## Contents

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Introduction</td>
</tr>
<tr>
<td>2</td>
<td>About Penguin Random House</td>
</tr>
<tr>
<td>3</td>
<td>Our gender pay gap data</td>
</tr>
<tr>
<td>4</td>
<td>Where we are now</td>
</tr>
<tr>
<td>5</td>
<td>Where we want to be</td>
</tr>
<tr>
<td>6</td>
<td>Our commitment to inclusion</td>
</tr>
<tr>
<td>7</td>
<td>Working at Penguin Random House UK</td>
</tr>
<tr>
<td>8</td>
<td>Statutory disclosure</td>
</tr>
</tbody>
</table>
At Penguin Random House UK we are committed to being an inclusive employer. Alongside gender diversity, this means taking into account ethnicity, sexuality, social mobility and disability. We strongly believe that employing people from different backgrounds, with a rich array of experiences and a diversity of perspectives, make us better publishers for our authors and our readers.

We already have a number of different initiatives in place to support our colleagues in building a successful and rewarding career that also allows them to spend time with their families and pursue their personal interests, goals and dreams outside the office. This includes programmes and benefits specifically designed to support women working at Penguin Random House UK, given the strong female representation across all levels of our business. Half our senior leadership team are women, with female Managing Directors running six of our nine publishing houses, and we also have women heading up our Technology, Distribution, Legal, HR and Communications departments.

However, we recognise there is more to do. Our ultimate aim is for Penguin Random House UK to be a truly gender-balanced organisation at all levels: for gender to be neither a barrier nor an advantage for any colleagues, whatever their role or seniority, as they strive for progression and achievements in their career. We think there are some key areas we can focus on to make this ambition a reality, which we outline later in this report.

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

Val Garside, Director of Human Resources
About Penguin Random House UK

We are a vibrant community of publishing houses, representing distinguished publishing histories marked by unparalleled success. We sell and license books in over 120 countries, connecting great books with a growing and global audience. From the best new fiction or picture book writers, to political commentators, trailblazing entrepreneurs, health experts and bold illustrators, we enable talented people from all walks of life to tell their stories – and we make sure they are heard.

We are proud of our strong heritage of bringing some of the greatest female voices from around the world to the fore through our books; from Harper Lee, Jacqueline Wilson, Malorie Blackman and Zadie Smith to Arundhati Roy, Ali Smith, Beatrix Potter and Paula Hawkins. It’s in our DNA; when Allen Lane published the first Penguin books in 1935, realising his vision to make quality books available to all at low prices, five of the ten titles on his list were women: Agatha Christie, Susan Ertz, Beverley Nichols, Dorothy L. Sayers and Mary Webb. We want to continue this legacy and ensure that the authors we publish and the cultures and backgrounds they represent reflect the society we live in.
Our gender pay gap data

What is the gender pay gap?

The gender pay gap shows the difference between the average hourly pay between all men and women in a workforce. It’s important to note that the gender pay gap is different from equal pay. Equal pay deals with pay differences between men and women who carry out the same work or work of equal value. Penguin Random House UK ensures men and women doing the same job at the same level are paid on fair and consistent terms. Companies can still have a gender pay gap without having any unequal pay issues.

The gender pay gap is 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 ECP, EIP or LTIP awards.

Disclosures on pay included in this report are based on amounts paid via payroll in April 2017 (i.e. for the period 1 April 2017 to 30 April 2017), whilst bonus data refers to the pay period from 6 April 2016 to 5 April 2017.

Hourly pay
the median and mean % difference between the average hourly earnings for men and women.

-1.6% Median gender pay gap

11.3% Mean gender pay gap

The median relates to the middle value of an ordered set of values; i.e. representing the ’typical’ difference as it is unaffected by particularly high or low values at either end.

The mean takes into account the full earnings distribution, calculating the overall average.

Bonus pay
the median and mean difference between the average bonus earnings for men and women

-24.4% Median bonus pay gap

33.0% Mean bonus pay gap

-24.4% Median bonus pay gap

33.0% Mean bonus pay gap

Median bonus pay gap
Mean bonus pay gap

Proportion of colleagues receiving a bonus payment

79.8% 77.6%

Proportion of males and females in each pay quartile

49.7% Top Quartile 50.3%

33.7% Upper Middle Quartile 66.3%

32.5% Lower Middle Quartile 67.5%

53.2% Lower Quartile 46.8%
Understanding the numbers

Hourly pay
Our analysis shows that the difference between the average hourly earnings for men and women is –1.6% using the median measure and 11.3% using the mean measure.

The gap in our mean hourly pay exists because of the following reasons:

The shape of our organisation.
We have strong female representation in our leadership team (44% in the reporting period and 50% today). 58% of our employees at the time of reporting were female, however the quartile analysis shows that we see an increased proportion of men in more senior and higher paid roles in comparison to our overall gender split.

The job mix in our company.
We employ more than 2,000 people in many different roles; all with variable pay ranges informed by their market value. Pay ranges differ by function as well as job level and there are variations in the proportion of men and women in different functional areas. For example, in Technology where salaries are relatively high compared to other roles specific to the publishing sector, it is 73% male. In our Publishing Houses, however, the gender mix is 78% female. These variations in market rates of pay between functions also contribute to the gender pay gap.

Use of contractors.
As is common practice across the UK labour market, our Technology business also brings in contractors for their specialist skills and technology expertise. Over 80% of the contractors working with us in the reporting period were male, and these contractors often attract high levels of remuneration due to scarcity of skills or highly competitive markets, which also impacts the mean figure. For example, removing contractors from the measurement reduces the Penguin Random House UK mean gender pay gap to from 11.3% to 8.1%.
Proportion of employees receiving a bonus

Our bonus awards are gender neutral
In the period covered by the report, all Penguin Random House UK employees were entitled to receive a bonus or profit share after one year within the organisation, regardless of role or gender. Importantly, bonus and profit share payments are based on our company performance, with employees performing similar roles receiving the same bonus percentage. Accordingly, the proportion of male and female colleagues receiving a bonus or profit share was 79.8% and 77.6% respectively; the difference merely resulting in the gender mix of new joiners to the company who had not yet become eligible to join the scheme.

Bonus pay
Our analysis of our bonus gap shows that, using the mean measure, men are paid 33% more in bonuses than women. We know our bonus awards are gender neutral. However, in some functions, we see a greater mean bonus gap because of higher variable pay, reflecting market practice in that sector, and fewer women in these roles.

As with the reasons behind our mean pay gap, the level of bonus paid increases with seniority, and our mean bonus gap is influenced by the shape of our organisation and job mix within the company; with a higher proportion of men in more senior roles when compared to the overall gender split.

This is further compounded by the fact that almost 12% of our employees have chosen to work flexibly by reducing their working hours, and 87% of these are women. The calculations required for the bonus gap measure do not take into account that part-time workers have a pro-rated bonus opportunity.

Using the median measure, women are paid 24.4% more in bonuses than men. A factor causing a difference in median pay between men and women across the business is the appeal of different sectors to different demographics. For example, just over 40% of all men who received a bonus payment are in non-managerial warehouse roles, where a lower fixed profit share bonus is paid reflecting market practice in this sector.
Where we are now

At Penguin Random House UK we believe that a supportive, stimulating and inclusive working culture enables and encourages people to work to the best of their ability. We also recognise that one size doesn’t fit all, and that we need to provide a broad range of learning and development opportunities to help all our colleagues reach their potential.

We already have a number of initiatives and programmes in place to support our colleagues, such as those overleaf.
For eligible entry- to middle-level colleagues, we offer company paid childcare vouchers to help care for a child under the age of 5. Other colleagues, or those with children over the age of 5, are able to buy vouchers through a salary sacrifice scheme.

The majority of employees are given the opportunity to work ‘summer hours’ for up to 12 weeks every year; allowing them to leave work from 1pm on designated Friday afternoons to spend more time with their family or pursue their hobbies during the summer.

Opportunities for learning and development

Leadership courses to help our current and future leaders develop and enhance their skills, including our Creative Leadership Programme.

Internal mentoring and coaching programmes available to all colleagues.

We’ve joined the 30% club this year, an external cross-industry mentoring scheme which matches women with potential with male or female mentors.

450 of our employees have undertaken unconscious bias training, with the aim of making this mandatory for hiring managers in 2018.
Where we want to be

We recognise there is more we can do to better support women working across our organisation, to level the playing field and ensure a truly gender neutral working environment. We believe that there are four key areas of focus in order to achieve this:

- **Work towards a more balanced gender representation in the layer below senior leadership.** With the shape of our organisation a significant contributing factor to our gender pay gap, we need to better encourage and support women moving into and up through the company, particularly at a more senior level.

- **Provide even better support for returning mothers.** We want to do more for returning mothers during their transition back to work after maternity leave or an extended period of time away from the office. We are identifying ways to make this process even easier, to better help returning mothers find their feet back at work without compromising time at home or with their family.

- **Explore more flexible working options for both female and male colleagues.** We recognise the need to provide a more flexible working environment for our colleagues as they seek to strike a better balance between their work and personal lives, and we will implement more flexible working options for all employees in 2018.

- **Introduce pay banding.** We are currently working on the introduction of a robust job evaluation process. This will enable us to create a framework of transparent pay ranges that avoids any gender bias.
Our commitment to inclusion

Earlier in 2017 we set ourselves a company-wide goal to measure our impact from a diversity and inclusivity standpoint over time: we want both our new hires and the authors we acquire to reflect UK society by 2025.

This means we want our new authors and colleagues to reflect the make-up of the UK population; taking into account gender, ethnicity, sexuality, social mobility and disability. We want to see a positive shift towards this goal every year through to 2025.

We recognise that we need to seek out new voices that speak to all our audiences, making sure our books, our stories and our industry are for everyone. In addition to diversifying our publishing teams, we are committed to seeking, attracting and publishing a more diverse range of writers. Through programmes like WriteNow, our flagship outreach and mentoring programme for unpublished writers, we are also actively working hard to bring underrepresented voices to bookshelves across the UK.
We recruit on potential, not qualifications, to make sure that our roles are open to everyone.

- We have removed the requirement for a university degree for all our new jobs
- We’ve introduced paid work experience placements, banned personal referrals and introduced random selection to ensure everyone has an equal opportunity to apply
- We pay all our interns the London Living Wage
- Our annual entry-level programme, The Scheme, aims to find talented candidates based solely on their ideas and potential
- Our Helen Fraser Fellowship offers a six-month paid placement for BAME (Black Asian Minority Ethnic) candidates within our prestigious publishing imprint Hamish Hamilton
Working at Penguin Random House

Hannah Telfer
Managing Director, Audiences and Audio

I believe in flexible working. When there is a commitment from both the employer and employee to make it work, flexible working can be the key to a positive balance that benefits everyone. I moved to working four days in the office after I had my first child, over 12 years ago. I’ve learnt to be more focused and to use my time effectively. Having a day at home a week is very important to me: it gives me more time with my children and valuable headspace. And that’s felt even more critical as my role at Penguin Random House has evolved. I trust my team and I’m hugely proud of all that we achieve together in one of the fastest growing parts of our business.

Jo Pillai
Group Publishing Operations (Children’s)

I’ve worked in the publishing operations team for our Children’s division for the past 15 years, the last 12 of which I have worked part-time through a job share. I first decided to work part-time when my daughter started school, when, with my husband regularly travelling abroad for work, I needed to be around to care for her. A colleague of mine was looking for a similar arrangement, so we approached our manager about the possibility of a job share. She was incredibly supportive and keen to ensure that the team could make use of both our expertise without compromising our work/life balance. Currently I work three days and my colleague works the other two. The job share works very smoothly; we leave each other detailed handover notes, manage our workload together and schedule meetings so that we can alternately attend. The structure and flexibility it has given both of us has been incredibly useful.

David Woolnough
Head of Accounting Services, Finance

As a father, spending time with my two children has always been one of my main priorities. An important personal goal has been balancing this commitment with the responsibilities and development opportunities presented by my career and, for me, having a flexible working arrangement has allowed me to achieve this. On Wednesday and Thursday each week I work reduced hours in the office, which allows me to drop my children at school two mornings a week and collect on one of the days. The company’s technology landscape actively supports remote working and I’ve worked with HR to ensure that every aspect of my work, including services provided and line manager responsibilities, are covered and not adversely impacted. I am very lucky to have an extremely talented team working with me, and this has also provided opportunities for team members to take a more active role in meetings or projects.
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 July 2013 Penguin Random House UK has two employing entities: Random House Group and Penguin Books Ltd. Dorling Kindersley (DK) operates independently of Penguin Random House UK however its employees are also employed by Penguin Books.

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

<table>
<thead>
<tr>
<th>The Random House Group</th>
<th>Hourly pay</th>
<th>Bonus pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median gender pay gap</td>
<td>13.9%</td>
<td>5.3%</td>
</tr>
<tr>
<td>Mean gender pay gap</td>
<td>16.4%</td>
<td>45.2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>The Random House Group</th>
<th>Proportion of colleagues receiving a bonus payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Quartile</td>
<td>54.6%</td>
</tr>
<tr>
<td>Upper Middle Quartile</td>
<td>39.1%</td>
</tr>
<tr>
<td>Lower Middle Quartile</td>
<td>31.5%</td>
</tr>
<tr>
<td>Lower Quartile</td>
<td>47.1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Penguin Books Ltd &amp; DK</th>
<th>Hourly pay</th>
<th>Bonus pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median gender pay gap</td>
<td>-9.5%</td>
<td>30.4%</td>
</tr>
<tr>
<td>Mean gender pay gap</td>
<td>6.1%</td>
<td>35.8%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Penguin Books Ltd &amp; DK</th>
<th>Proportion of colleagues receiving a bonus payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Quartile</td>
<td>38.9%</td>
</tr>
<tr>
<td>Upper Middle Quartile</td>
<td>24.7%</td>
</tr>
<tr>
<td>Lower Middle Quartile</td>
<td>26.4%</td>
</tr>
<tr>
<td>Lower Quartile</td>
<td>51.2%</td>
</tr>
</tbody>
</table>