

GENDER PAY GAP REPORT 2017

*The most innovative and creative ideas and solutions
come from the widest range of thoughts and perspectives —
and it is our people who distinguish us in the marketplace.*

David Zaslav, President & CEO

 **Discovery**
EXPLORE YOUR WORLD



MESSAGE FROM AMY GIRDWOOD, EVP INTERNATIONAL HUMAN RESOURCES

At Discovery, we are proud to have a strong focus on diversity and inclusion, both within our content and our employee population. We have long believed in the importance of creating an inclusive and supportive workplace in which all employees can develop their careers and reach their potential. We therefore welcome the new regulations as a way to prompt a conversation and create a renewed focus on preventing inequality and discrimination in the workplace.

The Gender Pay Gap regulations require us to publish information about the pay of men and women in a very specific way and this report sets out both the requirements and our results with commentary to explain. We also have taken this opportunity to perform additional “health check” analyses on our U.K. organisation to check for barriers to career progression or bias in promotion or pay decision making.

Our global philosophy is to “pay-for-performance” which means we pay more to those who demonstrate a high level of aptitude, skill and experience translating into high performance. To do this, we offer a wide range of compensation plans so that, irrespective of roles, we can measure individual success and reward people for their contribution. As such, we believe that it is reasonable for our

median pay and bonus gender pay gaps to fluctuate a few percent in either direction without this indicating any underlying pay bias.

We are pleased, but not surprised, with our results which are significantly smaller than the U.K. average pay gap of 18.4%* and don’t believe there are any particular areas of concern. However, that doesn’t mean we don’t have work to do. Ensuring equal opportunities for all and a career and pay framework that is free from bias is something that we must continue to work on as individuals and as an organisation. We will continue to analyse our gender pay data, track trends and take action where needed. We continue to look for new ways to support employees’ personal and professional development as well as offering a flexible workplace and programmes to help juggle commitments inside and outside the workplace.

DECLARATION

I confirm that the information and data reported is accurate as of the snapshot day 5 April 2017.

A handwritten signature in black ink that reads "Amy Girdwood". The signature is written in a cursive, slightly stylized font.

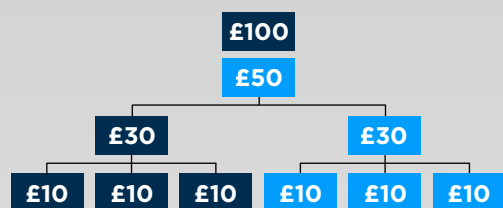
Amy Girdwood
Executive Vice President Human Resources

*Source: U.K. Office of National Statistics (October 2017) – Median hourly pay

UNDERSTANDING THE DATA

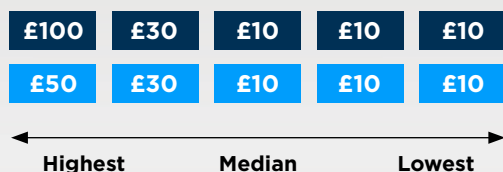
3 THE DIFFERENCE BETWEEN MEAN & MEDIAN...

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.



EXAMPLE - Illustration Only
Median hourly pay for men = £10
Median hourly pay for women = £10
Median gender pay gap = 0%

4 WHAT ARE PAY QUARTILES?

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 RESULTS: GENDER PAY GAP RESULTS FOR DISCOVERY ACROSS THE U.K.

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

We are proud of our results which show only minor differences in gender pay across the organisation, except for the mean gender bonus gap. This gender gap is due to our top executive tier in the U.K. being predominantly male, skewing the overall results.

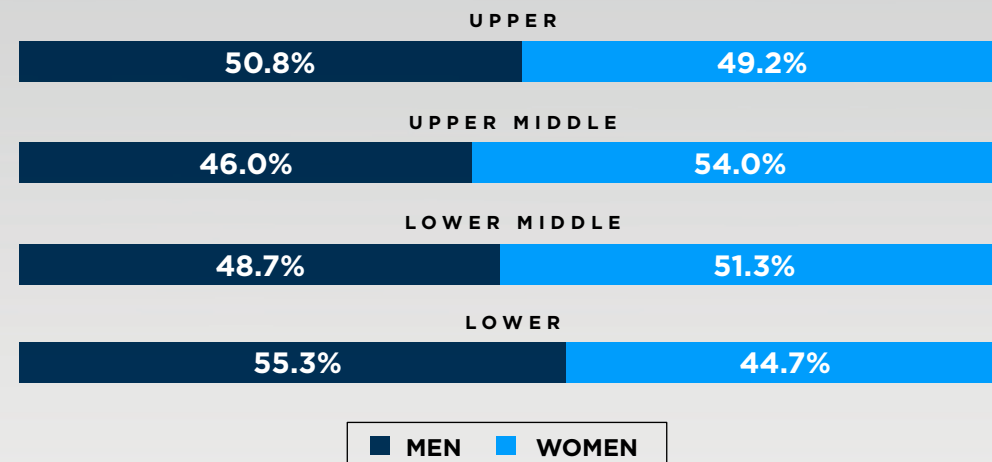
If we remove our President & CEO of Discovery Networks International, who happens to be based in the U.K., from the analysis and instead compare 99% of the organisation, then the mean bonus gap drops to just 4.8%.

We have an equal distribution of men and women receiving a bonus and our pay quartiles demonstrate equal proportions of men and women across all pay levels.

We are therefore confident our results do not demonstrate any gender bias and we have a number of very talented senior women managing large businesses across our organisation. We will continue to encourage and champion women to take up senior positions within the organisation.

GENDER GAPS	MEDIAN (Middle)	MEAN (Average)	PROPORTION OF MEN AND WOMEN RECEIVING A BONUS	
Pay	5% in favour of women	6.7% in favour of men	Men	87.8%
Bonus	0.1% in favour of men	32.3% in favour of men	Women	88.1%

PAY QUARTILES



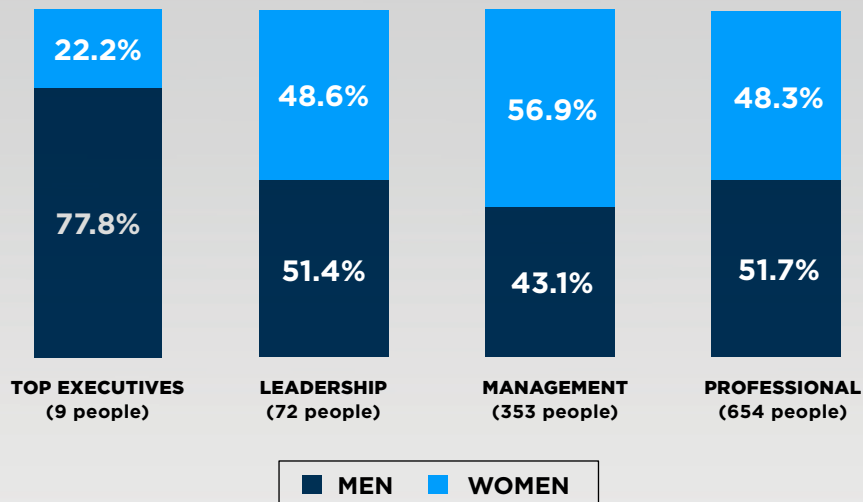
This chart shows the proportion of men and women that fall within each of our pay quartiles. So if you made a list of 1,000 employees and sorted it from the lowest to the highest paid, the Lower Quartile would be the first 250 people on the list, the Lower Middle would be the next 250 on the list, and so on. The number of men and women within each group of 250 would then determine the percentage above.

“HEALTH CHECK” ANALYSIS OF GENDER DIVERSITY & PAY DECISION MAKING

ANALYSING GENDER DIVERSITY

We have an even spread of men and women across all levels of our organisation, except for a small number of executive roles which skew towards men.

DISCOVERY IN THE U.K. MEN AND WOMEN BY LEVEL



Employees of all genders have the opportunity to develop their careers within Discovery and we support flexible working to allow employees to juggle different life commitments.

* 17 men and 10 women
Data effective at April 2017

ANALYSING PROMOTIONS & PAY DECISIONS

We have promoted similar proportions of men and women within each band in the 12 months prior to April 2017. However, we did observe that a greater proportion of promotions to and within leadership level (VP and SVP level), were men (63%)*.

As we have equal numbers of men and women at leadership level, we don't believe this indicates any gender bias but we will monitor this and all our programmes closely to ensure equal opportunities for all continue.

We also have reviewed our annual pay increases and are happy that this process, too, is free from bias. There is just a 0.06 percentage point difference in the average salary increase awarded to men and women in our March 2017 annual review.



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



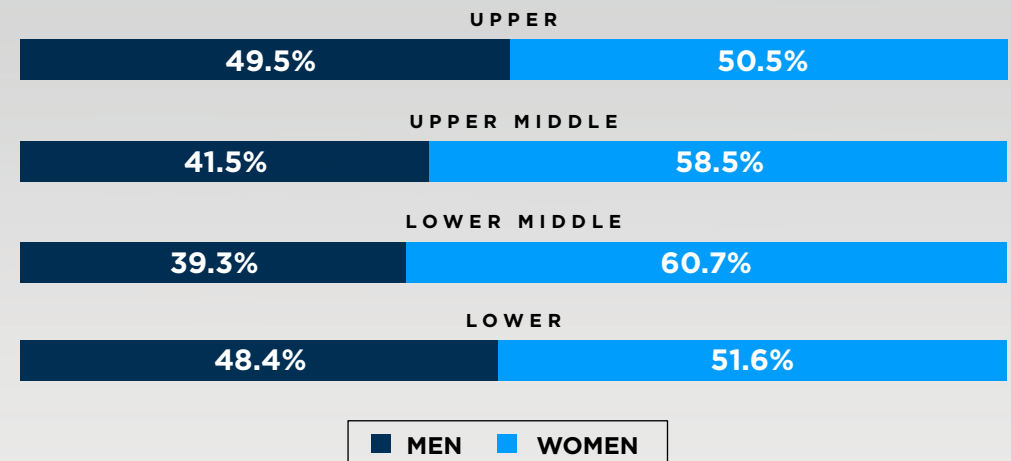
Here are our published results according to the regulations for our largest single U.K. entity, Discovery Corporate Services Limited, on a standalone basis.

This shows a difference between results at the median versus those at the mean.

As explained before, this is driven by a small number of very senior executives in the top tier of leadership who are employed by Discovery Corporate Services Limited.

GENDER GAPS	MEDIAN (Middle)	MEAN (Average)	PROPORTION OF MEN AND WOMEN RECEIVING A BONUS	
Pay	3.3% in favour of men	13.5% in favour of men	Men	87.8%
Bonus	12% in favour of men	49% in favour of men	Women	88.0%

PAY QUANTILES



This chart shows the proportion of men and women that fall within each of our pay quartiles. So if you made a list of 1,000 employees and sorted it from the lowest to the highest paid, the Lower Quartile would be the first 250 people on the list, the Lower Middle would be the next 250 on the list, and so on. The number of men and women within each group of 250 would then determine the percentage above.

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.

