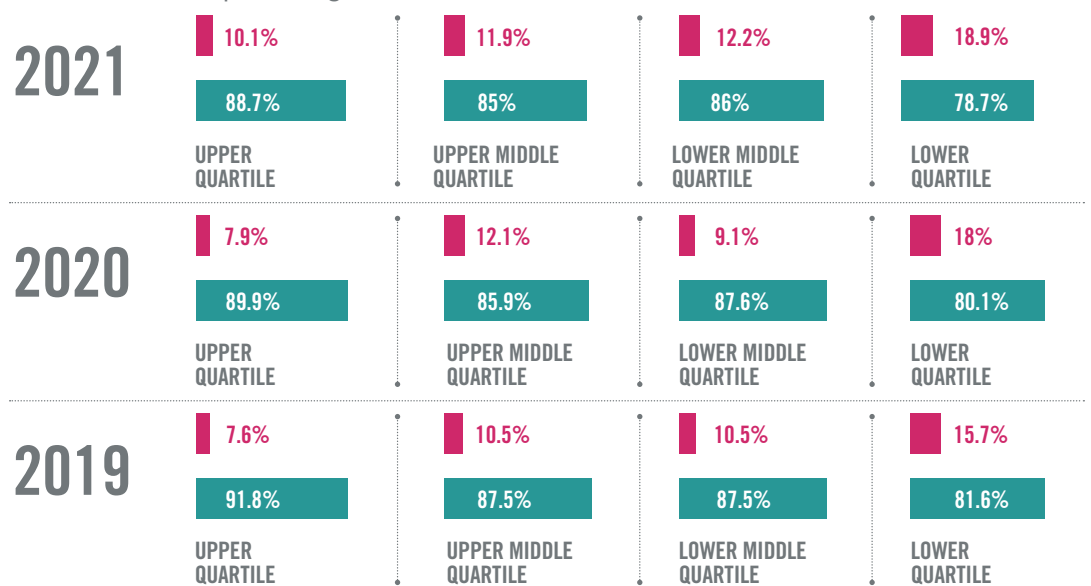
 Proportion Black, Asian and Minority Ethnic

 Proportion non-Black, Asian and Minority Ethnic

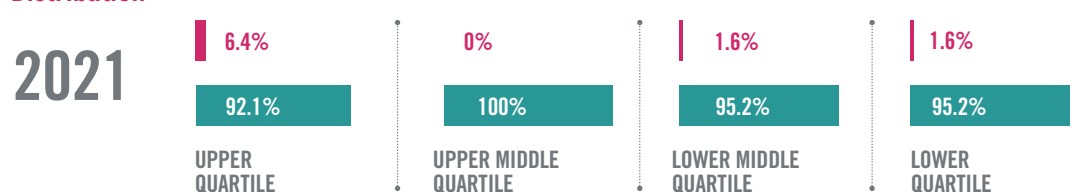
Whole Group - everyone including Distribution



Hachette UK Ltd - publishing and Hachette functions



Distribution



HOURLY PAY

Whole Group - everyone including Distribution	2021	2020	2019	Hachette UK Ltd - publishing and Hachette functions	2021	2020	2019
Mean ethnicity pay gap	11.7%	11.5%	14.1%	Mean ethnicity pay gap	17.5%	18.5%	21.9%
Median ethnicity pay gap	5.3%	6.9%	7.9%	Median ethnicity pay gap	12.5%	12.2%	15%

Distribution	2021
Mean ethnicity pay gap	0.1%
Median ethnicity pay gap	-23.1%

The mean is the difference between average hourly rate of pay between **Black, Asian and Minority Ethnic** and **non-Black, Asian and Minority Ethnic** employees.

The median is the difference in the midpoints of hourly rates of pay between **Black, Asian and Minority Ethnic** and **non-Black, Asian and Minority Ethnic** 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	2021	2020	2019	Hachette UK Ltd - publishing and Hachette functions	2021	2020	2019
Mean ethnicity pay gap	56.4%	51.4%	59.7%	Mean ethnicity pay gap	61.8%	55%	62.2%
Median ethnicity pay gap	7%	7.5%	9.1%	Median ethnicity pay gap	16.8%	17.7%	16.7%

Distribution	2021
Mean ethnicity pay gap	17.3%
Median ethnicity pay gap	-24.4%

The mean ethnicity bonus gap is the difference in average bonus pay that **Black, Asian and Minority Ethnic** and **non-Black, Asian and Minority Ethnic** employees receive.

The median ethnicity bonus gap is the difference in the midpoints of the ranges of bonus pay received by **Black, Asian and Minority Ethnic** and **non-Black, Asian and Minority Ethnic** employees.

WHO RECEIVED BONUS PAY

Whole Group - everyone including Distribution	2021	2020	2019	Hachette UK Ltd - publishing and Hachette functions	2021	2020	2019
Proportion of BAME employees receiving a bonus	89.8%	93.2%	85.6%	Proportion of BAME employees receiving a bonus	89.2%	92.6%	87%
Proportion of non-BAME employees receiving a bonus	93.4%	94.3%	88.7%	Proportion of non-BAME employees receiving a bonus	92.5%	95.4%	92.7%

Distribution	2021
Proportion of BAME employees receiving a bonus	100%
Proportion of non-BAME employees receiving a bonus	96.7%

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 **Black, Asian and Minority Ethnic** employees joining the company in 2021 and therefore not receiving a bonus yet.

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

February 2022