



GENDER PAY GAP REPORT 2018

FOR REFERENCE DATE 5 APRIL 2018

“Ensuring a culture that has fairness, equality and respect at its foundation is core to Discovery and is critical to the success of our business. The richness of diversity is what inspires us to tell remarkable stories that power people’s passions around the globe.”

JB Perrette, President
Discovery Networks International



MESSAGE FROM AMY GIRDWOOD

EVP International Human Resources

At Discovery, we celebrate diversity and inclusion, and support wellbeing across our employee population, encouraging employees to develop their careers and reach their potential. Our second year of gender pay reporting has given us the opportunity to reflect on our progress within the UK specifically.

We are reassured that our “health check” analyses continue to show fairness in pay and bonus levels and a good balance of men and women at all levels except among our group of Executives, where there has been little change.

Our global “pay-for-performance” philosophy means that our gender pay and bonus gaps may fluctuate a few percent in either direction year-on-year without this indicating underlying bias and we have seen evidence of that fluctuation this year. We are pleased to report that our pay gap results remain much lower than the UK average of 17.9%* and we have no particular areas of concern. Our bonus gap has increased and we are reviewing this further.

We continue to strive for equal opportunities for all and a career and pay framework that is free from bias.

DECLARATION

I confirm that the information and data reported is accurate as of the snapshot day 5 April 2018.

A handwritten signature in black ink that reads 'Amy Girdwood'.

Amy Girdwood

Executive Vice President Human Resources

*<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/genderpaygapintheuk/2018>

UNDERSTANDING THE DATA

The Gender Pay Gap reporting guidelines set out by the U.K. Government detail how we need to present our pay data. There are 5 key things to understand.

1 PAY DOESN'T JUST MEAN PAY AND BONUS DOESN'T JUST MEAN ICP...

According to the regulations, we have to calculate both our **pay gap** and our **bonus gap**.

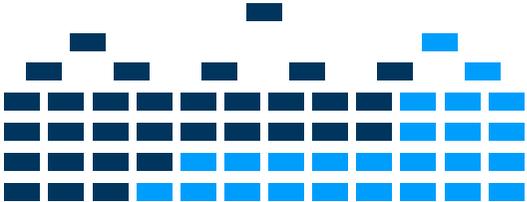
To calculate the **pay gap** we have to use **ordinary pay** which is made up of payments made in April 2018, including: salary, allowances and paid leave.

And, it also includes any **bonus pay** (like Stellers) paid in April 2018, adjusted where possible to reflect one month's worth of bonus only.

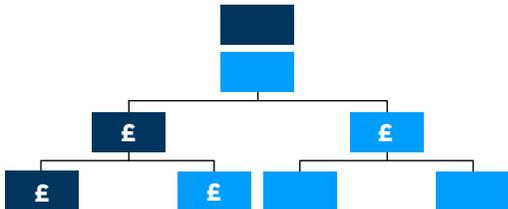
To calculate the **bonus gap** we have to use all **bonus pay** in the 12 months up to April 2018, which includes Incentive Compensation Plan awards, sales incentives, Stellar recognition awards, stock options exercised and more.

When comparing such payments, we would normally use an adjusted Full Time Equivalent figure, that would allow us to compare everyone on a like-for-like basis. Under the regulations, however, we cannot make such adjustments. Unfortunately this means that bonus pay calculated under the regulations is affected by part time working, maternity leave, new hires and mid-year promotions.

2 GENDER PAY IS NOT THE SAME AS EQUAL PAY



The **gender pay gap** is the difference between the average pay of men and women within an organisation, regardless of level or type of work they are doing.

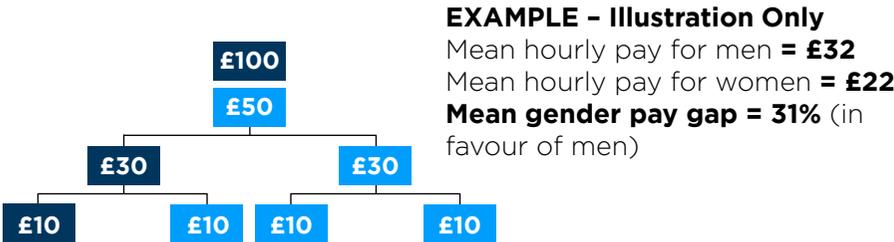


Equal pay compares the pay of men and women doing the same, similar or equivalent work.

UNDERSTANDING THE DATA

3 THE DIFFERENCE BETWEEN MEAN & MEDIAN...

The mean pay gap is the difference in the average hourly pay of men compared to women . The mean is affected by one or two people having a very different hourly rate from most other people. Remember that gender pay looks at everyone in an organisation, regardless of their level.



To calculate the **median pay gap**, instead of using the mean, if you took all Discovery’s employees and formed them into two lines, one for men and one for women, arranging each line from the highest paid to the lowest, the median pay gap would be the difference between the hourly pay of the man and woman in the middle of their lines.



4 WHAT ARE PAY QUANTILES?

The regulations also require us to report the percentage of men and women in each pay quartile. These are not the same as level within the organisation.

To calculate **pay quartiles**, we list all the hourly pay data for all employees from lowest to highest and then divide them into four equal quarters (“quartiles”) before calculating the percentage of men and women in each one.

5 WHO IS INCLUDED?

Only our biggest U.K. entity, Discovery Corporate Services Limited (DCSL), employs more than 250 employees and therefore is required to publish gender pay gap results.

However, we have multiple business entities in the U.K. and believe it is important to consider our whole business when reviewing gender pay, so we are focusing our analysis and narrative on the results for Discovery U.K. as a whole.

The published results for DCSL are included at the end.

OUR 2018 RESULTS

Gender Pay Gap For Discovery UK

Since our first gender pay gap report in April 2017, we have sold Discovery Europe Education Ltd (DEUK) and gained Scripps Networks International (SNI). In order to allow for meaningful comparison of our gender pay gap from year to year, our analysis excludes these groups.

We are proud of our results which show a strong gender pay gap of 2.1% in favour of men, an improvement on last year.

We do expect slight fluctuations year on year. Apart from the reduction in our median pay gap, other results have increased relative to 2017 and our analysis suggests this is caused by two key factors:

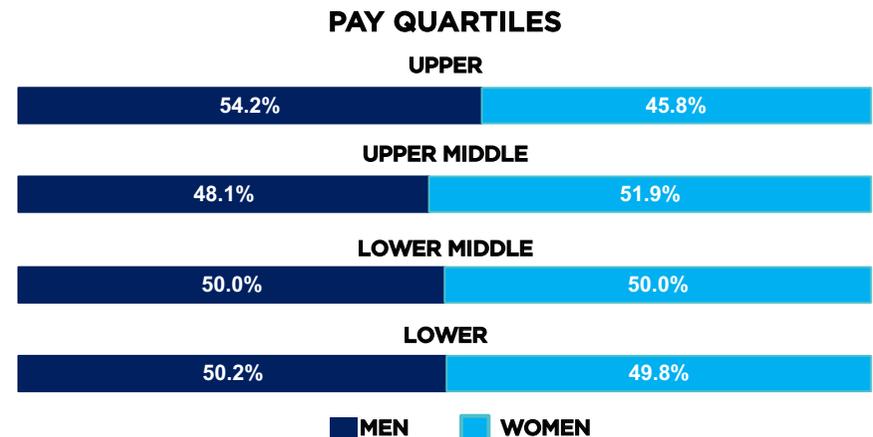
Our overall distribution of men and women has changed. We have had a reduction in the number of women in more senior roles and a small increase in the proportion of women at lower levels of the organisation. Overall, however, we maintain an even distribution of male and female employees.

The regulatory requirement to include stock and other payments not necessarily considered 'bonus' pay has also had an effect. When we calculate bonus using our annual bonus schemes only, the median bonus gap drops to 5.4%. Discovery will investigate this phenomenon further.

Removing our President & CEO of Discovery International from the analysis, who is based in the UK, to focus on 99% of the organisation, reduces the mean pay and bonus gaps to 8.2% and 12.5% respectively.

GENDER GAPS	MEDIAN (MIDDLE)	MEAN (AVERAGE)
Pay	2.1% in favour of men	11.6% in favour of men
Bonus	9.8% in favour of men	35.5% in favour of men

PROPORTION OF MEN & WOMEN RECEIVING A BONUS	
Men	94.0%
Women	93.9%



“HEALTH CHECK” ANALYSIS

Gender Diversity & Pay Decision-Making

GENDER DIVERSITY

We continue to have an even distribution of men and women across all levels of our organisation although our small group of top executives remains skewed towards men.

However, if we look at Discovery across our international locations, it is encouraging that 50% of our leadership team are women.

PROMOTIONS

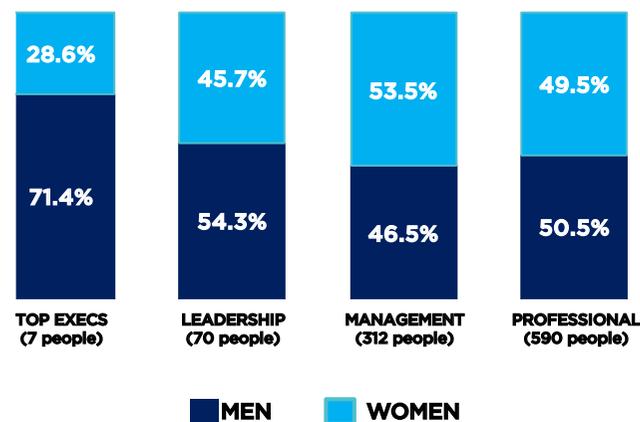
We have promoted similar numbers of men and women at our Leadership and Professional levels. This reverses the result seen last year of more men than women being promoted at the Leadership level.

At Management level we see that more women were promoted than men (22 men vs 37 women). As the overall distribution of men and women working for Discovery at Management level is more even this year than in 2017, we don't believe this reflects any underlying gender bias.

ANNUAL PAY INCREASES

We are happy to report that continuing from last year, our annual pay increases are free from bias, with a 0.06 percentage point difference in the average merit increases awarded to men and women in favour of men.

DISCOVERY IN THE UK
MEN & WOMEN BY LEVEL



OUR RESULTS: MANDATORY GENDER PAY GAP REPORTING FOR DISCOVERY CORPORATE SERVICES LIMITED ONLY

Here are our published results according to the regulations for our single largest UK entity, Discovery Corporate Services Limited, on a standalone basis.

In comparison to last year, our median pay gap has increased slightly but still remains strong at 4.6% in favour of men. The mean pay gap has improved from 13.5% to 12.7%.

Our median bonus gap has increased slightly compared to 2017 while the mean bonus gap has reduced from 49% to 43.2% in favour of men.

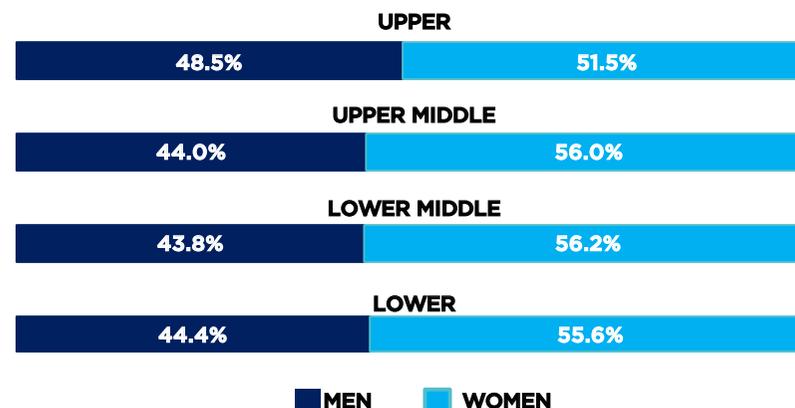


GENDER GAPS	MEDIAN (MIDDLE)	MEAN (AVERAGE)
Pay	4.6% in favour of men	12.7% in favour of men
Bonus	14.4% in favour of men	43.2% in favour of men

PROPORTION OF MEN & WOMEN RECEIVING A BONUS

Men	95.4%
Women	94.6%

PAY QUANTILES



OUR COMMITMENT TO BEING AN INCLUSIVE AND FAIR COMPANY

Diversity and inclusion are embedded at the core of our culture: it lives in our content, is shared among employees and is at the heart of our business.

We have an enduring commitment to diversity and inclusion and our brand and people strive to spark curiosity and enable innovation.

Discovery places the growth and development of employees among our top priorities and believes that building a global workforce of leaders at all levels is crucial to our shared success. We actively promote and encourage inclusion through our Employee Resource Groups, including our Women's Development Network, Family Forum, Generation D and LGBTQ groups and offer a catalogue of educational tools and development programmes for people at all levels.

