

# Our 2022 Pay Gap Report

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



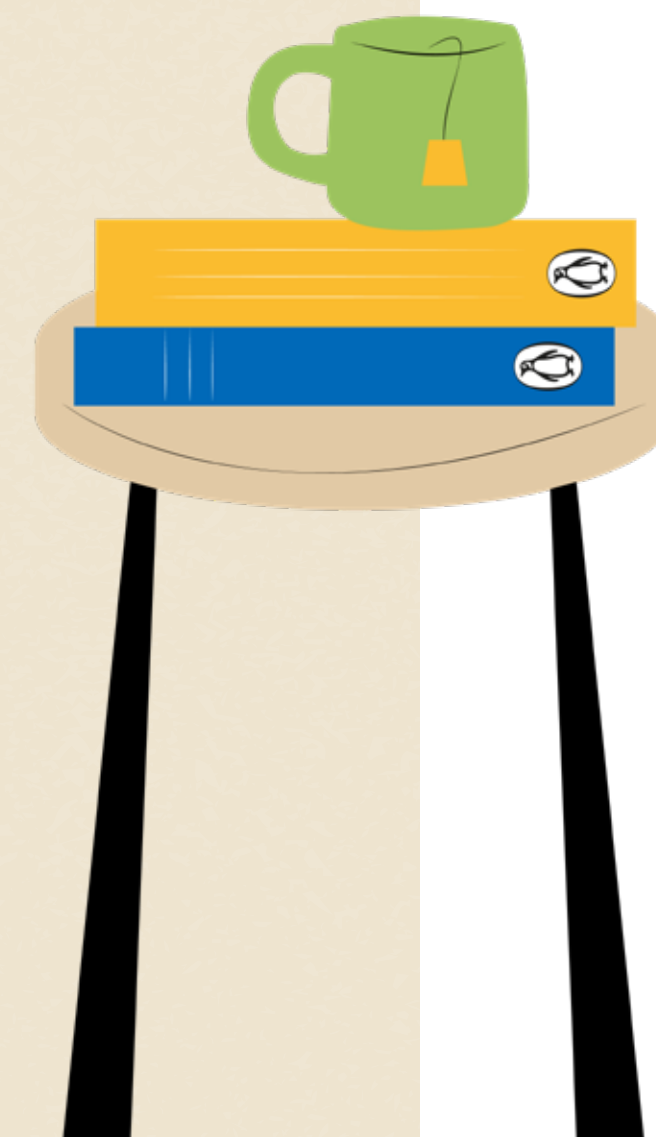
Penguin  
Random House  
UK



# Contents

If you would like to jump to a section, please click the relevant line.

<b>3</b>	<b>Introduction</b>
<b>4</b>	<b>Key findings from this report</b>
<b>5</b>	<b>What is a pay gap?</b>
<b>6</b>	<b>Our diversity and inclusion strategy</b>
<b>7</b>	<b>Our pay gap action plan</b>
<b>10</b>	<b>Our pay gaps</b>
<b>28</b>	<b>Reporting methodology and data</b>
<b>30</b>	<b>Pay gap calculations</b>
<b>31</b>	<b>Statutory disclosure</b>



## 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

# At Penguin Random House UK we have an ambition to achieve representation in all teams, at all levels.

We've set ourselves a goal for our entire company to reflect the rich diversity of UK society, including among senior management. While we know it will take some time to get there, we're working hard to embed more inclusive practices and initiatives to help us make more positive progress each year.

Our pay gap data is an important tool to help us measure this progress. Together with the demographic data we collect from our colleagues each year, it helps build a picture of the spread of people from different backgrounds across our organisation.

This journey - towards true representation - is not necessarily a straightforward one. Achieving meaningful and sustained organisational change takes time. While it might seem counterintuitive, some of the actions we take to reach this goal might actually mean that our pay gaps widen before they reduce.

We have seen that this year with our ethnicity, sexual orientation and socio-economic pay gaps, which have all increased. Our disability pay gap, however, has reduced, with more disabled colleagues at all levels of the organisation. Our median gender pay gap has remained the same, and we've seen a slight increase for the mean measure, predominantly as a result of the gender mix of new joiners and leavers at different career levels.

As we focus on ensuring that 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. This is because the faster-growing representation at early career level contrasts with the slower-moving changes at a senior level, where roles and vacancies are fewer and transformation takes place more slowly.

What is clear to us is that our efforts to hire more inclusively are working. Equally important is supporting the development and progression of talent from all backgrounds up through the organisation, including into more senior roles. Although that too will take time, in the longer term we hope to see a positive net effect as a result, with a future narrowing of the gap.

**Val Garside, HR Director**

# Key findings from this report

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

Our disability pay gap **has decreased this year**, across all measures

Our **median gender pay gap has stayed static**, with a small increase in the mean

**Actions we're taking to achieve better representation may also mean that our pay gaps widen before they reduce.** We can see this in our increased ethnicity, sexual orientation and socio-economic pay gaps



# 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 UK. For example, fewer disabled 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, people from lower socio-economic backgrounds make up 39% of UK society ([Social Mobility Commission](#)). If 39% of our colleagues were from lower socio-economic backgrounds but mainly occupied early career level roles, or alternatively mainly occupied our most senior roles, in both instances we would still see a pay gap between colleagues from lower and higher socio-economic backgrounds. If, however, any percentage of our colleagues were from lower socio-economic backgrounds 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. Pay gaps 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 gaps 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 across the organisation is for different groups. It will also shine a light on where we need to prioritise hiring and progressing talent from different background to ensure diversity exists in all teams at all levels.

# Our diversity and inclusion strategy

Our pay gap action plan is directly in support of our wider diversity and inclusion strategy, in particular our two first 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](#).

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## **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 do their best work. When colleagues feel supported in this way, they are more likely to stay with us and find opportunities to grow in their career. Developing this culture will therefore help us achieve our representation goal.



# 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. In addition we undertake specific actions to support the reduction of pay gaps relative to certain groups, for example the introduction of equal parental leave to normalise parental leave for parents of any gender or sexual orientation ([see here for more information](#)), and becoming a [Disability Confident Employer](#), including offering interviews to all disabled candidates who meet the essential criteria for the role.

Areas of focus	Support in place	Ongoing work
<div><b>01</b></div> <div><b>Representation in all teams at all levels</b></div> <div>Inclusive hiring and promotion practices will increase the diversity of our workforce and support the career progression of underrepresented talent. This will be the most effective way to narrow our pay gaps.</div>	<div><div>✓</div>Our hiring and recruitment policy is designed to support more inclusive hiring practices and promotion decisions.</div> <div><div>✓</div>Inclusive policies in place to support development of people from all backgrounds, including an equal parental leave policy, a menopause policy and a guide to gender transition at work.</div> <div><div>✓</div>Supporting colleagues to form employee-led networks, to enhance our culture of belonging. We provide financial compensation for network chairs and consult with them on the development of HR policies and inclusion initiatives.</div>	<div><div>○</div>Continue to support managers to hire, manage and promote inclusively. This year we piloted our new People Manager Development Programme with specific modules on this, and in 2023 we'll roll it out to all people managers in our organisation.</div> <div><div>○</div>Continue to explore and remove barriers to career development. This year we piloted a new digital career development platform, 'Design Your Career', with tools, resources and info to help colleagues progress their career. In 2023 we'll roll it out to every department.</div>

Areas of focus	Support in place	Ongoing work
<p><b>01</b></p> <p><b>Representation in all teams at all levels (continued)</b></p>	<ul style="list-style-type: none"> <li>✓ Use of positive action programmes, including the Disability Confident scheme and recruitment diversity slates for ethnicity and gender, to increase the diversity of new hires.</li> </ul>	<ul style="list-style-type: none"> <li>○ Reach talent from outside of publishing and hiring for our positive action programmes. This year we appointed two new roles in our recruitment team - an Employment Brand Specialist and Recruitment Programmes Partner - to support this. We also completed the first six months of our 18-month positive action senior editorial traineeship, the Next Editors programme, with four trainees.</li> </ul>
<p><b>02</b></p> <p><b>Increased pay transparency</b></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"> <li>✓ Transparent pay bands for individual roles, informed by market benchmarking data, shared internally as well as on our job adverts.</li> <li>✓ Tools to help colleagues have constructive, open conversations on and pay and career development.</li> </ul>	<ul style="list-style-type: none"> <li>○ Continue to work with managers to embed the pay framework and support transparency of pay for employees and candidates.</li> <li>○ Refresh our pay bands annually, with the most recent refresh completed in September 2022.</li> <li>○ Increase understanding of our company approach to pay bands and pay conversations through manager and senior manager briefings.</li> </ul>

Areas of focus	Support in place	Ongoing work
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03

Data, reporting and insight

Improving the way we use data to better understand, track and communicate our progress, identify and prioritise actions needed and ensure pay equity.

- ✓ Annually record company and divisional inclusivity data through our annual employee survey.
- ✓ Track the diversity of candidates at each stage in the recruitment process.

- Continue to collect, track and use data to understand our organisation and make changes accordingly. In 2022 we updated our new joiner surveys so we can better understand people's experience during the recruitment process and in their first few weeks at the company. In 2023 we'll launch refreshed leaver surveys to gain insights on retention challenges and employee experience.
- Continue to undertake pay equity checks for new hires and colleague pay changes at an individual level along with companywide pay equity reviews.
- Analyse job and salary changes so we can measure career and salary progression for different demographic groups.



# Our gender pay gap

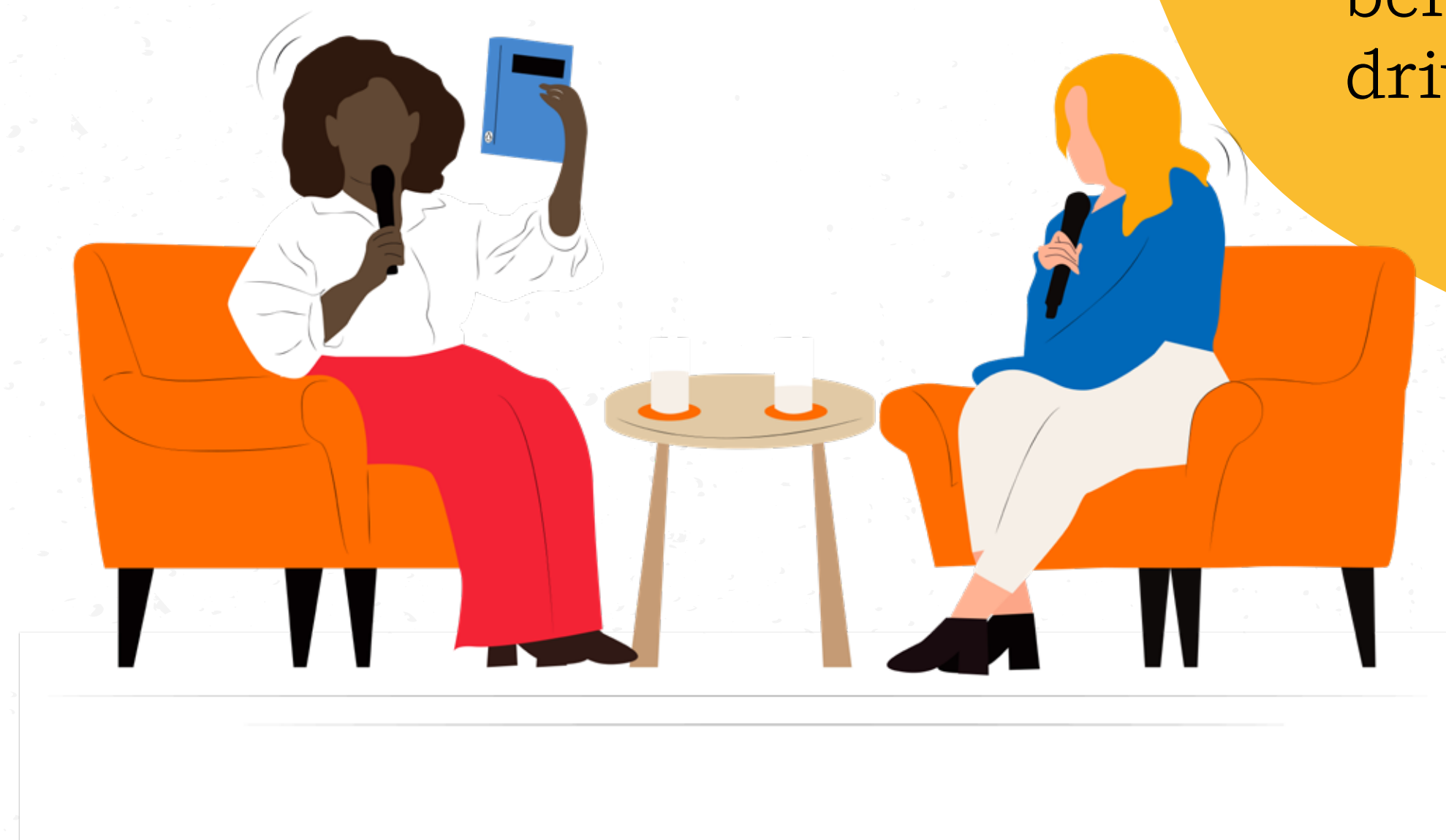
**In 2022, our mean gender pay gap increased by 1.9% to 12.3%. Our median gender pay gap marginally increased by 0.1% to 3.7%.**

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 17 including our male CEO, is 47% men and 53% 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.

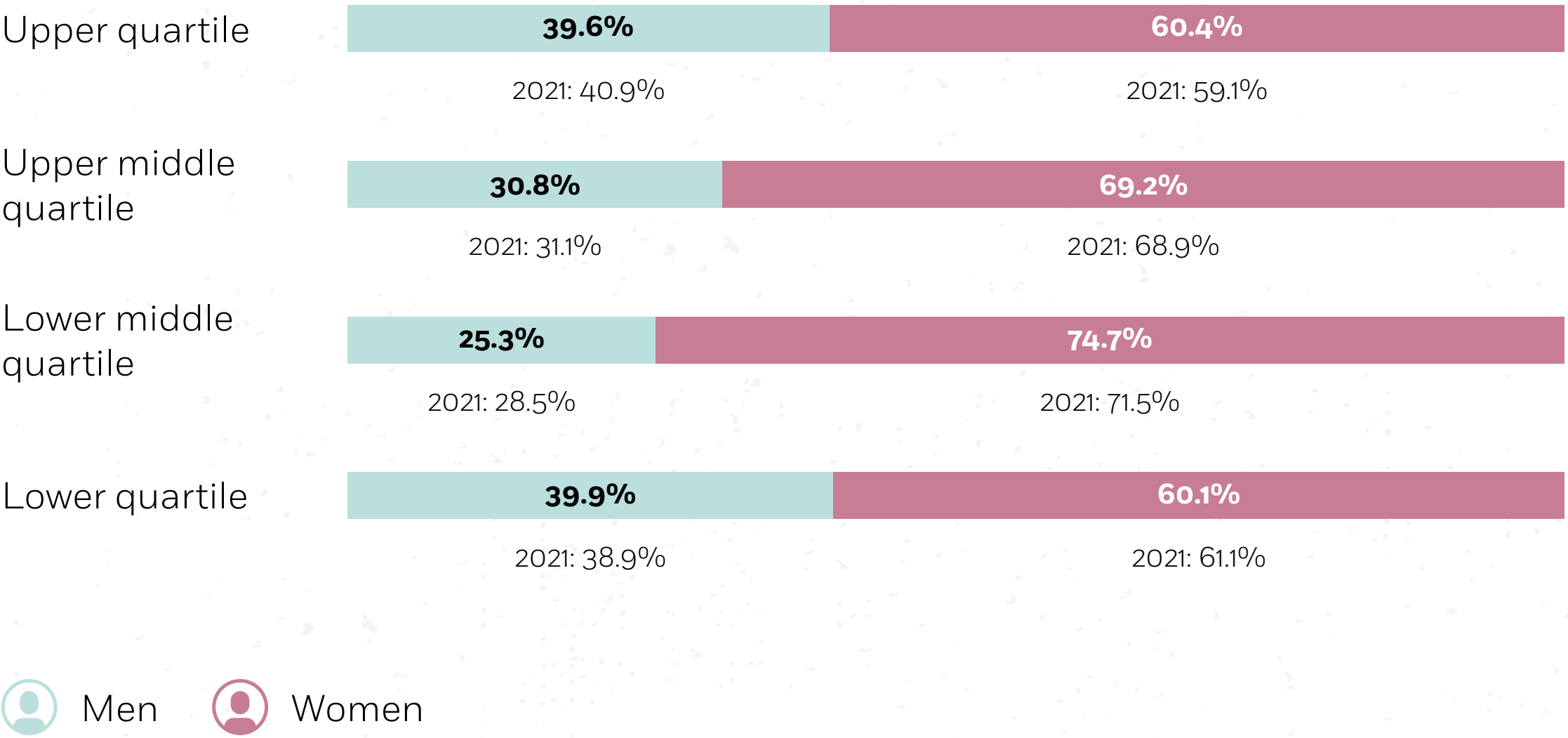
The gender balance is almost equal in our leadership team and top 100 earners, but there are fewer men than women in roles below this level, driving the pay gap.



# 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 almost equal in our leadership team and top 100 earners, but there are fewer men than women below this, particularly in entry level and early career roles. We have twice as many women as men in these levels, reducing the average salary of women overall.

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

Our Technology team represents 9% of our total employees. While women have roles across all levels in the department, and the proportion of women has increased by 2% since 2021, men make up 71%. Technology salaries attract a higher market premium compared to other roles specific to publishing, so this significantly impacts our pay gap.

The reasons our pay gap has increased slightly since 2021 include:

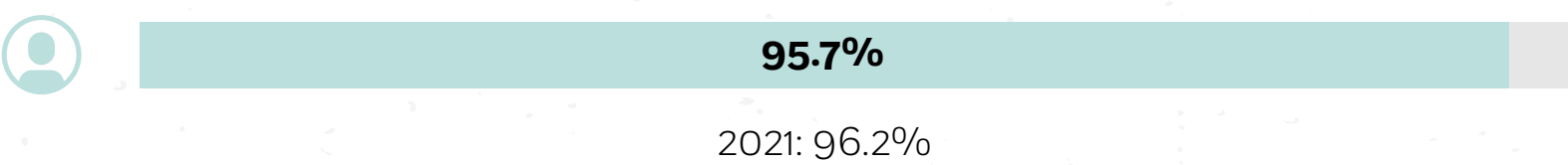
- 91% of new hires since 2021 were in entry level and early career roles. Of these, 70% of new joiners were women and 30% men, reducing the number of men in our lower middle pay quartile in particular.
- Personnel changes at the most senior level have a more significant impact on the mean pay gap, whereas the median pay gap is less affected by changes in the highest and lowest paid earners. During the reporting period we saw a small number of highly paid senior women leave the organisation and a small number of highly paid men join.
- Twice as many men than women have joined our Technology team, where higher salaries influence the pay gap, since 2021.

## Hourly gender bonus gap

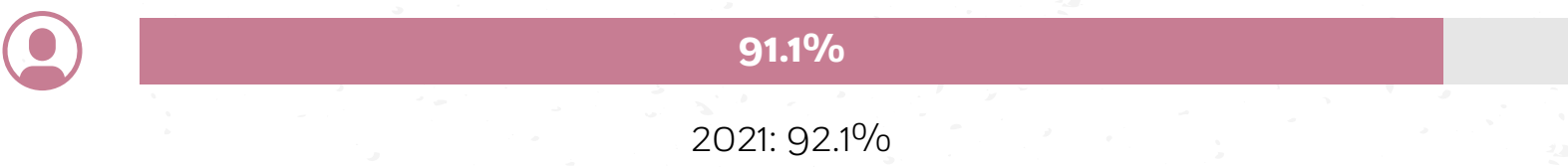


## Proportion of colleagues receiving a bonus payment

### 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.

- With men making up 71% of our Technology team, where salaries – and therefore bonuses – are higher due to market premiums, this contributes to the mean bonus gap being in favour of men.
- Men are underrepresented at all levels in our organisation except in the leadership team and in the top 100 earners, where men and women each occupy half of the roles. This uneven representation means that the overall mean bonus received by men in the company is higher than the overall mean bonus received by women.

Additionally, around 14% of our employees are employed on a part time basis, meaning 2% of men and 12% 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 considered, the median gender bonus gap would be further in favour of women at -14.5% and the mean bonus gap reduces to 31.6%.

Our mean and median bonus gaps have decreased since 2021 because the number of women has increased in all pay quartiles, except the lower quartile where the number has reduced. These shifts mean women are earning higher salaries and therefore higher bonuses than in the previous reporting period.

# Our ethnicity pay gap

In 2022, our mean ethnicity pay gap increased by 2.8% to 17.9% and our median ethnicity pay gap increased from 1.1% to 14.7%.

## A note on data used

The data is based on 55.3% of our workforce who voluntarily disclosed their ethnicity in our 2021 inclusion survey. While this is a meaningful proportion of our employees, we recognise that this limits the accuracy of this report. The 44.7% of our workforce who have not disclosed their ethnicity have been excluded from our calculations.

Of this group 13.7% of colleagues who disclosed their ethnicity are Black, Asian or minority ethnic (2021: 12.6%). 86.3% of colleagues who disclosed their ethnicity are white (2021: 87.4%). We know that grouping colleagues together as 'Black, Asian or minority ethnic' is problematic and therefore have provided a further breakdown of the ethnicities within this group on page 17.

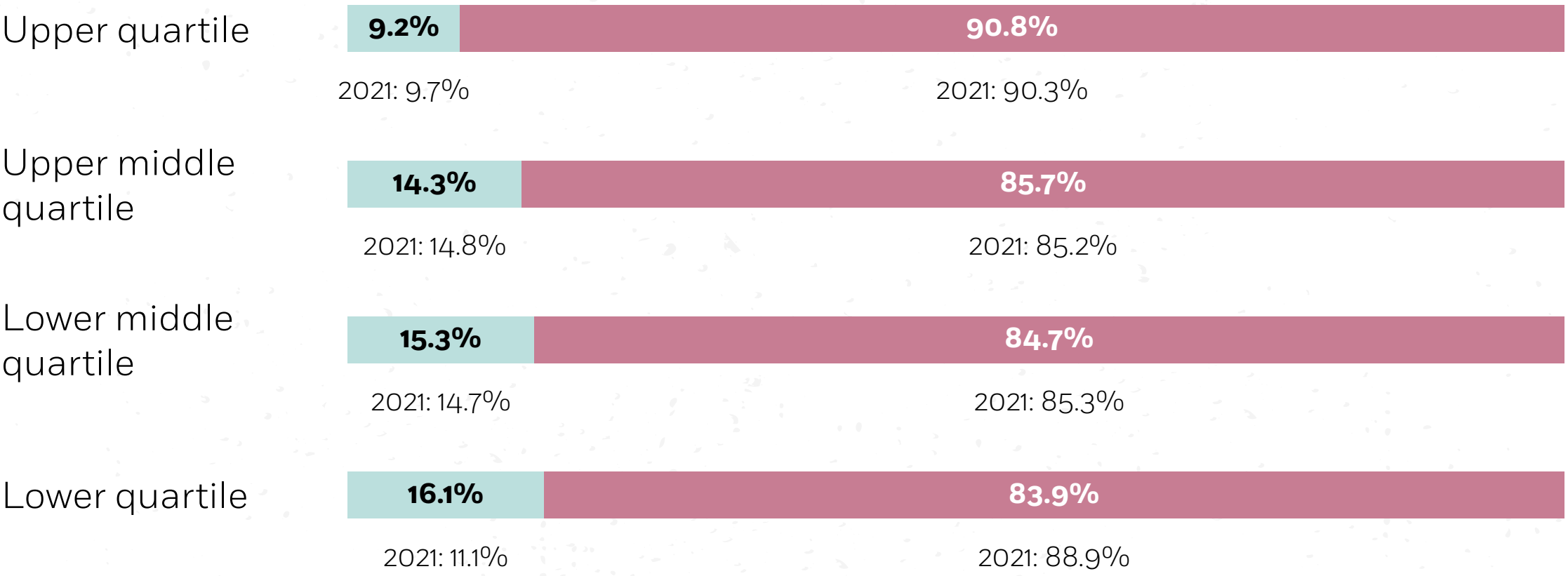


Our inclusive hiring efforts are successfully resulting in more diversity at entry level in terms of ethnicity. To close the pay gap we need to continue supporting progression and inclusive recruitment of more senior roles.

# 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 2021 company inclusion survey shows that the number of Black, Asian and minority ethnic colleagues has increased. However they make up 16% (2021: 14%) of our entry level and early career roles, reducing to 4.2% (2021: 3%) at senior manager level and 0% 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 increase in our pay gap since 2021 is a result of changes to the make-up of our pay quartiles, which have seen an increase in the proportion of Black, Asian and minority colleagues in the lower and lower-middle quartiles, and a small decrease in the two upper quartiles. This means the difference in average hourly rates between Black, Asian and minority ethnic colleagues and white colleagues has increased – widening the pay gap.

While it is disappointing to see our ethnicity gap increase, we know that reducing our gap requires representation in all teams and at all levels. It will take time to redress the underrepresentation that exists today.

We also know that actions that we take to achieve this will likely result in our pay gaps widening before they reduce.

For example, as we focus on hiring more Black, Asian and minority ethnic colleagues, a high number of these colleagues are joining in early career roles where we have significantly more job vacancies. These roles fall in our lower pay quartiles, meaning that the difference versus our higher pay quartiles becomes larger, and therefore so does the pay gap.

Our 2021 inclusion survey data indicates we are making progress in increasing representation with 32.8% of new joiners (2020: 32.2%), and 17.2% (2020: 13.3%) of the whole company identifying as Black, Asian or minority ethnic. Our pay gap calculations highlight the criticality of our continued focus on supporting the progression of colleagues from underrepresented ethnicities into more senior roles, as well as inclusive hiring at a senior level.

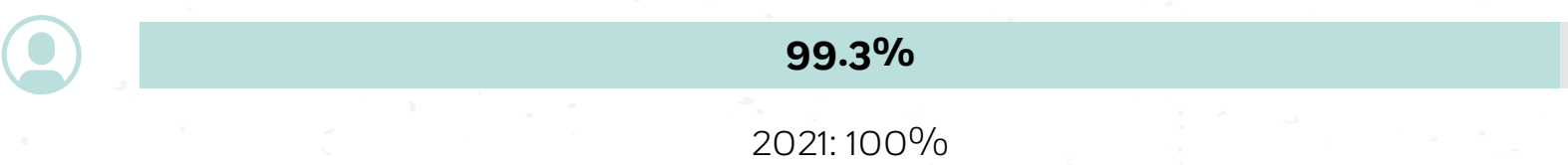


# Hourly ethnicity bonus gap

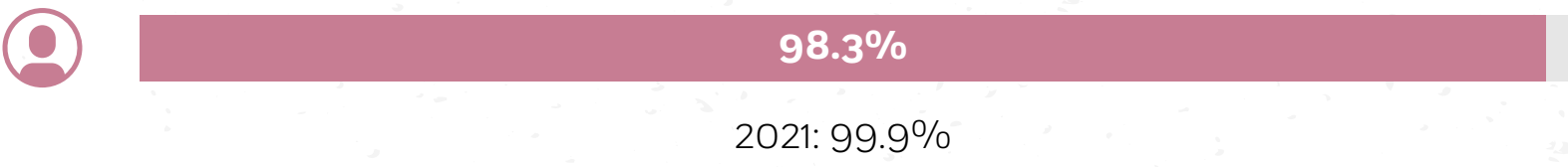


# Proportion of colleagues receiving a bonus payment

## 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 is caused by the same factors as the pay gap:

- We have significantly fewer Black, Asian and minority ethnic colleagues in the most senior and highest paid roles.
- Representation across our pay quartiles, with lower representation of Black, Asian and minority ethnic colleagues in our upper quartile, versus the other quartiles where this is more even.
- Since bonuses are based on a percentage of salary, lower representation of Black, Asian and minority ethnic colleagues in senior roles and higher representation in early career roles results in lower average bonuses when compared to white colleagues.

The large mean bonus gap and the substantial difference between the mean and median bonus gap is a result of 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 less affected by this small number senior leaders in the highest paid roles and is therefore much lower at 10.1%.

The increase in our bonus gap since 2021 results from the same factors which have resulted in the widening of the ethnicity hourly pay gap: changes in the distribution of colleagues in our pay quartiles.

# 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, identity 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 British Asian, Black or Black British, Mixed or multiple ethnic background, and for colleagues who identify as a different ethnicity to these.

It is also important to note that as these colleagues make up a relatively small population of our total employees, small changes in headcount in this group can have a relatively significant impact on the pay gaps we report here.

	Mean Pay Gap 2022	Median Pay Gap 2022	Mean Bonus Gap 2022	Median Bonus Gap 2022
Asian or British Asian	12.6% (2021: 10.8%)	1.7% (2021: -6.0%)	61.4% (2021: 55.1%)	8.1% (2021: -0.8%)
Black or Black British*	30.1% (2021: 31.0%)	26.0% (2021: 11.9%)	69.1% (2021: 67.3%)	14.4% (2021: 20.1%)
Mixed or multiple ethnic background	15.1% (2021: 6.0%)	5.0% (2021: -12.0%)	44.9% (2021: 42.8%)	0.7% (2021: -16.2%)
Colleagues who identify to a different ethnicity to those detailed	23.1% (2021: 32.8%)	18.1% (2021: 18.0%)	60.4% (2021: 70.3%)	20.5% (2021: 27.8%)

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.

\*The pay gap for Black or Black British colleagues is largest because of a significant underrepresentation of these colleagues at a senior level.

# Our disability pay gap

In 2022, our mean disability pay gap reduced by 3.5% to 18.1% and our median disability pay gap has reduced by 0.2% to 20.6%.

## A note on data used

A note on data used: The data is based on 54.1% of our workforce self-reporting whether they have a disability/long term condition or not. The 45.9% of our workforce who have not disclosed this information have been excluded from our calculations.

Of this group, 17.9% are colleagues with a disability or long term condition and 82.17% are non-disabled colleagues.

The reduction in our disability pay gap results from an increase in the number of colleagues at all levels - including senior leaders - sharing they have a disability or long term condition, albeit still behind UK society benchmarks.\*

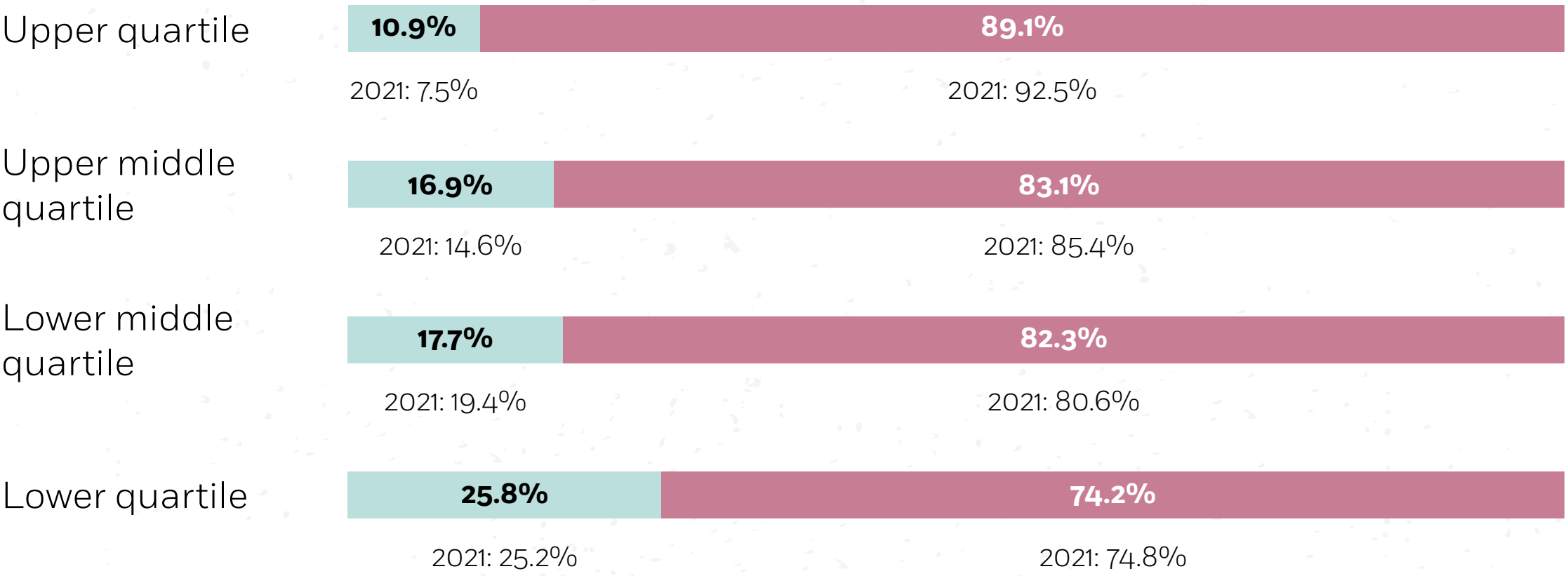


*\*At the time of analysing this data the 2011 census was the most recent data available.*

# Hourly disability pay gap



# Proportion of colleagues in each pay quartile



 Disabled colleagues     Non-disabled colleagues

# Our disability pay gap explained

Disabled colleagues hold roles at every level of the organisation; however representation is lower in our most senior 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.

Additionally, the distribution of disabled colleagues in each pay quartile is uneven, with more than double the number of disabled colleagues in the lower quartile compared to the upper quartile. This is the key reason for the slightly larger median pay gap.

The reduction in our mean and median pay gap since 2021 is a result of changes to the make-up of our pay quartiles - specifically an increase in the number of disabled colleagues in the upper and the upper middle pay quartiles and a reduction in the lower middle quartile.

We know from our annual inclusivity survey that the number of disabled colleagues overall and in our senior leader population is increasing, albeit still behind UK society benchmarks. These changes indicate that that we are hiring or promoting more disabled colleagues. They could also be affected by a larger number of existing colleagues feeling comfortable to disclose their disability at different levels of seniority.

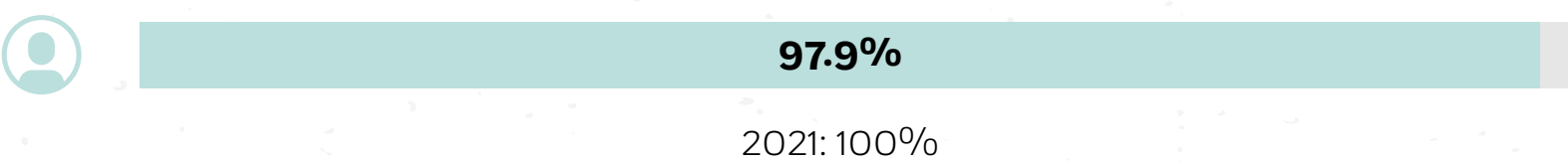
Continuing to focus on supporting disabled colleagues from application to interview and with onwards career progression is critical to achieving more balanced representation in every pay quartile.

# Hourly disability bonus gap

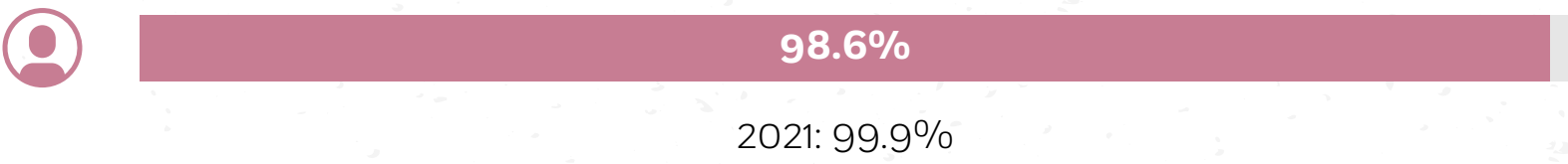


# Proportion of colleagues receiving a bonus payment

## Disabled colleagues



## Non-disabled 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 disability bonus gap explained

The bonus gap figures are affected by the same factors which affect our disability pay gap.

- Since bonuses are based on a percentage of salary and both salary and bonus percentage increases with seniority, lower representation of disabled colleagues in the most senior roles results in lower average bonuses when compared to non-disabled colleagues.
- We have more disabled colleagues in the lower pay quartile than the upper pay quartile, resulting in a higher mean and median bonus for non-disabled colleagues.

The difference between the mean and median bonus gap is a result of the underrepresentation of disabled colleagues in our leadership team and senior manager roles, creating a relatively high mean bonus gap driven by a relatively small group of individuals in comparison to the whole organisation. As the median calculation is not affected by the highest and lowest paid earners in the same way, the median gap is smaller.

# Our sexual orientation pay gap

In 2022, our mean sexual orientation pay gap increased by 4% to 16.2%, and our median sexual orientation pay gap increased by 7.4% to 17.3%.

## A note on data used

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.

The data is based on 54.1% of our workforce self-reporting their sexual orientation. The 45.9% of our workforce who have not disclosed their sexual orientation have been excluded from our calculations. Of this group 12.1% colleagues identify as lesbian, gay, bi or another sexual orientation and 87.9% colleagues identify as heterosexual/straight.

We have not included the “T” in the acronym LBGQ+ as it refers to gender, not sexual orientation. However our transgender colleagues are included in this calculation where they have declared their sexual orientation.

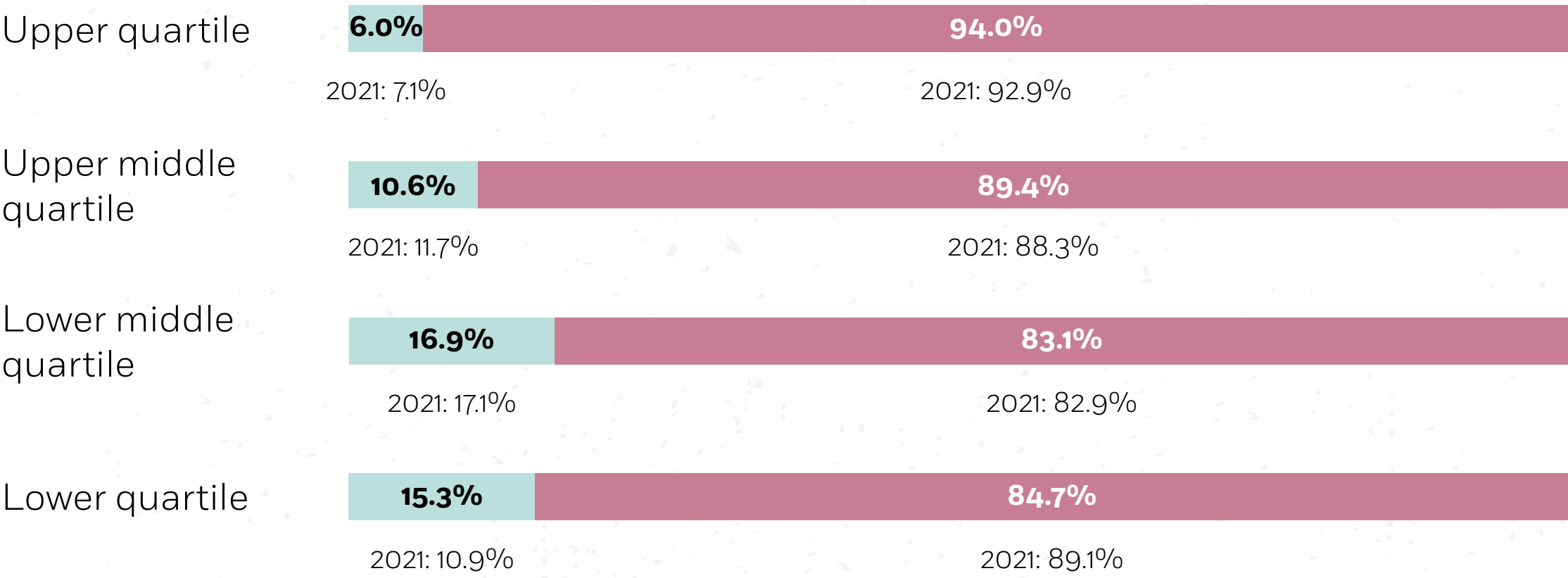
Our 2021 company inclusivity survey shows that 22% of new joiners identified as LGBQ+. Since most of our new hires are in entry level or early careers roles this explains the increase in the pay gap.



# 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 LGBTQ+ colleagues are represented throughout our organisation, including in our most senior positions, there are fewer LGBTQ+ colleagues in our upper pay quartile – and therefore higher-paid roles – than in our early career and mid-level roles found in the lower middle and lower quartile.

The increase in our mean and median pay gap since 2021 is a result of changes to the make-up of our pay quartiles - specifically a reduction in the number of LGBTQ+ colleagues in the upper, upper middle and lower middle quartiles and an increase in the proportion of LGBTQ+ colleagues in our lower quartile.

It is disappointing to see this pay gap increase and highlights the continued importance of our work to support the career progression of underrepresented colleagues. It is also important to note that as LGBTQ+ colleagues make up a relatively small population of our total employees, small changes in headcount in this group can have a relatively significant impact on the pay gap.

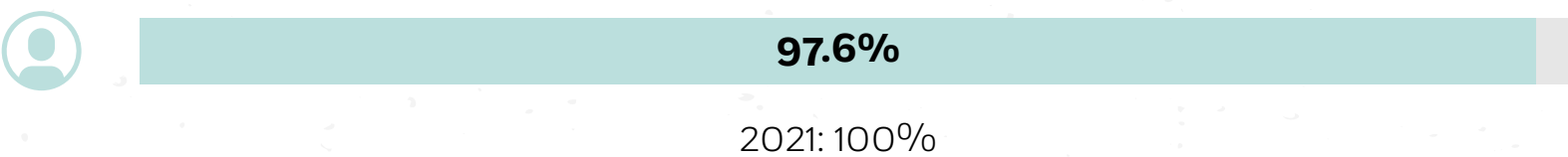
Our 2021 company inclusivity survey shows that 22% of new joiners identified as LGBTQIA+ or questioning. Since most of our new hires are in entry level or early careers roles this explains the increase in the proportion of colleagues in the lower pay quartile.

# Hourly sexual orientation bonus gap

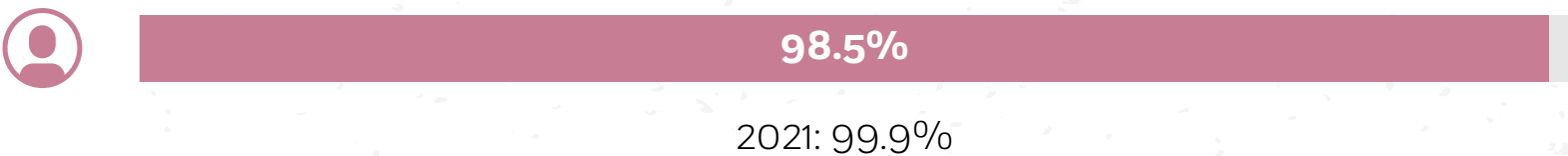


## Proportion of colleagues receiving a bonus payment

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 LGBQ+ colleagues in the upper pay quartile compared to the three pay quartiles below this.
- The impact of this is exacerbated by higher representation in the lower pay quartile, with an increased number of people in entry level roles identifying as LGBQ+, resulting in the bonus gap widening this year.

# Our socio-economic background pay gap

In 2022, our mean socio-economic pay gap increased by 6.3% to 22.6%, and our median gap increased by 12.5% to 22.5%.

## A note on the data used

The socio-economic pay gap assesses the gap in average earnings between employees from lower socio-economic backgrounds versus those from higher socio-economic backgrounds. 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.

The data is based on 53.1% of our workforce self-reporting their socio-economic background. The 46.9% of our workforce who have not disclosed their socio-economic status have been excluded from our calculations.

Of this group, 23.3% colleagues are from lower socio-economic backgrounds and 76.8% colleagues are from higher socio-economic backgrounds.

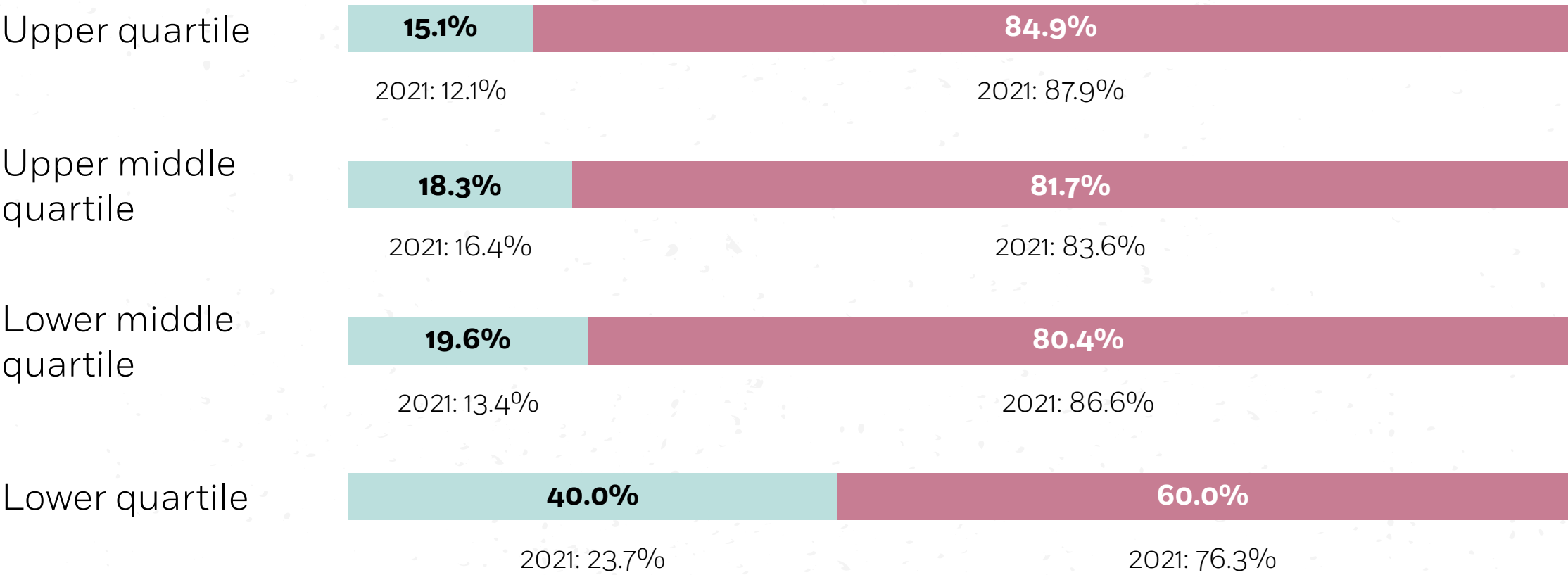
While our socio-economic pay gap has increased, we can see an increased number of colleagues from lower socio-economic backgrounds across all quartiles this year, including at a senior level.



# 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 substantially higher proportion of colleagues from lower socio-economic backgrounds in our lower pay quartile than in the three higher pay quartiles. This leads to a significant difference between the mean and median pay of colleagues from lower and higher socio-economic backgrounds, creating the pay gap.

The increase in the pay gap since 2021 is a result of changes in the make-up of our pay quartiles. We're pleased to see more colleagues from lower socio-economic backgrounds in the higher pay quartiles, indicating they have been hired or promoted into more senior and higher paying roles. However, we have also seen a significant increase in the lower pay quartile.

While we are disappointed to see this pay gap increase, we know that to close it requires representation at all levels. We also know from our inclusivity survey that socio-economic background is the area where we see the most significant underrepresentation in our company. It will take time to achieve representation at all levels, and some of the actions we take to achieve this will increase our pay gaps in the short term.

For example, as we focus on hiring more colleagues from lower socio-economic backgrounds, we are likely to see more representation in our lower pay quartiles as this is where the majority of our vacancies exist.

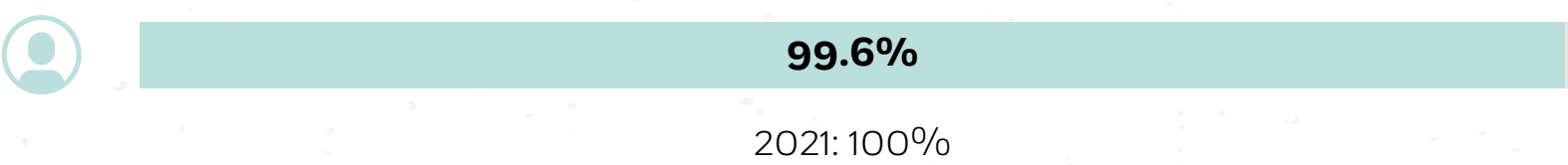
For the first time, our lower pay quartile is aligned with the Social Mobility Commission benchmark. Our goal is to reflect this in every pay quartile, through hiring efforts and supporting development and progression.

# Hourly socio-economic bonus gap

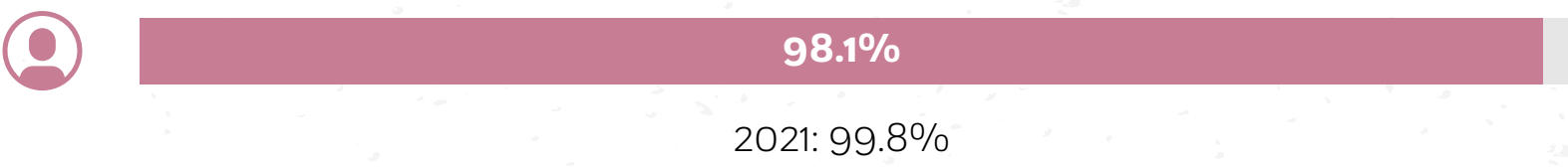


## Proportion of colleagues receiving a bonus payment

### 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

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, specifically that:

- We have fewer colleagues from lower socio-economic backgrounds in the most senior and highest paid roles.
- We have between 33% - 50% fewer colleagues from lower socio-economic backgrounds in each of the pay quartiles above the lower pay quartile.
- Since bonuses are based on a percentage of salary, having fewer colleagues from lower socio-economic backgrounds in senior roles and significantly more in early career roles and in our warehouse roles (where bonuses are lower), results in lower overall mean and median bonuses when compared to colleagues from higher socio-economic backgrounds.

The significant difference between the mean and median bonus gap is a result of the underrepresentation of those from lower socio-economic backgrounds in our leadership team and senior manager roles. This creates a high mean average bonus for those from higher socio-economic backgrounds. This is driven by a relatively small group of individuals in comparison to the whole organisation. The median bonus gap is less affected by this smaller group of individuals in the most senior and highest paid roles and is therefore much lower than the mean bonus gap.

# 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 2022 (i.e. for the period 1 April 2022 to 30 April 2022), whilst bonus data refers to the pay period from 6 April 2021 to 5 April 2022.

## Data

Unlike our gender pay gap reporting, which covers most employees, our pay gap reporting on other demographic groups is based on the number of employees who voluntarily disclosed (in our 2021 inclusivity survey) their ethnicity, sexual orientation, socio-economic background and whether they are disabled or have a long term condition.

The data in this report represents the 54% of employees who 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.

We collect inclusion data annually in Q4 and we continue to take steps to encourage increased participation.

We 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. It's also worth noting that increased or varied participation in future years may mean that year-on-year comparisons are more difficult to make.

The numbers of colleagues in certain groups are relatively small in comparison to the overall group of employees who consented to store their data (55% of our total workforce) so the pay gaps can be significantly influenced by small changes in employees. For example, 12% of colleagues identify as lesbian, gay, bi or use another term (LGBQ+). Therefore, if a highly paid LGBQ+ 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 four 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.

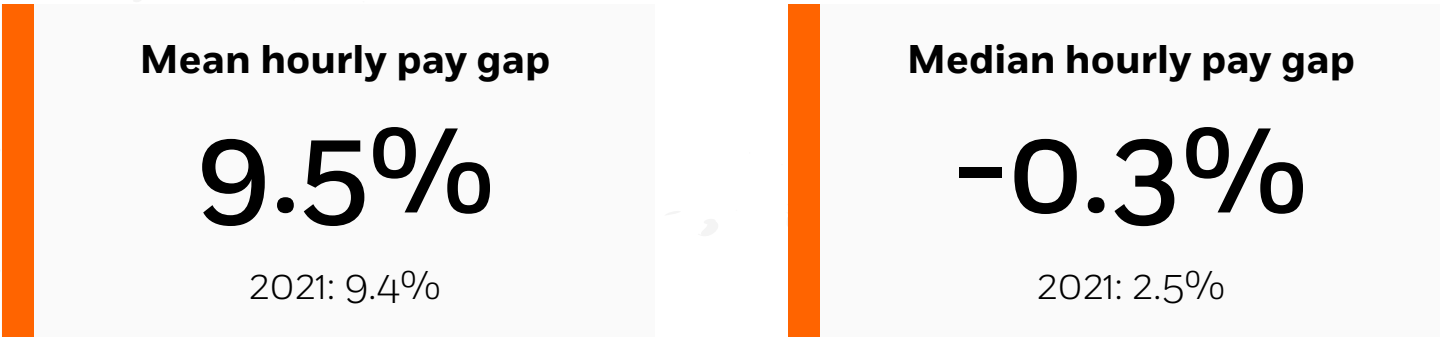
We have therefore voluntarily reported our gender pay gap data as Penguin Random House, excluding DK, as this reflects a meaningful data set for our organisation. We have also provided separate data for The Random House Group and Penguin Books Ltd (including DK).



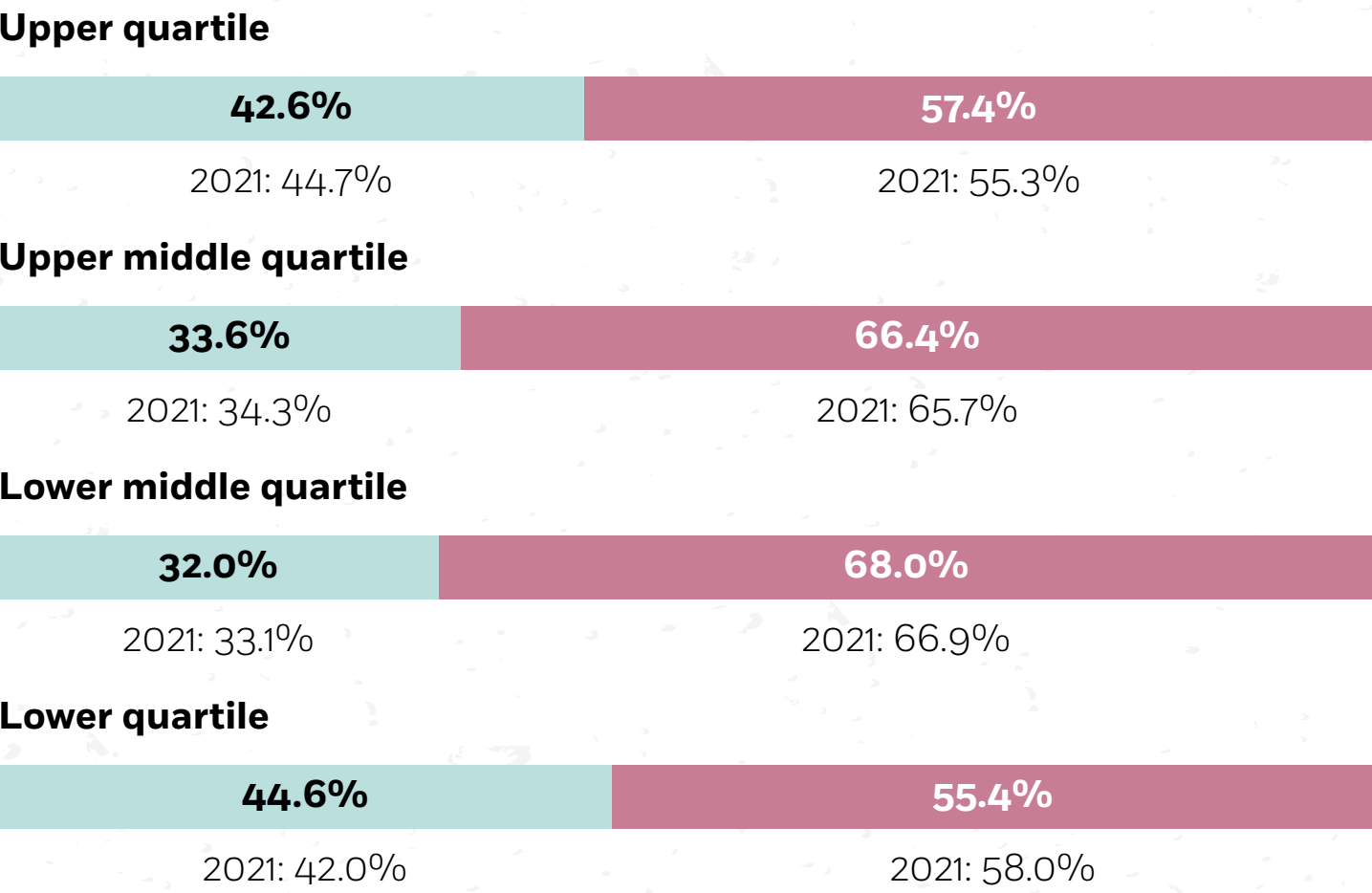
# The Random House Group

 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



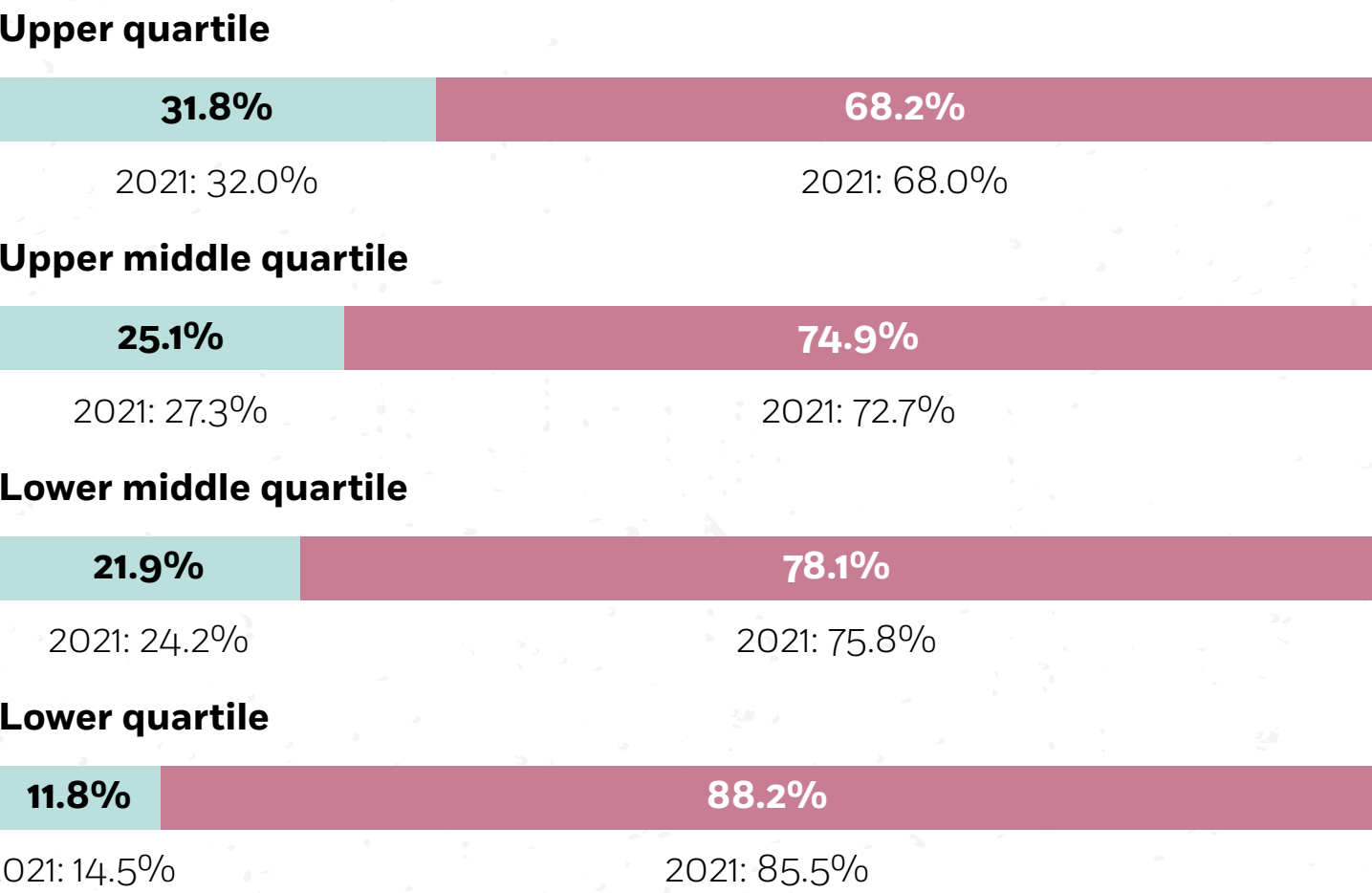
# Penguin Books Ltd and DK

 Men  Women

## Hourly gender pay gap



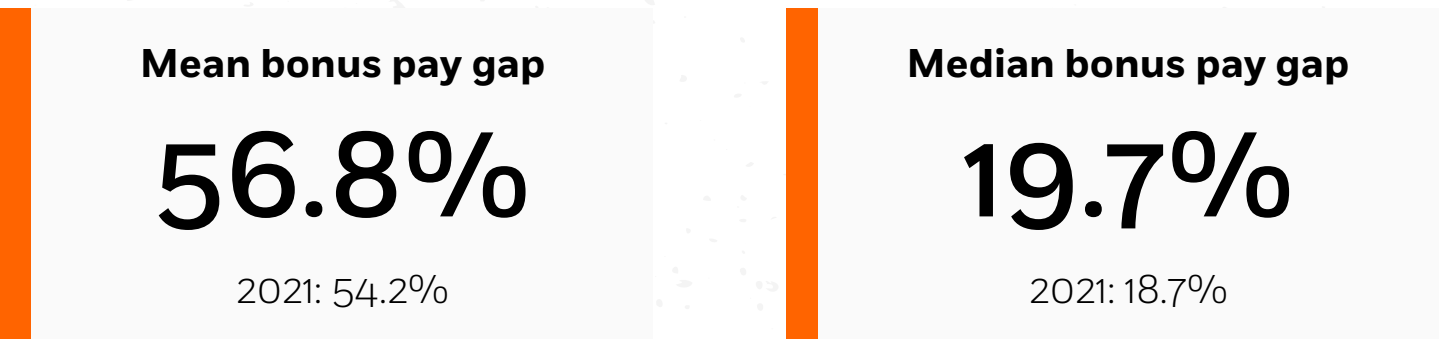
## Proportion of men and women in each pay quartile



## Proportion of colleagues receiving a bonus



## Hourly gender bonus gap





Penguin  
Random House  
UK