



GENDER PAY GAP REPORT 2019

FOR REFERENCE DATE 5 APRIL 2019

“At Discovery we cultivate a culture of diversity and equality, and provide the tools to power people’s progress, both in our employee population and the wider community.”

It is the foundation that our company was built upon and the fuel that continues to drive us forward.”

JB Perrette, President & CEO Discovery International



MESSAGE FROM AMY GIRDWOOD

EVP INTERNATIONAL PEOPLE & CULTURE

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 third year of gender pay reporting has again given us the opportunity to reflect on our progress within the UK specifically.

We are pleased that our “health check” assessment continues to show fairness in pay and bonus levels and an equal balance of men and women across all levels. We are also able to report this year that we now have an even 50/50 Male Female split at our Top Executive level compared with previous years reports. In the following pages we explain our results and the analysis we have completed.

Our pay gap results remain much lower than the UK average of 17.3%* and we continually review our compensation structure to ensure it is robust and fair. We champion 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 2019.

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

Amy Girdwood
Executive Vice President People & Culture

*<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/genderpaygapintheuk/2019>

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 2019, including: salary, allowances and paid leave.

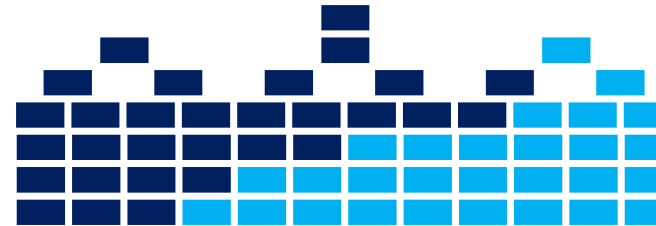
And, it also includes any **bonus pay** (like Stellars) paid in April 2019, adjusted where possible to reflect one month's worth of bonus only.

To calculate the **bonus gap** we have to use all **bonus pay** in the 12 months up to April 2019, which includes Incentive Compensation Plan awards, sales incentives, Stellar recognition awards, stock options exercised and more.

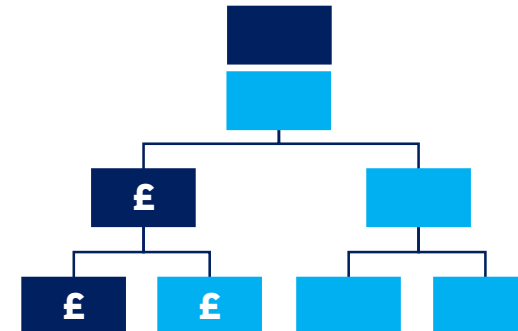
When comparing such payments, we would normally use an adjusted Full Time Equivalent figure, that would allow us to compare everyone on a like-for-like basis. Under the regulations, however, we cannot make such adjustments. Unfortunately this means that bonus pay calculated under the regulations is affected 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.



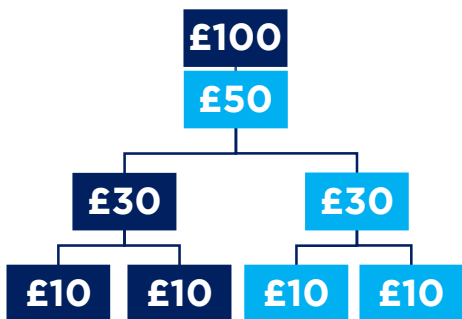
Equal pay compares the pay of men and women doing the same, similar or equivalent work.

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.



EXAMPLE - Illustration Only

Mean hourly pay for men = **£32**

Mean hourly pay for women = **£22**

Mean gender pay gap = 31% (in favour of men)

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.

£100	£30	£10	£10	£10
£50	£30	£10	£10	£10

Highest ← Median → Lowest

EXAMPLE - Illustration Only

Median hourly pay for men = **£10**

Median hourly pay for women = **£10**

Median gender pay gap = 0%

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 2019 RESULTS: GENDER PAY GAP FOR DISCOVERY UK

We believe strongly in transparency and the importance of gender pay reporting, so we are providing results for Discovery U.K. as a whole in addition to the regulatory requirements.

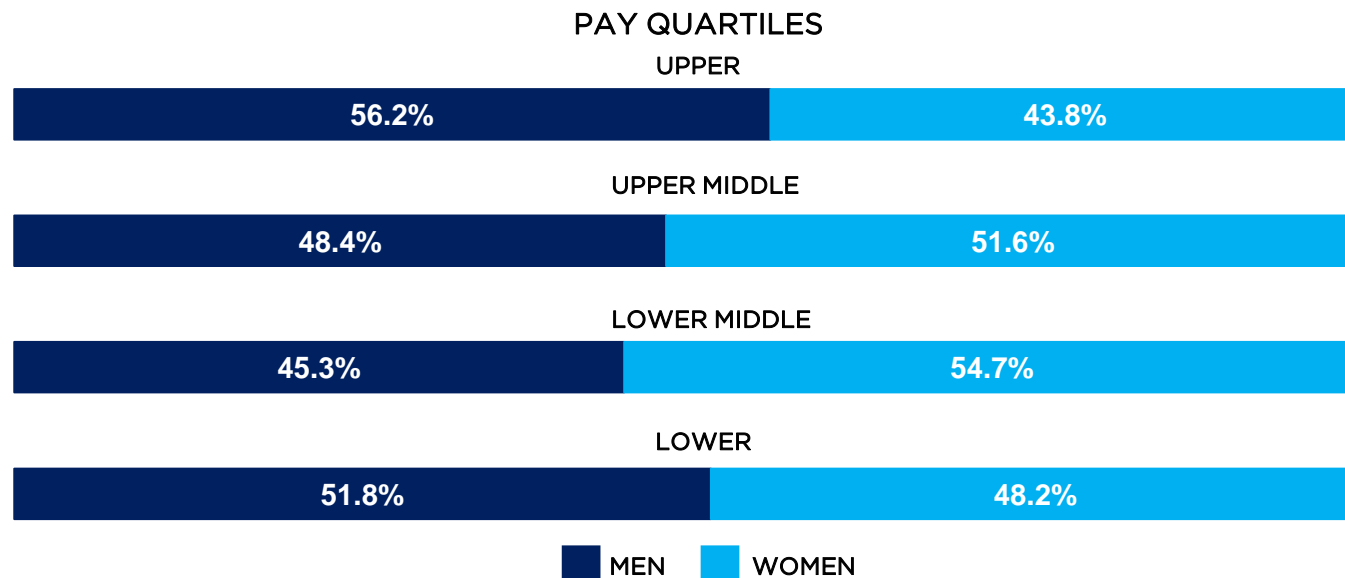
Our total employee population for 2019 has decreased slightly compared with previous year, however we still continue to maintain an even distribution of male and female employees at all levels.

Our 2019 gender pay gap results show a slight increase in our pay and bonus gaps in favour of men.

Discovery's global "pay-for-performance" philosophy means that our gender pay and bonus gaps may fluctuate a few percent in either direction year-on-year, and we are confident there is no underlying bias.

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 gap to 13.7% in favour of men and bonus gap to -2.0% in favour of women.**

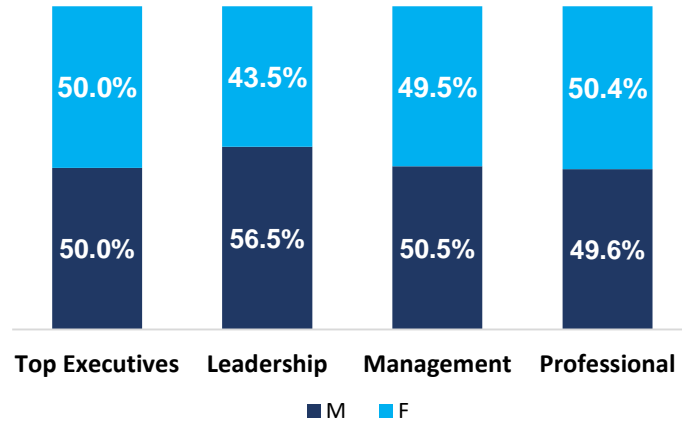
GENDER GAPS	MEDIAN (MIDDLE)	MEAN (AVERAGE)	PROPORTION OF MEN & WOMEN RECEIVING A BONUS	
			Men	Women
Pay	5.8% in favour of men	17.7% in favour of men	Men	90.6%
Bonus	13.9% in favour of men	38.7% in favour of men	Women	87.1%



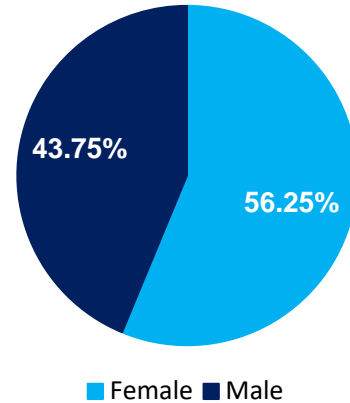
DISCOVERY IN THE UK: "HEALTH CHECK" ANALYSIS

Each year we continue to complete a 'health check' analysis reviewing areas including promotions, salary increases, equity grants, and new hires.

MEN AND WOMEN BY LEVEL



NEW HIRES BY GENDER



GENDER DIVERSITY

The distribution of men and women across all levels of our organisation continues to be even.

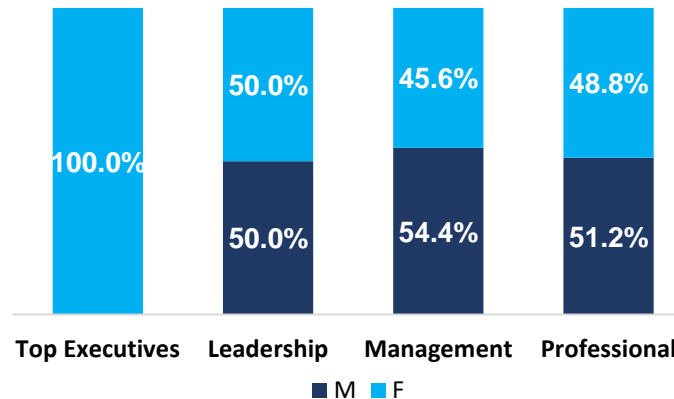
We are also pleased to report that we now have an even 50/50 Male Female split at our Top Executive level compared with previous years reporting's.

PAY CHANGES

Our annual pay increases continue to be free from bias, with a 0.10 percentage point difference in the average merit increases awarded to men and women, in favour of women.

We continue to promote similar numbers of men and women across our levels, with the exception of our Top Executives level in which only one employee was promoted.

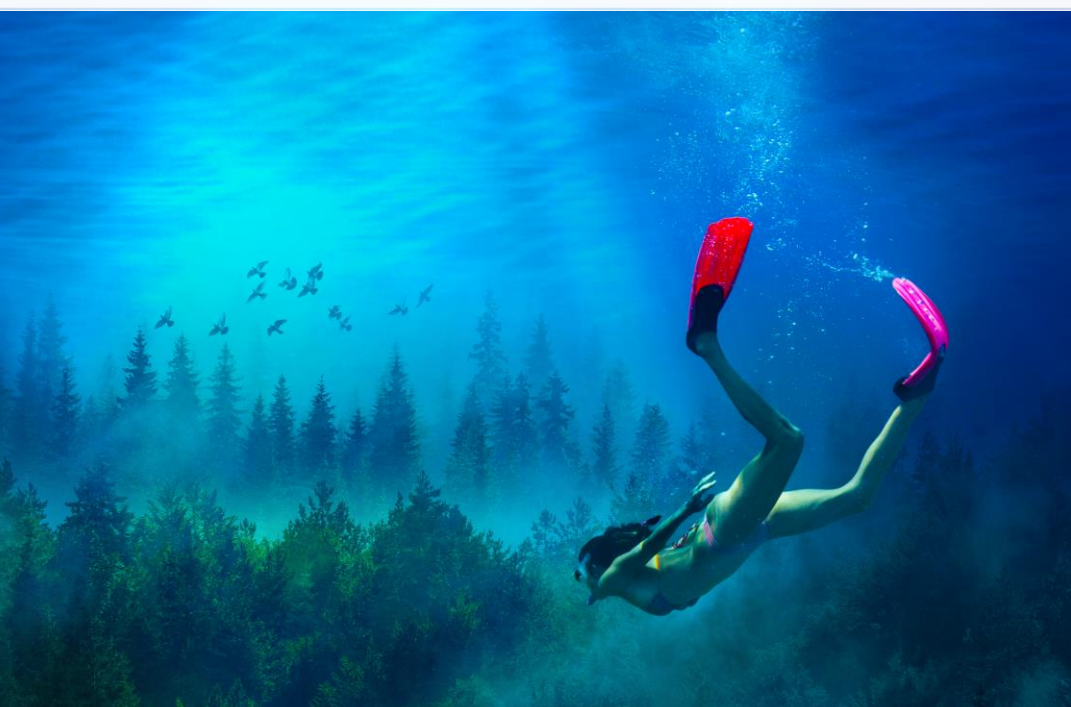
PROMOTIONS BY LEVEL



EQUITY

We have reviewed the equity awarded to employees across all levels and note that the health check analysis completed shows no underlying bias on the discretionary equity awards.

OUR 2019 RESULTS: MANDATORY GENDER PAY GAP REPORTING FOR DISCOVERY CORPORATE SERVICES LIMITED ONLY

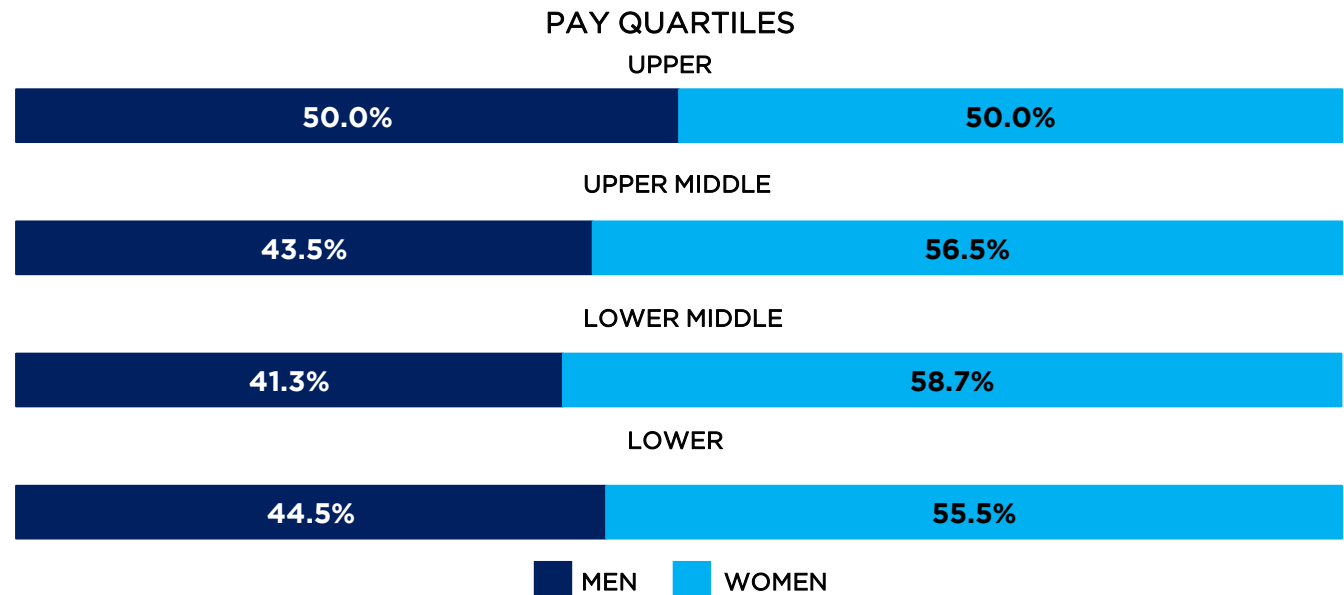


GENDER GAPS	MEDIAN (MIDDLE)	MEAN (AVERAGE)	PROPORTION OF MEN & WOMEN RECEIVING A BONUS	
			Men	Women
Pay	5.4% in favour of men	15.1% in favour of men	93.5%	
Bonus	25.5% in favour of men	46.9% in favour of men	86.9%	

Our published results according to the regulations for our single largest UK entity, Discovery Corporate Services Limited, show a slight increase in our pay and bonus gaps in comparison to the previous year.

Similar to our all entities Discovery UK results, removing our President & CEO of Discovery International from the analysis reduces the pay & bonus gaps, particularly the mean pay gap which reduces to 8.1% in favour of men and the bonus gap which reduces to -10.7% in favour of women.

The pay quartiles have all shifted towards women compared with the previous years results.



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, such as our Discovery Women's Network, Discovery Family Forum, ableD for our differently-abled employees and Discovery PriDe Network for our LGBTQ+ and allies. We also offer a catalogue of educational tools and development programmes for people at all levels through these resource groups.

DISCOVERY
Women's Network

Discovery
GREEN D



genD

Discovery Family Forum

