Gender Pay Gap Report 2018

Introduction

Gender Pay reporting requires us - Condé Nast Britain together with Condé Nast International (CNI) - to report a set of pay calculations based on the gender of our employees.

This is a government requirement for all companies of more than 250 people, mandated by the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, and the calculations are reported together because employees of Condé Nast Britain and CNI are all paid through the payroll of The Condé Nast Publications Ltd, which is the body defined by the government for these purposes. The report is public.

Gender Pay reporting shows the difference in average hourly earnings between women and men inside the Condé Nast companies based in the UK. It does not refer to equal pay, which relates to what women and men are paid for the same or similar jobs, or for work of equal value. It’s against the law to treat people less favourably for the same or similar work because of gender.

Condé Nast’s report is based on payroll data at 5th April 2018 (so refers to data from one year ago). All figures refer to the combined staff of Condé Nast Britain and CNI.

What we have to report

The regulation is specific about what has to be reported. This involves carrying out six calculations that show the difference between the average earnings of men and women in our organisations. To be clear, we do not publish anyone’s individual salary data. The published figures are:

- Median (middle) gender pay gap in hourly pay
- Mean (average) gender pay gap in hourly pay
- Proportion of women and men in each pay quartile

And less directly relevant for most of us...

- Median bonus gender pay gap
- Mean bonus gender pay gap
- Proportion of women and men receiving a bonus payment
Calculating Median & Mean Pay Gap

Median
If all employees were lined up by gender in order of pay from highest to lowest, the median pay is the pay of the woman and the man in the middle of their lines. We calculate Median Gender Pay Gap by comparing the difference between the median man’s pay and the median woman’s pay.

Mean (Average)
The Mean Gender Pay Gap shows the difference in the average hourly rate of pay between women and men. To calculate it we work out...

... and then compare the two. The difference between the average men's and the average women's salary is the Mean Gender Pay Gap for the company. As the reporting is male compared to female salaries, the gap will show as negative if it is in favour of women.

What’s more useful - Median or Mean?
When looking at pay, Median, the middle, could be considered the more useful measure. In most instances, it is closer to the experience of the typical woman and man in the company.

This is because the mean (average) figures tend to be skewed by extremes, giving a picture that doesn’t reflect most people’s experience. That skewing effect is exaggerated when the data set is smaller. (In the Condé Nast pay data, we see this effect, as the average men’s pay is skewed by a small number of very high earners who are men. And the effect is exaggerated because men make up a small proportion of our total staff.)

Imagine we asked all 685 staff to count the cash they are carrying right now - and 684 of them had exactly £10 each, but one happened to have £1,000 in cash. The mean (average) amount of cash for each person would be £11.44.

Now imagine we asked just five people to count all of the cash they have on them. Four people have exactly £10 each. And one has £1,000 in cash. In this case, the mean amount of cash each person has is £208!

In the second case we can see that the average for the small group is disproportionately exaggerated by one person with £1,000.

But in both examples, the median amount of cash will be exactly £10.
Our staff / gender split

In April 2018, the gender split across all of Condé Nast in the UK (CNI and CNP combined) was...

- **28%** men
- **72%** women

Our Gender Pay Gap

When all salaries are compared...

- **£**
- **£**

**21.98%** less women’s median hourly pay rate

The women’s median hourly pay rate is **21.98%** less (This compares with **23.33%** in 2017, so a small improvement*.)

- **£**
- **£**

**31.07%** less women’s mean hourly pay rate

The women’s mean (average) hourly pay rate is **31.07%** less (This compares with **36.87%** in 2017, so also an improvement*.)

The quartiles in more detail

We calculate the quartiles by ranking staff from lowest paid to highest paid, splitting that list into four equal parts, and then calculating the proportion of men and women in each of the parts. In all quartiles, women make up the significant majority of staff. In this data, a negative number means the gap is in favour of women.

<table>
<thead>
<tr>
<th>Quartile</th>
<th>Women</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lower Quartile</strong></td>
<td>80%</td>
<td>20%</td>
</tr>
<tr>
<td><strong>Lower Middle</strong></td>
<td>80%</td>
<td>20%</td>
</tr>
<tr>
<td><strong>Upper Middle</strong></td>
<td>68%</td>
<td>32%</td>
</tr>
<tr>
<td><strong>Upper Quartile</strong></td>
<td>59%</td>
<td>41%</td>
</tr>
</tbody>
</table>

In 2018, the split of women / men was:

- **MEDIAN Pay Gap:**
  - **3.67%**
- **MEAN Pay Gap:**
  - **-0.18%**

Bonus Pay Gap

A little over ¼ of staff received a bonus in the 12 months up to 5th April 2018.

- **40%** of women received a bonus
- **28%** of men received a bonus

The median women’s bonus pay is 65% greater than the median men’s bonus

The mean (average) women’s bonus pay is **28.23%** less

* It is positive to be able to report that our Gender Pay Gap has improved when compared to last year. But we need to be cautious about concluding this means the changes we are making are having an immediate positive effect. The pay gap is a long-term issue that will take many years to resolve, across all sectors. While we have an improvement on last year, it is too early to say there is a trend, and we should expect to see volatility over the coming years.
Analysis and next steps

Condé Nast in the UK, both Condé Nast Britain and Condé Nast International, remains overwhelmingly a female-friendly employer. Women make up the significant majority of our combined staff. Last year we noted that there was no appreciable pay gap in the lower, lower middle or upper middle quartiles. That picture is repeated this year.

As was the case for 2017, in 2018 our big pay gap is in the top quartile. The median pay for that group is roughly equal for women and men. But there is a significant mean gap, influenced by the top leadership, hired for their specific expertise and experience and in some cases with long historical tenure.

This very senior tier, and the smaller proportion of men employed, account for the gap when we look at pay for all staff across the company. The overall pay gap is influenced by the skewing effect of high salaries. And we see the exaggerating effect on the mean men’s pay because men are a much smaller group.

That said, we have seen some improvement in our overall pay gap figures. And the mean pay gap in the upper quartile has reduced this year.

The important question is, what are we doing to give momentum to changing the pay gap? There is no silver bullet, but HR colleagues are already working on a number of initiatives which will all contribute over time, including...

- Diversity and inclusion initiatives, including through recruitment
- Rolling out unconscious bias training
- Salary benchmarking to ensure fair pay
- Mentoring schemes
- Career progression and development