



# UK Gender Pay Gap Report

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2021

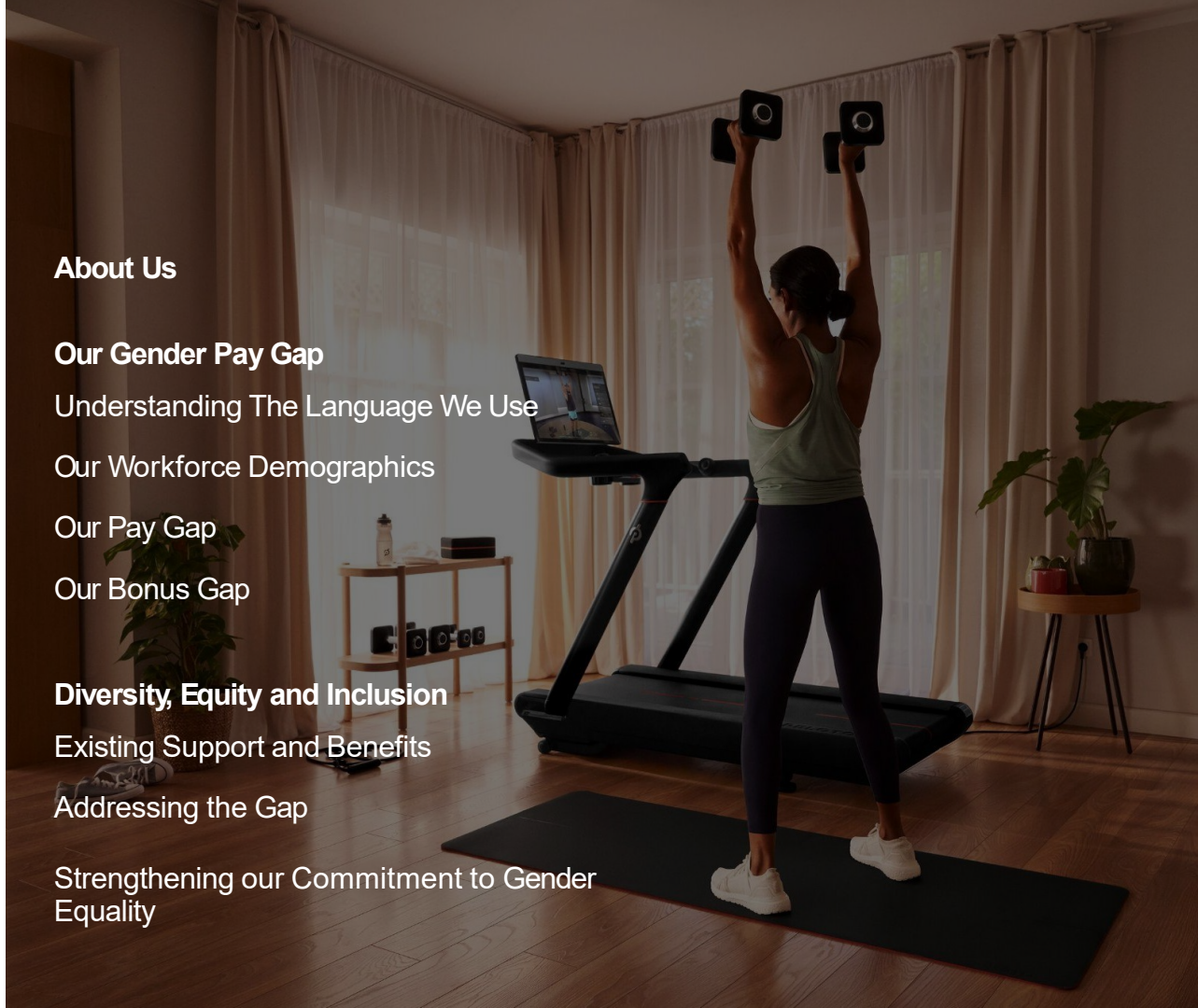




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# About Us

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# About Us

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In 2012, we brought the best talent in technology, hardware and production together to accomplish an ambitious goal: to bring the community and excitement of boutique fitness into the home. **Peloton was born.** Connected fitness, connecting people.

We expanded our business, launching in the UK in 2018, and we set our clear vision, values and commitment to diversity, equity and inclusion across all our work and all our markets.

And, bringing together our smart creatives and a new pathway to the future, we're building the best place to work, using data and evidence to drive and inform our inclusion priorities and to shape the future of our Peloton products and services. **Together We Go Far.**





# Our Gender Pay Gap

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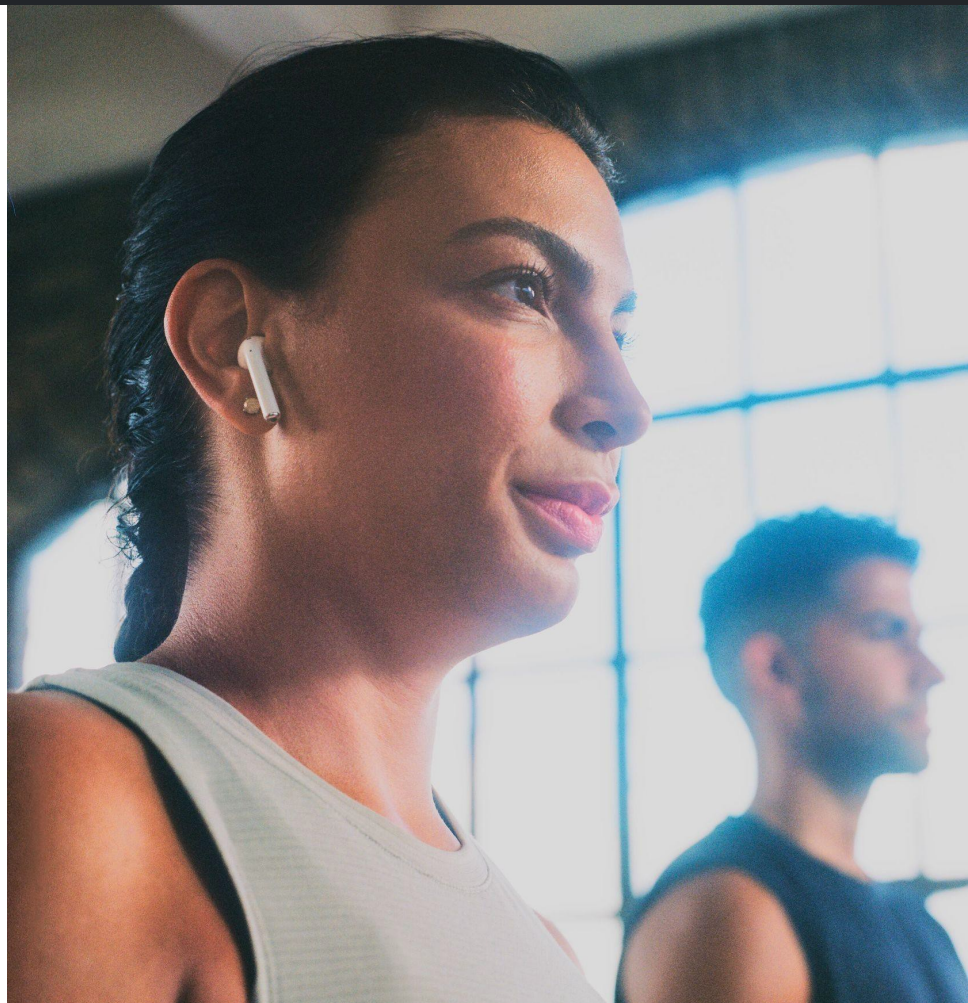
# Our Gender Pay Gap

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As a business, we recognise the role we play in identifying, analysing and addressing systemic inequality and we're responding to that with a firm commitment to taking action.

We're constantly looking for ways to create workplaces that are inclusive, fair and deliver equity for all our team members. One way to better understand the steps we can take to create the best place to work is to analyse our gender pay gap.

In the UK gender pay gap reporting is a legal requirement, and we believe that when we share our data in a transparent way, it enables us to sharpen our focus on gender equity and advance the rate at which we can achieve equality. **We have an accelerated agenda** when it comes to diversity, equity and inclusion.





# Understanding The Language We Use

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As required under The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, we report on both the mean and median pay values, which we define below.

**Mean** - Sometimes simply referred to as 'the average', the mean is calculated by adding together the pay or bonuses of all team members, then dividing this figure by the number of team members working at Peloton in the UK.

**Median** - This is the middle value when team members are ranked in order, using their pay, or bonus figures. We take the team member in the middle of the list and this is our median average.

**Why report both figures?** In addition to being a requirement under the regulations, using both figures provides us with additional insights. We also know that the median figure is less affected by the figures that top and tail the data, which can be significantly affected by a small number of senior roles with higher earnings.

**Snapshot date** - All UK companies with over 250 employees are required to use team member data relating to a **snapshot date of 5 April** each year. Bonus data, and participation, uses the data in the 12 months leading up to the snapshot date.



# Understanding The Language We Use

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**Equal pay** - It's important to remember that **equal pay and the gender pay gap are not the same thing**. The law requires Peloton, and other companies, to pay equally male and female team members who are engaged in equal or similar work or work of equal value. Whereas the gender pay gap measures the difference in the average earnings of male and female team members across all roles and across the entire business. It's therefore a much broader measure of difference.







# Our Workforce Demographics

## What we did

In order to calculate our gender pay gap we first needed to understand the gender make up of our workforce.

We took the number of UK team members and ranked them by hourly pay rate. We then divided this list into four equal groups, or quartiles as these are known, with an equal number of team members in each group.

We then calculated the proportion of male and female team members in each quartile.

## UK Workforce. Quartiles, by gender

Quartile	Upper	Upper Middle	Lower Middle	Lower
Female	40.3%	37.9%	15.7%	41.2%
Male	59.7%	62.1%	84.3%	58.8%

Overall, we employ more male (66.2%) than female (33.8%) team members and this is more concentrated in our lower middle and upper middle quartiles. The distribution at these levels is driven by more males being employed in our field operations teams.



# Our Pay Gap

## What we did

Using the methodology set out by the UK government, we analysed the pay gap of all team members, using data from our payroll systems, our equity data and team member demographics.

Our median pay gap of -23.3% is in favour of our female team members. This shows that our hourly rate favours female team members, when at the time of the snapshot date there were more females in commission eligible roles and at a slightly higher level, on average.

## Pay Gap

Quartile	Upper	Upper Middle	Lower Middle	Lower	Overall
Median Hourly Rate	-4.8%	-8.5%	-5.4%	3.6%	<b>-23.3%</b>
Mean Hourly Rate	72.5%	-16.4%	-32.1%	6.8%	<b>51.8%</b>

## What data did we report on?

For our analysis, we used the UK government regulations to calculate the hourly rate of our team members including base pay, any incentive payments, for example bonuses, commission and any equity.

# Our Pay Gap

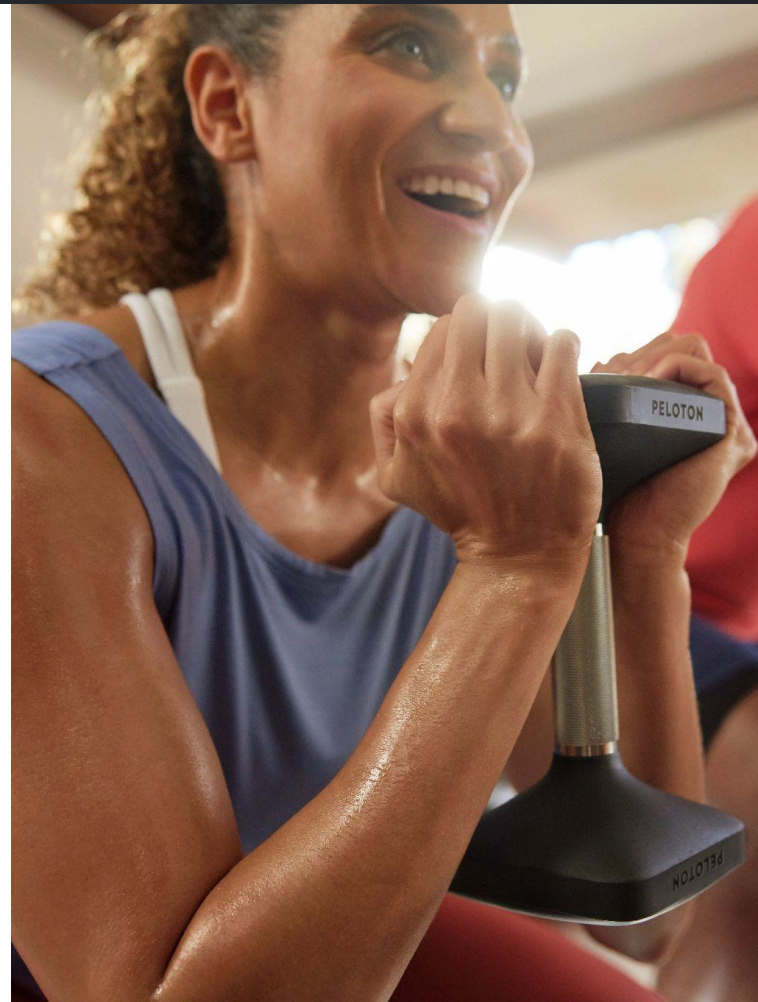
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## How we compare

Using the UK government's gender pay gap tool, when compared with our industry peers, competitors and other high performing organisations, our results indicate that the extent of our gap is broadly similar to that of our peers, but the direction of our gap is inverse.

Peloton's gender pay gap is also significantly lower than the UK industry average for full time employees, which in 2021 was 7.9% and for all employees (including part-time), which was 15.4%.

We have the responsibility to create equitable workplaces for all our team members. As such, we will continue to use data, evidence and insights to shape how we address any systemic inequality in our systems and processes. We're prioritising actions that accelerate our progress towards gender equality. We do this by leveraging our company value of bias for action to implement inclusive practices across our business.





# Our Bonus Gap

## What we did

Our data in this analysis refers to total incentive value including all bonuses, commissions, and taxable equity in the 12 month period prior to the snapshot date\*.

Peloton's overall median bonus gap is 21.9%. It's also important to note that this data can appear disproportionately affected when, in any organisation, there are a small number of individuals on higher pay levels in the upper quartiles.

When we align this data with the proportion of female team members in the lower middle quartile, we note that there is a much larger disparity in the male to female ratio. This impacts our overall bonus gap figure.

We acknowledge that during the period leading up to the snapshot date\*, males in the upper quartile received a higher cash incentive than females.

## Bonus Gap

Quartile	Upper	Upper Middle	Lower Middle	Lower	Overall
Median Bonus	-1.1%	9.6%	-35.2%	62.5%	<b>21.9%</b>
Mean Bonus	86.6%	-28.6%	-242.0%	34.6%	<b>85.1%</b>

## What data did we report on?

For our analysis we used the UK government regulations to calculate the total incentive payments received by team members, for example bonuses, commission and any equity.

\*5th April 2021

# Our Bonus Gap

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## How we compare

When we compared our overall data with industry peers, competitors and other high performing organisations, we found that our bonus pay gap is broadly similar to others within our sector. We're conducting a global pay equity study, that reaches beyond gender, to help us further identify and address inequality, through sustainable and meaningful interventions.

Undertaking an analysis of the bonus pay gap can be complex. The requirements mean we assess the equity value as measured at the time the taxable event occurs, which is exercise for Options and at vest for Restricted Stock Units (RSUs).

This can result in dramatic swings in our results year-on-year as it's dependent on stock price volatility and team member decisions as to when to exercise as well as when they make their equity choice elections.



A diverse group of six people (three women and three men) of various ethnicities and ages are walking together on a paved path in a park. They are dressed in casual athletic wear. The background is filled with green trees and foliage, suggesting a natural outdoor setting. The overall mood is positive and inclusive.

# Diversity, Equity and Inclusion

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# Diversity, Equity and Inclusion at Peloton

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Gender inclusivity is a priority for Peloton. We're focussed on using data to inform our decisions and seek to understand our team members' experiences through listening sessions, employee engagement surveys and our Employee Resource Groups.

Aligned to this is our focus on talent mobility and career progression. Like many organisations, we're going through a period of change, but this hasn't stopped our focus on designing dynamic career paths to enable our team members to pursue professional growth through a number of pathways that suit their skills and interests.

Throughout the year we actively promote gender equality events and programming, celebrating heritage months and diversity days, such as International Women's Day. However, we acutely understand that our team members are defined by more than their gender, so our programming includes a focus on intersectionality and our international communities.



# Diversity, Equity and Inclusion at Peloton

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In November 2021, we hired our first Head of Diversity, Equity and Inclusion - International, as part of our commitment to building a truly inclusive, global company. This role complements our existing Diversity, Equity and Inclusion Centre of Excellence, under the leadership of Dr. Christal Morris, and will enable us to localise our global DEI strategy in our international markets, including the UK.

Our approach to sustainably embedding equity and inclusion into all our decision making, policies and processes requires us to continue operating with an organisational growth mindset, a demonstrated inclusive leadership and a considered curiosity that leans into emerging trends and best practice. We are leveraging team member insights to hold the mirror up to ourselves and ask what more we need to do to achieve gender equality.

This is part of our plan to deliver on our promise to be the best place to work and industry leading in our approach to inclusion.





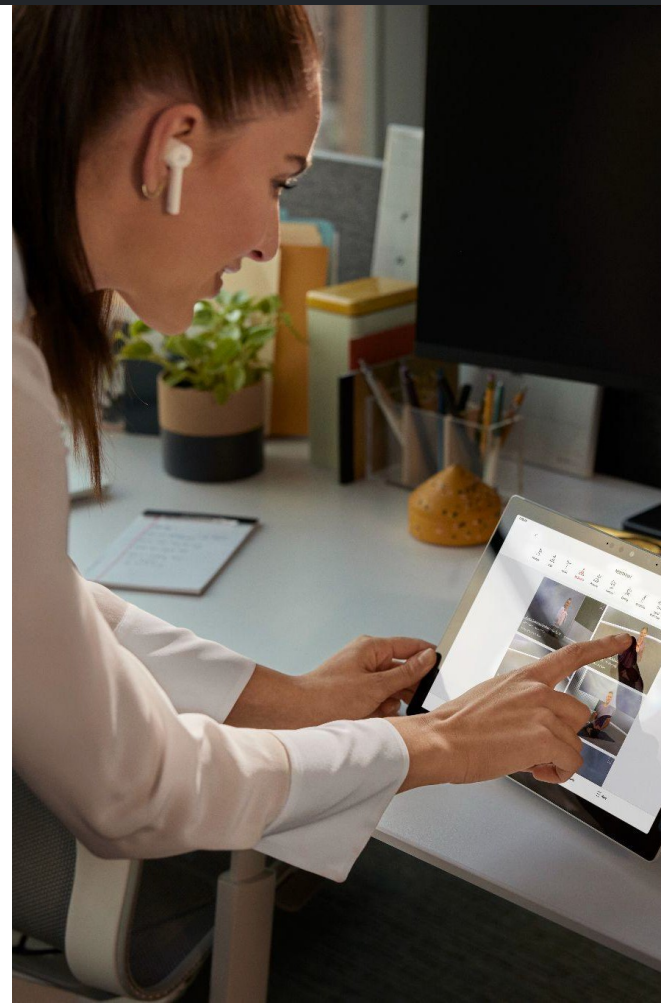


## Existing Support and Benefits

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Our commitment to gender equality doesn't start with the publication of our first Gender Pay Gap Report. We've already established a programme of activity and support that helps us better respond to both global and regional gender equality challenges and opportunities:

- ▶ We're launching our multi-year initiative, Career Journeys, that will help us create more targeted career pathways, enabling all team members to have a more dynamic and meaningful career at Peloton.
- ▶ We're focussed on enabling more personalised learning and growth opportunities, through skill matching capabilities to roles, mentors, and learning opportunities, to drive more consistency and fairness in our hiring, compensation, and talent processes.
- ▶ We're finalising Pelo Skills, the core and common skills that apply to all team members at Peloton which include a specific focus on cultivating gender equity and are mapped to our Ways of Working.



## Existing Support and Benefits

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- ▶ Team members benefit from 1 to 1 financial coaching, through our partner Origin, to help them plan for their future and optimise benefits and perks available to them.
- ▶ Our family friendly policies are complemented by our Bright Horizons emergency back up care for children and dependants. Our fertility benefit provides easy access to fertility care for team members, through our partner Carrot.
- ▶ Team members can join our International Women's Alliance Employee Resource Group, accessing support, attending events and benefitting from the support of their allies.

This, of course, is not an exhaustive list of programming, rather it illustrates the breadth of our gender equality initiatives. We continue to work with our team members and to use data to shape and deliver activity that considers intersectionality, inclusion and impact.





# Addressing the Gap

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We know that the responsibility to achieve gender parity and equality starts with us, as a business. We're committed to doing more to set our team members up for success, to enable each one to achieve their potential and enjoy a fulfilling career with Peloton.

So, we've already started to identify the factors that contribute to our pay gaps and gender inequality and, amongst other inclusion initiatives that reach across our team member life cycle, we've additionally committed to:

- ▶ Continuing our team member listening sessions.
- ▶ Undertaking a self-ID campaign to better understand the demographic make-up of our workforce.
- ▶ Continuing to analyse and report on gender equity and workforce demographics later this calendar year.
- ▶ Undertaking an additional global pay study, with further analysis on pay equity by gender and ethnicity.
- ▶ Using technology to mitigate gender bias from job descriptions in English and expanding this effort to include additional languages.



# Strengthening our Commitment to Gender Equality

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At Peloton, we are committed to gender equality. Our focus is to ensure that we pay for compensable factors such as performance and impact to our business. As executive sponsor for our Women's Alliance Employee Resource Group, and Chief People Officer, I recognise that diversity is critical to our success as a company.

I'm proud of our commitment to diversity, equity and inclusion, and the investment we've made to support Employee Resource Groups (ERGs) in the UK. We have been steadily growing our ERGs, which encourage team members to connect with a network of people who share their values of supporting diversity. This year, we activated a mentorship programme for our Women's Alliance ERG, promoting connectivity and professional growth.

Our first UK Gender Pay Gap Report provides us with additional insights on where we can improve and we'll double down on our efforts to ensure that our gender equality inclusion interventions are evidence based, data driven and implemented in ways which have the broadest reach and sustainable impact.

## **Statutory Declaration**

I confirm that the data and information presented in this report is accurate and meets the requirements of the UK Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

*Shari Eaton*

Shari Eaton, Chief People Officer