



2019 GENDER PAY GAP REPORT



Penguin
Random House
UK



Contents

1	Introduction	3
2	About Penguin Random House UK	4
3	The gender pay gap explained	5
4	Our gender pay gap data	7
5	Addressing our gender pay gap	13
6	Statutory disclosure	16

Introduction



At Penguin Random House we believe being an inclusive employer is fundamental to being a better publisher. Diversity of experience and background fosters creativity and this is core to our commercial success. Our ambition is to be an organisation that is truly gender neutral with an even gender balance in all roles, at all levels, and that any pay gap is close to zero as possible.

Beyond analysing our gender pay gap and sharing our plans to reduce it, we are committed to our long term goal of removing any barriers to entry or progression and ensuring Penguin Random House is a place where our employees reflect UK society and everyone feels a strong sense of belonging. This means designing our systems, processes and culture with inclusion front of mind to create a truly level playing field, regardless of gender or any other characteristic. An example of this is the change we have announced we will be making to our approach to parental leave, meaning that shortly, men, women, non- binary or trans colleagues will all be entitled to the same paid time off when they become a parent: up to 12 months to spend with their new family member with 25 weeks full pay.

Compared to 2018, our median gender pay gap has increased marginally (0.2%) while our mean gap has moved closer to zero by 0.2%. Our mean bonus gap has reduced slightly and our median bonus gap

has reduced by 6.3%. The reasons for our gender pay gap remain the same as those articulated in our report published three months ago in April, and is largely related to the shape of our organisation. Our current workforce is 64% female and yet this is not represented in our upper pay quartile, which is 57.6% female. We're pleased that the number of women in our upper pay quartile has increased by 4% this year, but we know we must continue to support the progression of women into senior roles, especially after periods of parental leave.

Beyond this, our ultimate ambition is to ensure that we achieve balanced gender representation in all of our roles, at all levels of our organisation. This means that we will also continue to focus on attracting more men into entry-level and mid-level roles and more women into our Technology team.

Whilst we recognise that the continued progression of women and changes to the gender balance of new hires will take time, we are committed to

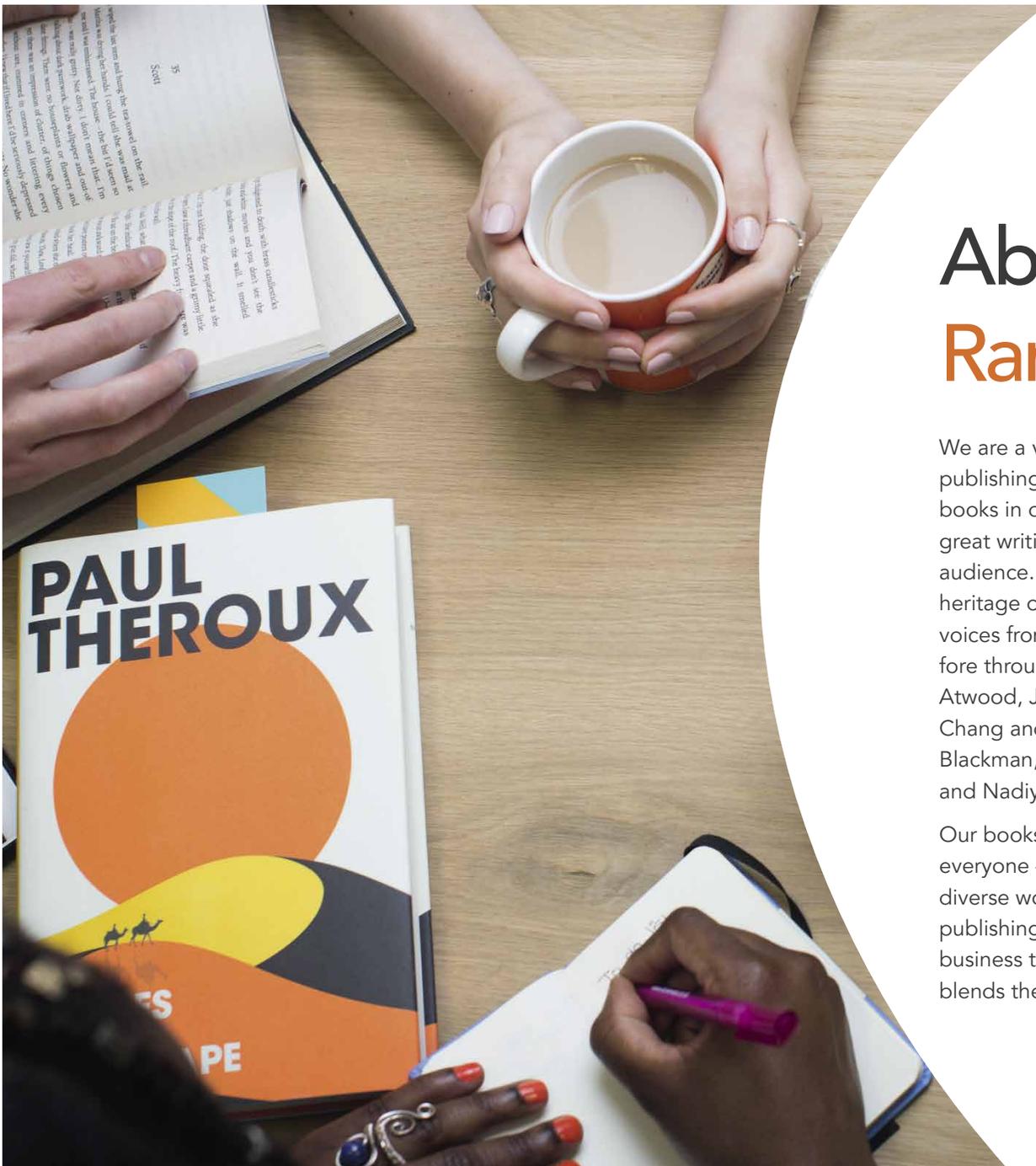
achieving meaningful change and investing in initiatives and policies that will steadily improve our gender balance going forward.

It's also important to us to take into account colleagues' voices, so this year we held our first gender pay employee focus group to share feedback and new ideas on how to better attract and support employees of all genders. We are confident that the priority areas we outlined in our last report, along with the additional areas we set out in this report following our focus group, will make a difference over the long term.

A handwritten signature in white ink, appearing to read 'Val Garside'.

Val Garside, Director of Human Resources

I confirm that Penguin Random House UK's gender pay gap calculations are accurate.



About Penguin Random House UK

We are a vibrant community of publishing houses. We sell and license books in over 120 countries, connecting great writing with a growing and global audience. We are proud of our strong heritage of bringing the greatest female voices from around the world to the fore through our books: from Margaret Atwood, Jacqueline Wilson, Jung Chang and Michelle Obama to Malorie Blackman, Jojo Moyes, Beatrix Potter and Nadiya Hussain.

Our books and stories should be for everyone – and we believe that having a diverse workforce is just as important as publishing a diverse list of authors. Our business thrives on great teamwork that blends the distinctive talents, skills and

perspectives of people from a range of different backgrounds.

When Allen Lane published the first Penguin books in 1935, realising his vision to make quality books available to all at low prices, five of the ten titles of his list were by women: Agatha Christie, Susan Ertz, E. H. Young, Dorothy L. Sayers and Mary Webb. We want to continue this legacy and ensure that the authors we publish – and the people behind these books, who make up our company – are reflective of the society we live in.

The gender pay gap explained

Gender pay gap

The gender pay gap is the difference in hourly pay and bonus pay of all men and women in an organisation, calculated in terms of the mean and median.



Gender pay gap =
% difference
between the two



Average hourly salary



Average hourly salary

Equal pay

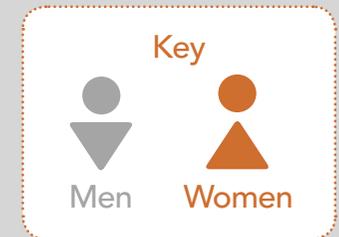
The gender pay gap is not the same as equal pay. Penguin Random House UK ensures men and women doing the same job at the same level are paid on fair and consistent terms. Companies can still have a gender pay gap without having any unequal pay issues.



Which data is used?

The gender pay gap is based on an hourly pay rate for each relevant employee, reflecting base salary and certain allowances. The bonus pay gap is based on total variable pay over the previous 12 months, representing cash bonus paid plus any proceeds on exercise of share plans or long term investment plan awards.

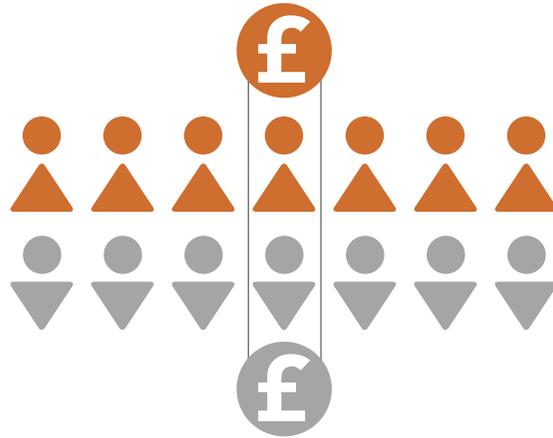
Disclosures on pay included in this report are based on amounts paid via payroll in April 2019 (i.e. for the period 1 April 2019 to 30 April 2019), whilst bonus data refers to the pay period from 6 April 2018 to 5 April 2019.



We report the median and mean pay and bonus gap for Penguin Random House UK.

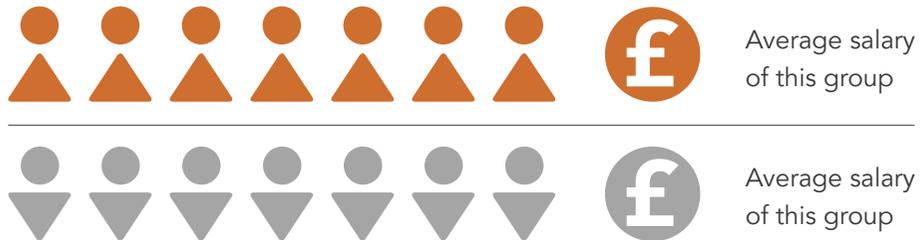
Median

The middle value of an ordered set of values. The median is unaffected by particularly high or low values at either end.



Mean

The overall average of all relevant salaries in a group.



Our gender pay gap data

Hourly pay

The median and mean differences between the average hourly earnings for men and women at Penguin Random House UK in 2019 were as follows.



Women earn 97p for every £1 that men earn, when comparing median hourly pay.



Women earn 91p for every £1 that men earn, when comparing mean hourly pay.

Our mean and median gender pay gaps have remained broadly the same as last year. The reason behind the slight decrease in the mean gap to 9.1% (from 9.3% in April 2018) is the increase in women in the upper quartile versus the prior year. The reason for the slight increase in the median gap to 3.2% (from 3.0% in April 2018) is the increase in the number of women in the lower quartile. This reflects the trends we see in recruitment, where 75% of new joiners at entry level 2018 were female.



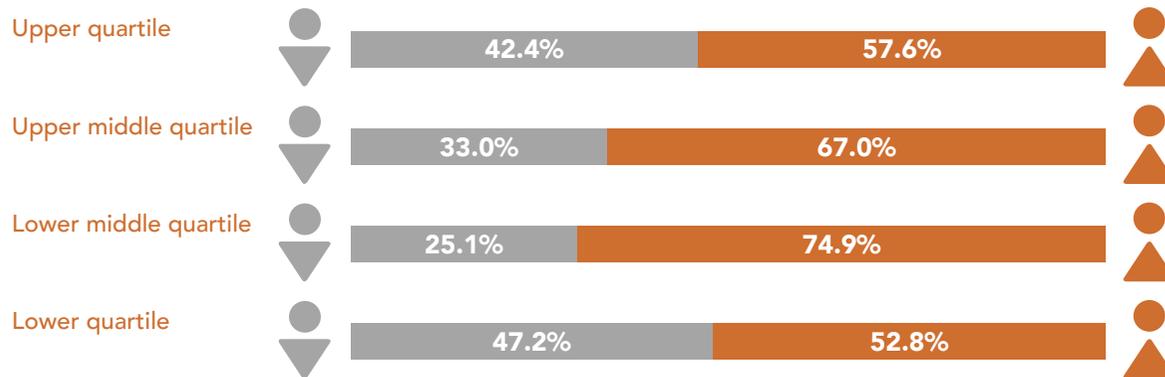
Our overall company gender split

Overall, the gender split at Penguin Random House is 36% male and 64% female.

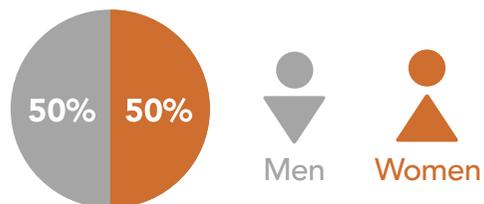


Proportion of men and women in each pay quartile

The pay quartile analysis shows our organisation divided into four equal quarters, based on hourly pay and the proportion of men and women in each quartile.



At the time of the report our leadership team was **50%** male and **50%** female, with a male CEO.



Fewer men in entry level roles

Analysis shows that one of the main factors driving our gender pay gap is that we have significantly fewer men in our entry level roles in our publishing and group departments.

As these departments make up approximately 77% of all employees, this significantly affects the proportion of men in the lower quartile across the whole organisation, which therefore impacts our gender pay gap.

We have a good gender balance in our senior roles, shown by the gender split in our top pay quartile (58% men and 42% women). This includes 50% of our leadership team positions being held by women, and 50% of our 100 highest paying roles held by women. Fewer men in entry level roles with an even gender balance in senior roles is common across many of our teams, but is particularly acute in our publishing houses – where women hold 80% of all roles.

Along with continuing to support the career progression of women, we also need to find ways to attract more men to Publishing as a career at all levels of our organisation if we are to achieve a truly level playing field for all colleagues regardless of gender.

Gender balance within Technology

The second significant factor affecting our gender pay gap is the gender balance within our Technology team, combined with the market value of Technology roles.

In Technology, we find almost the opposite gender balance to our Publishing roles – here the workforce is 68% male. This reflects the wider education and employment landscape in STEM professions in the UK. We are proud that our Technology Team has a female leader and that 32% female representation is higher than the average proportion of women vs men in tech in the UK, according to research.

However, Technology is our largest department; accounting for almost 12% of the total population included in our gender pay reporting data, and is majority male. This, combined with the fact that the salaries in Technology are higher compared to other roles specific to the publishing sector, has a significant impact on our overall gender pay gap.

In addition, as is common practice across the UK labour market, our Technology business also brings in contractors for their specialist skills and technology expertise. Over 66% of the contractors working with us in the reporting period were male, and these contractors attract high levels of remuneration due to scarcity of skills or highly competitive markets, which also impacts the gender pay gap. For example, removing contractors from the measurement reduces the Penguin Random House UK mean gender pay gap to from 9.1% to 8.0%.



Our gender pay gap: a real life example

To understand how the shape of our organisation impacts our gender pay gap, we've explored in detail the make-up of those teams that have gender pay gaps and which therefore contribute to the company's overall pay gap.

A real example to illustrate this is a team in our organisation. The team is 86% female and 14% male. In every job role there is either an equal number of men and women, or only women. The two most senior and highest paid roles in this team are women and there are more women in senior roles than men. We are confident that there are no equal pay issues.

However, the mean pay gap in this team is nearly 30% in favour of men, and the median pay gap is 6% in favour of men despite there being more women overall, and more women in higher paid senior roles. This is because of the position of the men within the team – two men occupy senior roles, two occupy mid-level roles and only one occupies an entry-level role. This skews the gender pay gap in favour of men,

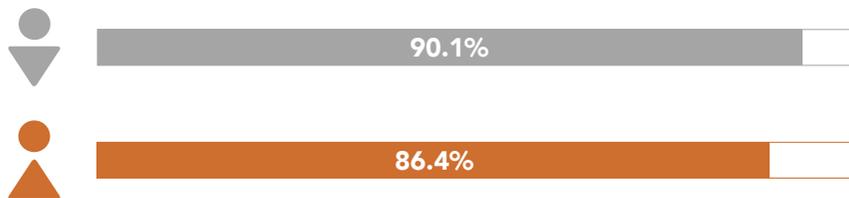
despite the strong female representation within all levels of this team.

Reducing the number of senior men in the team would reduce the gap – but this would take us further away from an even gender split of 50% men and women, which is what we're aiming to achieve in the long-term. So this shows us that to reduce the pay gap in this team the solution is to try to achieve a more even gender representation in all roles – which in this case would mean more men at all levels, but in particular at the lower and middle level roles. This is our ambition, but it will take time to make meaningful change across all levels of the organisation.

This example is reflective of the gender make-up across the majority of our publishing roles and some of our group departments. We need to find ways to attract more men to Publishing as a career at all levels of our organisation, and explain some of the ways in which are trying to do this later in this report.

Proportion of colleagues receiving a bonus payment

Our bonus awards are gender neutral. In the period covered by the report, all employees were eligible to receive a bonus or profit share after completing their probationary period, regardless of role or gender. Bonus and profit share payments are based on our company performance, with employees performing similar roles receiving the same bonus percentage. Accordingly, the difference in the proportion of male and female colleagues receiving a bonus or profit share was as a direct result of the gender mix of new joiners who had not yet become eligible to join the scheme.



Bonus pay

The median and mean differences between the average bonus earnings for men and women at Penguin Random House UK in 2019 were as follows.



Women earn **90p** for every **£1** that men earn, when comparing median bonus pay.



Women earn **65p** for every **£1** that men earn, when comparing mean bonus pay.

Our mean bonus gap has remained almost the same, at 35.4% in 2019 versus 35.5% in 2018. The median gender bonus gap has reduced to 10.1% in 2019: meaning that our 2019 figure is closer to a zero pay gap by 6.3%. This reflects the increase in the number of women in the upper and lower middle quartiles.

The bonus gap figures reflect the shape of our organisation. The factors which affect our pay gap outlined earlier in this report also affect our bonus gap but more significantly. This is because the level of bonus paid is based on a percentage of salary, and both salary and bonus percentage increases with seniority.

Therefore, whilst we have a relatively even gender representation in the top quartile, the fact that we have significantly fewer men at entry-level roles across our Group and

Publishing departments means that the overall average bonus payment is higher for men than for women. The high number of men in Technology compounds this, as market-led salary levels in this division mean that the average bonus, as a percentage of salary, is higher than in other departments that are majority female. These two factors, combined with bonus payments being a percentage of salary, mean that the bonus gap is larger than the pay gap.

It is also important to note that 6.6% of male and 24.6% of female colleagues have chosen to work flexibly by reducing their hours. The calculations required for the bonus gap measure do not take into account that part-time workers have a pro-rated bonus opportunity. If this were taken into account, the gender bonus gap would reduce to 9.2%

Addressing our gender pay gap

We have continued our work on the focus areas outlined in our 2017 and 2018 reports, all of which we hope will support our long term goal of levelling the playing field and ensuring a gender neutral working environment at Penguin Random House UK, as well as helping us to reduce our gender pay gap over the long term.

In our 2018 report we shared our intention to work towards a more balanced gender representation in the layer below our senior leadership. This remains a key focus for us and in the year prior to our 2019 report our main priorities were:

- **Mentoring Programme:** Out of 74 colleagues taking part 87% of mentees are female, and of our 70 mentors, 72% are female.
- **Leadership Development Programmes:** We run a number of programmes designed to support current and future leaders develop their skills and realise

their potential, and in the year prior to the report 51 people took part, of which 78% were female.

- **Recruitment:** For the period covered by the report there were 24 hires at senior level (i.e. for roles with a 'Director' or 'Head of' title). 4 (17%) of those were male and 20 were female (83%).

It is important to note that we published our 2018 report in April 2019 and are publishing our 2019 report just three months later, in July 2019. This is possible because companies can publish their report at any point in the 12 months following the snapshot period in April. We have made the decision to publish this 2019 report in July so that going forwards we are sharing the data soon after the snapshot period to which it relates, rather than a year on. This means that the action plan is better aligned to the reporting cycle so that we can see the impact of the actions for the year ahead when we next report in July 2020.



'Penguin Random House are investing in developing people like me'

Hannah
Sales Manager, Ebury

I heard about The Creative Leadership Programme (CLP) through other people that had been on it. I wasn't too sure what to expect, but I've enjoyed it so much, it has been fantastic.

The CLP is a year-long management programme designed to help develop the future leaders of the business. And participants come from right across the company. The modules so far have helped us self-assess in terms of leadership-style, learn about managing teams, and think about the wider business and managing up. It gives you a whole toolbox of things to try, and the confidence to experiment. We've also tackled questions posed by our CEO and members of the Leadership Team based on live business challenges.

Honestly, one of the biggest things I've got out of it is a network of people who are at the same stage of their careers as me. I know that in the future we might be in more senior positions, now we will have colleagues who we can build with, rely on, bounce ideas off or push initiatives through with. It just helps you come together on things you'd like to change or talk about the shape of publishing in the future.

I feel really privileged to be on the programme. It shows Penguin Random House are investing in developing people like me. I know there are people in senior management positions who were on the course in previous years, so it clearly works.



'I was promoted during maternity leave'

Sara
Publishing Director,
Entertainment Hub, Ebury

Whilst I was away from work having my first baby there was a restructure within my imprint and an opportunity for promotion arose. In the first instance, my manager came to speak to me about the changes and to talk about the role in an exploratory sense and without pressure. It was something I had been working towards in my existing role and it fit with my area of speciality, so it was great to hear that he felt I was capable of doing it and that there was no reason not to put myself forward whilst on maternity leave. I'm now pleased to say that when I return to work I will do so in a promoted capacity.

What I've appreciated in discussions about coming back is flexibility, there's been no barriers in terms of thinking about this next role. Now I'll be working four days per week with a varying pattern, meaning that I can be around for bedtime and with fewer

childcare fees to consider. The team has been really great in acknowledging that my circumstances have changed.

When I'm back I plan to use what the company offers such as the Parental Mentoring scheme. Returning to work after taking time out to have a child is a big lifestyle change, so it will be nice to talk to someone who has been in the same situation.

I think whether the company you work for is amazing or not when it comes to maternity leave stuff, what often goes through a woman's mind before having a child are questions like is my job secure? Or how will my life change and what impact it will have on my work life? But none of my fears have been met – it's been the opposite experience for me. I think it's wonderful that my career at Penguin Random House hasn't halted by having a child.

As a result, the actions that we set out in our 2018 report three months ago remain a focus for us through to April 2020. These are:

■ **Penguin Parents Programme:** Developing our programme to support colleagues who are parents – before, during and after parental leave. This includes assessing our trial partnering with Peppy providing help to access and financial contribution towards trusted postnatal support. We are also making sure progression remains an option for maternity/adoption leavers by ensuring that all colleagues going on leave are offered the option to be kept informed about job and promotion opportunities throughout their time away from work. Alongside these 2019 focuses, we will continue to offer parental mentoring, flexible working options for all colleagues and company funded childcare for eligible employees.

■ **Recruitment:** We have recently restructured and increased the size of our Resourcing team. These changes will enable us to create and deliver plans to achieve our ambition that our new hires will reflect UK society by 2025 – including by gender. In 2019 we will be focusing on:

- ◆ Using events, social media and other channels to share more about the exciting tech and digital work that takes place at Penguin Random House to attract more people in the technology industry to work in publishing, with a particular focus on women in tech.
 - ◆ Using our social media channels and careers site to show potential employees that people of any gender are successful in all roles in Penguin Random House, with a particular view to attracting more men to entry level and mid-level roles.
 - ◆ Continuing to trial different tools to ensure the language in our job adverts is gender neutral with the hope that this will encourage more women to apply for roles in traditionally male dominated areas and more men to apply for our publishing and group entry-level roles.
 - ◆ Exploring with employee focus groups other ways in which we can make Penguin Random House a destination of choice for all genders.
- **Transparent Pay Bands:** We are progressing our work to introduce a robust job evaluation process and will share with employees pay bands for our roles by the end of 2019. Supporting this we will provide guides and advice to employees and managers to build confidence in conversations about pay.

Whilst we are confident that our efforts in these areas will steadily improve our gender balance going forward, and therefore positively impact our gender pay gap, it's important to note that some of the changes which we are making – which aim to have a positive impact on colleagues' careers and work-life balance overall – can actually have a negative impact on the gender pay and bonus gap. As outlined earlier in the report the calculations required for the bonus pay gap measure, for example, do not take into account that part-time workers have a prorated bonus opportunity. Similarly we offer childcare vouchers through salary sacrifice, which sees more uptake from women than men, and affects the hourly pay gap in favour of men as a result.

In addition to our ongoing areas of focus, this year we held a gender pay focus group with passionate employees to explore our data and generate ideas about what other steps we can take to reduce the gender pay gap. As a result we're also going to introduce the following:

- **Networks:** We're soon to launch guidance and support for employees to set up Communities or Networks at Penguin Random House. When we do this we'll encourage employees to form a Parents Group and a Women's Network and we'll offer a leadership team sponsor.
- **Equal parental leave:** We believe it's important that all colleagues have the ability to take time out of work to spend with their children, so we're changing our approach to parental leave so that any employee, regardless of their gender can take the same amount of time when they become a parent. This means that at Penguin Random House, like women - men, non-binary or trans colleagues will also be entitled to take up to a year off work when their child is born or adopted, and they will receive full pay for 25 weeks after one year's service. This is in addition to the maternity pay and time off available to female colleagues.



'My flexible working arrangement means I can avoid childcare issues'

Henry

Editorial Director, Transworld

I've just made a contractual flexible working arrangement to work Mondays and Fridays from home, which will begin next month. My wife and I are having a baby and that has been the catalyst for a recent move out of London and up to Yorkshire.

Initially, I wasn't sure if the company could accommodate the change. I spoke to my line manager to float the idea and we discussed how it might work. I then went away and did research into the logistics. As soon as it was established that it could work without it being a disruption to my responsibilities it was very straightforward.

The arrangement means I will be only be away from home two nights a week and can avoid childcare issues – I wouldn't want to be away a lot. But it also means I can keep up with friends and family and enjoy the best of London. Overall, it will give me a better quality of life.

At work, the arrangement will help me carve out more time without interruption to work on manuscripts, develop pitches and read submissions. And I will still be in the office for meetings, and to keep up with colleagues, authors and agents during the middle of the week.

Having the right technology and very understanding colleagues has been essential. It's early days, but I'm grateful the company have been flexible enough to allow me try a new way of working.

Statutory disclosure

Under the Regulations we are required to report the gender pay gap for each of our legal employing entities with more than 250 employees. As a result of a merger in 2013, Penguin Random House UK has two employing entities: The Random House Group, and Penguin Books Ltd. Dorling Kindersley (DK) operates independently of Penguin Random House UK; however its employees are also employed by Penguin Books.

We have therefore voluntarily reported our gender pay gap data as Penguin Random House, excluding DK, as this reflects a meaningful data set for our organisation. We have also provided separate data for The Random House Group and Penguin Books Ltd (including DK), as disclosed here:

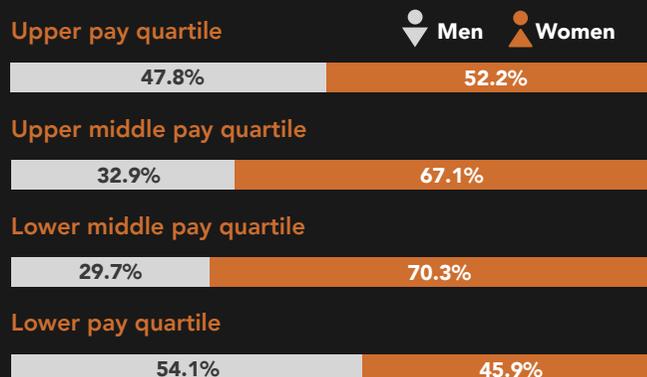
The Random House Group

Hourly pay

Median gender pay gap
-2.0%

Mean gender pay gap
7.5%

Proportion of men and women in each pay quartile



Proportion of colleagues receiving a bonus payment



Bonus pay

Median gender bonus gap
4.2%

Mean gender bonus gap
33.5%

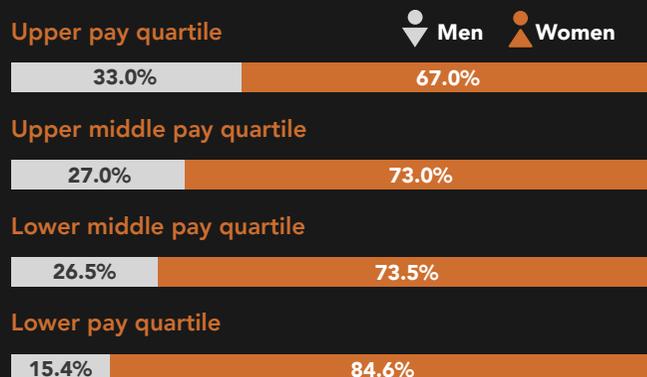
Penguin Books Ltd and DK

Hourly pay

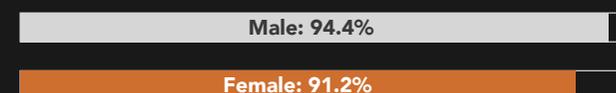
Median gender pay gap
10.6%

Mean gender pay gap
21.7%

Proportion of men and women in each pay quartile



Proportion of colleagues receiving a bonus payment



Bonus pay

Median gender bonus gap
17.0%

Mean gender bonus gap
60.2%