



KOBALT MUSIC GROUP LIMITED

Gender Pay Report

April 2018

Introduction

To help tackle gender pay differences, last year the UK government brought in legislation, The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, requiring greater transparency in the average pay between genders.

The legislation required all companies with 250 or more UK employees to publish information about their gender pay gap. In April 2017, 267 employees were employed by Kobalt Music Group Limited in the UK and this is our report.

Our commitment to diversity

Kobalt insists on fair, non-discriminative treatment for all employees, in recruitment and in selection for promotion or training opportunities, irrespective of race, colour, nationality, age, sex, ethnic origin, marital status, gender reassignment, sexual orientation, disability or religion. We have recently set up an employee-led Diversity and Inclusion Committee to help us here.

Summary

As a result of our continued effort to enhance our employee programmes, Kobalt's People & Culture team review, evaluate, and continuously enhance our employee programmes and practices around hiring and career progression. We are confident that we are complying with the law as gender does not play a part in our decisions when it comes to remunerating equivalent jobs, recruitment or making promotions.

Nevertheless, we have a gender pay gap. We can see that the gap is caused mainly by the fact that we have more men than women in senior roles and in certain parts of our business. Despite this not being particularly unusual in the music industry - a survey by UK Music¹ published last year shows that women are disproportionately under-represented in senior roles across our industry – we don't like it.

Something being normal does not mean that it should stay that way. Whilst we know changes will not happen overnight we know that we, and the industry, have some work to do.

The good news is that the work has already started at Kobalt. We can see that since April 2017 our gender pay gap has decreased so the numbers are heading in the right direction.

It is also clear that being a woman is certainly no barrier to reaching the top at Kobalt. Those in the industry know that A&R is often a male-dominated area, but we are pleased to be bucking that trend as our Head of Creative in the UK and our Chief Creative Officer, are both women. Women also head up our global Neighbouring Rights and Synch businesses, as well as our global People & Culture function.

¹ <https://www.ukmusic.org/equality-diversity/uk-music-diversity-survey-results/>



Just a few months ago, we were lucky enough to welcome on board Avid Larizadeh Duggan from GV as Chief Strategy and Business Officer.

We also know that gender pay gaps can be created where there is a lack of support for women who want to start or expand their families. In this respect we offer what we believe is a generous enhanced maternity pay package of 13 weeks at full pay and a further 13 weeks at half pay - substantially more than the legally required minimum. We also have clear and fair policies on flexible working and welcome those who want to balance work with family responsibilities.

A year-long snapshot of our numbers and how we interpret them is included below, along with our action plan.

Our gender pay gap

As of 5th April 2017, Kobalt Music Group Limited's workforce was 63% male and 37% female.

These figures are led by the make-up of our technology function. The following table shows the breakdown between men and women across the technology parts of our business and the non-technology side. Outside of technology we have much more balance.

	KMG	Technology	Non-Technology
Male	63%	86%	52%
Female	37%	14%	48%

On 5th April 2017 the gender pay gap in hourly rates was:

Mean Average Gap	Median Average Gap
19.74%	16.35%

The UK average across all employers is around 10-20% depending on which measurements you use.

We are pleased to say that the gap has already reduced and the figures for **February 2018** are:

Mean Average Gap	Median Average Gap
12.58%	11.2%

As set out above, we do not believe that women are paid differently because of their gender in respect to equivalent jobs. The gap arises primarily from us having more men in senior roles. This can be seen from our pay quartiles where we can see that men are disproportionately represented in the top 25% of earners:

April 2017	Men	Women	Mean Gender Pay Gap	Median Gender Pay Gap
Top Quartile	75%	25%	18.00%	18.42%
Upper Middle Quartile	57.8%	42.2%	-2.32%	0.00%
Lower Middle Quartile	60.9%	39.1%	2.91%	1.79%
Lower Quartile	57.8%	42.2%	3.58%	6.85%

The full picture is shown by the information in the two right hand columns above. We can see that



within the lower three pay quartiles there is hardly any difference, on average, between pay for men and women.

Whilst there is a gap in the top quartile we have already significantly reduced or negated it. The same figures for February 2018 are:

February 2018	Mean Gender Pay Gap	Median Gender Pay Gap
Top Quartile	-11.82%	6.58%
Upper Middle Quartile	-0.16%	0.00%
Lower Middle Quartile	0.51%	0.00%
Lower Quartile	2.58%	6.25%
Total	12.58%	11.20%

The figures for April 2017 show that our overall gender pay gap is driven mainly from the highest pay quartile, which is more male-dominated than the others. In the other quartiles, which are more evenly gender balanced, pay gaps are much less or are in favour of women. This tells us that unequal distribution of men and women through our business is the main driver of our gender pay gap.

In relation to bonuses paid in the year up to 5th April 2017 our numbers are:

Mean Average Gap	Median Average Gap
40.4%	0.00%

And 24.8% of men received a bonus, whilst 43.2% of women receive a bonus.

To attract and retain the best senior people in the music industry, those at the top of our organisation have more opportunity to earn discretionary bonuses depending on the results of the business. As a result, given we have more men than women in senior roles, the gender bonus gap arises. Apart from that, Kobalt does not operate a bonus scheme and this is reflected in the median bonus gap of 0%. Outside of that bonuses are sometimes awarded on an ad hoc and discretionary basis, where performance merits it or where it is warranted as part of overall remuneration and reward.

Action Points

In the year since the snapshot was taken, our gender pay gap has been reduced, but there is still more we can do.

The fact is that we do have more men than women in senior roles. We are confident that all our senior employees are there on merit and experience, irrespective of gender. We want to ensure that we continue to have the best people in place and that we do not miss out on talent simply because of unconscious or affinity bias. To this end we are taking the following actions:

1. Our policy will be to ensure that, wherever possible, a gender diverse panel is convened to decide on promotions and recruitment, including our upcoming fiscal year end budget reviews.



2. We have hired two Learning & Development professionals to help us meet the training and development needs of all employees, which in turn will help ongoing progress through our organisation.
3. Build a leadership programme to enhance the development of women in in senior roles.
4. We are working with our employee-led UK Diversity and Inclusion Committee to discuss further initiatives.
5. A diverse group of executives from the senior management team will form a global diversity group to ensure focus and direction is led from the top.

Thank you for taking the time to read our report.

We confirm that Kobalt's gender pay gap calculations are accurate and meet the requirements of The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

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James Fitzherbert-Brockholes

Director