Our 2023
Pay Gap Report

Penguin Random House UK

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

Contents

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

About Penguin Random House UK

At Penguin Random House UK 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. 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.

At Penguin Random House UK our ambition remains to create an inclusive workforce. One of our goals is achieving representation in all teams, at all levels.

It’s important to us that we are transparent and open in monitoring our progress against this goal, so that we can understand the impact of our actions and where we need to focus our efforts further.

We do this by benchmarking colleague representation against the census data, which we track annually in our Diversity and Inclusion report. Pay gap reporting is an additional tool to measure our progress by providing further insights into the spread of colleagues from different backgrounds across our organisation.

That’s why we publish pay gaps across all five measures: gender, ethnicity, disability, sexual orientation and socio-economic background. This year we’re pleased to see our gender, ethnicity and sexual orientation pay gaps reduce, while our disability pay gap has remained static. Our socio-economic background pay gap has increased, and we go into why this is later in the report.

We are continuously focused on hiring inclusively; in recent years introducing new frameworks and practices to support our hiring managers during the recruitment process, and positive action schemes to bring in underrepresented talent in key areas of the company. You can find more details about these in our Diversity and Inclusion report.

While this is a long-term ambition, we can see the impact already through the data we collect. We are pleased to see greater representation among colleagues at all levels in our business, although we see a particular positive shift among our entry level and early career roles where the majority of our vacancies occur.

Supporting the retention and promotion of underrepresented talent across all levels of the company is fundamental to reaching our overall goal of representation at all levels, and therefore closing our pay gaps. A priority now is to further develop everyone's ability to support and build inclusive team cultures, accelerate development of underrepresented talent and maximise career development opportunities.

Val Garside, HR Director

Key findings from this report

More colleagues (an increase of 16%) are voluntarily sharing their inclusion data with us, meaning we have a much better understanding of our different pay gaps

A bigger pool of data has impacted some pay gaps and we need to be mindful of this when doing a direct year-on-year comparison with the 2022 data

The reasons for our pay gaps remain the same as in previous years: specifically, the shape of our organisation and the demographics of colleagues at each level within it

Our gender, ethnicity and sexual orientation pay gaps have decreased

Our disability gap has seen a marginal shift, but **we're pleased to see greater representation of disabled colleagues in all pay quartiles**

Our socio-economic pay gap has increased

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 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 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 the pay gaps we report on. In addition, we undertake specific actions to support the reduction of pay gaps relative to underrepresented talent, for example the ring-fencing of places on our Creative Leadership Programme, running positive action schemes including our Next Editors Programme, The Scheme and Internships, and offering mentoring opportunities.

Areas of focus	Support in place	Ongoing work
01 **Representation in all teams at all levels** 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.	✓ Our hiring and recruitment policy is designed to support more inclusive hiring practices and promotion decisions. ✓ Our inclusive policies support the development of people from all backgrounds, including an equal parental leave policy, a menopause policy and a guide to gender transition at work. ✓ Supporting colleagues from 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.	o Tailored development offer for members of employee networks. o Ring-fencing places for underrepresented talent on the Creative Leadership Programme. o Internal Next Editors Programme, offering development plans, senior sponsorship and a place on the Editorial Development Programme. o Focused employer brand activity to attract talent, including those who might not have traditionally thought as publishing as a career for them.

Areas of focus	Support in place	Ongoing work
01 **Representation in all teams at all levels (continued)**	✓ Use of positive action programmes, including The Scheme, Internships, the Disability Confident scheme and recruitment diversity slates for ethnicity and gender, to increase the diversity of new hires. ✓ Design Your Career digital hub to support with and remove barriers to career development. The platform includes tools and resources to help colleagues progress their career. ✓ Inclusivity Speaker series to bring alive lived experiences and share everyday actions we can all take to grow an inclusive culture.	o Introducing new career development coaching. o Roll out of our mandatory People Manager Development Programme with specific modules focused on inclusive hiring and inclusive management with 128 managers already taking part. o Divisional Manager Roadshows on retaining and progressing colleagues, with a specific focus on underrepresented talent - action plan shared to address organisational challenges, including the role of managers.
02 **Increased pay transparency** Increased pay transparency supports managers in making equitable pay decisions and helps colleagues feel better informed about and more confident in discussing their pay.	✓ Transparent pay bands for individual roles, informed by market benchmarking data, shared internally as well as on our job adverts. ✓ Tools to help colleagues have constructive, open conversations on pay and career development.	o Run pay workshops for people managers to increase confidence and capability to hold good quality pay conversations. o Hold divisional briefings to demystify pay bands and answer colleague questions on how they work.

Areas of focus	Support in place	Ongoing work
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. ✓ Launched refreshed new joiner surveys so we can better understand people's experience of joining the company. ✓ Analyse job and salary changes annually so we can measure career and salary progression for different demographic groups. ✓ Launched new salary approval process, including guidance for pay equity.	o Using improved data on new joiners to understand the experiences of joining the company and making changes according to this data. o New approach to exit interviews at departmental level alongside a leaver survey to gain insight and identify action to improve retention. o Continue to undertake pay equity checks for new hires and colleague pay changes.

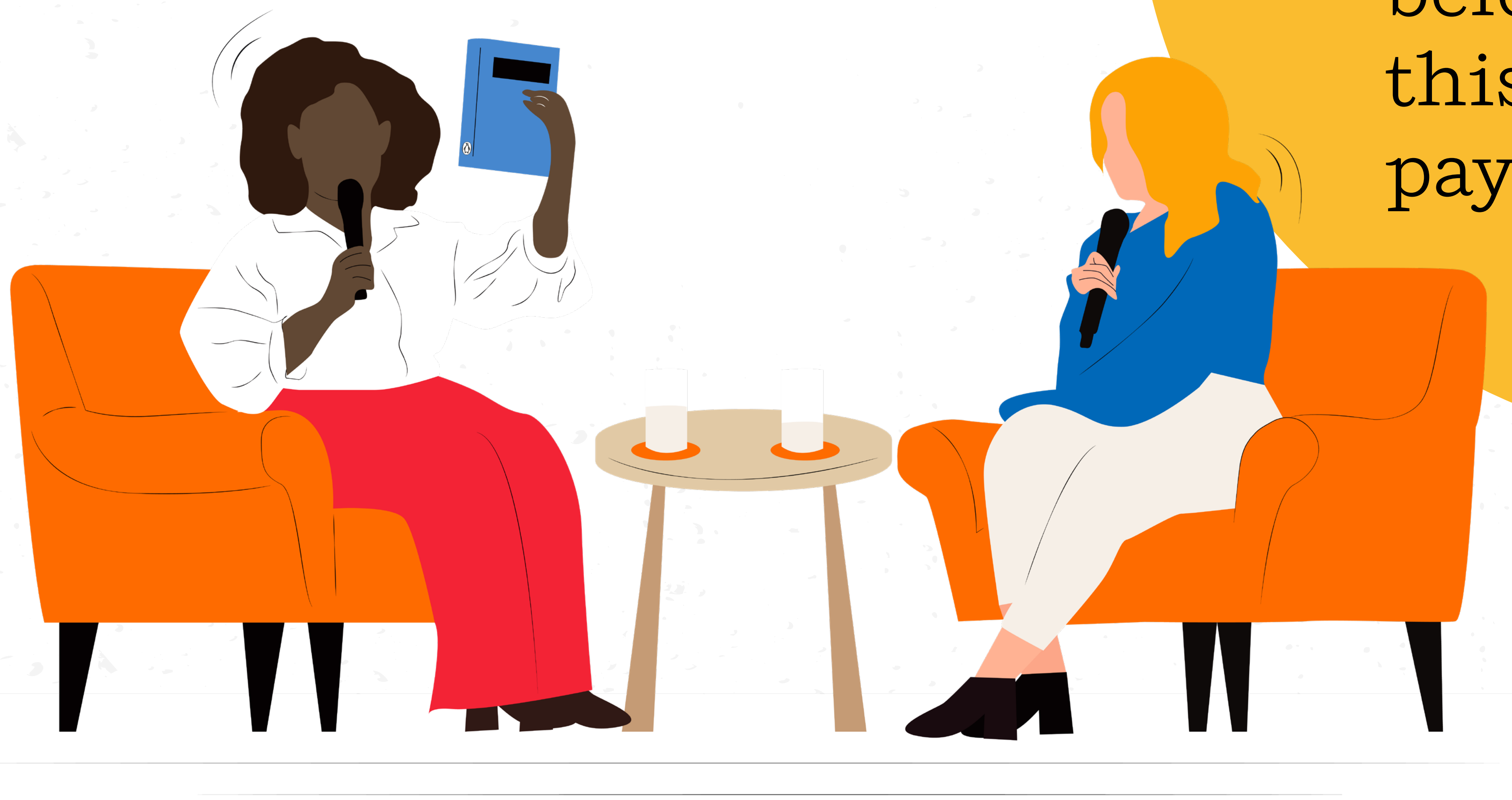
Our gender pay gap

In 2023 our mean gender pay gap decreased by 2.7%, from 12.3% to 9.6%. Our median gender pay gap decreased by 4% to -0.8%, which is the closest it has been to zero since pay gap reporting began in 2017.

Of the employees included in this report, 32% are men and 68% are women. At the time of reporting, our leadership team, a group of 18 including our male CEO, is 44% men and 56% women. More widely, of our top 100 earners, 55% are women and 45% 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 and this is driving the pay gap.

Hourly gender pay gap

Mean hourly pay gap

9.6%

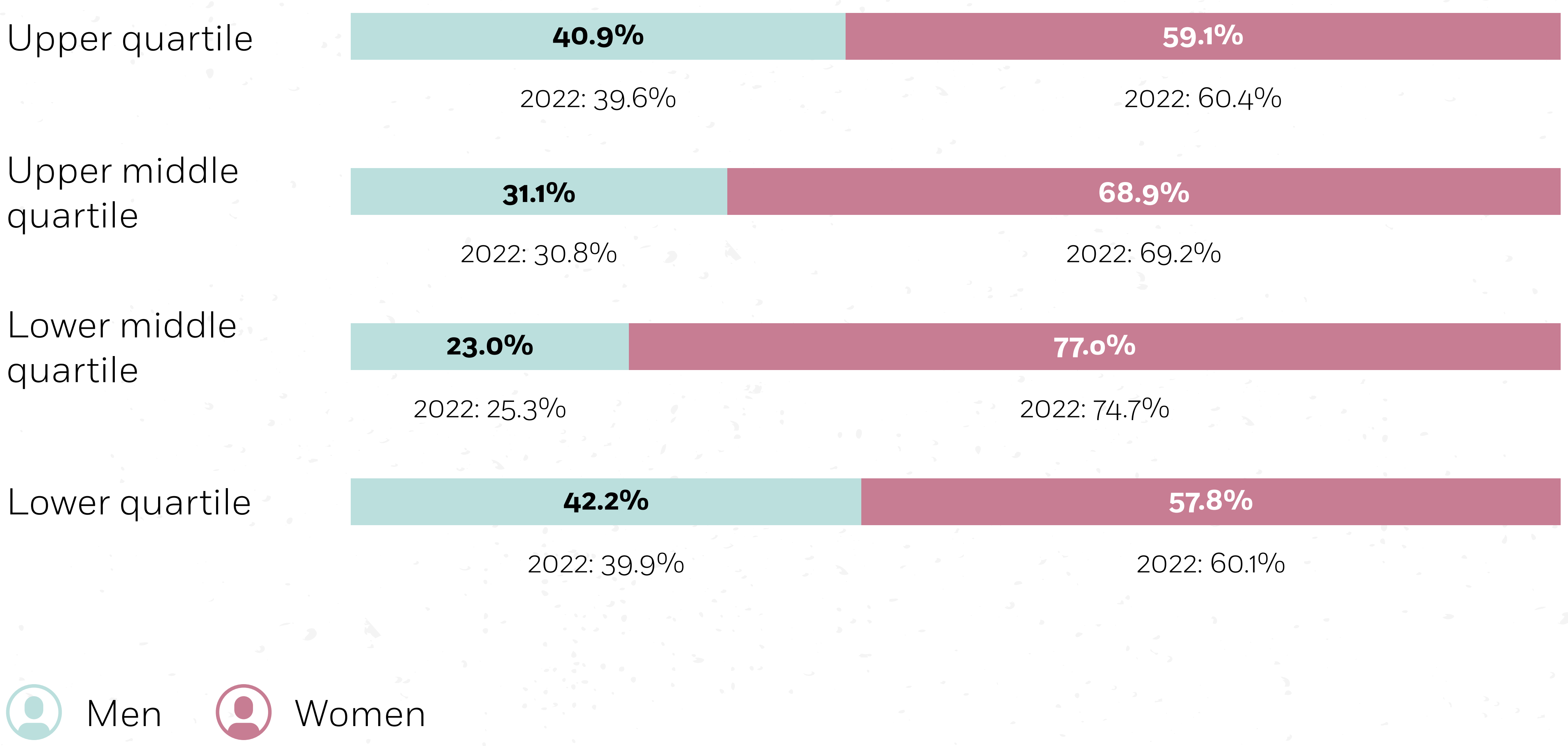
2022: 12.3%

Median hourly pay gap

-0.8%

2022: 3.7%

Proportion of men and women in each pay quartile



Our gender pay gap explained

1. Fewer men in entry level and early career roles

We have over three times as many women as men in our entry and early career roles (found in the lower middle pay quartile). Therefore, despite having an almost equal gender balance in our leadership team and top 100 earners, this imbalance reduces the average salary of women overall, resulting in a mean gender pay gap.

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

Our technology team represents 10% of our total employees. While the proportion of women has increased by 5% since 2022, men make up 66% of the Technology department, including the most senior roles at the time of reporting. Technology salaries attract a higher market premium compared to other roles specific to publishing, so this imbalance significantly impacts our pay gap.

We are pleased that both our median and mean gender pay gap have reduced since 2022 due to:

- The proportion of women in our leadership team and in our 100 highest earning roles increasing since our last report.
- An increase in the proportion of men in the lower quartile.

Hourly gender bonus gap

Mean bonus pay gap

37.6%

2022: 33.8%

Median bonus pay gap

1.4%

2022: -13.9%

Proportion of colleagues receiving a bonus payment

Male colleagues

91.4%

2022: 95.7%

Female colleagues

91.1%

2022: 91.1%

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 31.

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 driven by the same factors which affect our pay gap.

- Men are underrepresented in our office-based entry and early career level roles. In contrast, men occupy half of the roles at the most senior level. This results in the overall mean bonus received by men being higher than the mean bonus received by women.
- While the gender balance in Technology is improving, men still make up 66% of this team. More of its senior roles, where salaries are higher, are occupied by men, exacerbating the bonus gap.

The median bonus gap (at 1.4%) is the closest to zero it has been since we began reporting in 2017.

The reason behind the change in our bonus since 2022:

The number of women in the top two pay quartiles has slightly reduced whilst the number of men has increased, widening the mean bonus gap.

Conversely, the median bonus gap has narrowed, due to median bonus payments for women increasing as there are fewer women in the lower pay quartile and more women in the lower middle pay quartile.

Our ethnicity pay gap

In 2023 our mean ethnicity pay gap reduced by 4.1% to 13.8% and our median ethnicity pay gap reduced from 14.7% to 8.1%.

A note on data used

The data is based on 68% of our workforce who voluntarily disclosed their ethnicity in our 2022 inclusion survey. While this is a meaningful proportion of our employees, we recognise that this limits the accuracy of this report. The 32% of our workforce who have not disclosed their ethnicity have been excluded from our calculations.

Of this group 15.7% of colleagues who disclosed their ethnicity are Black, Asian or minority ethnic (2022: 13.7%). 83.6% of colleagues who disclosed their ethnicity are white (2022: 83.6%). 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 resulting in more ethnic diversity in our entry, early and middle career level roles. To close the pay gap further we need to continue to hire more Black, Asian and minority ethnic colleagues into senior roles and support the career progression of our existing colleagues.

Hourly ethnicity pay gap

Mean hourly pay gap

13.8%

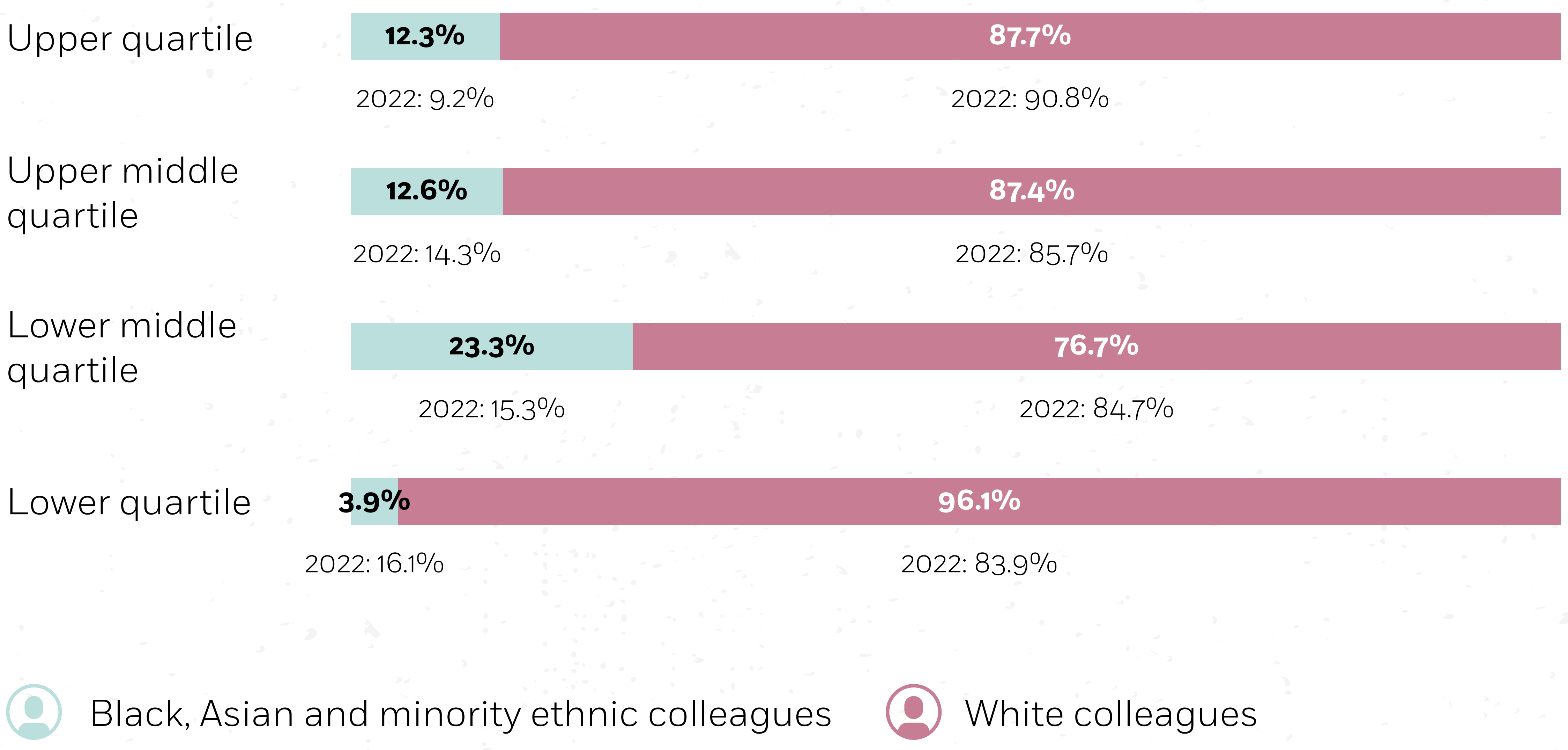
2022: 17.9%

Median hourly pay gap

8.1%

2022: 14.7%

Proportion of colleagues in each pay quartile



Our ethnicity pay gap explained

The reasons behind our ethnicity pay gap are the same as we have seen over the past few years: we have fewer Black, Asian and minority ethnic colleagues in our senior – and therefore higher-paid – roles than in our early career and mid-level roles (found in the lower middle quartile).

We have seen an increase in the number of Black, Asian and minority ethnic colleagues overall in our company, from 13.7% in 2022 to 15.7% in 2023. However, while these colleagues make up 15% of our entry level and early career roles, this reduces to 10% at senior manager level. This uneven representation at different career levels 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 decrease in our pay gap since 2022 results from:

- Changes to the proportion of Black, Asian and minority colleagues at different levels in our organisation, with an increase of colleagues from these backgrounds in the upper and lower-middle quartiles, and a decrease in the lower quartile.
- 10% of our senior manager roles (found in the upper pay quartile) are occupied by Black, Asian and minority ethnic colleagues; an increase of 3% since 2022. Analysis of promotion and pay increase data for different demographic groups shows that in 2022 Black, Asian and minority ethnic colleagues accounted for 18% of promotions/pay rises, relative to their 15.7% representation in the overall workforce. These promotions are contributing to the narrowing of the pay gap.

- The median pay gap has seen a more significant reduction, resulting from fewer Black, Asian and minority ethnic colleagues in the lower pay quartile where the majority of roles are occupied by colleagues in Colchester and Grantham sites, where there is less ethnic diversity in those geographical regions compared with London.

Our company inclusivity survey shows we continue to make progress towards improving representation, and the reduction in our pay gap is a result of increased representation in more senior roles. In 2023 HR, in collaboration with our Leadership team and employee networks, accelerated our plans to support the progression and retention of colleagues from underrepresented ethnicities into more senior roles.

Planned actions for 2024 include our positive action Next Editor Programme designed to develop the skills and expertise required as a role for a Commissioning Editor, offering career development coaching programmes and bespoke training for Employee Networks.

We know that to reduce the pay gap further we need to achieve representation in all teams and at all levels and that this will take time.

Hourly ethnicity bonus gap

Mean bonus pay gap

53.9%

2022: 55.7%

Median bonus pay gap

14.9%

2022: 10.1%

Proportion of colleagues receiving a bonus payment

Black, Asian and minority ethnic colleagues

98.7%

2022: 99.3%

White colleagues

93.3%

2022: 98.3%

A colleague's eligibility to receive bonus or group profit share is entirely related to completion of their probationary period. Find out more about how our bonuses are calculated on page 31.

Our ethnicity bonus gap explained

The bonus gap is caused by the same factors impacting our pay gap:

- While representation of Black, Asian and minority ethnic colleagues in our upper quartile has increased from 9.2% to 12.3% since the last report, these colleagues still hold fewer senior roles versus their white colleagues. Since bonuses are based on a percentage of salary, with more senior roles receiving higher pay, this results in lower average bonuses when compared to white colleagues.

The reason behind the change in our bonus since 2022:

Mean bonus gap has reduced by 3.8%, due to there being more Black, Asian and minority ethnic colleagues in the upper and upper middle quartiles and considerably fewer in the lower quartile.

The distribution of Black, Asian and minority ethnic colleagues throughout the company are less evenly spread across each pay quartile than in 2022, with a larger group in the lower middle quartile and a smaller group in the lower quartile resulting in the median bonus gap widening.

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.

	Mean Pay Gap	Median Pay Gap	Mean Bonus Gap	Median Bonus Gap
Asian or British Asian	4.5% (2022: 12.6%)	-3.8% (2022: 1.7%)	59.4% (2022: 61.4%)	12.9% (2022: 8.1%)
Black or Black British*	27.3% (2022: 30.1%)	22.7% (2022: 26.0%)	66.1% (2022: 69.1%)	20.6% (2022: 14.4%)
Mixed or multiple ethnic background	14.9% (2022: 15.1%)	8.9% (2022: 5.0%)	61.5% (2022: 44.9%)	-13.2% (2022: 0.7%)
Colleagues who identify to a different ethnicity to those detailed	-23.4% (2022: 23.1%)	13.1% (2022: 18.1%)	44.6% (2022: 60.4%)	13.9% (2022: 20.5%)

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. As some of these groups contain a very small number of people small changes in salary or bonus have a significant impact on the calculation.

** The pay gap for Black or Black British colleagues is largest because this group is most underrepresented at a senior level.*

Our disability pay gap

In 2023 our mean disability pay gap slightly increased by 0.7% to 18.6% and our median disability pay gap marginally reduced by 0.2% to 20.4%.

A note on data used

The data is based on 47% of our workforce who voluntarily disclosed whether they have a disability or long term condition in our inclusion survey. The 53% of our workforce who have not disclosed this information have been excluded from our calculations.

Of this group, 18.9% are colleagues with a disability or long-term condition and 81.1% are non-disabled colleagues (versus 17.9% and 82.1% respectively in 2022).

Our disability gap has seen a marginal shift, but we're pleased to see greater representation of disabled colleagues in all pay quartiles

Hourly disability pay gap

Mean hourly pay gap

18.6%

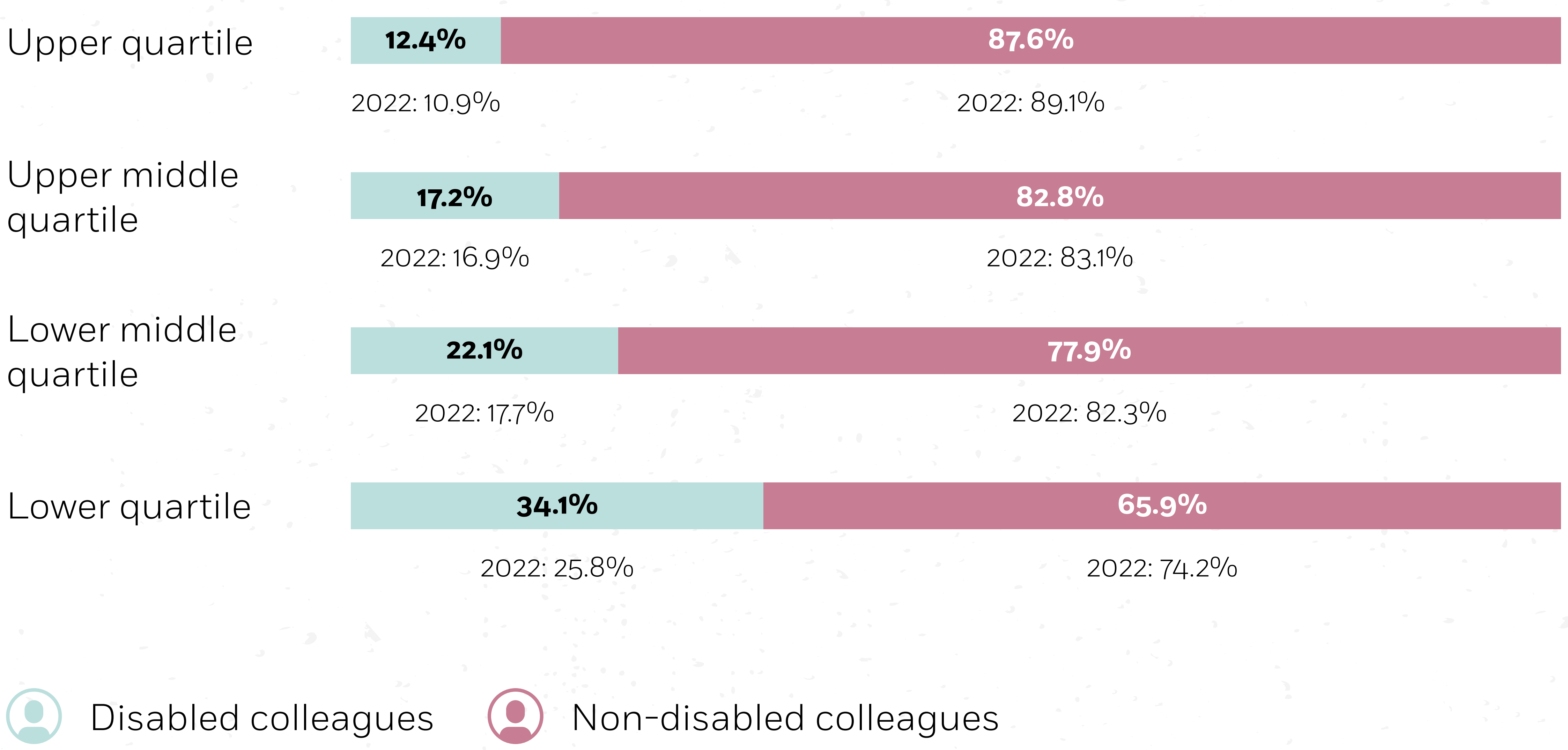
2022: 18.1%

Median hourly pay gap

20.4%

2022: 20.6%

Proportion of colleagues in each pay quartile



Our disability pay gap explained

We know from our annual inclusivity survey that the number of disabled colleagues overall and the number of new joiners who are disabled now reflect the UK society benchmark of 18%. Disabled colleagues hold roles at every level of the organisation, however representation is lowest 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 a pay gap.

While the number of disabled colleagues in our senior leader population – and therefore in the upper pay quartile – is increasing, the distribution of disabled colleagues across all four pay quartiles remains uneven, with almost three times the number of disabled colleagues in the lower quartile compared to the upper quartile. This is the main reason for our pay gap.

The reason for the change in our pay gaps since 2022 is:

- While the number of disabled colleagues in all pay quartiles has increased, a more significant rise in the lower pay quartile means the pay gaps overall have remained broadly similar to 2022, with a slight increase in the mean pay gap and marginal reduction in the median.

Continuing to focus on supporting disabled colleagues in recruitment and career progression is critical to achieving increased representation in our most senior roles.

Hourly disability bonus gap

Mean bonus pay gap

12.9%

2022: 33.4%

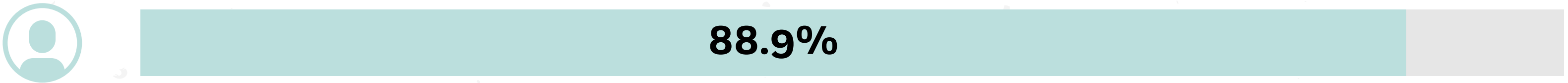
Median bonus pay gap

20.2%

2022: 12.9%

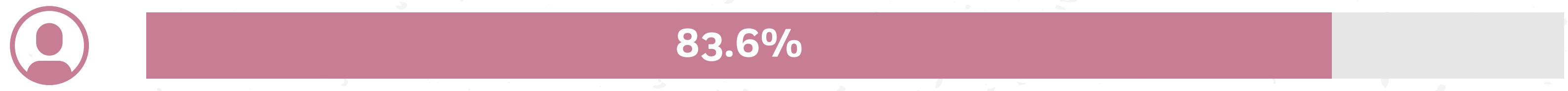
Proportion of colleagues receiving a bonus payment

Disabled colleagues



2022: 97.9%

Non-disabled colleagues



2022: 98.6%

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 31.

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 reason behind the change in our bonus gap since 2022:

With more disabled colleagues in the upper pay quartile, the mean bonus of disabled colleagues has increased significantly since the last report; therefore reducing the mean bonus gap.

The number of disabled colleagues in the lower pay quartile has increased more than in other pay quartiles, so the median bonus payment for this group has reduced versus for non-disabled colleagues; increasing the median bonus gap.

Our sexual orientation pay gap

In 2023, our mean sexual orientation pay gap reduced by 6.5% to 9.7% and our median sexual orientation pay gap has reduced by 4.1% to 13.2%.

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 40.4% of our workforce who voluntarily disclosed their sexual orientation. While this is a meaningful proportion of our employees, we recognise that this limits the accuracy of this report. The 59.6% of our workforce who have not disclosed their sexual orientation have been excluded from our calculations.

Of this group 11.2% of colleagues identify as lesbian, gay, bi, or another sexual orientation and 88.8% 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 shared their sexual orientation.

LGBQ+ representation has increased in the top two pay quartiles and reduced in the lower pay quartile; reducing the pay gap.

Hourly sexual orientation pay gap

Mean hourly pay gap

9.7%

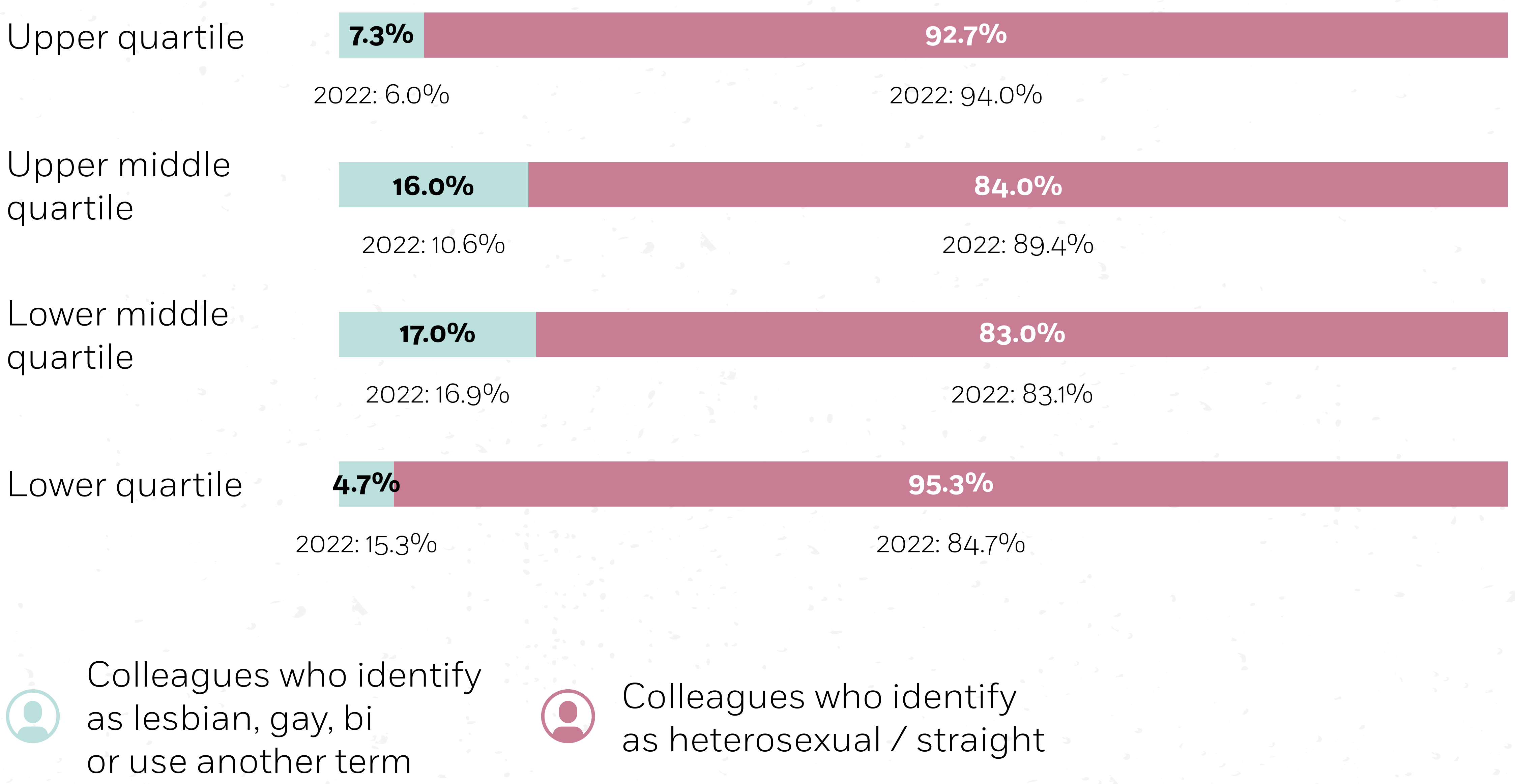
2022: 16.2%

Median hourly pay gap

13.2%

2022: 17.3%

Proportion of colleagues in each pay quartile



Our sexual orientation pay gap explained

LGBQ+ colleagues occupy roles at all levels of our organisation, including our most senior roles. However, there are fewer LGBQ+ colleagues in our senior and therefore higher paid roles than in our early career and mid-level roles (found in the upper middle and lower middle quartiles). This means that the overall mean and median salaries of heterosexual colleagues are higher than those of LGBQ+ colleagues, creating the pay gap.

The decrease in our pay gap since 2022 results from:

- Changes to the make up of pay quartiles, specifically more LGBQ+ colleagues occupying roles found in the upper and upper middle pay quartiles and a reduction in the lower quartile.

We're pleased to see this pay gap reduce; highlighting the continued importance of our work to support the career progression of underrepresented colleagues.

Hourly sexual orientation bonus gap

Mean bonus pay gap

16.5%

2022: 20.3%

Median bonus pay gap

23.1%

2022: 12.3%

Proportion of colleagues receiving a bonus payment

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

100%

2022: 97.6%

Colleagues who identify as heterosexual / straight

85.9%

2022: 98.5%

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 31.

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 two pay quartiles below this.

The change in the bonus gap since 2022 is due to:

Representation of LGBQ+ colleagues in the upper and upper middle pay quartiles has increased, therefore reducing the mean bonus gap.

The number of LGBQ+ colleagues in the lower pay quartile has also decreased more than in other pay quartiles, so the median bonus payment for this group has increased compared to heterosexual colleagues; increasing the gap.

Our socio-economic background pay gap

Our mean socio-economic pay gap increased by 4.9% to 27.5%, and our median gap increased by 7.8% to 31.1%.

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 59.2% of our workforce self-reporting their socio-economic background. The 40.8% of our workforce who have not disclosed their socio-economic status have been excluded from our calculations.

Of this group, 24.1% colleagues are from lower socio-economic backgrounds and 75.9% colleagues are from higher socio-economic backgrounds.

While our socio-economic pay gap has increased, there is greater representation of colleagues from lower socio-economic backgrounds in three of the four pay quartiles.

Hourly socio-economic background pay gap

Mean hourly pay gap

27.5%

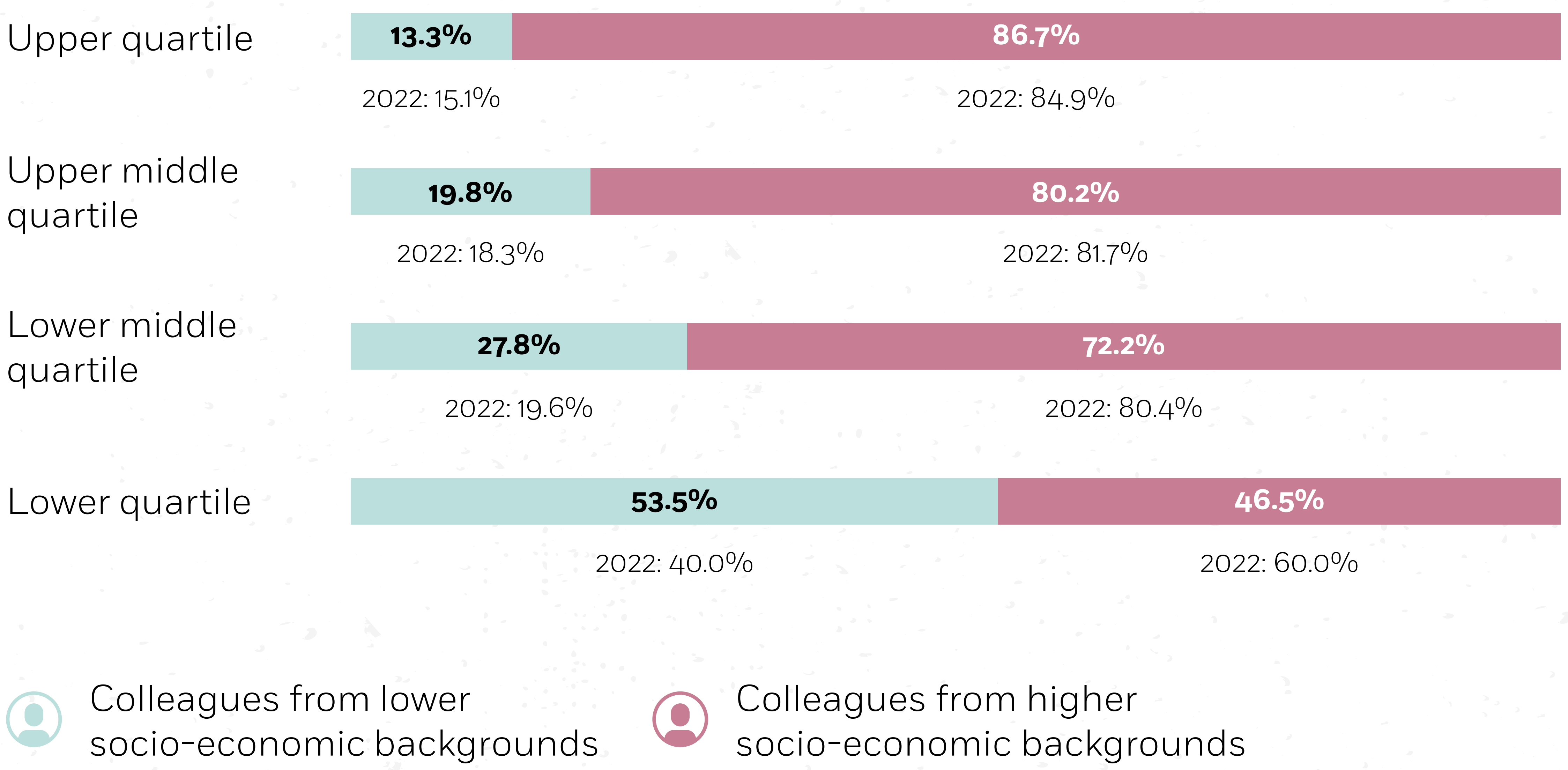
2022: 22.6%

Median hourly pay gap

31.1%

2022: 22.5%

Proportion of colleagues in each pay quartile



Our socio-economic background pay gap explained

Colleagues from lower socio-economic backgrounds hold roles at every level of the organisation, however there are significantly more colleagues from lower socio-economic backgrounds in lower paid roles than in higher paid roles. This means that the overall mean and median pay of these colleagues are lower than those from a higher socio-economic background, creating the pay gap.

Additionally, the distribution of colleagues from different socio-economic backgrounds is uneven, with more than four times the number of colleagues from a lower socio-economic background in the lower quartile compared to the upper quartile. This is the key reason for the slightly larger median pay gap.

The reason for the changes to our socio-economic pay gap:

The increase in our mean and median pay gaps since 2022 is a result of changes in the make up of our pay quartiles.

- A slight reduction in the number of colleagues from lower socio-economic backgrounds in our upper pay quartile
- A significant increase of the number of colleagues from lower socio-economic backgrounds in the lower and lower-middle quartiles.

While we are disappointed to see this pay gap increase, our goal is to reflect UK society in every pay quartile (39% lower socio-economic status) and we're pleased to see positive increases in three of our four pay quartiles. We know 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, the majority of our vacancies are at entry and early career level and therefore our focus on hiring more colleagues from lower socio-economic backgrounds means we see more significant shifts in our lower and lower middle pay quartiles where these roles are found.

Hourly socio-economic bonus gap

Mean bonus pay gap	Median bonus pay gap
39.2%	19.6%
2022: 46.6%	2022: 21.7%

Proportion of colleagues receiving a bonus payment

Colleagues from lower socio-economic backgrounds

94.8%

2022: 99.6%

Colleagues from higher socio-economic backgrounds

93.9%

2022: 98.1%

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 31.

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 a high number of colleagues from a lower socio-economic background in our warehouse roles (where bonuses are lower).

The change in the bonus gap since 2022 is due to:

The mean and median bonus gaps have decreased due to the increase in representation of colleagues from lower socio-economic backgrounds in three of the four pay quartiles.

The 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

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 2023 (i.e. for the period 1 April 2023 to 30 April 2023), whilst bonus data refers to the pay period from 6 April 2022 to 5 April 2023.

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 2022 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 53% of employees who responded to the survey and gave their consent for us to use their information. The remaining 47% of our workforce chose not to share their demographic data or did not give their consent and therefore are excluded from our calculations.

While 53% 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 (53% 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.

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.

Mean
The overall average of all relevant salaries in a group.

Average salary of this group

Average salary of this 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

Mean hourly pay gap
6.6%
2022: 9.5%

Median hourly pay gap
-6.0%
2022: -0.3%

Proportion of men and women in each pay quartile

Quartile	Men	Women
Upper quartile	40.7% (2022: 42.6%)	59.3% (2022: 57.4%)
Upper middle quartile	26.3% (2022: 33.6%)	73.7% (2022: 66.4%)
Lower middle quartile	32.4% (2022: 32.0%)	67.6% (2022: 68.0%)
Lower quartile	44.1% (2022: 44.6%)	55.9% (2022: 55.4%)

Proportion of colleagues receiving a bonus

Male
89.0%
2022: 97.0%

Female
88.0%
2022: 92.4%

Hourly gender bonus gap

Mean bonus pay gap
31.0%
2022: 24.8%

Median bonus pay gap
2.0%
2022: -64.7%

Penguin Books Ltd and DK

Men | Women

Hourly gender pay gap

Mean hourly pay gap
24.6%
2022: 25.2%

Median hourly pay gap
15.0%
2022: 15.1%

Proportion of men and women in each pay quartile

Quartile	Men	Women
Upper quartile	31.7% (2022: 31.8%)	68.3% (2022: 68.2%)
Upper middle quartile	26.6% (2022: 25.1%)	73.4% (2022: 74.9%)
Lower middle quartile	22.5% (2022: 21.9%)	77.5% (2022: 78.1%)
Lower quartile	11.5% (2022: 11.8%)	88.5% (2022: 88.2%)

Proportion of colleagues receiving a bonus

Male
95.0%
2022: 89.2%

Female
93.0%
2022: 85.0%

Hourly gender bonus gap

Mean bonus pay gap
52.0%
2022: 56.8%

Median bonus pay gap
10.1%
2022: 19.7%

Penguin
Random House
UK