



Gender — and BAME

PAY REPORT
2018

HEADLINES

Contents

Foreword	03
Our action plan	04
Gender pay at Channel 4	06
BAME pay at Channel 4	10
Assurance report	13

This report sets out the gender pay gap and gender bonus gap at Channel Four Television Corporation, as well as other data required by the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017, and is published annually. The reporting covers the 12-month period at 31 March 2018. Driven by our commitment to inclusion and diversity, we have also chosen to be transparent about our BAME pay gap and bonus gap, and are, therefore, also publishing this data. This will allow us to track our progress and help set the actions that we will take to reduce the gender and BAME pay gaps in the organisation. This report was prepared in accordance with our Basis of Preparation document and selected elements of this report have been independently assured by PricewaterhouseCoopers LLP.

22.6%

Channel 4's gender pay gap (mean).

39.5%

Channel 4's gender bonus gap (mean).

2023

We are targeting a 50:50 gender balance among our top 100 earners by 2023. In 2018, we increased the number of women in this group to 41 (from 34 in 2017).

19.1%

Channel 4's BAME pay gap (mean).

29.9%

Channel 4's BAME bonus gap (mean).

2020

By 2020, we are aiming for 20% of our Leaders to be BAME. Currently, 12% of our Leaders are BAME.

FOREWORD



While it is a positive development to see our gender pay gap reduce by one-fifth, there remains much to do.

Alex Mahon
Chief Executive

Earlier this year, we published our 2017 gender pay gap, setting out the difference in average hourly pay between men and women across the organisation for the first time. The report made for uncomfortable reading, showing a mean pay gap of 28.6% between men and women working at Channel 4.

This was not a result we were happy with, especially for an organisation like ours, which champions inclusion and diversity, and I was very clear on how we want to address our gender pay gap.

I set out a number of targets and commitments for reducing our gap. These projects are in train and will continue to deliver cultural change. The actions we have taken are already beginning to bear fruit, and today, we are setting out our 2018 gender pay gap results.

While it is about long-term change, I am pleased that Channel 4 has reduced its mean gender pay gap by more than one-fifth, from 28.6% in 2017 to 22.6% in 2018. The mean bonus gap also declined from 47.6% in 2017 to 39.5% in 2018.

The main driver of our gender pay gap has not changed: it is due to an imbalance between men and women at different levels of the organisation, with more men in higher-paid roles and more women in lower-paid roles. I am focused on rebalancing this at the senior end.

The reduction in our latest results is the consequence of a concerted focus to increase the proportion of senior women in the organisation.

The key target that I set out in March was for a 50:50 gender balance in the top 100 earners by 2023. This is where we believe we can make the most impact and I am pleased that the number of women in our top 100 earners has already increased to 41 in 2018, up from 34 in 2017.

While it is a positive development to see our gender pay gap reduce by one-fifth, there remains much to do in order to bring our gender pay gap to an acceptable level.

Publishing our BAME pay gap

For the first time, we are also publishing our BAME pay gap, comparing the difference in average hourly pay between our BAME and non-BAME employees.

While there is currently no regulatory requirement to disclose the BAME pay gap, we have chosen to do so to be fully transparent about our own data and demonstrate our commitment to inclusion and diversity within the workplace.

Our data shows that Channel 4 has a mean BAME pay gap of 19.1%. These results are not acceptable and highlight too low a representation of BAME employees at the more senior levels of Channel 4.

We need to take significant action to address this and ensure that Channel 4 more deeply fulfils its remit to champion inclusion and diversity in the UK.

In this report, we are setting out our strategy to achieve this. This includes a goal for 20% of our leadership group being BAME. This means that in addition to recruitment at the entry level, we will need to tackle the important issues that drive change, such as progression and retention.

The rationale for inclusion and diversity is clear. We are fully committed to increasing the representation of women and BAME people across the organisation, but particularly at senior levels. This will not only help to reduce our pay gaps, but it will ensure Channel 4 becomes the fully inclusive organisation we aspire to be.

Alex Mahon
Chief Executive
19 October 2018

OUR ACTION PLAN

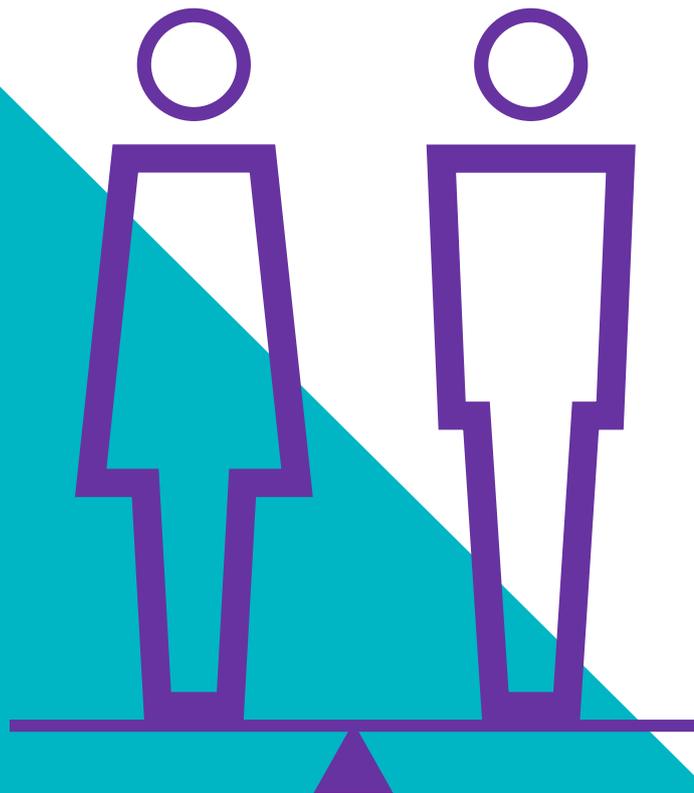
Inclusion and diversity have been at the heart of Channel 4 since its inception: they are a key part of what we exist to do.

For us, inclusion and diversity are about treating everyone with respect and dignity, showing empathy, ensuring that everyone at Channel 4 can participate fairly, and ensuring that Channel 4 is a visible meritocracy.

If we get this right, we can create an environment that allows everyone to be the best that they can be and fully unlock the creative potential of our people and teams.

Our action plan is centred on recruitment, retention and progression, and building an inclusive culture where everyone can thrive.

While we welcome the decrease in our gender pay gap in 2018, we must continue to make the key strategic interventions to narrow the gap further. We are equally determined to reduce our BAME pay gap. Our action plan is focused on achieving this.



Channel 4 is targeting a 50:50 gender balance in the top 100 earners by 2023. Currently men make up 59% of this group.

OUR ACTION PLAN

Being transparent about our data and increasing the representation of women and BAME people at Channel 4 is a priority and we will achieve this by:

1

Aliming for a 50:50 gender balance among the top 100 earners at Channel 4 by 2023. This will have a substantial impact on reducing our gender pay gap.

2

Our new Women's Development Programme. The programme, called Rise, was launched in September 2018 and is supporting more than 200 women from across Channel 4 this year.

3

Establishing a target of 20% of Channel 4 Leaders (Executives, Heads of Department and Commissioning Editors) being from BAME groups by 2020, which is an increase on our previous target of 15%. Currently, 12% of our Leaders are BAME.

This action will reduce our BAME pay gap by:

- ▶ Increasing BAME representation among our highest earners, which will have an immediate and direct impact
- ▶ Creating role models, which will inspire other BAME colleagues to progress into more senior positions
- ▶ Encouraging BAME staff to seek development opportunities and acquire the right training, in order to enhance progression
- ▶ Developing a workplace where there are no limitations to what skills and abilities can be achieved, irrespective of ethnicity

4

Working with our internal BAME network, The Collective, to find solutions that improve BAME representation as a whole throughout Channel 4, identifying issues and concerns that need to be addressed and ensuring that actions taken are appropriate and effective.

5

Working with The Collective on strategies to enable more BAME employees to move into Line Manager roles. Our Line Managers have a particularly direct impact on the lived experience of our BAME employees and this will also support building the talent pipeline for senior roles.

6

Providing additional engagement training for all Channel 4 Managers, so that working with their individual staff, they can ensure everyone has clarity regarding what is expected and what they need to do to progress.

7

Ensuring each member of the Executive has specific inclusion and diversity objectives for their various groups of staff, against which they will be measured and held to account.

GENDER PAY AT CHANNEL 4

Channel 4's 2018 gender pay gap is 22.6% by mean and 23.3% by median.

Two key factors continue to account for the difference in average pay by gender: a higher proportion of men among our top-earning employees, and a significant majority of women in the lower quartiles.

Two primary factors:

A Our gap is skewed by a higher proportion of men in senior positions, including in departments that attract higher average salaries overall. This factor accounts for close to half of our gender pay gap.

B We have nearly twice as many women as men in the two lower-earning quartiles (the two lower quartiles are 64% women, 36% men). The higher number of women in these lower quartiles pulls down the average female earnings overall and, therefore, increases our gender pay gap.

In our 2017 Gender Pay Report, we identified that improving the gender balance in the highest paid roles would have a substantial impact on reducing our gap.

This remains an important goal and our target continues to be a 50:50 gender balance in the top 100 earners by 2023. This would roughly halve our gender pay gap.

GENDER PAY

Achievements so far

Based on mean average, Channel 4's gender pay gap has fallen by more than one-fifth in 2018, to 22.6%. This is a six-point decrease (21% fall) from our 2017 gender pay gap of 28.6% and demonstrates our commitment to taking swift action.

We have improved our gender pay gap through increasing the number of women at senior levels. Most notably, the gender balance in our top 100 earners has increased to 41 women in 2018, up from 34 women in 2017.

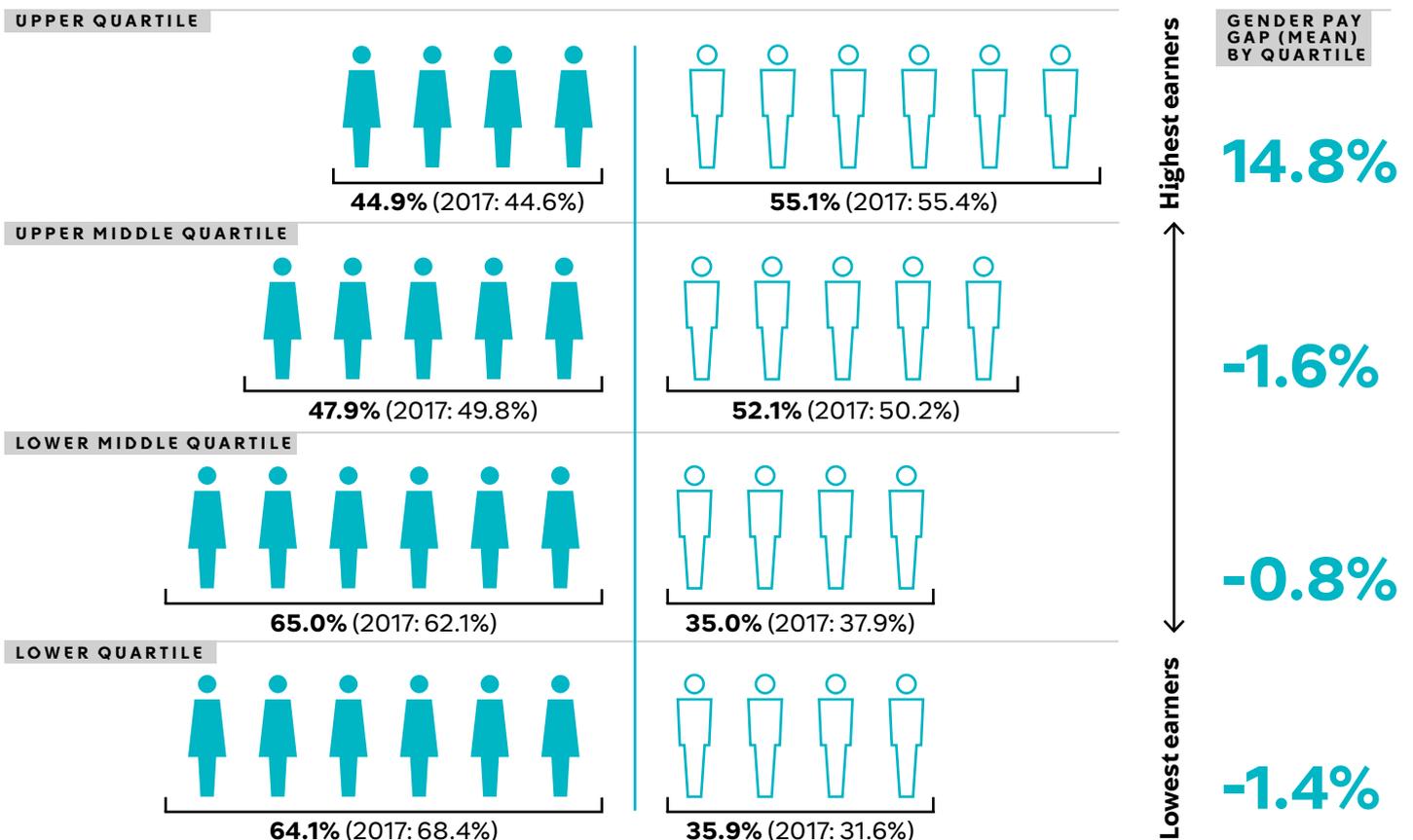
Earlier this year, we announced a host of other targeted measures to reduce our gender pay gap significantly. These included: focusing on career progression for women across the organisation; reviewing the factors that make Channel 4 an attractive place to work; and undertaking a comprehensive review of our recruitment and selection practices.

Many of these projects are ongoing and, in conjunction with our action plan set out on pages 4 and 5, will help to reduce our gender pay gap.

Completed measures so far:

- ▶ Focusing on career development through the establishment of our Women's Development Programme, Rise, which also attracts women from BAME backgrounds
- ▶ Reviewing and enhancing our Family Friendly and Flexible Working policies
- ▶ Introducing specific training, in order to ensure we eradicate bias, whether conscious or unconscious, from our recruitment/promotion decisions

Proportion of female and male employees by quartile



GENDER PAY

Achievements so far

We have a number of ongoing projects that aim to further reduce our gender pay gap. We have successfully launched our Women's Development Programme, called Rise. This programme is especially tailored for women at Channel 4, and focuses on their career progression within the organisation. More than 200 women from across Channel 4 are going through Rise this year. This programme will help to create a more equal distribution of gender across all levels.

We have also started a review of our policies and practices, including reviewing which factors make Channel 4 an attractive place to work and, importantly, whether these are sufficiently applied at all levels of the organisation, including in senior roles. The scope of the review has already resulted in the introduction of revised policies that support flexible working, employee development, progression and more, and make Channel 4 an attractive employer for existing employees as well as new recruits from all backgrounds. These policies include:

- Family Friendly policy
- Flexible Working policy
- Workplace Adjustment policy
- Sickness Absence policy
- Holiday policy
- Acting Up policy
- Secondment policy
- Sabbatical policy
- Emergency and Compassionate policy
- Birthday Day Off policy

In addition, there are many other ongoing projects that, alongside our new Inclusion and Diversity Strategy, form the basis of our plans to be a truly inclusive organisation.

However, as we highlighted in last year's report, we are unlikely to ever reduce the gender pay gap to zero. This is because, in addition to increasing the number of women at the top, we would also need to rebalance our lower two quartiles, which are predominantly female (64%), which would not be consistent with our goals.

EQUAL PAY

Gender pay is not the same as equal pay, which is a legal requirement to ensure that men and women performing like work or work of equal value are treated the same.

A review led in early 2018 by external counsel Lewis Silkin LLP found that there was no evidence of a systemic equal pay issue at Channel 4.

We remain confident that male and female employees are paid the same for like work but have also set up a formal process for any employees with equal pay concerns.

22.6%

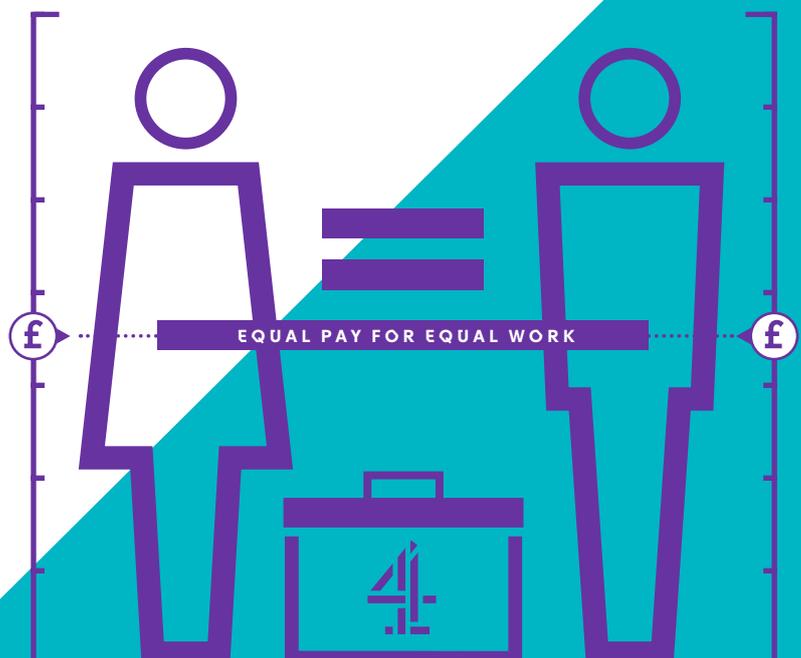
Gender pay gap 2018 (mean)

↓ Down from 28.6% in 2017

23.3%

Gender pay gap 2018 (median)

↓ Down from 24.2% in 2017



GENDER BONUS GAP

at Channel 4

Based on the average gross bonus paid, the mean gender bonus gap has reduced from 47.6% in 2017 to 39.5% in 2018. The median bonus gap also fell from 28.7% to 24.0% in 2018.

39.5%

Bonus gap 2018 (mean)

Down from 47.6% in 2017

24.0%

Bonus gap 2018 (median)

Down from 28.7% in 2017

Men and women at Channel 4 are offered the same opportunities to receive bonuses, but there continues to be more men in senior positions with higher bonus rates: bonuses can be up to 10% of total gross salary for staff; 20% for Heads of Department; and between 30% and 50% for the Executive team. Our Advertising Sales department operates on a separate scheme, linked to advertising revenue.

The presence of more men in the higher-paying upper quartiles remains a factor in our bonus gap, as bonus rates are a percentage of salary.

A higher proportion of women working part time further exacerbates the gap, as the reporting legislation does not take into account part-time working (bonus gaps are calculated on actual bonus paid, rather than on a full-time prorated equivalent amount).

PROPORTION OF CHANNEL 4 EMPLOYEES THAT RECEIVED A BONUS



BAME PAY AT CHANNEL 4

Channel 4 has a BAME pay gap of 19.1% by mean and 14.3% by median.

Just as with our gender pay gap, there are two factors that drive the BAME pay gap: a lower representation at senior levels and a higher representation at junior levels.



We need to take significant action to address our BAME pay gap and ensure that Channel 4 more deeply fulfils its remit to champion inclusion and diversity in the UK.

Alex Mahon
Chief Executive

Two primary factors:

A The BAME pay gap is affected by a lower representation of BAME people among our more senior, top-earning employees. Our analysis shows that while we have significant BAME representation at Professional/Technical levels, there is substantially less representation at Manager level and above.

Over three-quarters of our BAME pay gap is caused by the lack of senior representation of BAME staff in the upper quartile.

B There is a higher representation of BAME people working in lower-earning jobs, particularly administrative functions. The lower quartile is 25.5% BAME.

The combination of these two factors has led to a difference in the average pay between BAME and non-BAME employees.

It is therefore a priority for the organisation to remove any barriers to progression and introduce measures that increase representation of BAME people in more senior levels. This would significantly reduce our BAME pay gap.

There is no official guidance in place regarding the calculations of a BAME pay gap; therefore we used the same methodology as for our gender pay gap. The data is based on 94% of our workforce self-reporting their ethnicity. The 6% of our workforce who have not disclosed their ethnicity have been excluded from our calculations.

18%

of employees are BAME; this falls to 12% within our Leaders group (Executives, Heads of Department and Commissioning Heads).

3/4

of the BAME pay gap is attributable to the lower BAME representation in the upper quartile.

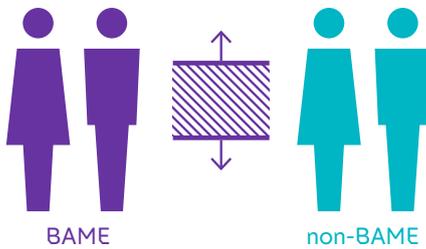
BAME PAY

at Channel 4

CHANNEL 4'S BAME PAY GAP (MEAN)

19.1%

Channel 4's BAME pay gap



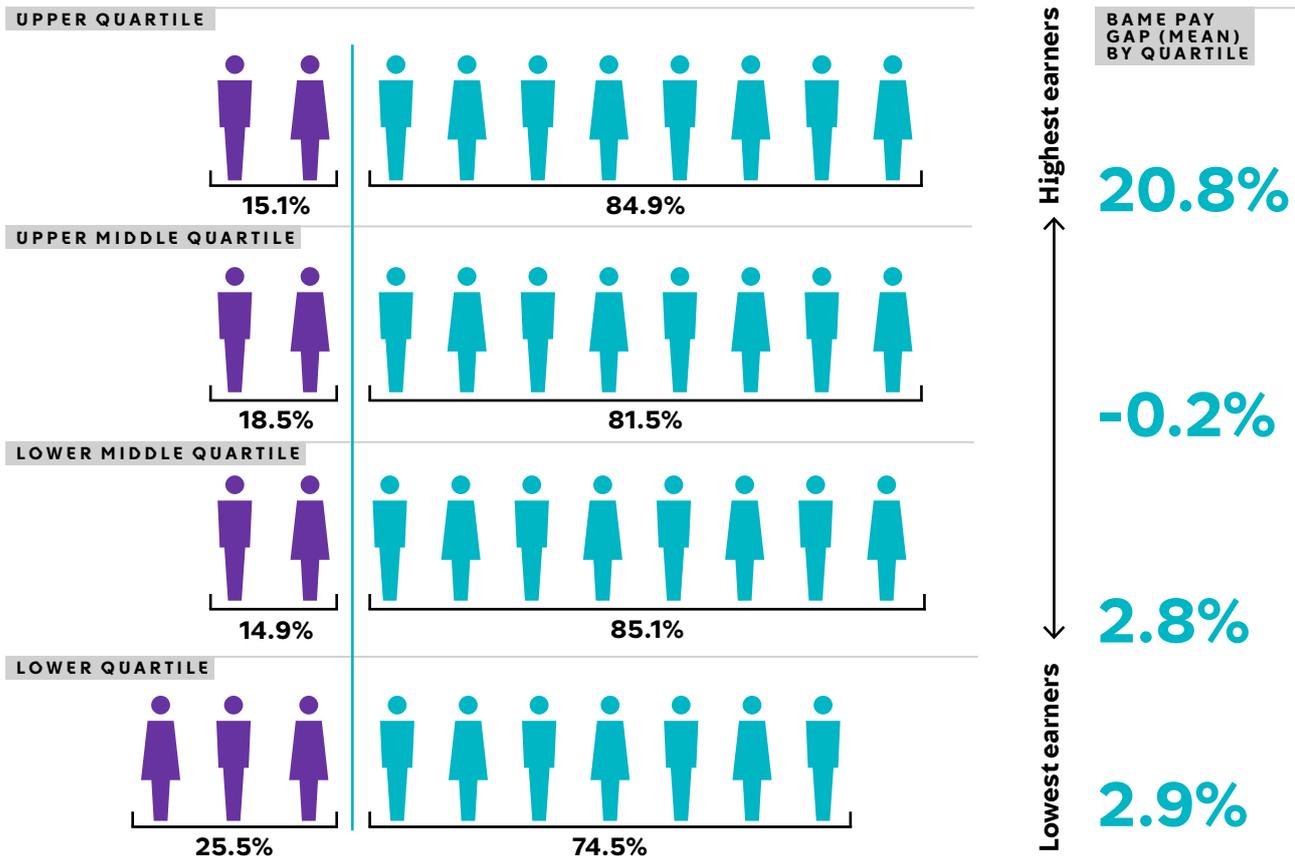
CHANNEL 4'S BAME PAY GAP (MEDIAN)

14.3%

Channel 4's BAME pay gap



Proportion of BAME and non-BAME employees by quartile



BAME BONUS GAP

at Channel 4

Based on the average gross bonus paid, the BAME bonus gap at Channel 4 is 29.9% (mean) and 8.7% (median).

As with the gender bonus gap, this is primarily due to the lower representation of BAME people in senior positions that attract higher bonus rates: bonuses can be up to 10% of total gross salary for staff; 20% for Heads of Department; and between 30% and 50% for the Executive team.

Our analysis of the BAME bonus gap also found that a slightly lower proportion of BAME employees (89.0%) received bonus pay in the 12 months to 31 March 2018, compared to non-BAME employees (93.3%). This is due to more BAME people being employed in roles not eligible for bonus payments.

29.9%

BAME bonus gap 2018 (mean)

8.7%

BAME bonus gap 2018 (median)

PROPORTION OF CHANNEL 4 EMPLOYEES THAT RECEIVED A BONUS:



INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS OF CHANNEL FOUR TELEVISION CORPORATION

The Board of Directors of Channel Four Television Corporation ('Channel 4') engaged us to provide limited assurance on the data described below and set out in the Gender and BAME Pay Report 2018 for the 12-month reporting period at 31 March 2018.

Our conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the data in Appendix 1 ('Selected Information') for the 12-month reporting period at 31 March 2018 has not been prepared, in all material respects, in accordance with the Channel Four Television Corporation – Basis of Preparation for Pay Gap Reporting 2018 ('Reporting Criteria').

This conclusion is to be read in the context of what we say in the remainder of our report.

Selected Information

The scope of our work was limited to assurance over the information shown in Appendix 1 (the 'Selected Information'). Our assurance does not extend to information in respect of earlier periods or to any other information included in the Gender and BAME Pay Gap Report 2018.

Professional standards applied and level of assurance

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits and Reviews of Historical Financial Information', issued by the International Auditing and Assurance Standards Board. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

Our independence and quality control

We applied the Institute of Chartered Accountants in England and Wales ('ICAEW') Code of Ethics, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

We apply International Standard on Quality Control (UK) 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our work was carried out by an independent and multi-disciplinary team with experience in gender and BAME pay gap reporting and assurance.

Understanding reporting and measurement methodologies

The Selected Information needs to be read and understood together with the Reporting Criteria ('Channel Four Television Corporation – Basis of Preparation for Pay Gap Reporting 2018'), available on Channel 4's website¹ (<https://www.channel4.com/corporate>), which Channel 4 is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time. The Reporting Criteria used for the reporting of the Selected Information for the 12-month reporting period at 31 March 2018.

Work done

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information. In doing so, we:

- ▶ made enquiries of Channel 4's management;
- ▶ evaluated the design of the key structures, systems, processes and controls for managing, recording and reporting the Selected Information;
- ▶ performed limited substantive testing on a selective basis of the Selected Information at corporate head office to check that data had been appropriately measured, recorded, collated and reported; and
- ▶ considered the disclosure and presentation of the Selected Information; and
- ▶ reviewed Channel 4's Gender and BAME Pay Report 2018 for consistency with our understanding of the business and the work completed in respect of the Selected Information.

Channel 4's responsibilities

The Directors of Channel 4 are responsible for:

- ▶ designing, implementing and maintaining internal controls over information relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- ▶ establishing objective Reporting Criteria for preparing the Selected Information within the confines of The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 against which your performance in relation to the information set and applying these consistently;
- ▶ measuring and reporting the Selected Information based on the Reporting Criteria; and
- ▶ the content of the Gender and BAME Pay Report 2018.

Our responsibilities

We are responsible for:

- ▶ planning and performing the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement, whether due to fraud or error;
- ▶ confirming our understanding of the assessment criteria and their suitability for the evaluation and/or measurements of the information in the Selected Information;
- ▶ confirming our understanding of the design and operation of the controls in place in relation to the collation and reporting of the Selected Information, including controls over third-party information and performing walkthroughs to confirm our understanding;
- ▶ forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- ▶ reporting our conclusion to the Directors of Channel 4.

This report, including our conclusions, has been prepared solely for the Board of Directors of Channel 4 in accordance with the agreement between us, to assist the Directors in reporting Channel 4's performance and activities. We permit this report to be disclosed online¹ in the Gender and BAME Pay Report 2018, to assist the Directors in responding to their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors and Channel 4 for our work or this report except where terms are expressly agreed between us in writing.

PricewaterhouseCoopers LLP
Chartered Accountants, London
19 October 2018



ⁱ The maintenance and integrity of Channel 4's website is the responsibility of the Directors; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Selected Information or Reporting Criteria when presented on Channel 4's website.

APPENDIX 1 – DATA SUBJECT TO ASSURANCE FOR THE 12-MONTH REPORTING PERIOD AT 31 MARCH 2018

Key performance indicator Value

Gender pay gap data

Average gender pay gap as a mean average (%)	22.6%
--	--------------

Average gender pay gap as a median average (%)	23.3%
--	--------------

Proportion of females in each quartile pay band:

Upper	44.9%
-------	--------------

Upper middle	47.9%
--------------	--------------

Lower middle	65.0%
--------------	--------------

Lower	64.1%
-------	--------------

Proportion of males in each quartile pay band:

Upper	55.1%
-------	--------------

Upper middle	52.1%
--------------	--------------

Lower middle	35.0%
--------------	--------------

Lower	35.9%
-------	--------------

Gender Bonus Gap data

Average gender bonus gap as a mean average (%)	39.5%
--	--------------

Average gender bonus gap as a median average (%)	24.0%
--	--------------

Proportion of females receiving a bonus payment	88.6%
---	--------------

Proportion of males receiving a bonus payment	88.5%
---	--------------

Key performance indicator Value

BAME pay gap data

Average BAME pay gap as a mean average (%)	19.1%
--	--------------

Average BAME pay gap as a median average (%)	14.3%
--	--------------

Proportion of BAME in each quartile pay band:

Upper	15.1%
-------	--------------

Upper middle	18.5%
--------------	--------------

Lower middle	14.9%
--------------	--------------

Lower	25.5%
-------	--------------

Proportion of non-BAME in each quartile pay band:

Upper	84.9%
-------	--------------

Upper middle	81.5%
--------------	--------------

Lower middle	85.1%
--------------	--------------

Lower	74.5%
-------	--------------

BAME Bonus Gap data

Average BAME bonus gap as a mean average (%)	29.9%
--	--------------

Average BAME bonus gap as a median average (%)	8.7%
--	-------------

Proportion of BAME receiving a bonus payment	89.0%
--	--------------

Proportion of non-BAME receiving a bonus payment	93.3%
--	--------------