



Channel Four Television Corporation
Pay Report 2019

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 ending at 31 March 2019.

Driven by our commitment to inclusion and diversity, we have also chosen to publish our BAME, disability and LGBT+ pay gaps and bonus gaps. This will allow us to track our progress and help set the actions that we will take to reduce the diverse groups' pay gaps in the organisation.

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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.

Foreword

When I joined Channel 4 at the end of 2017, I put inclusion and diversity at the top of our agenda. Today, we are sharing our [Inclusion and Diversity Strategy](#) and also publishing our annual pay report.

I care deeply about this; not just because it's a moral imperative, but because it's also a commercial advantage. Inclusive and diverse teams are more innovative, more creative and more successful – this includes the most junior and most senior roles.

Achieving better inclusion and diversity begins with measurements, which – while they do not always tell the full picture – do help to identify where you stand. To be fully inclusive, we have looked at each of the main diverse groups within our organisation. While there is no legal or regulatory requirement to do so, it is important for us to be transparent and we are therefore publishing, for the first time, our pay data for each of the four main diverse groups: gender, BAME, disability and LGBT+.

When we look on a comparable, like-for-like basis between 2018 and 2019, Channel 4's gender pay gap has decreased by 11 percentage points, to 21.5% by mean, and our BAME pay gap has narrowed by 1.4 percentage points, to 17.7%. This indicates that, as an organisation, we have continued to reduce our pay gaps and are moving in the right direction. We are also confident that we continue to have no equal pay issues at Channel 4.

However, our acquisition of Box in January 2019 and the incorporation of its employees into Channel 4 has impacted the formal pay gap calculations that we must report.

While Box has been an important strategic investment for us, the business had a larger gender and BAME pay gap than Channel 4, which has affected our final results.

At the snapshot date of 31 March 2019, our final reportable gender pay gap has therefore increased by 0.7 percentage points, to a mean average of 23.3% and our BAME pay gap has decreased more slowly than otherwise, by 0.1 percentage point, to 19.0%. These are clearly disappointing results.

Nevertheless, we are pleased that the gender balance in our top 100 earners has grown to 43 women in 2019 – an increase from 41 women in 2018 and 34 women in 2017 – bringing us closer to our goal of gender parity in the top 100 by 2023.

I am also really pleased to report that we have no disability pay gap (-0.4% by mean). Earlier this year, we also announced that we were doubling down on disability by doubling our target from 6% to employing 12% staff with disabilities across Channel 4 by 2023.

The LGBT+ pay gap is 17.7% by mean, but this reduces to 8.1% by median. As with our other diverse groups, this is primarily due to Channel 4 having fewer employees who identify as LGBT+ in our most senior roles.

We are proud to employ significant numbers of diverse staff but recognise that we need to rebalance the distribution of these groups between the upper and lower quartiles. While there are no quick fixes, and it will take time to address the pay gaps on a long-term and sustainable basis, our focus – across all groups – remains on ensuring the progression of diverse staff into more senior roles.

According to Ofcom, we have a greater proportion of women and staff with disabilities than any other public service broadcaster. We are proud signatories of the Race at Work Charter. We've previously been named Britain's Best Diverse Company and we've been awarded the EY National Equality Standard at the highest level of 'Institutionalised Inclusion'. I am proud of Channel 4's long history as a diverse employer.

But this report shows that we still need to do much more to become the truly inclusive organisation that we aspire to be. Alongside our ambitious Inclusion and Diversity Strategy, the action plan in this report will help us to deliver this. I will continue to update you on our progress.

Alex Mahon
Chief Executive
28 November 2019

▶▶ I am really pleased to report that we have no disability pay gap (-0.4% by mean). Earlier this year, we also announced that we were doubling down on disability by doubling our target from 6% to employing 12% staff with disabilities across Channel 4 by 2023.



Our pay gap action plan

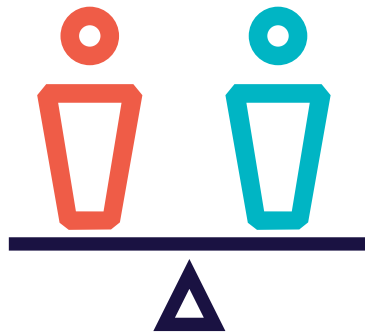
There is a clear commercial imperative – as well as a moral and social case – for why inclusion and diversity matter.

Everyone should have equal opportunity to develop and progress at work. Everyone should feel like they belong. Our action plan is centred on rebalancing our organisation to ensure that our diverse employees are represented fairly at all levels of seniority and pay.

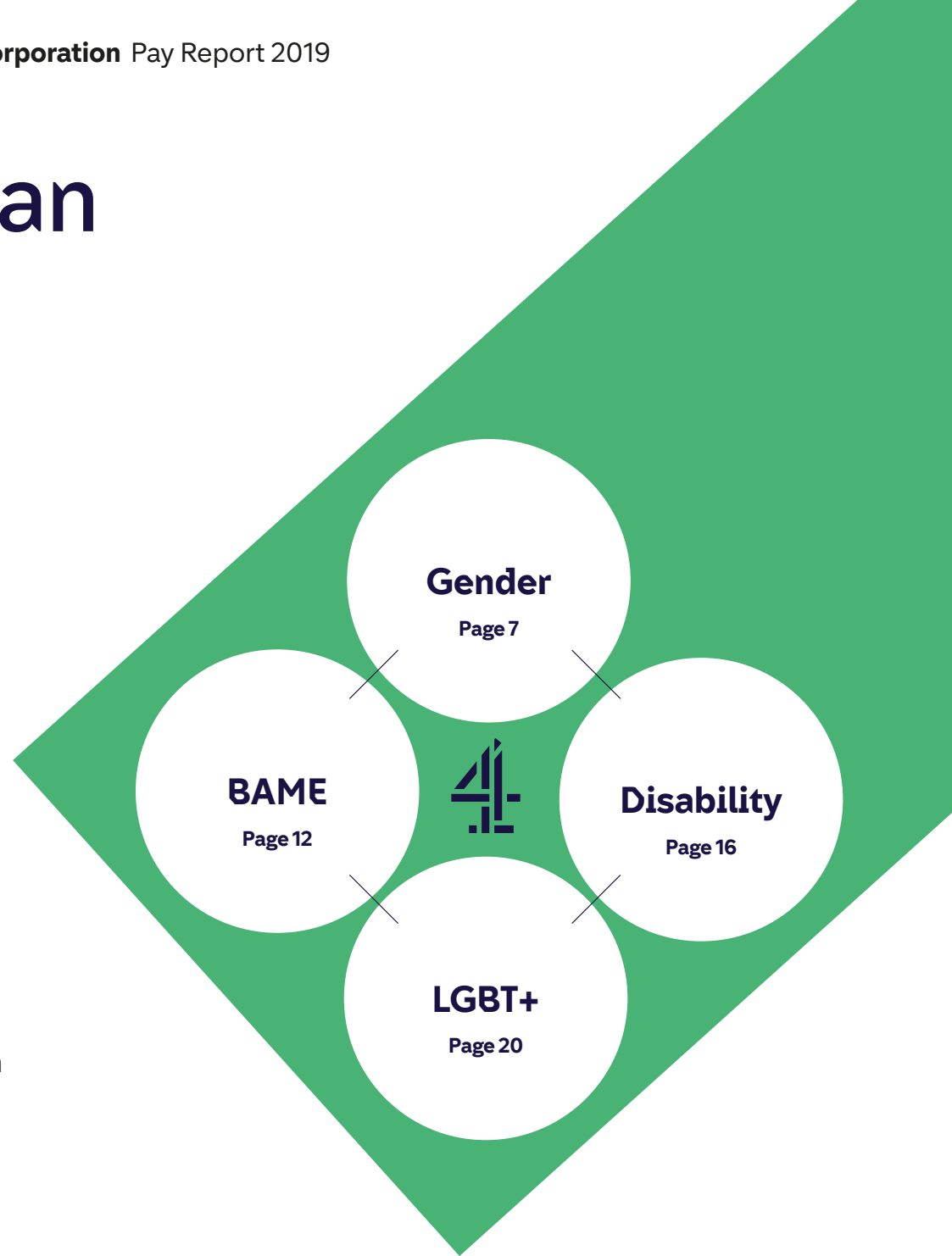
Alongside our pay report, we are publishing a new multi-strand [Inclusion and Diversity Strategy](#) that spans our internal workforce, boosts inclusion and diversity on screen and leads positive change across the industry.

The new plan builds on our long track record of championing diversity and contains ambitious targets for the make-up of our own workforce. It shifts the emphasis towards inclusion and the lived experience of people from diverse backgrounds.

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.



Channel 4 is targeting a 50-50 gender balance in the top 100 earners by 2023. Currently women make up 43% of this group.



Our pay gap action plan (continued)

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 Management information

Objective Developing a proprietary, real-time digital diversity dashboard that enables Channel 4 Leaders and Managers to make informed people decisions – and to continuously monitor the impact of people decisions on the make-up of our organisation.

Impact This helps to drive accountability in our hiring decisions, reduces any unconscious biases and ensures that decisions are made based on real data.

2 Balancing the organisation

Objective Having identified under-indexed demographic groups in different areas of Channel 4, we are ensuring that our hiring activities have a positive impact on the mix of the organisation.

Impact While the diversity of talent in the market has an impact on this action, we can ensure that, in the long term, we are changing the core composition of Channel 4 to have diverse employees spread across all areas and all levels of the business.

3 Demystifying pay gap

Objective Educating all hiring managers, Executives and the wider organisation to ensure that there is a consistent understanding of the pay gaps, their causes and how we are addressing them.

Impact Demystifying the pay gap will help everyone at Channel 4 understand what factors impact our pay gaps and the work we are doing to reduce them.

4 Performance management

Objective Developing a more stringent performance management system across the organisation.

Impact This will make it easier to promote the right people internally and will help to address the distribution of staff demographics at Channel 4.

5 Increased transparency

Objective Putting into place an efficient transparent reward strategy, including developing spot bonus and off-cycle payments policies and procedures to establish best practice.

Impact This will help to ensure that we continue to avoid equal pay issues and helps employees to better understand progression and promotion routes.

Our pay gap action plan (continued)

We will also continue to support the actions outlined in our previous pay report, which were targeted specifically at improving the representation of women and BAME staff:

- Continuing our work with our internal staff networks – including our women’s network 4Women, our BAME network The Collective, our LGBT+ network 4Pride and our disability network 4Purple – to improve representation throughout Channel 4, and to ensure that actions taken are appropriate and effective.
- Ensuring that each member of the Executive has specific inclusion and diversity objectives for their departments against which they will be measured and held to account. This includes objectives built into the Channel 4 corporate objectives, on which bonus payments are based.

Our women’s development plan, called RISE, was held in September 2018 as a one-off programme that supported more than 200 women at Channel 4.

The pay gap actions should be read alongside the broader ambitions in our [Inclusion and Diversity Strategy](#).



While there are no quick fixes, and it will take time to address the pay gaps on a long-term and sustainable basis, our focus – across all groups – remains on ensuring the progression of diverse staff into more senior roles.



Alex Mahon
Chief Executive



Gender

Gender pay at Channel 4

Excluding the acquisition of Box – to enable an equivalent, like-for-like comparison – Channel 4 has reduced its mean gender pay gap by -1.1 percentage points year-on-year, to 21.5%.

However, Box employees transferred to become Channel 4 employees in January 2019, and therefore must be included in our final calculation. While it has been an important strategic investment, the business had a higher gender and BAME pay gap than Channel 4, which has impacted our final results.

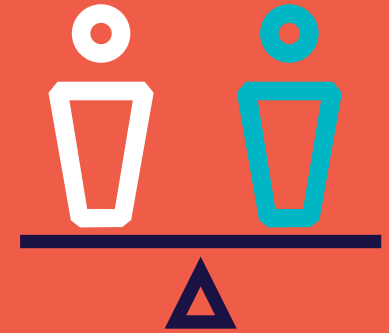
We are disappointed that our reportable mean gender pay gap has marginally increased by 0.7 percentage points, to 23.3%. Our reportable median gender pay gap has also slightly increased by 0.9 percentage points, to 24.2%.

However, we are pleased to report that the gender balance in our top 100 earners has increased to 43 women in 2019, up from 41 women in 2018 and 34 women in 2017. We will continue to support the progression of female staff into more senior roles, as this will have the most substantial impact on reducing our gender pay gap.

Two primary factors:

1 We have nearly twice as many women as men in the two lower-earning quartiles (the two lower quartiles are 66% women, 34% men). The higher number of women in these lower quartiles reduces the average female earnings overall and, therefore, broadens our gender pay gap.

2 Our gap is also the result of 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.



Target of 50-50 gender split across the top 100 paid by 2023.

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.

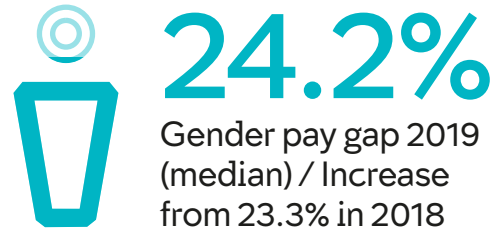
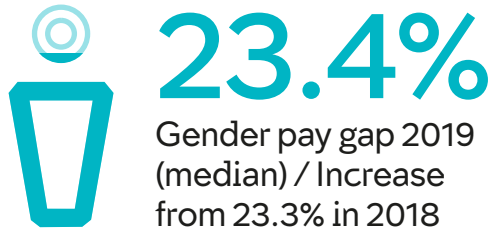
External counsel Lewis Silkin LLP found that there was no evidence of a systemic equal pay issue at Channel 4 in a 2018 review.

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.

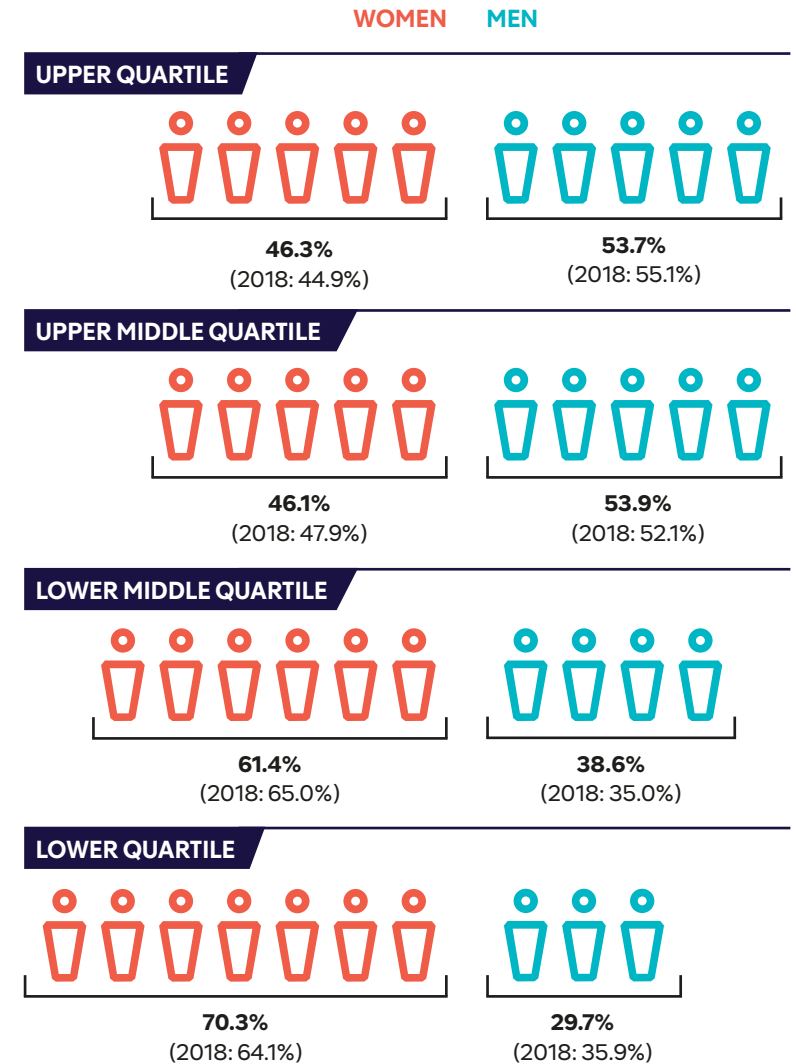
Gender pay at Channel 4 (continued)

Excluding Box

Including Box (reportable data)



Proportion of female and male employees by quartile



Gender bonus gap at Channel 4

Based on the average gross bonus paid, the mean gender bonus gap has marginally increased from 39.5% in 2018 to 40.7% in 2019. The median bonus gap also grew from 24.0% in 2018 to 32.8% in 2019. (These figures include Box.)



40.7%

Gender bonus gap 2019 (mean) / Increase from 39.5% in 2018



32.8%

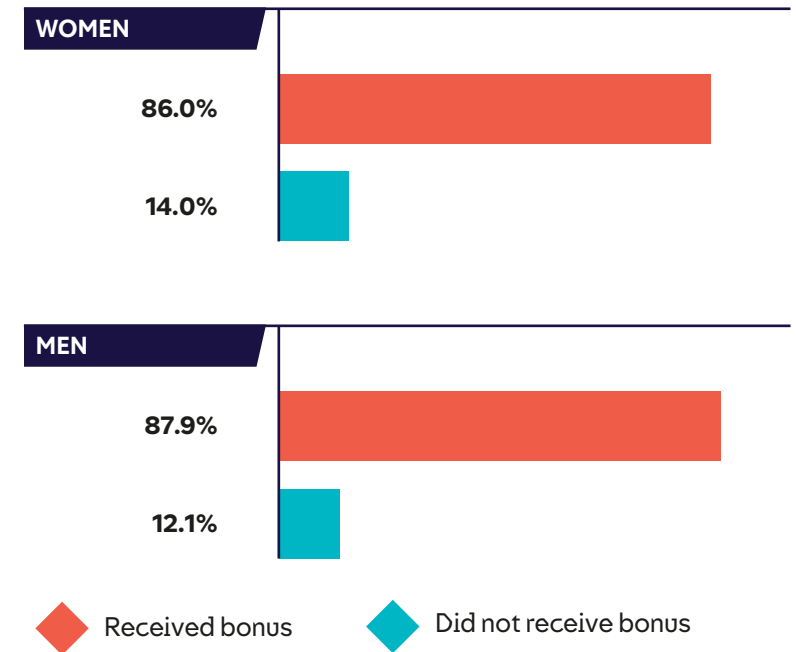
Gender bonus gap 2019 (median) / Increase from 24.0% in 2018

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 significantly more women in the lower quartiles affects the average bonus paid to women, as bonuses are based on 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 pro rated equivalent amount).

Proportion of Channel 4 employees that received a bonus



Gender pay – achievements so far

Last year, we announced a host of targeted measures to help reduce our gender pay gap. 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 new Inclusion and Diversity Strategy and our action plan set out on page 4, form the basis of our ambition to be a truly inclusive organisation and further decrease our pay gaps over time.

However, as we have highlighted in previous reports, these projects and actions will take some time to filter through to our pay gap results and we are also 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 (66%), and this would not be consistent with our goals.

43

women in the top 100 paid – this is an increase from 41 women in 2018 and 34 women in 2017

BAME

BAME pay at Channel 4

Excluding the acquisition of Box – to enable a like-for-like comparison over the 12-month period – Channel 4 reduced its mean BAME pay gap by -1.4 percentage points to 17.7% and reduced its median BAME pay gap by -3.5 percentage points to 10.8% in 2019.

While it has been an important strategic investment, the Box business had a larger gender and BAME pay gap than Channel 4, which has affected our reportable BAME pay gap in 2019.

Including Box, our reportable pay gap has still decreased year-on-year, but by a smaller amount: by -0.1 percentage point year-on-year to a mean of 19.0% and by -2.2 percentage points to a median of 12.1%.

As with our other demographic groups, there are two key factors that drive Channel 4's BAME pay gap: a lower representation at senior levels and a higher representation at junior levels.

Two primary factors:

1 The BAME pay gap is affected by a lower representation of BAME people among our more senior, top-earning employees. We are pleased to report that the number of BAME staff in our top 100 earners has increased by five people, growing from ten to 15 employees – this demonstrates that our strategy to improve BAME representation in the highest-paid roles is working correctly.

2 There is a higher representation of BAME people working in lower-earning jobs, particularly administrative functions. The lower quartile is 27.4% BAME.

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

It remains a priority for the organisation to remove any barriers to progression and we continue to fully support increasing representation of BAME people at senior levels, which will help to further reduce our BAME pay gap.

However we do anticipate that, as a result of Channel 4 starting the biggest restructure in its history – through 4 All the UK, in which we have opened a National HQ in Leeds and two new hubs in Bristol and Glasgow, alongside our office in Manchester – there will be some additional fluctuations to our reportable pay gap next year.

This is due to a lower proportion of BAME populations outside of London (the London population is 40% BAME, but it reduces to 12% in Leeds, 9% in Bristol, 12% in Glasgow and 18% in Manchester – resulting in a smaller diverse talent pool that we can recruit from) as well as positions outside of London attracting lower rates of pay more generally (there is a lower cost of living).

Note: There is no official guidance in place regarding the calculation of a BAME pay gap; therefore we have used the same methodology as for our gender pay gap. The data is based on 94.1% of our workforce self-reporting their ethnicity. The 5.9% of our workforce who have not disclosed their ethnicity have been excluded from our calculations.

18.8%

of total employees are BAME (up from 18.0% in 2018), and there are 15 BAME employees within our top 100 paid employees (up from ten in 2018)

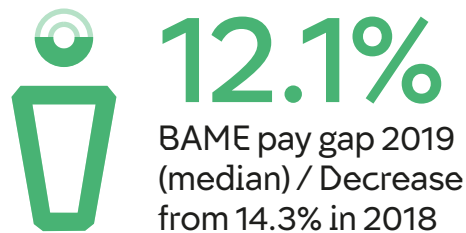
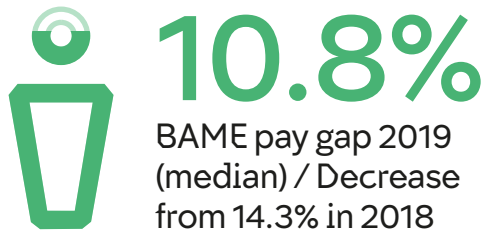
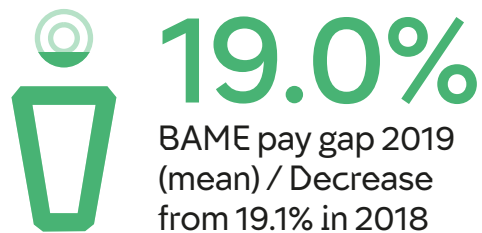
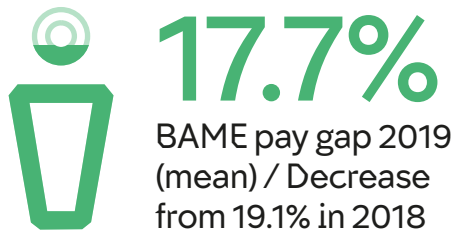
20%

Target of 20% of BAME staff across Channel 4 and in our top 100 paid by 2023

BAME pay at Channel 4 (continued)

Excluding Box

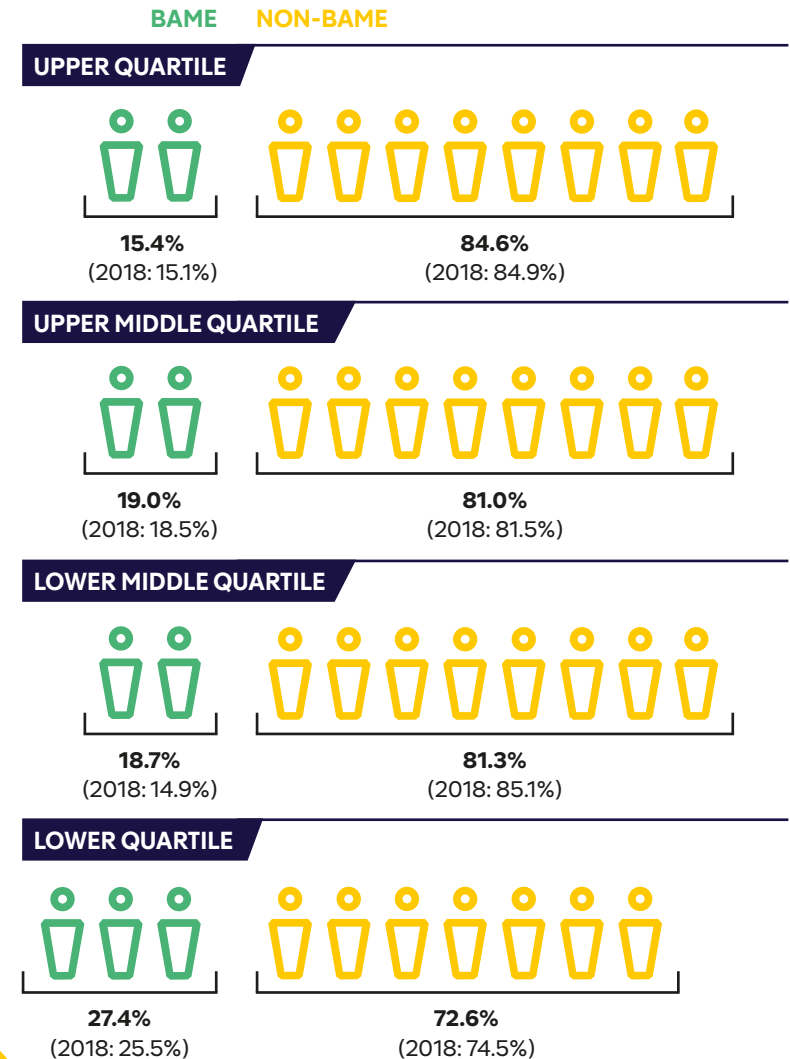
Including Box (reportable data)



▶▶ We will continue 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

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 39.4% (mean) and 25.5% (median). These have both increased compared to 2018. (These figures include Box.)



39.4%

BAME bonus gap 2019 (mean) / Increase from 29.9% in 2018



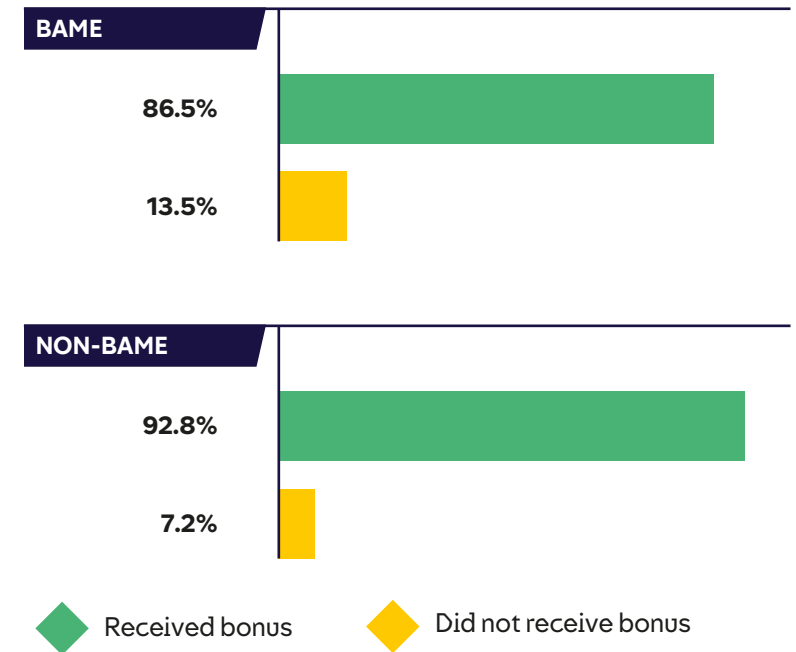
25.5%

BAME bonus gap 2019 (median) / Increase from 8.7% in 2018

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. The increase in the bonus gap during the latest 12-month period is due to a larger number of non-BAME employees receiving higher-rate bonuses than in the previous 12-month period (2018).

A slightly lower proportion of BAME employees (86.5%) received bonus pay in the 12 months to 31 March 2019, compared to non-BAME employees (92.8%). Our analysis shows that this is due to a number of BAME employees joining Channel 4 outside of the bonus eligibility period.

Proportion of Channel 4 employees that received a bonus



Disability

Disability pay at Channel 4

We are pleased to report that Channel 4 has no significant disability pay gap. Our disability pay gap is -0.4% by mean and 7.6% by median. (These figures include Box.)

10.7%
of employees have a disability.

While there is a slightly higher representation of staff with disabilities in the lower quartile, overall the proportion of staff with disabilities is fairly consistent and reflective of the organisation.

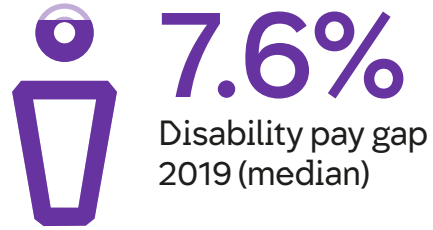
We will continue to monitor our disability pay gap in order to maintain this result. We have also announced that we have doubled our disability target from 6% to employing 12% of staff with disabilities across Channel 4 by 2023.

Note: There is no official guidance in place regarding the calculation of a disability pay gap; therefore we have used the same methodology as for our gender pay gap. The data is based on 83.1% of our workforce self-reporting whether they have a disability or do not have a disability. The 16.9% of our workforce who have not disclosed this information have been excluded from our calculations.

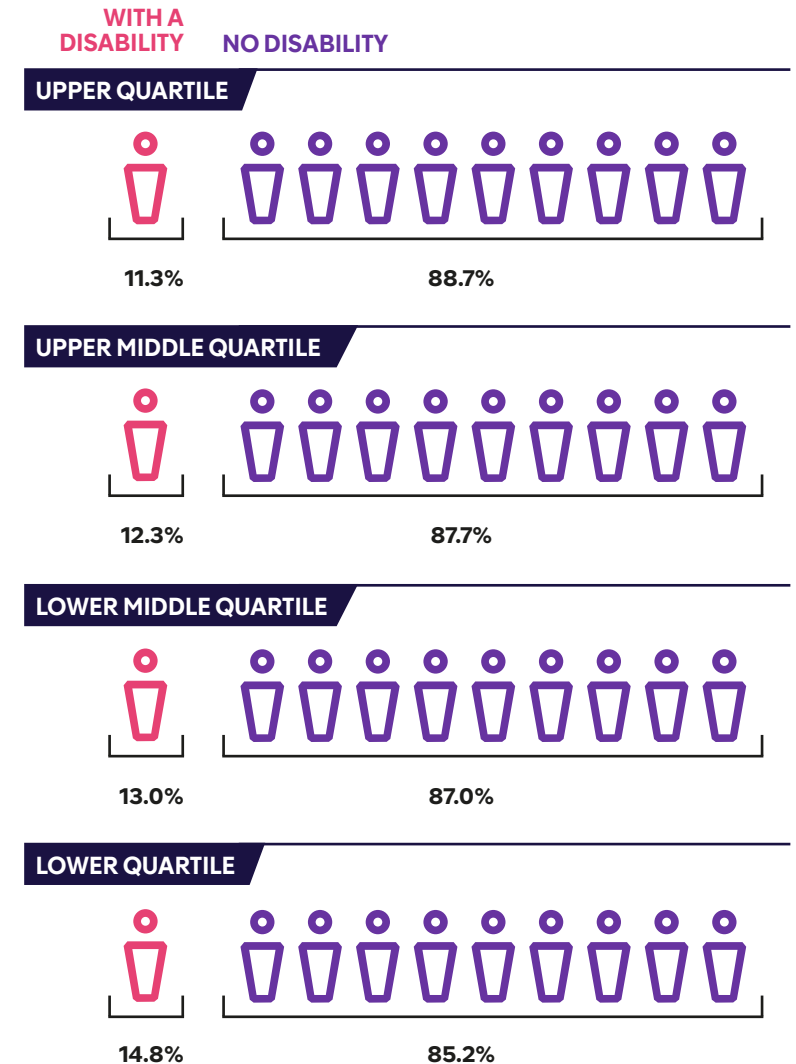
12%

Target of 12% of staff with disabilities across Channel 4 by 2023 – double our previous target of 6%

Disability pay at Channel 4 (continued)



Proportion of staff with a disability and with no disability by quartile



Channel 4 has a greater proportion of staff with disabilities than any other public service broadcaster

Disability bonus gap at Channel 4

Based on the average gross bonus paid, the disability bonus gap at Channel 4 is 18.7% (mean) and 13.6% (median).

The bonus gap is primarily due to the lower representation of people with disabilities in senior positions that attract the highest 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 disability bonus gap also found that a slightly higher proportion of employees with disabilities (95.3%) received bonus pay in the 12 months to 31 March 2019, compared to employees with no disability (90.1%). This is the result of a higher number of employees with no disability joining outside of the bonus eligibility period.

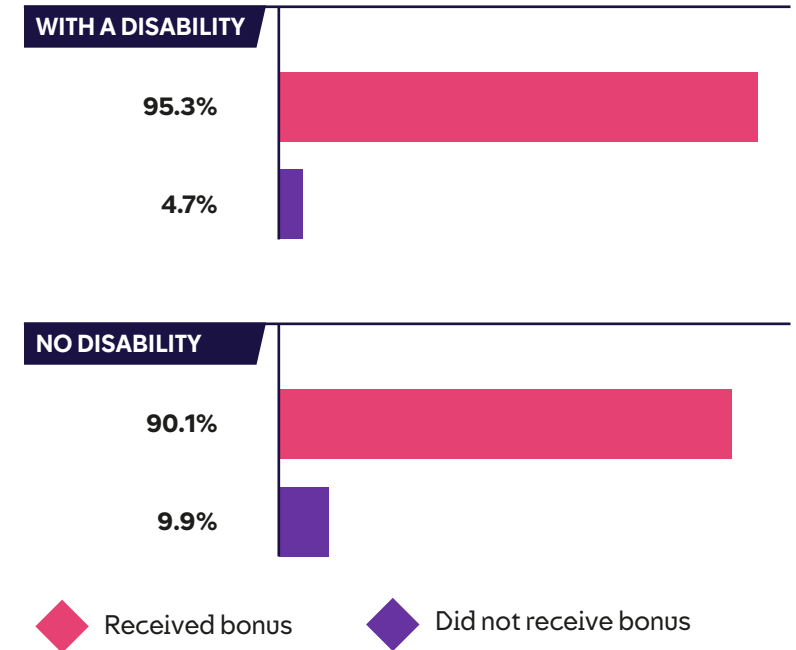


18.7%
Disability bonus gap
2019 (mean)



13.6%
Disability bonus gap
2019 (median)

Proportion of Channel 4 employees that received a bonus



LGBT+

LGBT+ pay at Channel 4

Channel 4 has an LGBT+ pay gap of 17.7% by mean, which reduces to 8.1% by median. (These figures include Box.)

The difference between the mean and median pay gaps highlights the effect of having fewer employees who identify as LGBT+ in our most senior roles. In addition, as with our other diverse groups in this report, there is a higher representation at junior levels.

The LGBT+ pay gap is primarily driven by a lower representation of LGBT+ people among our more senior, top-earning employees. While the distribution of LGBT+ staff is fairly consistent across the organisation (8%), this group is relatively under-represented in the upper quartile (7.2%).

As a result, this has led to a difference in the average pay between LGBT+ and non-LGBT+ employees. Ensuring that there are no barriers to progression and introducing measures to increase representation of LGBT+ people at more senior levels would reduce our LGBT+ pay gap.

Note: There is no official guidance in place regarding the calculations of an LGBT+ pay gap; therefore we have used the same methodology as for our gender pay gap. The data is based on 87.8% of our workforce self-reporting their sexual preference. The 12.2% of our workforce who have not disclosed their sexual preference have been excluded from our calculations.

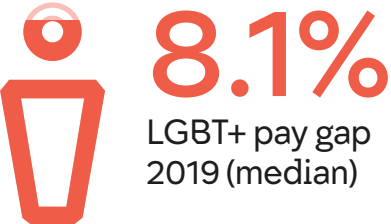
7.7%

of our employees report themselves as LGBT+

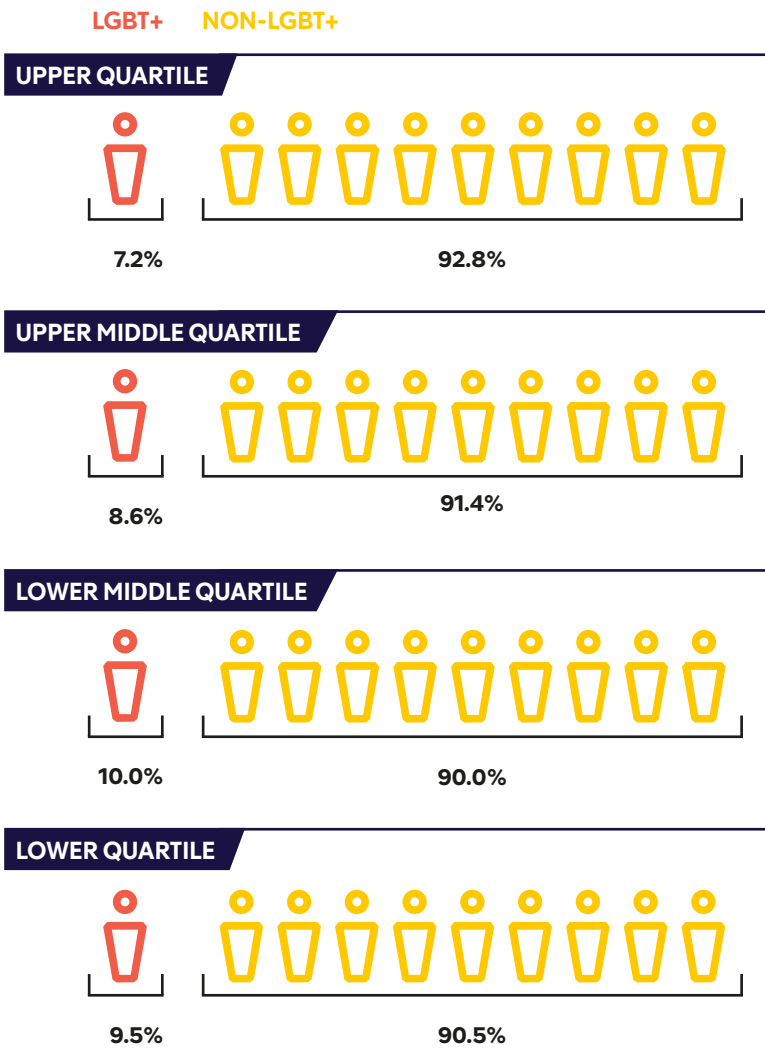
6%

Target of 6% LGBT+ employees across Channel 4 by 2020

LGBT+ pay at Channel 4

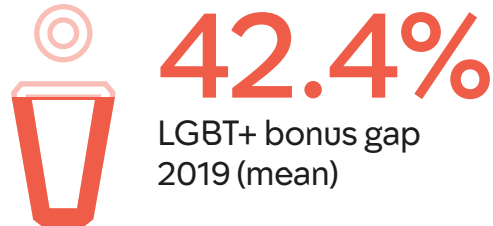


Proportion of LGBT+ and non-LGBT+ employees by quartile



LGBT+ bonus gap at Channel 4

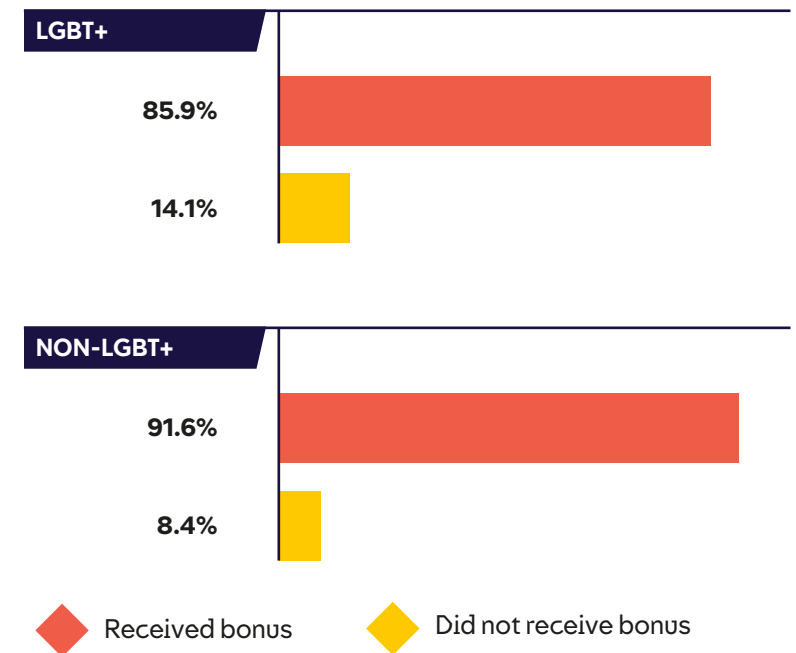
Based on the average gross bonus paid, the LGBT+ bonus gap at Channel 4 is 42.4% (mean) and 10.7% (median).



The difference between the mean bonus gap and the median bonus gap indicates that there are a small number of highly-paid non-LGBT+ staff who are driving the relatively high mean average. This has little impact on the distribution of staff, therefore the median bonus gap is considerably lower.

Our analysis of the LGBT+ bonus gap also found that a slightly lower proportion of LGBT+ employees (85.9%) received bonus pay in the 12 months to 31 March 2019, compared to non-LGBT+ employees (91.6%). This is due to a small number of LGBT+ people joining Channel 4 outside of the eligible bonus period.

Proportion of Channel 4 employees that received a bonus



Channel 4 Television Corporation

Basis of Preparation
for Pay Report 2019



Introduction

This Basis of Preparation document sets out how Channel Four Television Corporation ('Channel 4') has prepared and reported upon various pay gap calculations as set out in the Channel Four Television Corporation Pay Report 2019. The reporting covers the 12-month period to 31 March 2019.

The approach taken to prepare and report upon Channel 4's pay gap calculations takes into account the requirements set out in The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 and The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017. Channel 4 has also been informed by the guidelines issued by ACAS (Advisory, Conciliation and Arbitration Service) on Managing Gender Pay Reporting, February 2019 (https://www.acas.org.uk/media/4764/Managing-gender-pay-reporting/pdf/Managing_gender_pay_reporting_07.02.19.pdf). Channel 4 has established objective measurement techniques, including appropriate estimates and assumptions, where relevant.

Scope

Unless otherwise indicated, the pay gap calculations include all of Channel 4's operations covering the 12 month period to 31 March 2019.

Channel 4 ensures that appropriate procedures are in place to report pay gap data, in all material respects, as set out in this document. These procedures ensure that:

- The accounting and calculation methods are clearly described including any assumptions;
- Any specific exclusions are stated clearly and explained;
- The data is meaningful and is consistent with the stated scope and definitions;
- The reported information reflects Channel 4's performance; and
- The level of transparency is sufficient to enable users to have confidence in the integrity of Channel 4's reporting.

Definitions

This section contains the key definitions used to determine the pay calculations that are set out in the Channel Four Television Corporation Pay Report 2019.

1. Employees

The pay reporting covers all relevant employees of Channel 4 on the snapshot date of 31 March 2019. The following are included in our definition of relevant employees:

- Individuals who have a permanent or fixed term contract of employment (full or part time) with Channel 4 and are paid through Channel 4's payroll system; and
- Individuals who are noted as freelancers (contractors), but due to the nature of their activities and contractual engagement with Channel 4, Channel 4 has decided to consider them as relevant employees.

A number of individuals are excluded from the definition of relevant employee. This includes the majority of individuals who appear in Channel 4's programmes and production staff as they are employed by Channel 4's suppliers as all programmes are commissioned from external production companies. Non-Executive Directors are also excluded from the calculations as they are office-holders, and not employees, of Channel 4. They are selected, appointed by and accountable to Ofcom.

2. Diversity

Diversity is wide-ranging, however, for the Channel Four Television Corporation Pay Report 2019, the following diversity characteristics have been used. With the exception of the gender of freelancer staff, in all instances, it is the individual's choice in notifying / recording specific characteristics within Channel 4's systems. The methodology for ascertaining freelancer gender is detailed later in this report.

Gender:

Within Channel 4's systems the following categories are used to define gender:

- Female*
- Male*
- Trans Woman
- Trans Man
- Non-Binary
- Prefer to use your own term for gender, please describe it here (free text field)
- Prefer not to say

* Individuals who have used categories above marked with an asterisk are included within Channel 4's gender pay gap calculations. All other individuals are excluded from the calculations.

BAME

(Black, Asian and Minority Ethnic):

Within Channel 4's systems the following categories are used to define ethnicity:

- Arab*
- Asian – Bangladeshi*
- Asian – Chinese*
- Asian – Indian*
- Asian – Pakistani*
- Asian – Other (please describe)*
- Black – African*
- Black – Black Scottish or Black British*
- Black – Caribbean*
- Black – Other (please describe)*
- Mixed – White and Asian*
- Mixed – White and Black African*
- Mixed – White and Black Caribbean*
- Mixed – Other (please describe)*
- White – British
- White – English
- White – Gypsy or Irish Traveller
- White – Irish
- White – Northern Irish
- White – Polish
- White – Scottish
- White – Welsh
- White – Other (please describe)
- Prefer not to say

* Individuals who have used categories above marked with an asterisk are considered to be BAME for the purposes of Channel 4's BAME pay gap calculations.

All other individuals, except for 'Prefer not to say' are considered to be non-BAME for the purposes of the pay gap calculations. Those who 'Prefer not to say' are excluded from the calculations.

Definitions (extended)

Sexual orientation:

Overall this is defined as Lesbian, Gay, Bisexual and Trans (LGBT+). Individuals can choose from the following:

- Heterosexual / Straight
- Gay man*
- Gay woman / Lesbian*
- Bisexual*
- Pansexual*
- Other
- Prefer not to say

* Individuals who have used the categories above marked with an asterisk are considered to be LGBT+ for the purposes of Channel 4's LGBT+ pay gap calculations.

All other individuals, except for 'Prefer not to say' are considered to be non-LGBT+ for the purposes of the pay gap calculations. Those who 'Prefer not to say' are excluded from the calculations.

Disability:

The definition of disability is the same as that set out in The Equality Act 2010 – if an individual has a physical or mental impairment that has a 'substantial' or 'long-term' negative effect on their ability to do normal daily activities. The term 'disability' includes, but is not restricted to, anyone who has trouble with:

- Vision (such as being partially-sighted, tunnel vision, cataracts or blind)
- Hearing (such as hearing loss, tinnitus, deafness)
- Mobility (such as limited / no use of legs, limb loss)
- Dexterity (such as tremor, paralysis, upper limb loss, RSI, arthritis)

- Understanding and remembering information (such as learning disabilities, dyslexia, ADHD)
- Long-term health (such as cancer, MS, HIV, diabetes)
- Mental health (such as depression, anxiety disorder, obsessive-compulsive disorder, bipolar disorder)
- Communication and social skills (such as Asperger's or autism, disfigurement, speech impairment)

The above definitions of disability are provided to Channel 4's employees together with the question:

"Do you have a disability, long-term injury or health condition that affects your day-to-day life?"

In response to the above question, employees can choose from any of the following answers:

- Yes*
- No*
- Prefer not to say

* Individuals who have used the categories above marked with an asterisk are included within Channel 4's disability pay gap calculations. Those who 'Prefer not to say' are excluded from the calculations.

Collecting diversity information is voluntary, and all employees have the option to leave any response blank. Those employees who have not self-declared (left the response blank) for each of the characteristics are not included in the pay gap calculations.

3. Pay and bonuses

The definition of pay and bonus is in accordance The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, however where Channel 4 have made specific judgements on pay or bonus categorisation, they are explained in the relevant section below.

Ordinary pay includes:

- Basic pay
- Cash allowances
- Acting up payments
- Bonus payments (on a pro rated basis)

Ordinary pay excludes:

- Expenses
- Benefits in kind
- Back pay
- Pay in lieu of holiday
- Overtime

Bonus pay is:

- Any remuneration that is in the form of money and relates to productivity or performance

Bonus pay includes:

- Annual bonus, quarterly and spot awards

Bonus pay excludes:

- Ordinary pay, overtime, pay relating to termination of employment / redundancy and allowances

The amount of any salary sacrifice deductions reduce an employee's pay for the purposes of the gender pay calculations.

The hourly pay gap is only calculated for 'full pay relevant employees'. The regulations define this as: 'A relevant employee who is not, during the relevant pay period, being paid at a reduced rate or nil as a result of the employee being on leave.' This means that any employees not receiving full pay, due to being on maternity or paternity leave for example, are not included in the hourly pay gap calculations. All relevant employees (even those not on full pay) are included in the bonus gap calculations.

4. Hourly rate

• Hourly rate for pay in March

The hourly rate is calculated by using the pay over the relevant period (weekly, monthly or annually) and then dividing by the number of contractual hours in that pay period.

• Hourly rate for bonus amounts paid in March

Where any bonus payments are made in March, these have been included in the hourly pay gap calculation. Where a bonus payment relates to a longer period than the March pay period, the bonus amount has been pro rated so that only the amount which is attributable to March is included in the hourly pay gap calculation. Where a bonus payment relates to a part-time employee, the bonus is calculated on actual bonus paid, not on a full-time pro rated equivalent amount.

Data sources

Channel 4's objective is to gather and report reliable and robust data. We are committed to providing transparency on the quality of the data where we consider there are matters that are material to users of the information. The information we report is subject to internal review processes and, where relevant and / or required, peer review.

Our employee database is maintained internally whereby only HR teams are authorised to make changes to employment status, pay and bonus, however, certain aspects of diversity, home address, emergency contact information is self-service which allows Channel 4 employees to go into the system and make changes as appropriate.

1. Diversity characteristics information

Employee's diversity characteristics are captured within Channel 4's HR system. All new joiners are asked to provide this information as part of their on-boarding process. This request is not mandatory and the employee has the option to leave responses blank or choose 'Prefer not to say'.

The information is retained in the Channel 4 HR system and employees have access to amend their diversity characteristics through employee self-service whenever they wish. We do not collect freelancer diversity characteristics information and as such, with the exception of gender data, which is a mandatory field in the Channel 4 payroll system, there is no diversity information for freelancer staff.

The Channel 4 payroll system auto-assigns gender based on title / terms of address and for the purposes of these calculations, this was used to ascertain the gender of freelancer staff. There were none such instances, but in the eventuality of a gender-neutral title, our payroll provider would have to ascertain gender from an alternative source.

If Channel 4 were to change any of the terminology or start to capture new information, Channel 4 would communicate this through our internal communications team to all employees and also through our employee networks.

2. Pay and bonus data

The pay and bonus data is maintained in Channel 4's payroll system. Channel 4's pay principles document sets out the details of pay and bonuses. The pay data is subject to regular reconciliations and approval. The payroll data is reconciled each month and signed off by the internal senior management team from finance and HR, prior to pay day.

3. Freelancer data

The pay and bonus data for freelancers is contained within Channel 4's payroll system, which provides an overview of the fees paid to such staff, as well as any salary sacrifices. As the majority of these freelancer staff do not have regular working hours, it was necessary to use Channel 4's freelancer engagement system to review their contracts and ascertain their rate and frequency of pay (hourly, daily, weekly or monthly).

This was then used, in conjunction with the invoice fee from the payroll system to calculate the hours worked. This was in turn used to calculate the hourly rate minus any salary sacrifices.

A number of freelancer staff were paid by project or for completing a piece of work, making it impossible to ascertain their hourly rate using the methodology outlined above. As such, Channel 4 considered the average number of hours the worker would be expected to carry out the piece of work in order to calculate their hourly rate.

Whilst a number of staff were included in the March payroll, this was for work engaged months prior and staff were not engaged or employed for any work on the snapshot date. Any such staff were excluded from the calculations.

Pay gap calculations

The data used for reporting purposes is as of 31 March 2019 'the snapshot date'. In accordance with the regulations' guidelines we have calculated each of the KPIs noted in the table below and presented the results in the Channel Four Television Corporation Pay Report 2019:

Gender (male / female):

- Mean gender pay gap in hourly pay
- Median gender pay gap in hourly pay
- Mean bonus gender pay gap
- Median bonus gender pay gap
- Proportion of males and females receiving a bonus payment

- Proportion of males and females in each pay quartile

BAME / Non-BAME:

- Mean BAME pay gap in hourly pay
- Median BAME pay gap in hourly pay
- Mean bonus BAME pay gap
- Median bonus BAME pay gap
- Proportion of BAME and non-BAME receiving a bonus payment
- Proportion of BAME and non-BAME in each pay quartile

LGBT+ / Non-LGBT+:

- Mean LGBT+ pay gap in hourly pay
- Median LGBT+ pay gap in hourly pay
- Mean bonus LGBT+ pay gap
- Median bonus LGBT+ pay gap
- Proportion of LGBT+ and non-LGBT+ receiving a bonus payment
- Proportion of LGBT+ and non-LGBT+ in each pay quartile

Disability / Non-disability:

- Mean disability pay gap in hourly pay
- Median disability pay gap in hourly pay
- Mean bonus disability pay gap
- Median bonus disability pay gap
- Proportion of disability and non-disability receiving a bonus payment
- Proportion of disability and non-disability in each pay quartile

The figures were produced by Channel 4 and signed off by the Chief HR Officer.

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 Channel Four Television Corporation Pay Report 2019 for the 12-month reporting period at 31 March 2019.

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 2019 has not been prepared, in all material respects, in accordance with the Channel Four Television Corporation – Basis of Preparation for Pay Report 2019 ('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 Channel Four Television Corporation Pay Report 2019.

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, BAME, disability and LGBT+ 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 Report 2019"), available on pages 24-28 of the Channel Four Television Corporation Pay Report 2019, 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 were used for the reporting of the Selected Information for the 12-month reporting period at 31 March 2019.

Independent Limited Assurance Report to the Directors of Channel Four Television Corporation (continued)

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;
- considered the disclosure and presentation of the Selected Information; and
- reviewed the Channel Four Television Corporation Pay Report 2019 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 Channel Four Television Corporation Pay Report 2019.

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 performance and activities. We permit this report to be disclosed online¹ in the Channel Four Television Corporation Pay Report 2019, 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
28 November 2019

¹ 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.

Independent Limited Assurance Report to the Directors of Channel Four Television Corporation (continued)

Appendix 1 – Data subject to assurance for the 12-month reporting period at 31 March 2019

Gender Pay Gap and Bonus Gap data

Key performance indicators	Value
Average gender pay gap as a mean average (%)	23.3%
Average gender pay gap as a median average (%)	24.2%
Average gender bonus gap as a mean average (%)	40.7%
Average gender bonus gap as a median average (%)	32.8%
Proportion of males receiving a bonus payment	87.9%
Proportion of females receiving a bonus payment	86.0%
Proportion of males in each quartile pay band:	
Lower	29.7%
Lower middle	38.6%
Upper middle	53.9%
Upper	53.7%
Proportion of females in each quartile pay band:	
Lower	70.3%
Lower middle	61.4%
Upper middle	46.1%
Upper	46.3%

BAME Pay Gap and Bonus Gap data

Key performance indicators	Value
Average BAME pay gap as a mean average (%)	19.0%
Average BAME pay gap as a median average (%)	12.1%
Average BAME bonus gap as a mean average (%)	39.4%
Average BAME bonus gap as a median average (%)	25.5%
Proportion of BAME receiving a bonus payment	86.5%
Proportion of non-BAME receiving a bonus payment	92.8%
Proportion of BAME in each quartile pay band:	
Lower	27.4%
Lower middle	18.7%
Upper middle	19.0%
Upper	15.4%
Proportion of non-BAME in each quartile pay band:	
Lower	72.6%
Lower middle	81.3%
Upper middle	81.0%
Upper	84.6%

Disability Pay Gap and Bonus Gap data

Key performance indicators	Value
Average disability pay gap as a mean average (%)	-0.4%
Average disability pay gap as a median average (%)	7.6%
Average disability bonus gap as a mean average (%)	18.7%
Average disability bonus gap as a median average (%)	13.6%
Proportion of disabled receiving a bonus payment	95.3%
Proportion of non-disabled receiving a bonus payment	90.1%
Proportion of disabled in each quartile pay band:	
Lower	14.8%
Lower middle	13.0%
Upper middle	12.3%
Upper	11.3%
Proportion of non-disabled in each quartile pay band:	
Lower	85.2%
Lower middle	87.0%
Upper middle	87.7%
Upper	88.7%

LGBT+ Pay Gap and Bonus Gap data

Key performance indicators	Value
Average LGBT+ pay gap as a mean average (%)	17.7%
Average LGBT+ pay gap as a median average (%)	8.1%
Average LGBT+ bonus gap as a mean average (%)	42.4%
Average LGBT+ bonus gap as a median average (%)	10.7%
Proportion of LGBT+ receiving a bonus payment	85.9%
Proportion of non-LGBT+ receiving a bonus payment	91.6%
Proportion of LGBT+ in each quartile pay band:	
Lower	9.5%
Lower middle	10.0%
Upper middle	8.6%
Upper	7.2%
Proportion of non-LGBT+ in each quartile pay band:	
Lower	90.5%
Lower middle	90.0%
Upper middle	91.4%
Upper	92.8%