

2020 Gender Pay Gap Report



Penguin
Random House
UK

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Introduction



While we have implemented a number of new policies and programmes over the past twelve months, we are disappointed that our hourly gender pay gap has widened slightly this year.

However, we are pleased that our bonus gap – the other metric measured in this report – has once again reduced slightly. We explain these changes in more detail later in our report, but the increase to our hourly pay gap primarily relates to changes in the levels of men and women in each of our pay quartiles from when we last reported. For this reason, the gap has widened, despite us having equal gender representation in our Leadership Team and amongst our top 100 highest earners.

I do not believe that this shift – albeit disappointing – undermines our wider efforts to reduce the gap or our overall journey towards becoming a truly gender neutral organisation. The factors affecting our pay gap are structural and relate to the shape of our organisation, which means there isn't a quick or direct trajectory to reaching that goal. It also means that, in the short-term, internal changes such as individual senior hires can have a disproportionate impact on our data.

Work underway to reduce our gap

Despite the increase, I am confident that our focus areas – outlined towards the end of this report – continue to have a gradual, yet sustained impact on our culture and internal practices, which will enable us to make meaningful change in the right direction over the longer-term.

For example, in time we hope that our new parental leave policy will broaden understanding and empathy across our company of the challenges associated with returning to work after becoming a new parent, so that everyone can feel as though they can have as rewarding a career after having children as before. Similarly, we are laying the groundwork to broaden the gender balance of our largest team, Technology, with a

targeted focus on recruiting more women in this field. As this team is currently made up of almost 70% men, it will take time to achieve a meaningful shift. But we are dedicated to a long-term approach in order to achieve this goal.

In the coming months our HR and Resourcing team will meet with each department to discuss the gender profile of their teams at each job level, prioritising those with the most significant gender imbalance, to identify ways in which each team can play their part in achieving more balanced gender representation. This in turn will support reducing the gender pay gap.

Respecting all gender identities

It's important to point out that this report is a government requirement requiring us to include only employees who identify as men or women. At Penguin Random House UK we recognise that gender is wider than this and are committed to supporting and respecting all colleagues' gender identity. This year we have introduced a new Guide to Gender Transition at Work to support our transgender colleagues and those considering or undergoing gender transition.

Part of our accelerated inclusivity strategy

Our overriding ambition is to ensure that everyone working at Penguin Random House feels a strong sense of belonging. We believe that everyone should fulfil their potential, regardless of their identity or background, so building a progressive and inclusive workplace has never been more prominent in our thinking, planning and actions. This year we've refreshed and accelerated our overall inclusivity strategy, and will publish our first ethnicity pay gap report later this year.



Val Garside
Director of Human Resources

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

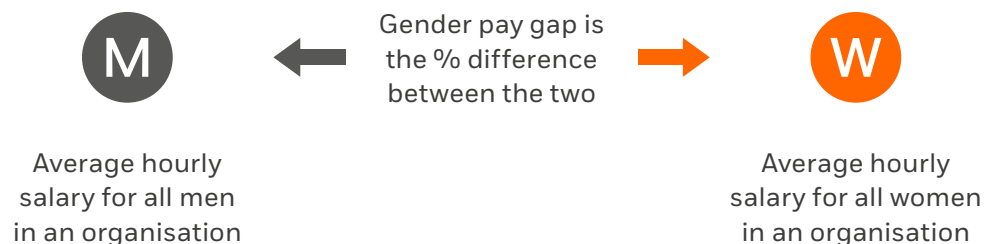
About Penguin Random House UK

We are the UK's largest book publisher. 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 the greatest women's voices from around the world to the fore through our books: from Margaret Atwood, Bernardine Evaristo, Marian Keyes and Virginia Woolf to Michelle Obama, Malorie Blackman, Beatrix Potter and Elif Shafak.

We want our books and stories to be for everyone. Creativity requires a diversity of thought, which means that being a more inclusive employer is fundamental to being a better publisher. That's why we have a commitment for our new hires and the authors we acquire to reflect UK society by 2023. You can find more information on our inclusivity strategy [here](#).

The gender pay gap explained

The difference in the average hourly pay between all men and women in a workforce.



Which data is used?

The gender pay gap is based on an hourly pay rate for each relevant employee, reflecting base salary and certain allowances, 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 2020 (i.e. for the period 1 April 2020 to 30 April 2020), whilst bonus data refers to the pay period from 6 April 2019 to 5 April 2020.

Key



Men



Women

Equal pay

The Gender Pay Gap is different to Equal Pay.

Men and women in the same employment performing equal work must receive equal pay.



=



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

The gender pay gap is calculated in terms of the mean and the median.

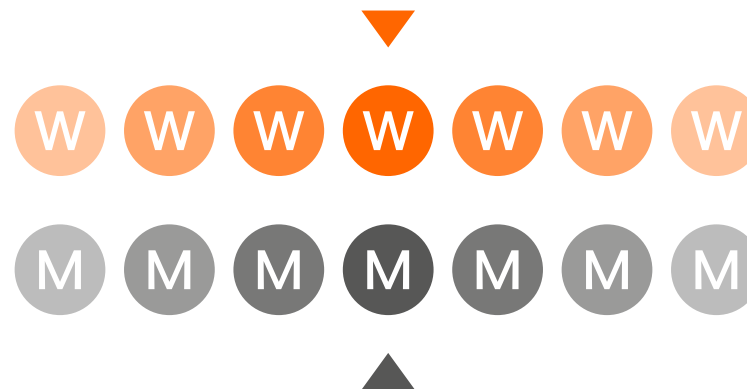
Mean

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.



Our gender pay gap data

Hourly Pay

The median and mean difference between the average hourly earnings for men and women at Penguin Random House UK in 2020 were as follows.

Median gender pay gap

5.3%

2019: 3.2%

On average, women earn **95p for every £1** that men earn, when comparing median hourly pay.

Mean gender pay gap

13.3%

2019: 9.1%

On average, women earn **89p for every £1** that men earn, when comparing mean hourly pay.

Our mean and median pay gaps have increased slightly compared to 2019. We explain the reasons for this increase later in this report.



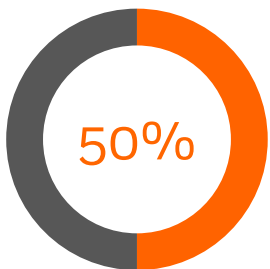
Our overall company gender split

35% men

2019: 36%

65% women

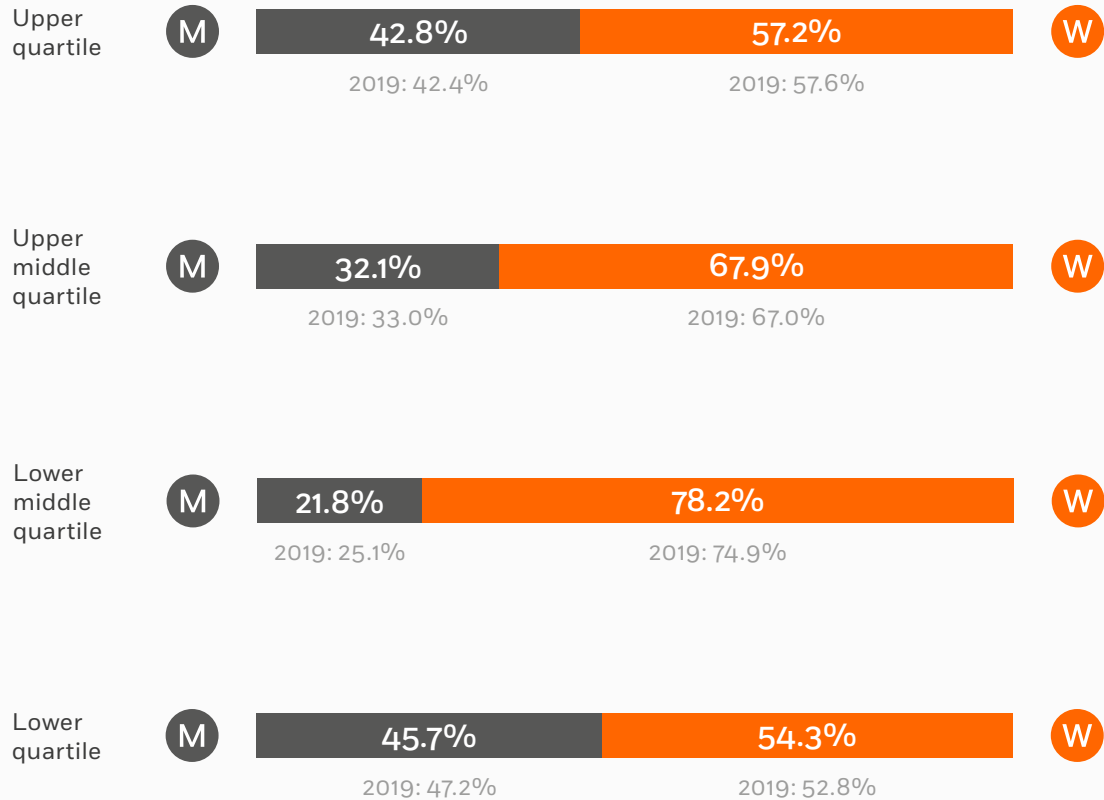
2019: 64%



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

Proportion of men and women in each pay quartile

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



Why does our gender pay gap exist?

We are pleased to have an equal number of men and women in our leadership team and also within the top 100 earners in our company, which is made up of 49% women and 51% men. The gender pay gap for this group of employees is closer to zero than our overall company gap (mean: 2.27% in favour of men, and median: -3.27% in favour of women).

However, the gender balance of men and women in all layers below this senior group, down to and including entry-level, results in a gender pay gap. There are fewer men than women across each of these layers, meaning the average salary of men in our company is higher than that of women.

Fewer men in entry level roles

At Penguin Random House UK our company is made up of three main departments: Publishing, Group Functions and Distribution. We continue to have significantly fewer men than women in entry-level roles in our Publishing and Group departments. As these departments make up approximately 77% of all employees, this is one of two significant factors which create our gender pay gap.

- For example, men make up 19% of our Publishing departments, yet hold 40% of the most senior roles. Furthermore, women in our Publishing Houses hold on average 86% of all roles up to manager level. Men are therefore underrepresented at all levels and in particular at entry-level.
- Similarly, in our Group functions, men make up 37% of the population and hold the majority of the most senior positions (and therefore highest-paid roles), with some teams having no men in entry-level positions.

Gender balance within our Technology team

The second significant factor affecting our gender pay gap is the gender balance within our Technology team (which sits in our Group Functions department), combined with the market value of technology roles.

- Technology represents 12% of our total number of employees and is the only team where men hold the majority of roles (68.7%). As technology salaries command a higher premium in the market when compared to other roles specific to the publishing sector, this has a significant impact on our pay gap data.
- In addition, as is common practice across the UK labour market, our Technology team uses self-employed contractors for specialist skills. Self-employed contractors attract high levels of remuneration due to scarcity of skills, highly competitive markets and pay rates that take into account that these roles do not attract the benefits, bonus and pensions that employees typically receive. These roles therefore have a significantly higher mean and median pay rate compared to company employees. As all of the contractors working with us in the reporting period were men, this accounted for 2.1% of our mean pay gap and 0.9% of our median pay gap.

- Over the past 12-months the Technology Team has delivered the largest programme of work in our company's history and as a result of this and other structural changes they have undertaken a significant level of hiring. Of the new hires in Technology in this reporting period 83.3% were men.

If we exclude the Technology team from our company gender pay gap analysis the overall hourly mean figure of 13.3% is reduced almost by half, to 7.56% in favour of men, and our median figure changes from 5.3% in favour of men to -11.8% in favour of women.

Explaining the increase in our gender pay gap

Our mean and median gender pay gaps have increased slightly when compared to last year. The reason for the change versus last year are a result of changes in the levels of men and women in each of our pay quartiles, specifically:

- As outlined above, we have significantly fewer men than women in entry-level roles in our Publishing and Group departments, which is one of the main reasons our pay gap exists. This number has further reduced since 2019, with 86.5% of hires into our entry-level and early career roles being women – therefore further widening the pay gap.

- In addition, the proportion of men in the lower, lower-middle and upper-middle quartiles has also decreased versus 2019 (by 5.6%) meaning that the difference between the mean and median salaries of men and women, and therefore the mean and median pay gap, has increased.

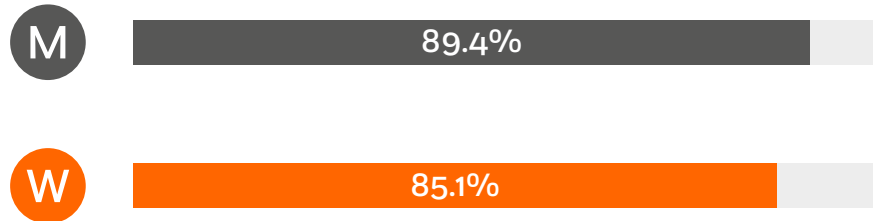
- The proportion of men in the upper quartile has increased very slightly since 2019 (from 42.4% to 42.8%). Although this is a very small change to the overall gender balance, the 450 employees that sit in this group have changed due to attrition, and progression and their position within the pay quartile affects the gender pay gap. In the period covered by the report more men were recruited into higher paying roles than women within the quartile. For example, of the 10 most highly paid roles recruited in the reporting period, 7 of these were men.

These changes have contributed to the slight increase in our gender pay gap versus last year. This highlights the importance of achieving a more equal gender balance in our hiring as well as our continued focus on supporting women to progress across all quartiles of our organisation. We outline how we are working on this later on in the report.

Proportion of colleagues receiving a bonus payment

Our bonus awards are gender neutral. In the period covered by the report, all employees were eligible to receive a bonus or profit share after completing their probationary period, regardless of role or gender. Bonus and profit share payments are based on our company performance, with employees performing similar roles receiving the same bonus percentage.

Accordingly, the difference in the proportion of men and women receiving a bonus or profit share was as a direct result of the gender mix of new joiners who had not yet become eligible to join the scheme.



Bonus pay

The median and mean difference between the average bonus earnings for men and women at Penguin Random House UK in 2020 were as follows.

Median bonus pay gap

3.7%

2019: 10.1%

On average, women earn **97p for every £1** that men earn, when comparing median bonus pay.

In 2020 our mean bonus gap has reduced by 0.9% and our median gender bonus pay gap has reduced by 6.4%.

Median bonus pay gap

34.5%

2019: 35.4%

On average, women earn **75p for every £1** that men earn, when comparing mean bonus pay.

Why does our gender bonus gap exist?

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, as outlined earlier in this report; namely the fact that we have significantly fewer men in entry level roles across our Group and Publishing departments means that the overall mean and median bonus payment is higher for men than for women.

It is also important to note that around 13% of our employees are employed on a part time basis, meaning 2% of men and 11% of women have chosen to work flexibly by reducing their hours. The calculations required for the bonus gap measure do not take into account that part-time workers have a pro-rated bonus opportunity. If this were taken into account, the median gender bonus gap would reduce to 2.5% and the mean reduces to 32.1%.

Explaining the decrease in our bonus pay gap

In the lower-middle and upper-middle quartiles we have seen an increase in the number of women and a decrease in the number of men. This means more women earning higher bonuses than in the previous reporting period, resulting in decrease in the median and mean bonus gap.

Addressing our gender pay gap

What we're currently doing

As the factors which influence our gender pay gap relate to the shape of our organisation, there is not one single action we can take to reduce it. Instead, over the past few years we have focused on a number of interconnecting areas designed to support the development and progression of women across the company, while also seeking to achieve a better gender balance in our early career level roles.

Many of the new programmes or policies we have implemented have not had sufficient time to effect the significant longer-term change required to reduce our gap. However, since our first report in 2017 we have started to see some positive results coming through. For example, over the past year:

- We made 100 internal promotions, of which 81% were awarded to women.
- We made 23 hires at senior level (i.e. for roles with a 'Director' or 'Head of' title). 10 (43.5%) of those were men and 13 were women (56.5%).
- Our mentoring programme attracted 150 participants, of which 74% of mentors and 90% of mentees were women.

- Our leadership development programmes saw strong participation from women, at 81% of 73 participants.

Recruitment

We continue to work towards our inclusion goal that new hires will reflect society by 2023, including an equal gender balance between women and men. This includes:

- Introducing a gender bias tool to assess and remove gender-biased language from our job adverts.
- Launching a new inclusive hiring workshop for our recruiting managers at the end of last year, which 150 employees attended. Following feedback and further refinement we are now making this training mandatory for all recruiting managers from 2021.
- Sharing a number of different [videos](#) showcasing various departments, including Technology, in order to raise awareness of some of the different (including lesser-known) roles in our company. These were shared across [LinkedIn](#), careers social channels and our website, penguin.co.uk – receiving over 100,000 views to date.

Spotlight on Technology

Our ambition is to increase the number of women who work in our Technology team at all levels, and are taking steps to change the way we attract and recruit new people into this team. For example:

- In March we held our first 'Spotlight on Women in Technology' event. Attended by women working in technology across different industries, the evening focused on career development conversations and featured a talk from CEO of CodeFirst Girls, a panel with our Tech leadership team, and a key note from author and coach Sara Milne Rowe.
- We launched a new Technology and Digital specialist page on our LinkedIn which showcases our roles in these areas, aimed at attracting a wider pool of applicants, including women.
- We know that the under-representation of women in STEM (Science, Technology, Engineering and Maths) roles is part of a wider societal issue which requires extensive work over time from the government, the educational sector and corporates to resolve. Although publishing is a creative industry, technology is an intrinsic part of the whole process and

we believe we have a role to play in offering young people inspiration and guidance on different STEM career paths. With this in mind, last October we held a ‘Super Daughter Day’ event in partnership with Work180 and a small number of schools to help encourage girls into STEM related programmes.

Penguin Parents

This is our programme of support for colleagues who are parents – before, during and after parental leave.

- In January 2020 we launched a new Parental Leave policy, which entitles all employees – regardless of their gender or sexual orientation, to the same parental leave (up to one year, with the same entitlement to 25 weeks at full basic pay). We believe this is integral to shifting myths about women bring primarily responsible for raising children, and to ensure career progression is entirely about talent and not gender. Since implementing this policy, 11 men have taken an extended period of parental leave.
- This year we launched our Penguin Parents Network; a space where colleagues can come together to speak about experiences, share advice, and support one another to balance work with parenting.

- We’ve improved colleagues’ ability to access information whilst on parental leave to facilitate better access to guidance, career opportunities, learning and development and company news, in addition to launching a new hub on our intranet – our ‘Penguin Parents Network’ – housing all guides, information and ways for colleagues to connect.
- During the reporting period 89% of women who took a period of parental leave returned to work following their leave, with almost half of them returning to a new part time or formalised flexible working arrangement.

Entry level and early career pay

We changed our approach to pay and salary progression for those in the early stages of their career at Penguin Random House UK. From 1st January 2020, all new joiners (London-based) to entry level positions receive a minimum annual salary of £24,000, with an automatic increase of £1,000 in their first two years of service, up to £26,000.

Launching our Guide to Gender Transition at Work

While not specifically required by this report, we also wanted to include the steps we have taken to support our transgender colleagues and those

going through gender transition. This is because we want to build a positive workplace culture in which everyone feels they belong. This year we shared with colleagues our new Guide to Gender Transition at Work.

We wholly support a person’s decision to transition, and appreciate that every transition will be a unique journey. While we’ll tailor our approach for each individual, this guide provides a consistent framework for anyone considering, or going through, gender transition.

Supporting a Menopause friendly work place

To ensure that colleagues are supported at every life and career stage we launched our Menopause Policy and manager guidance in February to raise awareness and understanding about the menopause. This offers support and guidance including flexible working options to all colleagues experiencing menopausal symptoms, regardless of gender identity or gender expression, enabling people to balance their wellbeing with their career.



Louise Moore

Managing Director, Michael Joseph and sponsor of the Penguin Parents network

I am a working parent and have realised over the years that publishing as an industry is pretty parent-friendly compared to many. Also, as a manager, I know that working parents are amongst the most focused, diligent and stretched colleagues, and need real support.

Before I had children, I saw the way you can be torn between work and family demands, and when I had my own I too experienced that fraught feeling of never having quite enough time or energy, and how your mental health can suffer for that.

When you are a parent, your children are your first priority. You experience chaotic, fly by the seat of

‘To support working parents we need to make sure that people feel it’s fine to talk about what is going on at home.’

your pants weeks, and calmer ones, but life as a working parent is never boring. You certainly don’t get a lot of down time. I’ve noticed that colleagues who are usually in the office full time need to show that they are full on as parents when they get home - so where is their down time? Added to which, it’s not always possible to switch off from work just because you’re home. My daughter threatened to throw my blackberry in the bath once, as I tried to reply to an email from an author...

Then there are the days or weeks when you might be experiencing a crisis at home. One of your children is ill or suffering, and you need to be able to drop everything and just be at home to weather it. Family must trump work, every time. I have always been lucky enough to be fully supported by my boss and colleagues when this has happened to me. I know how frightening it is. I want to make sure I am the same kind of boss and colleague to my team.

I consider carers in this too – whether you look after parents, siblings, or partners. You can sometimes feel guilty for going off to work and leaving them, there’s a sense of being stretched.

I think the main thing we can do to support working parents is to we need to make sure that people feel it’s fine to talk about what is going on at home. You don’t have to, but it’s important to know that you’re just as professional if you do talk about it, as if you don’t. It can be conversations with your manager, or your fellow colleagues. It’s important that we keep the voice of working parents present in conversations, to consider the impact of different things upon our range of colleagues.

In launching the Penguin Parents network, we do want to have structured results. We’ve created a Parent Hub – an internal resource where colleagues can find all the information they need about schemes and programmes for parents – and a parent-specific mentoring scheme; these are practical things coming out of it. Being a working parent can be a very overwhelming thing at times and the network is a place to connect with others in the company who you don’t know but who are sharing similar experiences.

It’s a nice space to listen, share, and often have a laugh at the occasional mishap! It’s not a big, serious, daunting group to join – it’s inclusive and completely non-demanding. You can just come and listen, even if you’re not a parent, or if you’re someone who wants to know what it’s like.



Maria Tegerdine

Customer Services Manager,
Customer Services, Distribution

I participated in the mentoring scheme run by our parent company, Bertelsmann, last year. I was mentored by a director at Sony BMG, based in London, and it was a really good opportunity to develop my professional skills.

I've been at Penguin Random House for almost 15 years on now, working in various Customer Services roles, and being part of the mentoring scheme gave me the opportunity to evaluate my current position and working behaviours. It was really beneficial to talk to someone objective – it encouraged me to approach things in a different way. It gave me the confidence and tools to allow me to re-apply for positions.

The mentoring scheme began with an initial meet up where we met our mentors and discussed how it was going to work. There were lots of mentors from across the companies – lots from the publishing side, but a lot of the non-publishing Bertelsmann companies too.

‘Mentoring gave me the confidence and tools to allow me to re-apply for positions’

I was very fortunate; my mentor was really easy to talk to. We had monthly calls, or met up in London. We talked about things like self-development or understanding the people you work with – what makes them tick or how to work with them in ways that suit them, or making personal changes so others view me in a different way. All of these skills have continued to really benefit me, even months later now that the mentoring programme has finished.

Mentoring has definitely helped me. It's encouraged me to take ownership of my career path – I've since become the Customer Services Manager – a role which mentoring gave me the confidence to apply for. Mentoring has also changed how I talk about myself, and helped me think about things differently. I have found it a calming experience, great for my mental wellbeing and it has made me have a new confidence to make career choices.



Jonathan Phillips

Head of Product & Brand, Penguin Connect

When the parental leave scheme was announced in July 2019, I thought it was fantastic news. It's such a positive change, and makes me really proud to work for Penguin Random House – my friends can't quite believe how progressive it is, but I think it totally makes sense.

I thought it was great on two main levels, the first being that it gives dads the opportunity to spend quality time with their young children, and the second being on a wider, societal level. It changes the conversation about finances and takes away the presumption that one parent should have more time off than the other. It really evens the playing field and will have a real knock-on effect on gender equality and bridging the gender pay gap.

I took three months off this year as we had our second child, compared to the two or three weeks I had when we had our first. The fact that it was paid really incentivised it; it was one of the key factors in me being able to take it. I wouldn't have been able to take as much time off had it not been a paid, and being able to take the longer time off this year made other things possible – like moving up to Yorkshire to be closer to family and the child care that's made possible with that.

‘Our parental scheme removes the presumption that one parent should have more time off than the other’

While I was on parental leave, one of my colleagues took Penguin Connect and my role under her wing and did a brilliant job, but I believe in more normal years we would have recruited to cover the time. It's been as I expected it would be to come back to work – it's been fairly good and I'm now adjusting to navigating work as a parent of two.

What more we need to do

We are disappointed that – despite all the steps we are taking – our gender pay gap has slightly increased over the past year for the reasons explained earlier in this report.

In response to this increase, we are:

- Meeting with every department, prioritising those where there is a significant gender imbalance, to raise awareness and work together to identify ways to achieve a more balanced gender representation at each job level.
- In line with our company inclusion action plan we are working with our hiring managers to ensure that, wherever possible, we have at least one underrepresented candidate on interview shortlists, in support of our goal to ensure we represent UK society in all team and at all levels, including gender.

In addition, we are also focusing on the following areas:

Transparent pay bands

We are on track to share transparent pay bands with colleagues in December 2020 and to include pay bands on all of our external job adverts from January 2021.

We are confident that by sharing pay bands colleagues will have a greater understanding of our pay principles at Penguin Random House UK, as well as how we compare to the external market, how pay decisions are made, and how pay connects to learning and development opportunities, career development and progression. Understanding that some colleagues, particularly women, find it difficult to discuss pay with their manager, this project will also provide tools, guidance and structured opportunities for colleagues to confidently discuss their pay and pay progression.

Using data to understand career progression in more detail

We have recently refreshed our approach to gathering inclusion data, which will allow us to gain deeper and actionable insight into where our teams are not representative of UK society. For example, it will give us the ability to ensure our recruitment processes are inclusive, connect more closely with our agency partners (for instance those we work with for technology roles) and explore relationships between gender, career progression and turnover. Importantly it will also enable us to explore intersectional issues so that we can ensure an even more inclusive approach to pay. By understanding this in more detail we can focus action where it will make the biggest difference.

Continuing to encourage all our colleagues to make use of our gender-neutral parental leave

We want to normalise paid time off for men when a new baby arrives by promoting an understanding that any parent can take time when they become a parent. We will achieve this by offering talks, training/support for line managers as well as talking to men who have used the enhanced benefit to talk about their own experiences.

Flexible working

Since March this year, in response to the coronavirus pandemic, the majority of our office-based colleagues have been working remotely. We have been clear with all of our colleagues that we trust them to balance their home commitments and work responsibilities in whatever way works for them, acknowledging that this flexibility may result in less productivity and reassuring that it will not have any effect on their career.

While much is still uncertain about the continued impact of the pandemic on our ways of working, we will move to a hybrid model of working in the future. We're working towards an approach that will give the majority of office-based colleagues more choice over where they can work, and more access to flexible working options.

Statutory disclosure

Under the Regulations we are required to report the gender pay gap for each of our legal employing entities with more than 250 employees. As a result of a merger in 2013, Penguin Random House UK has two employing entities: The Random House Group, and Penguin Books Ltd.

Dorling Kindersley (DK) operates independently of Penguin Random House UK; however its employees are also employed by Penguin Books.

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

The Random House Group

M Men **W** Women

Hourly pay

Median gender pay gap

0.9%

Mean gender pay gap

11.8%

Proportion of men and women in each pay quartile

Upper pay quartile



Upper middle pay quartile



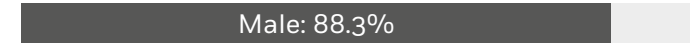
Lower middle pay quartile



Lower pay quartile



Proportion of colleagues receiving a bonus payment



Bonus pay

Median gender bonus gap

-7.6%

Mean gender bonus gap

32.0%

Penguin Books Ltd and DK

M Men **W** Women

Hourly pay

Median gender pay gap

13.5%

Mean gender pay gap

23.2%

Proportion of men and women in each pay quartile

Upper pay quartile



Upper middle pay quartile



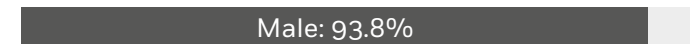
Lower middle pay quartile



Lower pay quartile



Proportion of colleagues receiving a bonus payment



Bonus pay

Median gender bonus gap

14.8%

Mean gender bonus gap

52.3%



Penguin
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