

BBC
STUDIOS

Gender Pay Gap Report

2019

About BBC Studios

BBC Studios is a commercial subsidiary of the BBC. Its activities span content financing, development, production, sales, branded services, and ancillaries across both its own productions and programmes and formats made by high-quality UK independents. Its award-winning British programmes are recognised internationally across a broad range of genres and specialisms.

BBC Studios has offices in 22 markets globally, including seven production bases in the UK and production bases and partnerships in a further nine countries around the world. The company, which makes more than 2,500 hours of content a year, is a champion for British creativity around the world and a committed partner for the UK's independent sector.

In 2018/19, BBC Studios recorded revenues of just under £1.4bn, and returned £243m in cash dividends and programme investment to the BBC Public Service, complementing the BBC's licence fee and enhancing programmes for UK audiences. The business is not subsidised by the BBC licence fee in any way.

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Introduction

I am pleased that we are able to report a reduction to our overall BBC Studios 2019 gender pay gap, with the median gap for the combined company now 10.3%. This is down from 14.1% in 2018 and well below the national average of 17.9%¹. However, we are not complacent about the need to continue to reduce the gap and make BBC Studios a truly inclusive place to work where anyone can succeed regardless of their gender, ethnicity, sexuality, disability or any other characteristic.

A number of actions were taken in 2018/19 to continue to deliver on our diversity and inclusion agenda. These included promoting flexible approaches to work; providing confidence and impact coaching for women; training our managers to be aware of unconscious biases; increasing the amount of paid leave during paternity and shared parental leave; and ensuring a diverse composition on our leadership development programme meaning we have a gender balanced internal pipeline for future leadership vacancies.

As a result, we have increased our numbers of women in leadership. At the reporting date of 5 April 2019, we had increased female representation across all leadership level roles (career

band E and above) to 52.1% from 49.2% a year earlier. Over the same period, we also increased female representation at career band F (our second most senior career band) to 45.9% from 42.7%. Since then, we have completed implementation of our Career Path Framework (CPF) and introduced a new pay and grading structure for all UK staff. Based on seven career level bands, the CPF gives our staff greater visibility and transparency of their position within the business and pathways to career progression. Each job has a published individual pay range, informed by the market. Going forward this will enable us to carry out additional fair pay checks by regularly reviewing every employee against the relevant pay range to give us even greater confidence they are paid at a fair and appropriate rate.

Looking at our gender pay gap by career level band (as set out in the table at page 2), the median gap for career bands A-E ranges from 3.1% in favour of men to 2.1% in favour of women. At career bands F and Senior Leader (our two most senior career bands), we have not yet reached equal gender representation as we have more men than women at these levels. This, and the over-representation of women in junior roles are the primary reasons behind our remaining gender pay gap.

We are also continuing voluntarily to report our pay gaps by other measures. Our pay gap for LGBTQ+ and our pay gap for part-time staff are within plus or minus 4% of zero. Our median pay gaps for staff with Black, Asian and minority ethnic (BAME) backgrounds and disabled staff are slightly higher, at 10.2% and 8.6% respectively. This reflects an under-representation at senior leadership level.

Our focus now will be to continue increasing the diversity amongst our most senior leadership career bands (bands F and SL) so that we move towards proportionate representation.

While progress is good, we still have further to go. Through the initiatives already underway and our ongoing commitment to diversity of representation at all levels of our business, our aim is to continue reducing our pay gaps year-on-year.



Tim Davie, CEO
23 September 2019

| BBC Studios gender pay gap | Median | Mean |
|----------------------------|--------|-------|
| 2019 | 10.3% | 17.6% |
| 2018 | 14.1% | 19.6% |

¹ Office for National Statistics data for full and part time staff October 2018

OUR PERFORMANCE

The gender pay gap at BBC Studios

The BBC Studios 2019 median gender pay gap has reduced to 10.3% (14.1% in 2018). It is also below the national average of 17.9%².

Our mean gender pay gap has also reduced to 17.6% (19.6% in 2018).

Over the course of the last year, we have:

- Increased female representation in leadership positions. For example, at the 5 April 2019 reporting date:
 - Women made up 52.1% of those at career bands E and above compared to 49.2% a year earlier (an increase of 2.9 percentage points);
 - Women made up 45.9% at career band F compared to 42.7% a year earlier (an increase of 3.2 percentage points).

Since the reporting date of 5 April 2019, we have also progressed work on our pay and governance frameworks. For example, we have:

- Introduced clearer and more consistent pay principles and governance in support of pay transparency and fairness.
- Harmonised our UK pay and grading structure across BBC Studios, moving to a model with seven career levels – A to F, and Senior Leaders. When the gender pay gap is examined at career level all but F and Senior Leader are within 3.1% in favour of men and 2.1% in favour of women.
- Introduced our Career Path Framework and market-informed job pay ranges across all UK staff to provide clear and transparent career pathways. In addition, we have internally published the gender distribution within each pay range that has more than 10 females and 10 males employed in that role.
- Continued to carry out regular pay checks using the new job pay ranges to ensure we maintain fair pay for all employees.

| Career level band | Median gender pay gap |
|--------------------|-----------------------|
| A | 2.3% |
| B | -2.1% |
| C | 3.1% |
| D | 2.9% |
| E | 0.6% |
| F | 9.1% |
| SL (Senior Leader) | 18.0% |

Our pay principles

- 1 Fair:** Pay fairness is a responsibility we take very seriously – it goes to the heart of our values and it's critical to our creative ambition and success. We also have a legal responsibility to our employees; equal pay is enshrined in law and everyone is entitled to equal pay when doing equal work. That doesn't mean that everyone gets paid the same, but that there must be non-gender (or other protected characteristic) based reasons for any differences between individuals.
- 2 Consistent:** We have consistent frameworks such as the Career Path Framework and market-informed job pay ranges that underpin our approach to career development and pay and that enable us to be clear and consistent in our approach to individual pay decisions and ensure that we never pay below the minimum of a job pay range. Additional governance is provided through established regular reviews and approval mechanisms at Divisional and Corporate levels.
- 3 Transparent:** We are more transparent in our reporting on pay than required by law and commit to a degree of transparency about pay that we believe is more wide-ranging than other organisations. We have, of course, to make sure that the data of individuals and our commercial interests are protected but aside from that, our aim is to make sure that the vast majority of staff can see how they, as an individual, relate to other people across the organisation doing the same job.
- 4 Competitive:** We balance the need to pay competitively with the need to ensure value for money. Together with our strong BBC brand and breadth of opportunities this enables us to attract and keep the great talent we need to create the best content and services for our audiences.
- 5 Clear:** We are clear on how pay adjustments are made. We have clear policies on job moves up a band or to another job within the same band and short-term assignments. We also have a clear approach to where we would expect individuals to be positioned in their job pay range related to individual factors (knowledge, skills, values, experiences), role factors (scope, complexity, responsibilities and impact) and external factors (supply and demand).

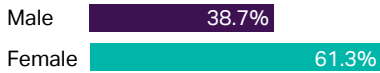
² Office for National Statistics data for full and part time staff October 2018

Gender pay split by quartile

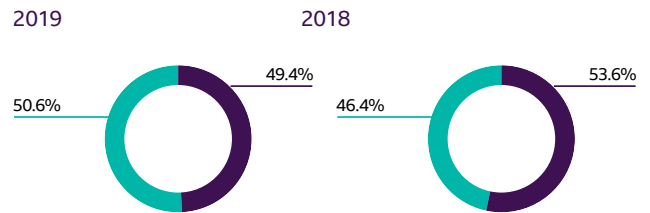
When reviewing our gender pay gap, we draw up a list of our employee earnings – from the lowest to the highest – and split it into four even groups, or quartiles. This allows us to calculate the proportion of men and women in each quartile.

The charts on the right show the BBC Studios gender profile by quartile. Since our 2018 gender pay gap report we have increased the proportion of females in the upper quartile to above 50%. That is reflective of the increases we have made to female representation at career bands E and F. As mentioned earlier in this report, however, there remains an over-representation of males in our most senior positions, particularly at the Senior Leader career band.

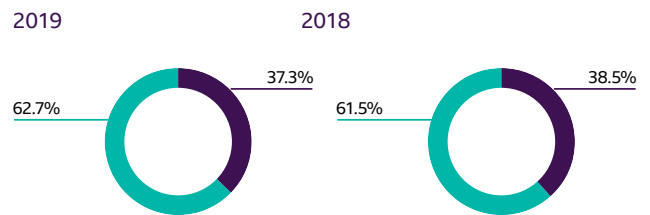
Gender split of staff covered by the gender pay gap reporting requirements



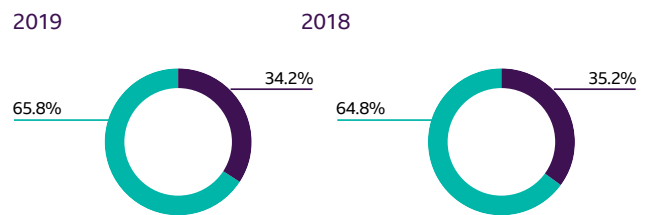
Upper quartile (the top 25% of earners)



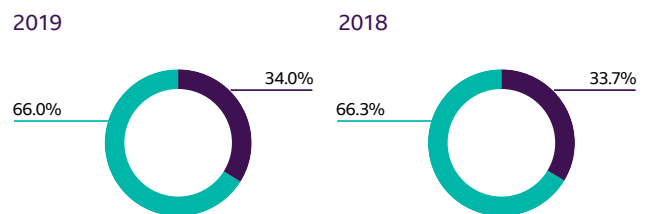
Upper middle quartile



Lower middle quartile



Lower quartile (the bottom 25% of earners)



● Male % ● Female %

OUR PERFORMANCE

Gender bonus pay gap

The BBC Studios median gender bonus gap has reduced to 34.7% in 2019 (38.3% in 2018).

Our bonus pay gap is larger than our pay gap because of an over-representation of males in our most senior leadership positions where, compared to less senior roles, a higher percentage of total remuneration is 'non-guaranteed' and payable as a bonus if specific criteria – such as profit or sales targets – are met.

The mean bonus gap is particularly impacted by these outliers. As a result, despite the proportion of females receiving a bonus increasing, and the proportion of males decreasing, the mean bonus pay gap has increased to 50.0% (47.5% in 2018).

In line with industry practice, BBC Studios operates bonus schemes as part of total remuneration for senior and revenue-generating roles. Bonus schemes are applied by job role so apply consistently to males and females in the same role. However, a gender imbalance across different roles and levels of seniority drives our bonus gap.

At the reporting date of 5 April 2019, 22% of employees were eligible to participate in a bonus scheme. Due to changes in the schemes, effective from 1 April 2018, eligibility was removed from employees with limited direct control or influence on company performance, resulting in 870 fewer eligible employees. The final payments for those previously eligible between 2017 and 2018 were made in July 2018 and are consequently included in our 2019 gender bonus gap. In 2020 no further bonus payments will be made to those employees who are no longer eligible to participate in the bonus schemes.

In addition, although we do not regard them as bonus payments, in line with government guidance, our bonus pay gap includes payments made under our Long Service Awards Policy and the award of retail vouchers through our voucher-based recognition scheme.

| Gender bonus gap BBC Studios | Median | Mean |
|--|--------------------------------------|------------------------------------|
| | 34.7% | 50.0% |
| Proportion receiving a payment total | 502 women received a payment (36.3%) | 334 men received a payment (39.2%) |
| Our gender bonus gap is made up of 3 elements | | |
| 1 Payments through our bonus schemes | 396 women received a payment (28.6%) | 296 men received a payment (34.7%) |
| 2 Payments under our Long Service Awards Policy | 6 women received a payment (0.4%) | 5 men received a payment (0.6%) |
| 3 Award of retail vouchers through our voucher-based recognition scheme | 193 women received a voucher (13.9%) | 93 men received a voucher (10.9%) |

DIVERSITY AT BBC STUDIOS

Pay gaps on other diversity measures

Having a diverse and well-represented workforce is crucial to our creativity and helps us to connect with our audiences. We have a Diversity & Inclusion Council, chaired by a Senior Leader, through which various staff representation groups tell us how they experience working for BBC Studios and what we can do to improve. The Council also sets our diversity and inclusion strategy as well as helping raise awareness across the organisation.

We are, again, voluntarily reporting our pay gap for employees from Black, Asian and minority ethnic (BAME) backgrounds, those who are disabled and those who work part-time.

Our median pay gap for each of these groups has reduced since 2018 apart from the median BAME pay gap which saw an increase due to transferring our Global Technology team (where there was a relatively high level of BAME representation) to BBC Public Service Broadcasting. Consequently, these staff were not included in BBC Studios 2019 calculations.

This year, for the first time, we are also publishing our pay gap for LGBTQ+ employees where the median gap is 2.2%.

| Company | | LGBTQ+ gap | | BAME gap | | Disability gap | | Part-time gap | |
|-------------|------|--------------|------|----------|-------|----------------|-------|---------------|------|
| | | Median | Mean | Median | Mean | Median | Mean | Median | Mean |
| BBC Studios | 2019 | 2.2% | 2.7% | 10.2% | 10.5% | 8.6% | 12.0% | -3.8% | 1.7% |
| | 2018 | not reported | | 8.5% | 10.9% | 10.2% | 12.4% | 5.3% | 5.3% |

HOW WE ARE IMPROVING CULTURE AT BBC STUDIOS

The action plan

We have made progress addressing our gender pay gap and we have more activities to come. We are focusing on five important areas:

1

How we lead

- We have a Diversity & Inclusion Council chaired by a Senior Leader, that sets our diversity & inclusion strategy. Our Diversity & Inclusion Council also oversees committees focused on gender, BAME, disability, LGBTQ+, mental health, and flexible working. With more coming for men, those from lower socio-economic backgrounds and our programme “bolder” focused on those aged 50 and over.
- In 2018 we made unconscious bias training mandatory for our Senior Leaders. In 2019 we also made this mandatory for all of our team leaders.
- We’ve promoted a culture of inclusion by hosting a range of events and talks, including a week-long 2019 Inclusion Summit which was held over multiple countries and locations.
- We encourage different perspectives through forums like the Next Generation Board and our social responsibility programme, Team Studios.

2

How and who we hire

- Recruitment for all of our senior vacancies in 2019 had a mixed-gender interview panel. We’ll ensure that’s the case going forward too.
- We aim to have at least one BAME candidate shortlisted for every senior vacancy. In 2019 we’ve achieved that for two thirds of our vacancies.
- We work in partnership with agencies such as Mama Youth and Creative Access to help seed the television industry with new talent – particularly from under-represented groups – by offering a range of placement and trainee schemes including: 10 places on our disability mentoring scheme, 22 trainee scheme placements on some of our most well-know productions like Silent Witness and Doctor Who, and 10 apprenticeships per year. We’ll be expanding such schemes going forward.
- We have established links with the National Film and TV school, which in 2018 provided seven work experience placements to students undertaking their masters in producing and directing entertainment.
- We are refreshing our school outreach programme which will initially offer 15-20 young adults in the Shepherd’s Bush area insight, experience and training on how to enter and succeed in the production and distribution industry. We’ll be expanding our outreach work to other regions and towns with an aim to reach under-represented groups.

The action plan (continued)

3

How we pay

- We've launched our Career Path Framework which provides staff visibility of pathways to map their career progression. This included internally publishing all of our pay ranges and the gender distribution within each range (for jobs that include more than 10 women and 10 men).
- This was complemented by the launch of our pay principles: Fair, Consistent, Transparent, Competitive & Clear, which have been communicated in order to increase transparency.
- We are introducing regular reviews of pay; using our new benchmarked job pay ranges to ensure all decisions are objectively justified and in line with our pay principles.

4

How we develop people

- We've ensured a diverse mix of people on our Emerging Leaders Development Programme, which will help us achieve proportionate representation in our leadership teams. Over the last two years the composition of this programme has been at least 60% female and included candidates from 13 offices in six countries.
- We've provided confidence and impact coaching to 141 women to support them in their career progression. We've recently launched an impact for men work stream to help male colleagues understand how their style and approach may impact female colleagues.
- We launched a mentoring and coaching environment, introducing a global mentoring platform with accessible coaching for all through a bank of internal coaches trained to an accredited standard.
- We offer a dedicated disability mentoring scheme with 10 placements, which supports the development of disabled talent from across the industry.

5

How we support families

- We are partnering with Sheryl Sandberg's organisation Lean In to create lean in circle groups supporting our working parents and flexible working initiatives. In the next 12 months we now plan to roll out at least 1 lean in group for each work stream of our Diversity & Inclusion Council.
- We have set up a support programme for employees taking time out for parental leave, including a network of mentors who can provide support or advice on the transition back to work.
- We've reviewed our policy on flexible working and are continuing to embed a culture of flexible working through a range of events and discussions with external speakers, including the hosting of our children's Christmas party.
- We've increased the level of pay during paternity and shared parental leave.
- We've listened to employee feedback and provided new and improved pregnancy and nursing rest rooms in our buildings. Each room now comes equipped with dimmable lighting, a fridge, closed access to a sink and comfortable seating.

Equal pay and gender pay

Why equal pay and the gender pay gap are not the same

The gender pay gap is not the same as equal pay. Since the Equal Pay Act of 1979, it has been illegal to pay different amounts to men and women who are doing the same work unless there is a genuine material factor for the difference – for example, experience or performance are legitimate reasons for paying differing amounts.

The gender pay gap measures the difference in the hourly rate of pay of all men and women in an organisation, and is expressed as a percentage of the male employee's hourly pay. It is reported on both a mean (average) and median (middle most value in a sample) basis.

A hypothetical company has 50 employees (25 of each gender), 5 career levels and equal pay between men and women at each level, but different numbers of men and women in each career band:

Level 1 £60,000



Level 2 £50,000



Level 3 £40,000



Level 4 £30,000



Level 5 £20,000



● Median man and woman

| Mean pay | Pay |
|---------------------|---------|
| Mean (average) pay | £40,000 |
| Male mean pay | £44,000 |
| Female mean pay | £36,000 |
| Mean gender pay gap | 18% |

| Median pay | Pay |
|-----------------------|---------|
| Male median pay | £50,000 |
| Female median pay | £30,000 |
| Median gender pay gap | 40% |

LEGISLATIVE REQUIREMENTS

Statutory disclosures

BBC Studios operates as a single integrated global content company. However, our UK operations are made up by two companies that employ more than the legal threshold of 250 staff for reporting gender pay. This report has set out consolidated pay gap information for the two employing companies.

The table below details the non-consolidated information we are required by statute to disclose for the two employing companies: BBC Studios Distribution Limited (formerly BBC Worldwide Limited) and BBC Studios Production Limited (formerly BBC Studios Limited). The data is based on hourly rates of pay as at the snapshot date of 5 April 2019 and bonus payments paid in the year prior to 5 April 2019 to all relevant employees.

Declaration:

I confirm that the information in this report is accurate and prepared in accordance with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.



Tim Davie, CEO
23 September 2019

| Company | Median gender pay gap | Mean gender pay gap | Median bonus gender pay gap | Mean bonus gender pay gap | Lowest quartile | | Lower middle quartile | | Upper middle quartile | | Upper quartile | | % males receiving a bonus | | % Females receiving a bonus | |
|------------------------------|-----------------------|---------------------|-----------------------------|---------------------------|-----------------|--------|-----------------------|--------|-----------------------|--------|----------------|--------|---------------------------|--------|-----------------------------|--------|
| | | | | | Male | Female | Male | Female | Male | Female | Male | Female | Male | Female | Male | Female |
| BBC Studios Distribution Ltd | 7.7% | 18.3% | 27.8% | 44.2% | 39.0% | 61.0% | 38.7% | 61.3% | 40.4% | 59.6% | 50.9% | 49.1% | 79.7% | 77.1% | | |
| BBC Studios Production Ltd | 13.4% | 15.4% | -14.3% | 86.4% | 34.0% | 66.0% | 28.3% | 71.7% | 35.3% | 64.7% | 47.9% | 52.1% | 8.3% | 11.4% | | |

INDEPENDENT ASSURANCE STATEMENT TO BBC STUDIOS' ('BBC') MANAGEMENT

EY assurance statement

The BBC requested that EY perform an assurance engagement on selected performance data and statements presented in the 2019 BBC Studios Gender Pay Gap statutory disclosures ("the Report"). This engagement was conducted under a 'limited level' of assurance as set out in ISAE3000 (Revised)¹.

Respective responsibilities

The BBC's Management are responsible for the collection and presentation of the information within the Report. Management are also responsible for the design, implementation and maintenance of internal controls relevant to the preparation of the Report, so that it is free from material misstatement, whether due to fraud or error.

Our responsibility, in accordance with Management's instructions, is to carry out a 'limited level' assurance engagement on selected data in the Report. We do not accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on the Report is entirely at its own risk.

What we did to form our conclusions

Our assurance engagement has been designed to provide a limited level of assurance in accordance with ISAE3000 (Revised). The criteria we have used to evaluate the selected data ("the Criteria") are described in the Gender Pay Gap legislation², and within the Report narrative.

The procedures we performed were based on our professional judgement and included the steps outlined below:

1. **Interviewed a selection of internal stakeholders from Senior Management, Human Resources and Payroll** to understand the current status of the Gender, Ethnicity, Disability and Sexual Orientation Pay Gap within BBC Studios, the methodology, definition and approach used to calculate the Pay Gap, and structure of the data processes and current controls to support data quality.
2. **Carried out the following activities to review Pay Gap data samples and processes:**
 - a. Reviewed disaggregated Pay Gap data for BBC Studios to assess whether the data had been collected, consolidated and reported accurately.
 - b. Reviewed and challenged supporting evidence provided.
 - c. Tested whether Pay Gap data had been collected, consolidated and reported appropriately and accurately at the aggregated level.
3. **Challenged and reviewed disclosures in the supporting narrative relating to selected data** to assess accuracy, balance and consistency with observations made during work steps 1 and 2 as set out above.

Our review of the data processes was limited to the following statutory disclosures included in page 9 of the Report:

- the difference between the mean hourly rate of pay of male full-pay relevant employees and that of female full-pay relevant employees;
- the difference between the median hourly rate of pay of male full-pay relevant employees and that of female full-pay relevant employees;
- the difference between the mean bonus pay paid to male relevant employees and that paid to female relevant employees;
- the difference between the median bonus pay paid to male relevant employees and that paid to female relevant employees;
- the proportions of male and female relevant employees who were paid bonus pay; and
- the proportions of male and female full-pay relevant employees in the lower, lower middle, upper middle and upper quartile pay bands.

As well as the equivalent voluntary disclosures for BAME, Disability and LGBTQ+ Pay Gap mean and median hourly rate of pay.

Our assurance engagement did not include procedures over any additional KPIs or content within the Report.

¹ International Federation of Accountants' International Standard for Assurance Engagements (ISAE3000) Revised, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.

² The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 and Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

The limitations of our review

Our evidence gathering procedures were designed to obtain a 'limited level' of assurance as set out in ISAE3000 (Revised) on which to base our conclusions. The extent of evidence gathering procedures performed is less than that of a 'reasonable assurance' engagement (such as an audit of financial statements) and therefore a lower level of assurance is provided.

Completion of our testing activities has involved placing reliance on the BBC's controls for managing and reporting Pay Gap information, with the degree of reliance informed by the results of our review of the effectiveness of these controls. We have not sought to review systems and controls at the BBC beyond those used for Pay Gap data.

Our conclusions

Based on the scope of our review our conclusions are outlined below:

How complete and accurate is the Gender, Ethnicity, Disability and Sexual Orientation Pay Gap information in the Report?

- With the exception of any exclusions described in the Report and our observations below, we are not aware of any material pay elements or employees that have been excluded from the selected Pay Gap disclosures.
- Nothing has come to our attention that causes us to believe that the selected Pay Gap disclosures have not been collated properly from BBC systems.
- We are not aware of any errors that would materially affect the selected disclosures as presented in the Report.

Observations and areas for improvement

A selected observation and area of improvement is provided below. This observation does not affect our conclusions on the Report set out above.

- The BBC excludes payments for piecework paid to freelancers or to BBC employees from its Pay Gap reporting. The exclusion is due to challenges in identifying which payments within the BBC's systems relate to piecework. We encourage the BBC to establish a process to identify this data to allow for its inclusion in future years' reporting.

Our independence

With the exception of this work, we have provided no other assurance services relating to the BBC Studios' Pay Gap reporting.

We have implemented measures to ensure that we are in compliance with the applicable independence and professional competence rules as articulated by the IFAC Code of Ethics for Professional Accountants and ISQC1.

Ernst & Young LLP, London
23 September 2019

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