

Our 2021 Pay Gap Report

Sharing our pay gap data for gender, ethnicity, disability,
sexual orientation and socio-economic background



Penguin
Random House
UK

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About Penguin Random House UK

At Penguin Random House UK, our mission is ‘we make books for everyone because a book can change anyone’. Our business is built on connecting stories and ideas with the widest possible readership. But in order to achieve this, we need to represent the rich diversity of UK society – not just in who we publish, but in who we employ too.

This is important because diversity of thought and perspective fuels creativity, the lifeblood of a publisher. So being an inclusive employer is fundamental to us being a better publisher, and to growing our business in the future.

Introduction

This year we are reporting our pay gap across a number of different demographic groups for the first time.

In addition to our gender and ethnicity pay gaps, which we have published previously, we are now also going to report annually on our disability, LBG+ and socio-economic background pay gaps.

We've made the decision to publish this additional data because we believe it's fundamental to help us understand and measure the progress we're making towards our diversity and inclusion goals, and identify where to take further action. In particular, it provides an important barometer to track the progress we're making towards our goal of representation in all teams at all levels.

This year we are pleased to see our gender and ethnicity hourly pay gaps slightly decrease. At the same time, we've seen some small rises in our bonus gap figures. And, the new data we've published also illustrates clearly the lack of representation for all groups at senior levels of the organisation.

We know we need to do more to improve representation across our company, and particularly at this senior level. Earlier this year we introduced a goal for our top 160 leaders to be representative of wider society by 2026, and we've also developed new policies and practices to support leaders and managers at all levels of the business be more inclusive in their approach to recruitment, development, progression and pay.

The impact of this should narrow our pay gaps in the long-term, with the ultimate aim of reaching or getting as close to 0% as possible.

Underpinning this is an ongoing focus on creating and embedding a culture where everyone can belong, to help all colleagues thrive in their careers here. Only by achieving both can we reach our goal of being a truly inclusive employer.

Our [Diversity and Inclusion report](#) outlines our wider strategy in detail, and this report supports and feeds into that work. Later we've highlighted some of the specific actions from that strategy which relate to pay equity and inclusive recruitment and progression – the areas which have the most direct influence over our pay gaps, and which we hope in the long-term will help us reduce our gaps to create a truly level playing field for all colleagues.

There is still more to do, but we are committed to monitoring our progress, sharing this data, and using it to remove our pay gaps.

Val Garside, HR Director

What is a pay gap?

Pay gaps are not the same as equal pay

Penguin Random House UK ensures all colleagues doing the same job at the same level are paid on fair and consistent terms. Companies can still have a pay gap without having any unequal pay issues.

Many companies' pay gaps are not driven by equal pay issues, but instead by uneven representation within their business.

Specifically, the uneven representation of different groups at different levels within an organisation, or across different job roles where certain types of roles attract higher market premiums. These are the reasons pay gaps exist at Penguin Random House. For example, fewer Black, Asian and minority ethnic colleagues in our more senior roles, or fewer women in our Technology department.

Additionally, underrepresentation when compared to UK society does not in itself result in a pay gap.

For example, disabled people make up 19% of UK society ([Department for Work and Pensions](#)). If 19% of our colleagues were disabled but mainly occupied early career level roles, or if 19% of our colleagues were disabled but mainly occupied our most senior roles, in both instances we would still see a pay gap between our disabled and non-disabled colleagues. If, however, any percentage of our colleagues were disabled and occupied roles that were evenly spread across each level of our organisation and across each department, our pay gap would be close to 0%.

In short, provided there are no equal pay issues, a pay gap is not about the total number of colleagues from any given demographic group who work here, but about the positions they hold

within our organisation. They are therefore a useful measure of the progress we're making towards our goal of representation in all teams at all levels.

By tracking our pay gap for each demographic group as well as measuring representation versus wider UK society (which we do in our annual [Diversity & Inclusion report](#)), we will better understand not just how diverse our organisation is, but also how equitable the spread of roles is for different groups. It will also shine a light on where we need to prioritise hiring and progressing talent from different backgrounds to ensure diversity exists in all teams at all levels.

Our pay gaps at a glance

✱ Our **gender and ethnicity hourly pay gaps have decreased** this year

✱ Our pay gaps are mostly driven by **lower levels of representation in more senior (and therefore higher paid) roles**

✱ We are the **first publisher to share pay gaps for ethnicity, disability, gender, sexuality and socio-economic background**

What we're doing

- ✓ New **recruitment and promotion policy** now in place to drive more inclusive practices
- ✓ We have transparent **salary bands** for all our roles including on job adverts
- ✓ We're improving the way we use data to **better understand our pay gaps, track our progress and identify priority actions**



Our diversity and inclusion strategy

Our pay gap action plan is directly in support of our wider diversity and inclusion strategy, in particular our first two goals, which are outlined below. Our third goal (not included here as it does not impact our pay gap) focuses on publishing books for everyone. We still have work to do to achieve these ambitious goals, and you can read about our strategy, plans and progress in full [here](#).

Representation in all teams, at all levels

We want our workforce to represent **UK society, as measured by the 2021 UK census**, across gender, ethnicity, disability, sexual orientation and socio-economic background – all of the areas for which we now report pay gaps. Making progress towards this goal will in turn reduce our pay gaps, because these result primarily from a lack of even representation of different groups at different levels across our company.

A culture where everyone can belong

Equally important is our ambition to build a culture where everyone can belong, and in which every single colleague feels they can thrive and to do their best work. Only by developing this culture can we achieve our goal of representation in all teams.

We know achieving representation in all teams at all levels will take time, and that the actions we take to achieve this may also mean that our pay gaps widen before they reduce.

For example, as we focus on ensuring our new hires reflect the UK population, we are likely to see bigger increases in the number of colleagues from underrepresented backgrounds in early career roles where we have significantly more job vacancies. In the short term, this will widen our pay gaps. But, if we support this with an equal focus on supporting the progression of colleagues from underrepresented backgrounds into more senior roles, in the longer term we should see a positive net effect and a future narrowing of the gap.

Our pay gap action plan

We are focusing on three key areas to reduce our pay gaps.

These actions are relevant to all of the pay gaps we report on, and then specific actions can be taken to further the narrowing of the gap relative to certain groups. For example, our new recruitment policy includes using diversity slates to improve our ethnicity or gender balance in certain teams (see more info on page 12), and expanding our positive action traineeship The Scheme supports greater representation for people from a Black, Asian or minority ethnic background and/or people from a lower socio-economic background in key underrepresented departments (see more info on page 20).

Areas of focus

What we've done

What's next

01 Representation in all teams at all levels

Focusing on hiring and promotion practices and decisions to increase the diversity of our workforce and support the career progression of underrepresented talent will have the most significant impact on narrowing our pay gaps.

- ✓ Implemented a new recruitment & promotion policy to support more inclusive hiring practices and promotion decisions
- ✓ Appointed a new dedicated role in recruitment focused on senior level hires
- ✓ Piloted new inclusive hiring training with 60 managers
- ✓ Joined the Disability Confident Scheme
- ✓ Refreshed our approach to career development, including a new approach to performance reviews and guides to career development conversations

- Exploring barriers to career development with our employee networks, Colour[Full], AccessAbility, Penguin Parents and our LGBTQIA community
- Piloting our new digital career development platform to support colleagues with career planning and development
- Further embedding the recent changes to ensure inclusive hiring and promotion practices across the company
- Rolling out inclusive hiring training to all hiring managers

Areas of focus	What we've done	What's next
<p>02 Increased pay transparency</p> <p>Increased pay transparency supports managers in making equitable pay decisions and helps colleagues feel better informed about and more confident in discussing their pay.</p>	<ul style="list-style-type: none"> ✓ Introduced transparent pay bands for individual roles, now on external job adverts ✓ Reporting for the first time our pay gaps across disability, sexual orientation and socio-economic background, as well as gender and ethnicity (this report) ✓ Created guidance and tools for colleagues and managers to support open and constructive conversations about pay 	<ul style="list-style-type: none"> ○ Building our managers' capability to have better conversations about pay with their direct reports, and to make equitable pay decisions ○ Refreshing our pay bands annually so they remain up to date and competitive in the market
<p>03 Data, reporting and insight</p> <p>Improving the way we use data to better understand, track and communicate our progress, identify and prioritise actions needed and ensure pay equity.</p>	<ul style="list-style-type: none"> ✓ Changed the way we process and store colleague data (with their consent) to better measure the profile of our workforce ✓ Changed the way we record job and salary changes so we can begin to measure career and salary progression for different demographic groups ✓ Updated our recruitment processes to track the diversity of candidates at each stage of the recruitment process 	<ul style="list-style-type: none"> ○ Introducing annual pay equity reviews to maintain equal pay ○ Launching refreshed new joiner and leaver surveys to align employee feedback with HR data for actionable insight ○ Ensuring people managers understand the reasons our pay gaps exist and what they can do to address them ○ Meeting with senior leaders of each department to share information about our pay gaps, the root causes and the ways in which their hiring, progression and salary decisions can help to reduce the pay gaps over time

Our gender pay gap

In 2021, our mean gender pay gap reduced by 2.9% to 10.4%. Our median gender pay gap also reduced by 1.7% to 3.6%.

Of the employees included in this report, 34% are men and 66% are women. At the time of reporting, our leadership team, a group of 16 including our male CEO, is 50% men and 50% women. More widely, of our top 100 earners, 51% are women and 49% are men.

A note on data used

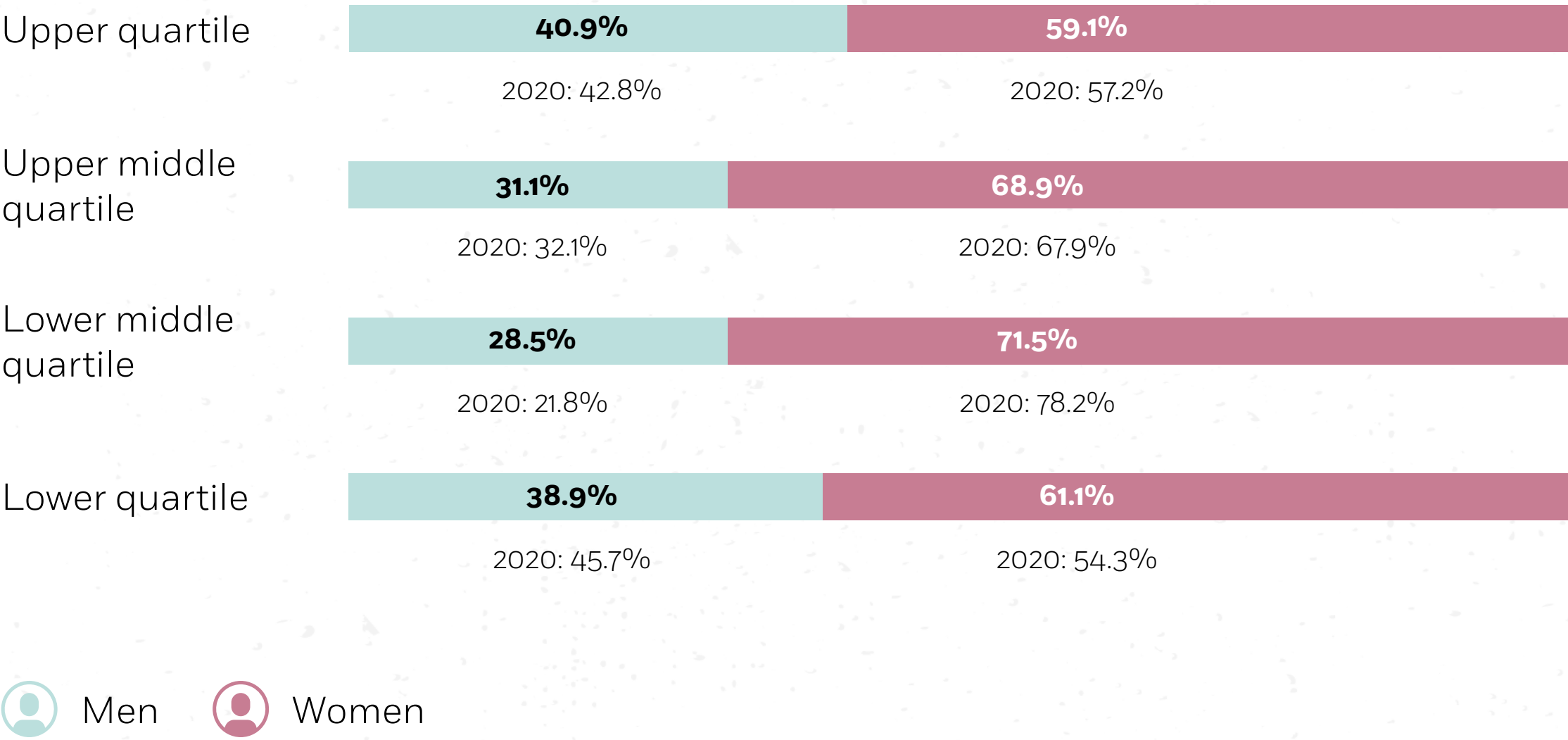
The regulatory requirements for gender pay gap reporting require us to include only employees who identify as men or women. We recognise that gender is wider than this and are committed to supporting and respecting all colleagues' gender identity. Last year we introduced a Guide to Gender Transition at Work to support our transgender colleagues and those considering or undergoing gender transition.



Hourly gender pay gap



Proportion of men and women in each pay quartile



Our gender gap explained

1. Fewer men in entry level and early career roles

The gender balance is equal in our leadership team and top 100 earners, but fewer men than women in roles below this level – specifically entry-level and early career roles in our publishing and group divisions – means the overall average salary of men is higher than that of women.

2. Gender balance in teams with salaries that attract higher market premiums

Technology, our largest team, represents 9% of our total employees. Although women occupy roles at all levels in the department, men make up the majority (73%). Technology salaries command a higher premium in the market versus other roles specific to the publishing sector, so this high proportion of men has a significant impact on our pay gap.

Our pay gap has reduced since 2020 because of changes to the make-up of our pay quartiles, including:

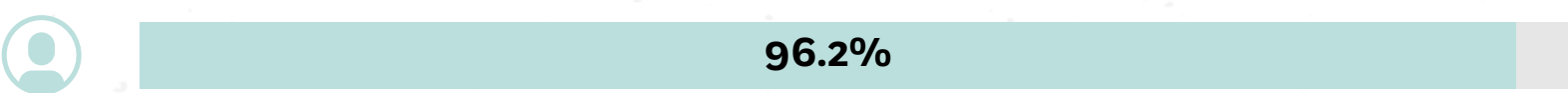
- An increase in the proportion of women in the upper and upper-middle quartiles
- An increase in the proportion of men in entry-level roles (found in our lower quartile)
- While men remain underrepresented in all quartiles compared to UK society, the gender balance in the lower, lower middle and upper middle quartile is more evenly distributed than last year, which narrows the gap

Hourly gender bonus gap

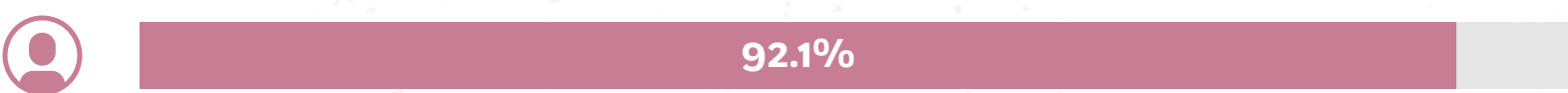


Proportion of colleagues receiving a bonus payment

Male colleagues



Female colleagues



A colleague’s eligibility to receive a profit or bonus share is entirely related to completion of their probationary period. Find out more about how our bonuses are calculated on page 30.

Our gender bonus gap explained

The bonus amount received by an employee is based on a percentage of salary, and both salary and bonus percentage increases with seniority. The bonus gap figures are therefore affected by the same factors which affect our pay gap.

- 1. The fact that men are significantly underrepresented in entry-level roles, while occupying half of roles at the more senior levels, means the overall mean and median bonus received by men in the company is higher than the average bonus received by women.
- 2. With men making up 73% of our Technology team, where salaries – and therefore bonuses – are higher due to market premiums, this increases the bonus gap in favour of men.

Additionally, around 12% of our employees are employed on a part time basis, meaning 2% of men and 10% of women 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 median gender bonus gap would reduce to 5.9% and the mean reduces to 33.7%.

Our bonus pay gap has increased slightly since 2020 because of an increase in the number of men in the lower-middle quartile, together with a decrease in the number of men in the lower quartile. These shifts mean more men earning higher salaries and therefore higher bonuses than in the previous reporting period, resulting in a slight increase in the bonus gap.

Spotlight on... recruitment

We've implemented a new recruitment policy to ensure our hiring decisions are inclusive as possible.

This is to support work towards our goal of representation in all teams, at all levels.

Our new recruitment process includes a diversity slate, which means we will make every effort to ensure that every interview includes two qualified underrepresented candidates. We will focus on women for Technology, and underrepresented ethnicities for all other vacancies.

By joining the government's Disability Confident Scheme we're committed to ensuring our recruitment process is accessible and inclusive for disabled people.

This includes implementing one of the key commitments to offer disabled job applicants an interview if they meet the essential requirements for the role.

This is a form of positive action designed to support employers to make the most of the talents of disabled people, by removing barriers to recruitment processes.



Our ethnicity pay gap

In 2021, our mean ethnicity pay gap reduced by 0.9% year on year to 15.1%. Our median ethnicity pay gap has also reduced by 2.6% to 1.1%.

A note on data used

The data is based on 53.8%* of our workforce who voluntarily disclosed their ethnicity in our 2020 inclusion survey. While this is a meaningful proportion of our employees, we recognise that this limits the accuracy of the report. The 46.2% of our workforce who have not disclosed their ethnicity have been excluded from our calculations.

Of this group 12.6% of colleagues who disclosed their ethnicity are Black, Asian or minority ethnic (2020: 13.3%) 87.4% of colleagues who disclosed their ethnicity are white (2020: 86.7%). We know that grouping colleagues together as 'Black, Asian or minority ethnic' has its own problems and therefore have provided a further breakdown of the ethnicities within this group on page 16.

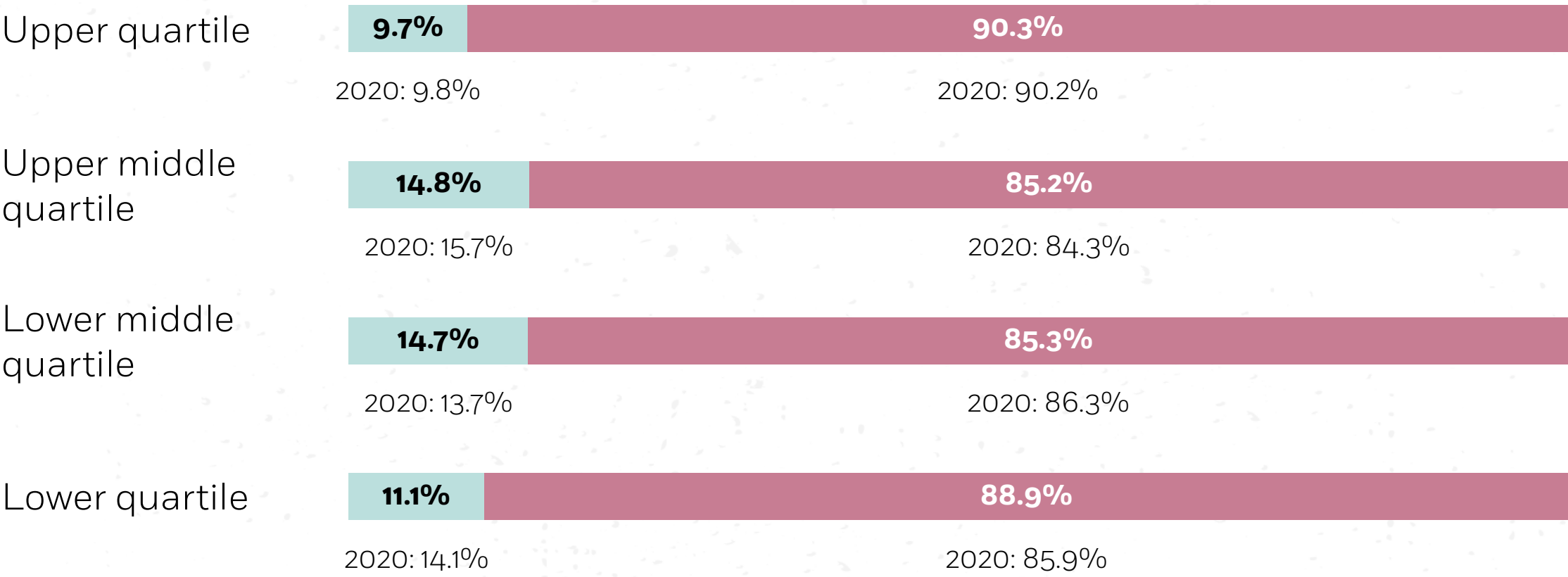
*This is a lower percentage of our total employees than were included in our 2020 ethnicity pay gap report as some colleagues have left the organisation since the data was collected and this analysis was undertaken prior to our 2021 inclusion survey.



Hourly ethnicity pay gap



Proportion of colleagues in each pay quartile



 Black, Asian and minority ethnic colleagues  White colleagues

Our ethnicity pay gap explained

Our ethnicity pay gap results from the fact that there are fewer Black, Asian and minority ethnic colleagues in our senior – and therefore higher-paid – roles, than in our early career and mid-level roles.

Our company inclusion survey, last completed in August 2020, showed that Black, Asian and minority ethnic colleagues made up 13% of our entry level and early career roles. This reduces to just 3% at senior manager level and 0% in the most senior roles in our leadership team. This means that the overall average salaries of white colleagues are higher than those of Black, Asian and minority ethnic colleagues, resulting in a pay gap.

The reduction in our pay gap since 2020 is a result of changes to the make-up of our pay quartiles, which has seen an increase in the proportion of Black, Asian and minority colleagues in the lower-middle quartile, and a decrease in the lower quartile. This means the difference in salary between Black, Asian and minority ethnic colleagues and white colleagues has decreased – narrowing the pay gap.

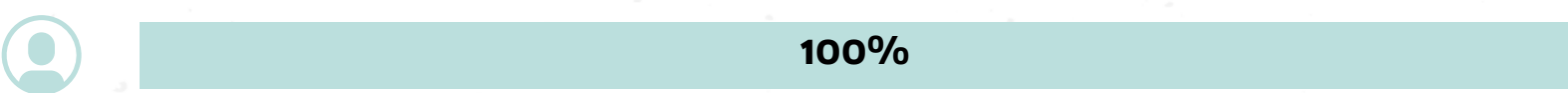
These quartile changes are a result of both promotions and leavers within the group of colleagues who have disclosed their data.

Hourly ethnicity bonus gap



Proportion of colleagues receiving a bonus payment

Black, Asian and minority ethnic colleagues



White colleagues



A colleague’s eligibility to receive a profit or bonus share is entirely related to completion of their probationary period. Find out more about how our bonuses are calculated on page 30.

Our ethnicity bonus gap explained

The bonus gap figures are affected by the same factors which affect our pay gap; specifically, that we have significantly fewer Black, Asian and minority ethnic colleagues in the most senior and highest paid roles. Since bonuses are based on a percentage of salary, lower representation of Black, Asian and minority ethnic colleagues results in lower average bonuses when compared to white colleagues.

The significant difference between the mean and median bonus gap relates to the underrepresentation of Black, Asian and minority ethnic colleagues in our leadership team and senior manager roles. This creates a high mean average bonus for white colleagues, which is driven by a relatively small group of individuals in comparison to the whole organisation. The median bonus gap is unaffected by the small number of individuals with particularly high or particularly low bonuses and is therefore much closer to zero, reflecting a more even distribution of colleagues from different ethnicities throughout the layers below senior management.

The reduction in our bonus gap since 2020 results from the same factors which have resulted in the narrowing of the ethnicity hourly pay gap: changes in the distribution of colleagues in our pay quartiles. There is an increased proportion of Black, Asian and minority ethnic colleagues in the lower middle pay quartile, and a decreased proportion in the lower quartile. As colleagues in higher pay quartiles receive higher bonus payments, this has narrowed the bonus pay gap.

Comparing the bonus and pay gap of different ethnicities

In order to calculate an overall ethnicity pay gap, we included colleagues who are Black, Asian and minority ethnic and compared their hourly pay and bonuses with colleagues who are white. However, we know that categorising colleagues in this way poses a number of challenges: for example, it inaccurately suggests that colleagues have the same experiences or level of representation. Therefore, below we have provided a further breakdown of the ethnicity pay and bonus gap for colleagues who identify as Asian or Asian British, Black or Black British, Mixed ethnicity, and for colleagues who identify as a different ethnicity to these.

	Mean Pay Gap 2021	Median Pay Gap 2021	Mean Bonus Gap 2021	Median Bonus Gap 2021
Asian or Asian British	10.8% (2020: 7.6%)	-6.0% (2020: -15.5%)	55.1% (2020: 66.6%)	-0.8% (2020: 8.2%)
Black or Black British	31.0% (2020: 30.5%)	11.9% (2020: 23.6%)	67.3% (2020: 75.8%)	20.1% (2020: 22.7%)
Mixed ethnicity	6.0% (2020: 12.4%)	-12.0% (2020: 3.0%)	42.8% (2020: 57.6%)	-16.2% (2020: 7.2%)
Colleagues who identify to a different ethnicity to those detailed	32.8% (2020: 31.9%)	18.0% (2020: 20.5%)	70.3% (2020: 82.6%)	27.8% (2020: 33.1%)

Please note that we are unable to share the proportion of colleagues in each pay quartile for each of these groups. This is to preserve anonymity because there are small numbers of individuals in some pay quartiles.

New joiners to the company since our inclusion survey in August 2020 are not included in this report due to our next annual inclusion survey taking place in Q4 2021. This means that the changes in pay and bonus gaps outlined in the table above are a result of a combination of some colleagues leaving the business and others being promoted and receiving pay increases.

Our disability pay gap

In 2021, our mean disability pay gap was 21.6%, and our median gap was 20.8%. This is the first time we've calculated our disability pay gap.

A note on data used

The data is based on 51.9% of our workforce self-reporting whether they have a disability or not. The 48.1% of our workforce who have not disclosed this information have been excluded from our calculations.

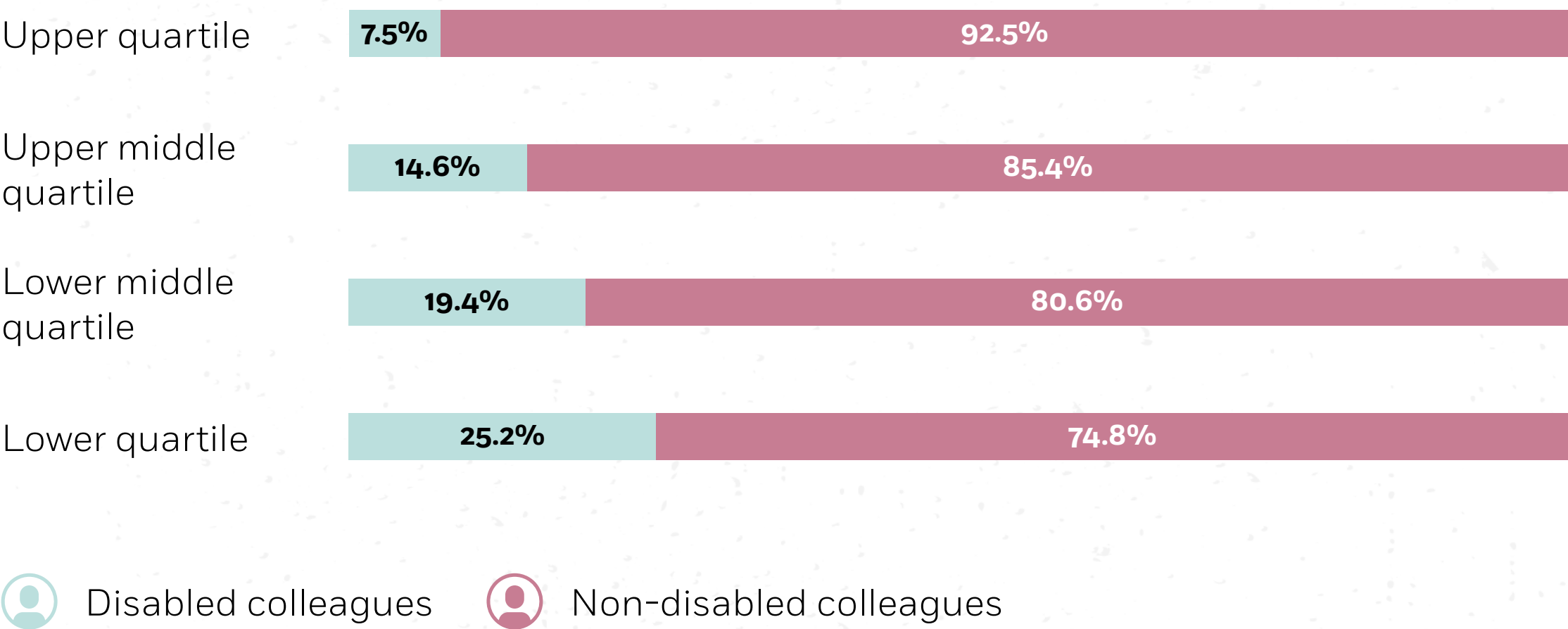
Of this group, 16.6% are disabled colleagues and 83.4% are non-disabled colleagues.



Hourly disability pay gap



Proportion of colleagues in each pay quartile



Our disability pay gap explained

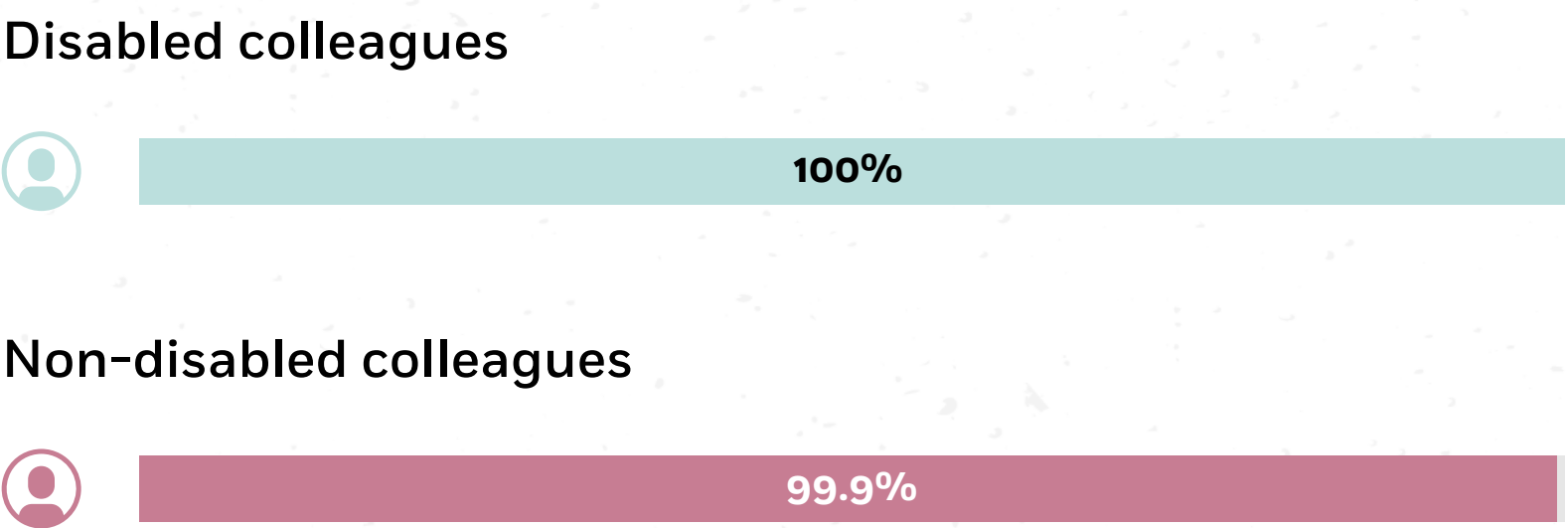
Disabled colleagues hold roles across all levels of the organisation, however representation is lowest in our most senior roles and significantly higher in early career roles. This means that the overall mean and median salaries of non-disabled colleagues are higher than those of disabled colleagues, creating the pay gap.

The distribution of disabled colleagues is more uneven than in the other demographic groups we report on, with more than three times as many disabled colleagues in the lower quartile than the upper quartile; which is why this is the largest pay gap in our report.

Hourly disability bonus gap



Proportion of colleagues receiving a bonus payment



A colleague’s eligibility to receive a profit or bonus share is entirely related to completion of their probationary period. Find out more about how our bonuses are calculated on page 30.

Our disability bonus gap explained

The bonus amount received by an employee is based on a percentage of salary, and both salary and bonus percentage increases with seniority. The bonus gap figures are therefore affected by the same factors which affect our disability pay gap. Specifically, we have uneven representation of disabled colleagues across the company with significantly more disabled colleagues in the lower pay quartile than the upper pay quartile. This results in a higher mean and median bonus for non-disabled colleagues, creating the pay gap.

Spotlight on... positive action traineeships

Together with more inclusive recruitment and promotion practices, positive action traineeships are one of ways in which we are working to improve representation at different levels within our company.



The Scheme is our positive action entry level traineeship programme.

It offers a number of paid six-month placements each year for people from a Black, Asian or minority ethnic community and/or people from a lower socio-economic background.

The programme has previously offered placements in our Editorial teams, but this year we expanded it to Publicity and Sales – offering a total of 18 placements across these departments.



Our Next Editors Programme is our newly created positive action traineeship, which is due to launch in the Autumn 2021.

This programme will be for Black, Asian and minority ethnic candidates and aims to address the particular lack of representation in our editorial teams at commissioning editor level.

There will be 4 traineeship placements available at different publishing houses across Penguin Random House.

Our sexual orientation pay gap

Our sexual orientation pay gap looks at the difference in average earnings between colleagues who identify as lesbian, gay, bi or another term, and those who identify as heterosexual/straight. In 2021, our mean sexual orientation pay gap was 12.2%, and our median gap was 9.9%. This is the first time we've calculated this pay gap.

A note on the data used

The data is based on 52.2% of our workforce self-reporting their sexual orientation. The 47.8% of our workforce who have not disclosed their sexual orientation have been excluded from our calculations.

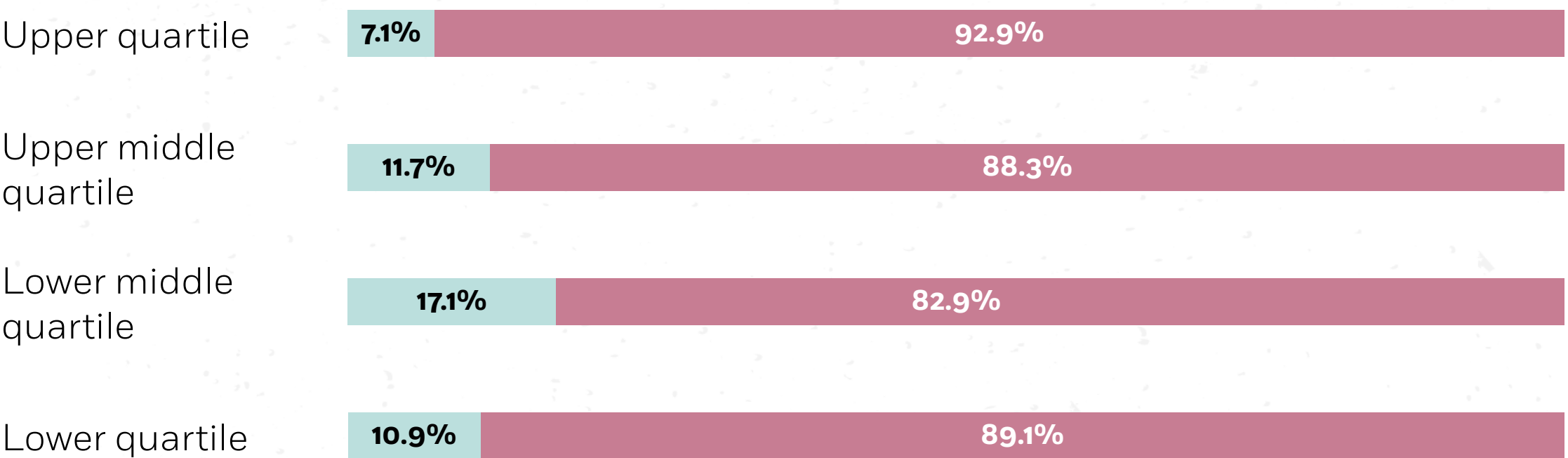
Of this group 11.7% colleagues identify as lesbian, gay, bi or another sexual orientation and 88.3% colleagues identify as heterosexual/straight.



Hourly sexual orientation pay gap



Proportion of colleagues in each pay quartile



 Colleagues who identify as lesbian, gay, bi or use another term

 Colleagues who identify as heterosexual / straight

Our sexual orientation pay gap explained

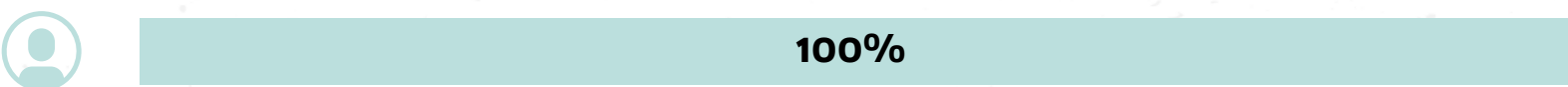
While LGB+ colleagues are represented throughout our organisation, including in our most senior positions, the highest representation is seen in the lower middle pay quartile. With more than double the amount of LGB+ colleagues here than in the upper quartile, the latter being where our most senior roles and highest paid roles are positioned, this results in a pay gap.

Hourly sexual orientation bonus gap



Proportion of colleagues receiving a bonus payment

Colleagues who identify as lesbian, gay, bi or use another term



Colleagues who identify as heterosexual / straight



A colleague’s eligibility to receive a profit or bonus share is entirely related to completion of their probationary period. Find out more about how our bonuses are calculated on page 30.

Our sexual orientation bonus gap explained

The bonus amount received by an employee is based on a percentage of salary, and both salary and bonus percentage increases with seniority. The bonus gap is therefore affected by the same factors which affect our sexual orientation pay gap: the lower representation of LGB+ colleagues in the upper pay quartile compared to the three pay quartiles below this, and is exacerbated by the higher representation in the lower middle pay quartile. The impact of this uneven distribution is lower overall bonus pay for LGB+ colleagues, resulting in the bonus gap.

Our socio-economic background pay gap

In 2021, our mean socio-economic pay gap was 16.3%, and our median gap was 10.0%. This is the first time we've calculated our socio-economic pay gap, which assesses the gap in average earnings between employees from lower socio-economic backgrounds versus those from higher socio-economic backgrounds.

A note on the data used

The data is based on 42.9% of our workforce self-reporting their socio-economic background. The 57.1% of our workforce who have not disclosed their socio-economic status have been excluded from our calculations.

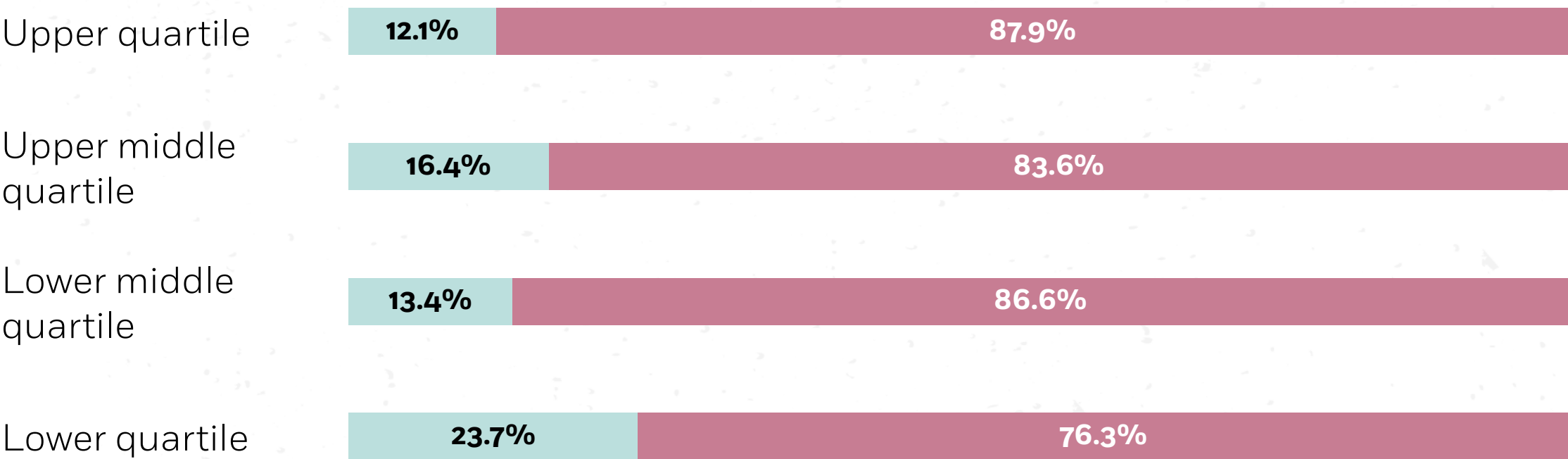
The socio-economic background measure we have used is parental occupation, which is an indicator of socio-economic background according to the Social Mobility Commission. Of this group 16.4% colleagues are from lower socio-economic backgrounds and 83.6% colleagues are from higher socio-economic backgrounds.



Hourly socio-economic background pay gap



Proportion of colleagues in each pay quartile



 Colleagues from lower socio-economic backgrounds  Colleagues from higher socio-economic backgrounds

Our socio-economic background pay gap explained

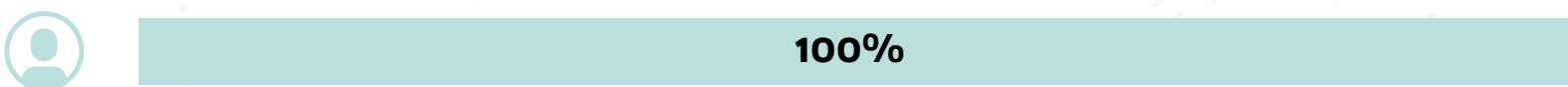
We have a higher representation of colleagues from lower socio-economic backgrounds in our lower pay quartile, in particular in our warehouse roles. Combined with a lower representation in our senior roles, this leads to a difference in the average pay between colleagues from higher and lower socio-economic backgrounds, creating a pay gap.

Hourly socio-economic bonus gap



Proportion of colleagues receiving a bonus payment

Colleagues from lower socio-economic backgrounds



Colleagues from higher socio-economic backgrounds



A colleague’s eligibility to receive a profit or bonus share is entirely related to completion of their probationary period. Find out more about how our bonuses are calculated on page 30.

Our socio-economic bonus gap explained

We don’t have a balanced representation of people from all socio-economic backgrounds at all levels of our company, and this means there are more colleagues from higher socio-economic backgrounds in more senior roles. As salaries (and therefore bonuses) increase with seniority, this creates a gap between the mean and median bonus payments of these two groups.



Appendix

Reporting methodology and data

Pay Gap calculations

As there is currently no official guidance in place regarding the calculation of ethnicity, disability, sexual orientation or socio-economic background pay gaps, we have used the same methodology set out by the Government Equalities Office for gender pay gap reporting.

Pay gap calculations are based on an hourly pay rate for each relevant employee, reflecting base salary and certain allowances, and 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 2021 (i.e. for the period 1 April 2021 to 30 April 2021), whilst bonus data refers to the pay period from 6 April 2020 to 5 April 2021.

Data

Unlike our gender pay gap reporting, which covers the majority of employees, our pay gap reporting on other demographic groups is based on the number of employees who voluntarily disclosed (in our most recent Inclusion survey) their ethnicity, sexual orientation, socio-economic background and whether they are disabled.

The data in this report represents the 54% of employees which responded to the survey and gave their consent for us to use their information. The remaining 46% of our workforce chose not to share their demographic data or did not give their consent and therefore are excluded from our calculations.

While 54% is a meaningful proportion of our employees, we recognise that this limits the accuracy of the pay gap reporting. It also means that meaningful year-on-year comparison are more difficult.

Our next annual inclusion survey is in Q4 2021, where we hope to increase the total number of

colleagues that participate because new joiners since August 2020 will also be invited to share their data. We also hope that even more of our employees will chose to disclose their data as they understand more about how sharing their data can help drive specific actions to achieve a representative workforce. If we can achieve higher voluntary disclosure this will increase the accuracy of the report. At the same time, it's also worth noting that increased or varied participation in future years may mean that year-on-year comparisons are difficult to make.

It's also worth noting that as the numbers of colleagues in certain groups are relatively small in comparison to the overall group of employees who consented to store their data (66% of our total workforce) the pay gaps can be significantly influenced by small changes in employees. For example, 11.7% colleagues identify as lesbian, gay, bisexual or use another term (LGB+). Therefore, if a highly paid LGB+ employee joined or left the business, this would have a significant impact on the pay gap for that group.

Pay gap calculations

Hourly and bonus pay gaps

Hourly and bonus pay gaps are the percentage difference in hourly or bonus pay between two groups (e.g. women and men) within our organisation.

These are calculated in terms of the mean and the median.

Mean

The overall average of all relevant salaries in a group.



Median

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



Proportion of colleagues in each pay quartile

This involves listing all the hourly pay rates for employees in order from largest to smallest and then dividing the list into 4 equal quartiles. Each quartile includes one quarter of the total population and we report the percentage of a certain group of colleagues (e.g. women and men) within that quartile. The top quartile includes the 25% of employees with the highest hourly rate; the lower quartile includes the 25% of employees with the lowest hourly rate, and so on with the two middle quartiles.

Proportion of colleagues receiving a bonus payment

All our employees are eligible to receive a bonus or profit share after completing their probationary period, regardless of their role. Bonus and profit share payments are based only on our company performance, with employees performing similar roles receiving the same bonus percentage.

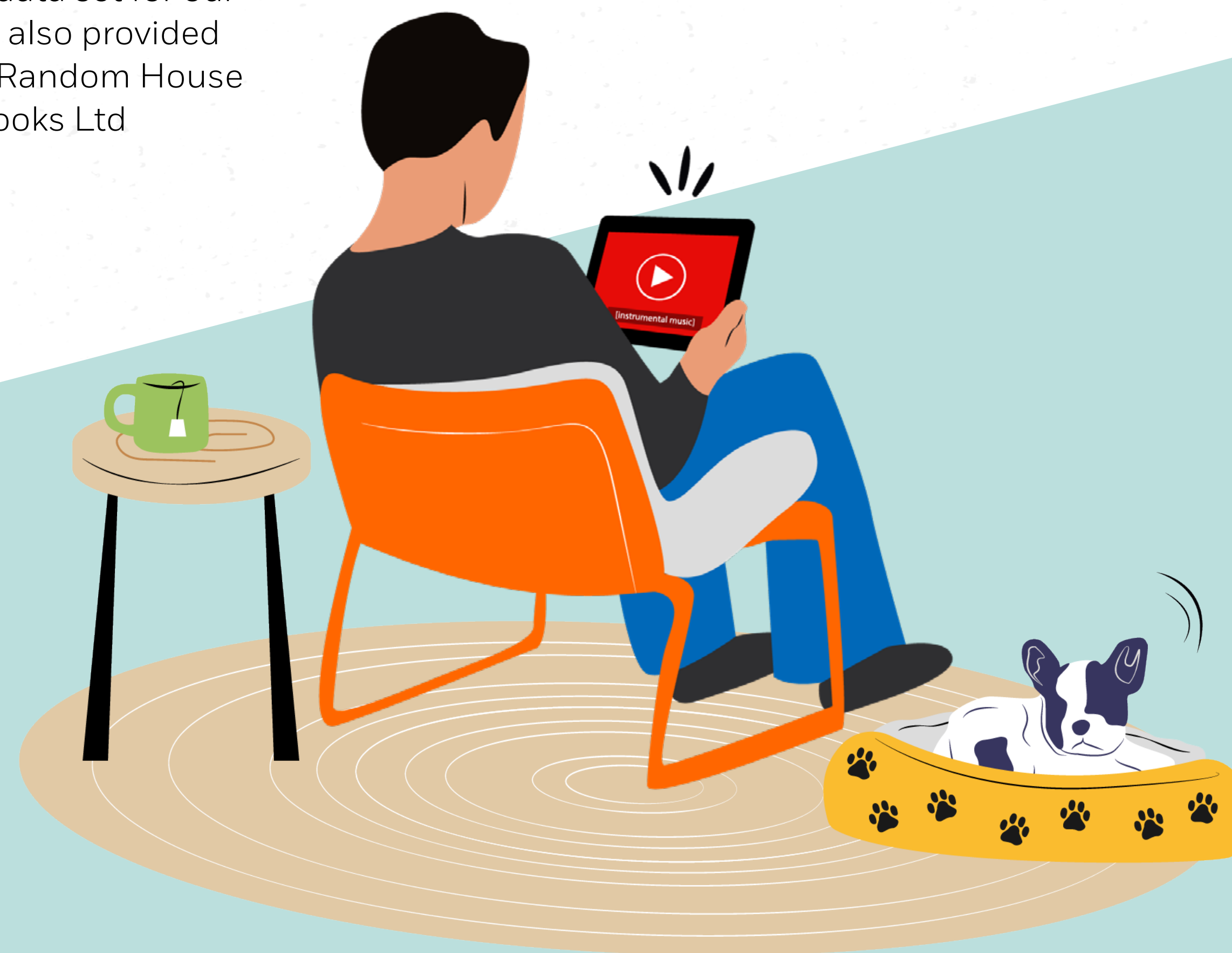
Accordingly, this calculation – which shows the difference in the proportion of colleagues from two groups receiving a bonus or profit share – is a direct result of the mix of new joiners who had not yet become eligible to join the scheme at the time of reporting.

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).



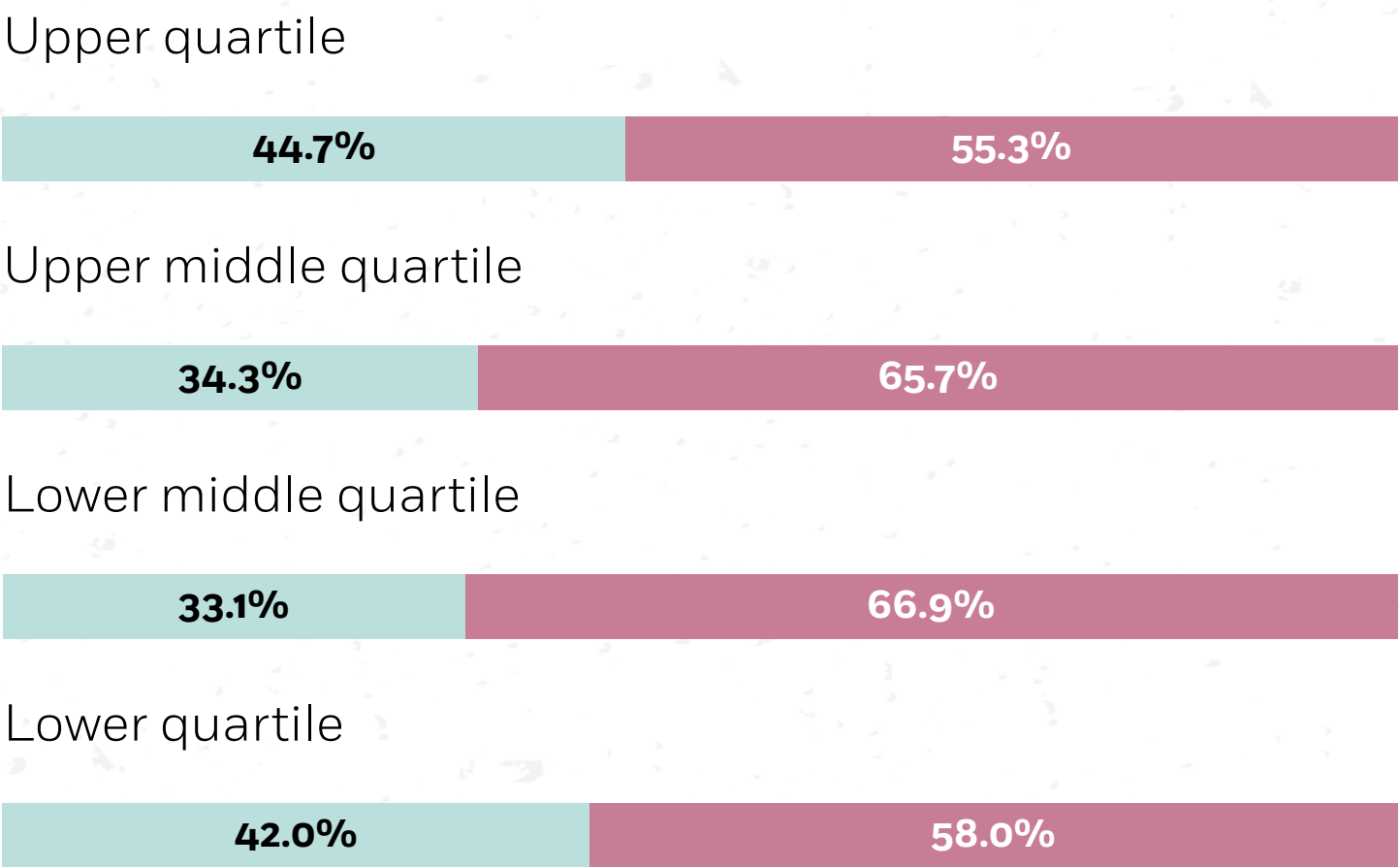
The Random House Group

Men Women

Hourly gender pay gap



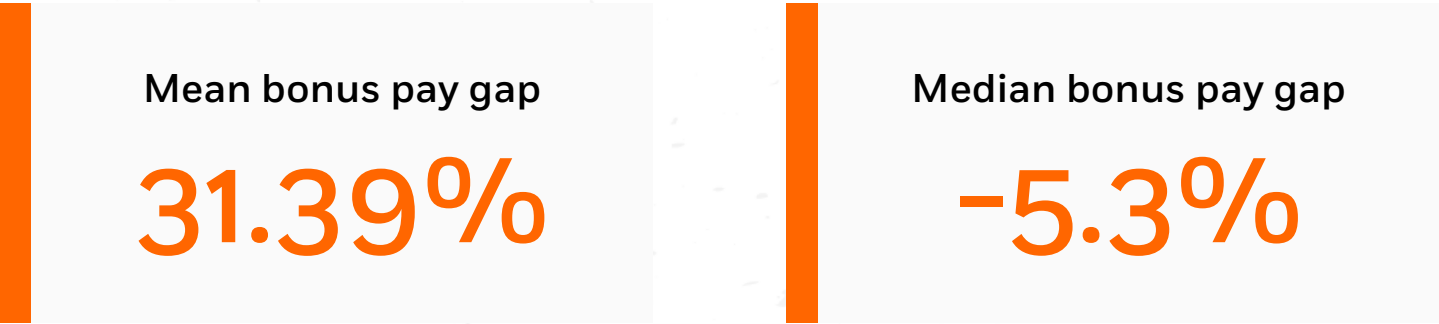
Proportion of men and women in each pay quartile



Proportion of colleagues receiving a bonus



Hourly gender bonus gap



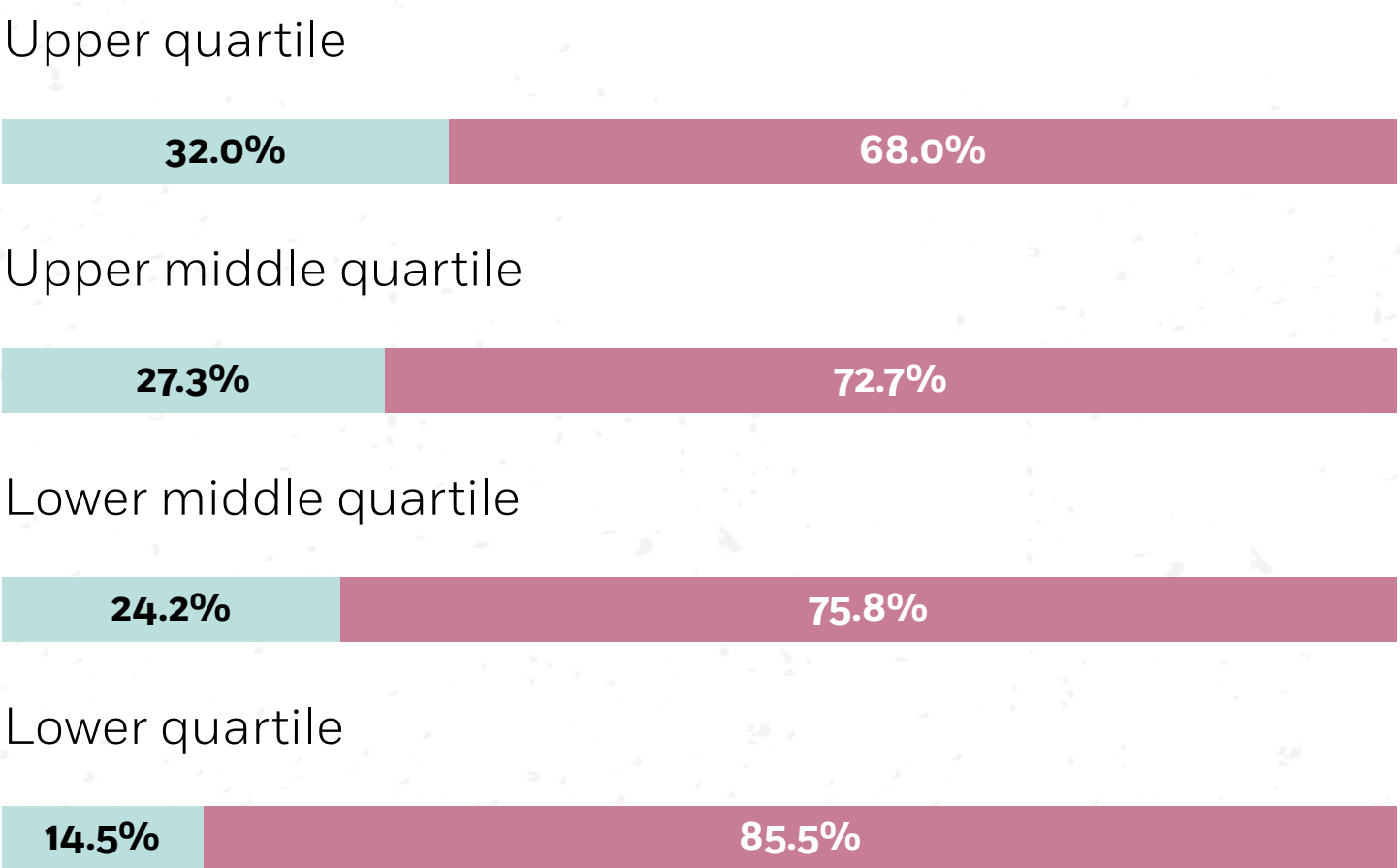
Penguin Books Ltd and DK

Men Women

Hourly gender pay gap



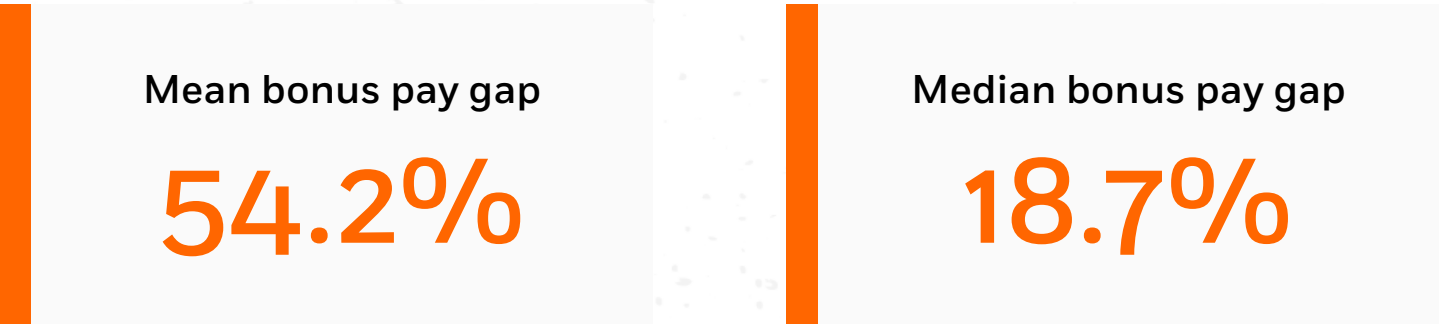
Proportion of men and women in each pay quartile

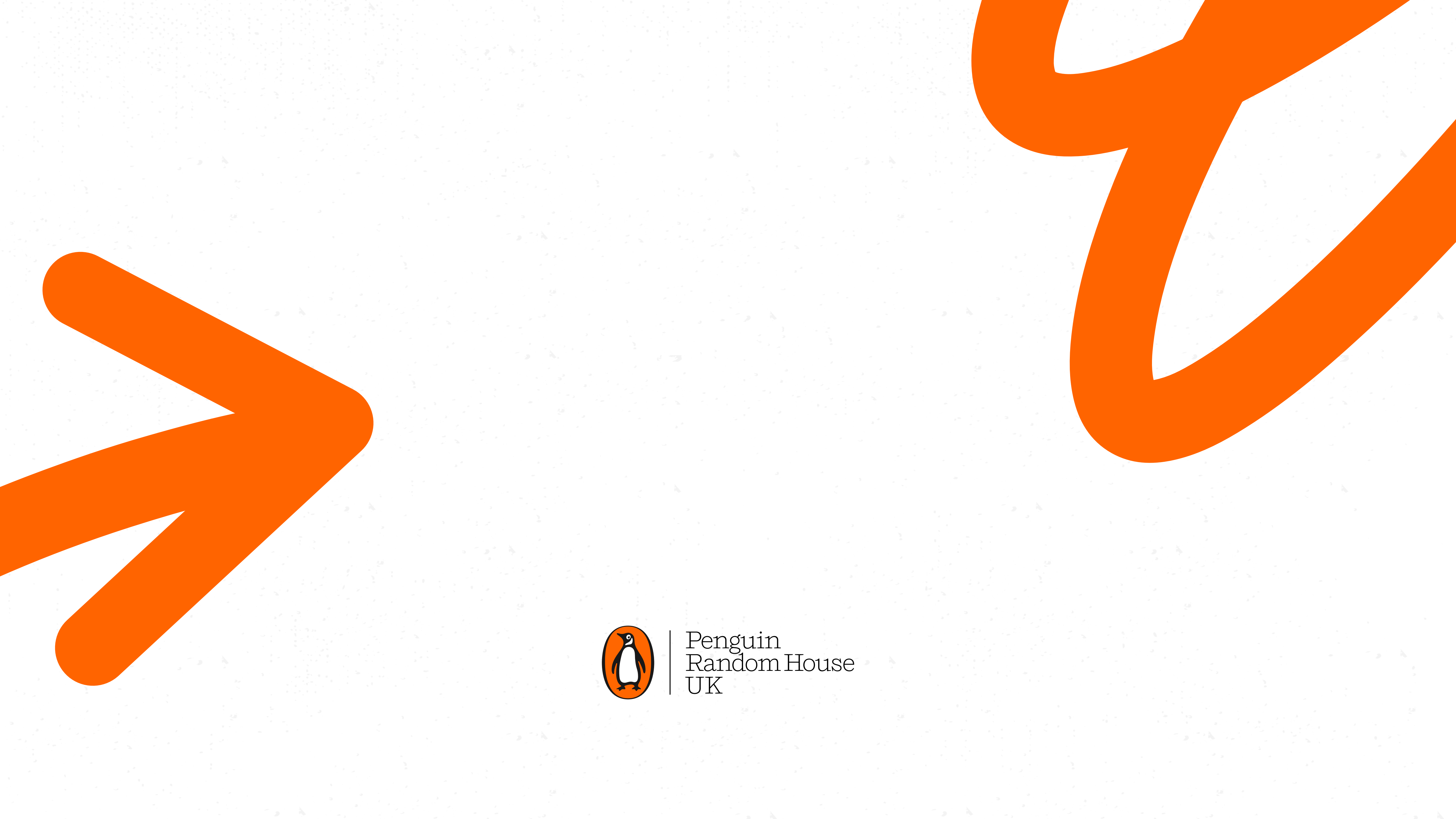


Proportion of colleagues receiving a bonus



Hourly gender bonus gap





Penguin
Random House
UK