Directors’ Remuneration Policy

The Directors’ Remuneration Policy (‘the Policy’), determined by the Group’s Remuneration Committee (‘the Committee’) and presented below, will be effective following shareholder approval at the 2024 Annual General Meeting.

As referred to in the Chair’s introductory statement, the Committee undertook a comprehensive review of the Policy and determined that overall the current executive remuneration framework continues to support the delivery of our key strategic objectives while aligning the interests of Executive Directors with those of our shareholders.

In developing this Policy, the Committee also undertook an extensive, multi-phased engagement with major shareholders, and took into account the provisions of the UK Corporate Governance Code and evolving best practice. Input was sought from management, whilst ensuring that conflicts of interest were suitably managed.

Following this review, and reflecting the input of our shareholders, no major changes are proposed to the Policy.

The key principles which underpin our remuneration framework continue to apply. These are:

- Closely aligning rewards with the delivery of Company strategy;
- Ensuring a significant proportion of the awards are based on long-term success criteria;
- Reflecting changes in best practice and governance;
- Simplifying and streamlining the framework for clarity and effectiveness;
- Ensuring market competitiveness.

Policy table for Executive Directors

Objective and link to strategy	Operation	Maximum opportunity	Performance conditions
Base salary			
The Committee sets salaries as a retainer for the Executive Directors to recognise status and responsibility to deliver the strategy.	When determining the salary of the Executive Directors, the Committee takes into consideration a number of factors including: • the scale and complexity of the Company • the scope and responsibilities of the role • the skills, experience and performance of the individual • the Committee’s assessment of the competitive environment including consideration of similar positions in organisations of broadly similar size and complexity, including companies within the media sector • pay and conditions throughout the Company. Salaries are normally reviewed annually, with any changes effective from 1 January in the financial year. Salary reviews may also take place during the year, if required as a result of any of the factors above.	There is no prescribed maximum salary. In general, any salary increase for Executive Directors will be in line with other employees in the Group. The Committee retains discretion to award larger increases where considered appropriate to reflect the factors described in this table. Salaries with effect from 1 January 2024 are set out on page 96.	None
Benefits			
To provide competitive levels of employment benefits consistent with role.	Executives are entitled to receive a taxable cash allowance in lieu of benefits in kind, including car and private medical insurance. This cash allowance is excluded from the calculation of any other benefit provided by the Company. Other reasonable benefits may be granted to Executive Directors at the discretion of the Remuneration Committee. The Executive Directors are eligible to participate in the Company’s all employee share plans, as offered from time to time, on the same terms as all employees.	The maximum cash allowance paid to Executive Directors in lieu of benefits in kind is £25,000 per annum. Participation in all employee share plans is subject to HMRC plan rules and limits.	None
Pension			
To provide competitive levels of retirement benefit.	The Group operates a defined benefit (DB) scheme (closed to new members), a defined contribution (DC) scheme and a Group personal pension plan. Executive Directors have the option to receive a taxable cash allowance in lieu of pension benefits. Neither the Chief Executive nor the Chief Financial Officer are members of the DB scheme.	The maximum pension contribution or taxable cash allowance in lieu of pension is set in line with the wider workforce, currently 7% of base salary. This is in line with provision 38 of the Code.	None

Objective and link to strategy	Operation	Maximum opportunity	Performance conditions
Annual bonus			
Aligns reward to the delivery of annual financial and strategic performance measures. Deferral creates long term alignment with shareholders.	Provides an opportunity for additional reward (up to a maximum specified as a % of salary) based on annual performance against targets set and assessed by the Committee. A proportion of any bonus (normally 20%) is deferred into Company shares under the terms of the STV Deferred Bonus Plan (DBP) and will normally vest over three years, subject to continued employment. Recovery and dividend equivalent provisions apply (see explanatory notes).	Annual maximum bonus opportunity is: • 150% of salary for the Chief Executive • 125% of salary for other Executive Directors	Payment is determined by reference to performance assessed over one financial year based on a range of financial and strategic performance measures. For 2024, these measures are: • operating profit • cash flow • personal objectives As well as determining the measures and targets, the Committee will also determine the weighting of the various measures, which will normally be weighted towards the financial measures. At threshold and target performance 10% and 50% of maximum, respectively, is currently payable. The Committee has discretion to use different or additional measures, weightings or payout schedules to ensure that the bonus framework appropriately supports the business strategy and objectives for the relevant year. The Committee has discretion to adjust the formulaic outcome if it considers that this is inconsistent with overall Group performance, taking into account any factors it considers appropriate. The Committee has the discretion to adjust targets for any exceptional events that may occur during the year.
LTIP			
Aligns reward to the delivery of long-term financial performance delivered for shareholders.	Awards are made under the terms of the STV Long Term Incentive Plan. Awards are normally in the form of a right to acquire shares in the Company for a zero or nominal amount. Awards vest over a period of at least three years, subject to the satisfaction of performance conditions. A post-vesting holding period of two years will normally apply. Recovery and dividend equivalent provisions apply (see explanatory notes).	The maximum award in respect of a financial year is normally 100% of salary.	Vesting is determined by reference to performance assessed over a period of at least three years, based on performance measures which the Committee consider to be aligned with the delivery of strategy and long term shareholder value. The measures for the 2024 award are: • Annualised growth in Group Earnings per Share (EPS) • Adjusted Group Operating Margin • Annualised growth in the combined revenues of the Digital business and STV Studios • Relative Total Shareholder Return (TSR) The Committee has discretion to use different or additional measures or weightings to ensure that the LTIP remains appropriately aligned to the business strategy and objectives. The threshold for vesting is no higher than 25% of the maximum award. The Committee has discretion to adjust the formulaic outcome if it considers that this is inconsistent with overall Group performance, taking into account any factors it considers appropriate. This would include consideration of whether the outcomes for the Margin and Revenue based metrics are appropriately supported by underlying profitability. The Committee has the discretion to adjust targets for any exceptional events that occur during the period.
Shareholding requirement			
To strengthen long term alignment with shareholders.	Executive Directors are required to hold shares equivalent to 150% of their annual salary. Executive Directors will, on leaving the Board, be required to maintain their in-employment shareholding guideline (or their actual shareholding if lower) for a period of two years.	The required level of holding is 150% of salary.	None

Notes to the Policy table

Recovery provisions

Awards of variable remuneration made under the Policy for Executive Directors are subject to recovery provisions which allow the Committee to reduce or cancel unvested DBP/LTIP awards, or seek to reclaim paid or deferred cash or DBP/LTIP awards, in certain circumstances.

The recovery provisions for the annual bonus apply for three years from the date of payment of the bonus/grant of deferred shares, and two years from the date of vesting under the LTIP. The circumstances which may trigger the recovery provisions are as follows:

- a material misstatement of the Company's (or any Group members) audited financial results
- misconduct on the part of the participant
- an error in assessing a performance condition
- action by a participant or participants which resulted in a material breach and subsequent loss of the Company's Channel 3 licence(s)
- serious reputational damage
- corporate failure.

Dividend equivalents

The Committee may determine that the number of shares to which a participant's DBP or LTIP award relates shall increase to take account of dividends that would have been paid on vested shares on such terms as it determines, or that an equivalent amount should be paid in cash.

Performance measures and targets

The Committee selects performance measures for the annual bonus which appropriately support the business strategy and objectives for the relevant year. The financial metrics used (such as operating profit and cash flow) are the key metrics used by the Directors to oversee the operation and performance of the business. Personal measures allow the Committee to reward the delivery of key strategic objectives. The performance measures for the LTIP are aligned with the delivery of strategy and long term shareholder value. The performance targets are determined annually by the Committee, and are set at an appropriately stretching level taking into account relevant business forecasts at that time.

Discretion

The Committee has discretion in several areas of policy as set out in this report. The Committee may also exercise operational and administrative discretions under relevant plan rules approved by shareholders as set out in those rules.

The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the Policy where the terms of the payment were agreed (i) before the Policy set out above came into effect, provided that the terms of the payment were consistent with the shareholder-approved Directors' remuneration policy in force at the time they were agreed; or (ii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company. For these purposes 'payments' includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted.

The Committee may make minor amendments to the Policy (for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without obtaining shareholder approval.

Differences in remuneration policy for all employees

All employees are entitled to base salary, pension and benefits. Bonus plan participation is dependent on the role and seniority and responsibility of the role. Long-term incentive awards are only available to the management board and key senior staff by invitation.

Policy table for Non-Executive Directors

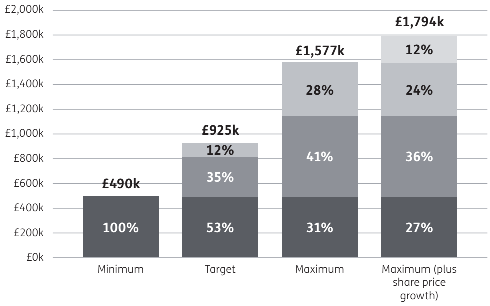
The table below sets out the key elements of the policy for Non-Executive Directors.

Objective and link to strategy	Operation	Maximum opportunity
To attract Non-Executive Directors with the requisite skills and experience.	The fees of the Non-Executive Directors are determined by the Board based upon recommendations from the Chairman and Chief Executive (or, in the case of the Chairman, based on recommendations from the Senior Independent Non-Executive Director and the Chief Executive). The fee for Non-Executive Directors encompasses a basic fee and may also include supplementary fees for committee or other duties. The Chairman receives a single fee for all duties. Fees are normally reviewed annually with changes effective from 1 January. Fees are paid in cash. The Chairman and Non-Executive Directors do not participate in any bonus or share incentive scheme, nor do they participate in any pension arrangements. Non-Executive Directors are required to build holdings of 20,000 shares for the Chairman and 5,000 shares for other Non-Executive Directors.	Fees are set at a level which reflects skills, experience, time commitment and appropriate market data. Fees are set within the limits set by the Articles of Association. Fees with effect from 1 January 2024 are set out on page 97.

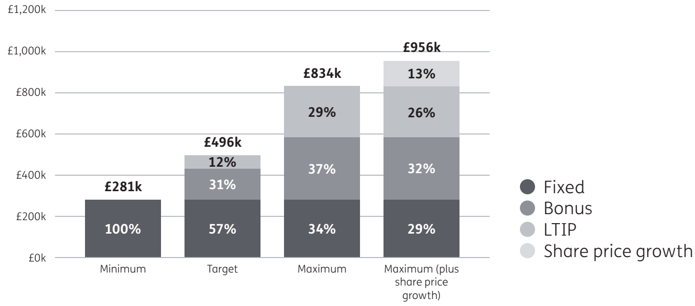
Illustrations of application of remuneration policy

The graphs below seek to demonstrate how pay varies with performance for the Executive Directors based on the Policy for Executive Directors.

Chief Executive



Chief Financial Officer



Assumptions used in determining the level of pay-out under given scenarios are as follows:

- Minimum – reflects fixed pay only (base salary as at 1 January 2024, benefits allowance, and cash in lieu of pension contributions).
- Target – reflects fixed pay, target bonus (50% of maximum) and LTIP awards vesting at threshold performance (25% of maximum).
- Maximum – reflects maximum bonus (150% of salary for the Chief Executive and 125% of salary for the Chief Financial Officer) and LTIP awards vesting in full (100% of salary).
- Maximum plus share price growth – reflects maximum bonus and LTIP awards vesting in full plus share price growth of 50% on those LTIP awards.

Recruitment remuneration policy

The Committee's approach to recruitment remuneration is to pay no more than it considers necessary to secure appropriate candidates to the role.

The structure of the remuneration package would normally include the components, and be subject to relevant maxima, as set out in the Policy Table for Executive Directors. Salaries would typically be set at an appropriately competitive level to reflect skills and experience. They may be set at a level to allow future salary progression to reflect performance in role. The Executive Director would be eligible to participate in the annual bonus and LTIP subject to a maximum level in line with the Policy Table above.

Where an individual forfeits remuneration with a previous employer as a result of appointment to the Company, the Committee may make compensatory payments or awards to facilitate recruitment. In determining the structure of these commitments, the Committee will normally seek to replicate, as far as practicable, the timing and performance requirements of remuneration foregone. Such payments or awards could include cash (where cash-based remuneration is forfeited) as well as share awards. There is no limit on the value of such compensatory awards, but the Committee's intention is that the value awarded would be no more generous than the broadly equivalent economic value of the forfeited remuneration.

In instances where the new Executive Director relocates from one work location to another, the Company may provide compensation to reflect the cost of relocation. The level of relocation package will be assessed on a case by case basis but will take into consideration any cost of living differences, housing allowance and schooling in accordance with the Company's normal relocation package for employees.

Where an existing employee is promoted to the Board, the Executive Director Remuneration Policy would apply from the date of promotion but there would be no retrospective application of the Policy in relation to subsisting incentive awards or remuneration arrangements. Accordingly, existing elements of the remuneration package of the employee would be honoured and form part of the ongoing remuneration for the person concerned.

Service contracts

When setting notice periods, the Committee has regard to market practice and corporate governance best practice. The Company's policy is for Executive Directors to have service agreements with no fixed term, but which may be terminated by the Company with no more than 12 months' notice. The service contracts for the current Executive Directors may be terminated by the Company upon 12 months' notice and by the Executive Director upon six months' notice.

Non-Executive Directors' letters of appointment are for an initial three year term followed by annual re-election at the Company's AGM and are subject to a one month notice period by the Company or Non-Executive Director.

Policy on payment for loss of office

When determining any loss of office payment the Committee will always seek to minimise cost to the Company whilst seeking to reflect the circumstances in place at the time.

In the event of termination by the Company due to misconduct or normal resignation, there will be no compensation for loss of office. In other circumstances Executive Directors may be entitled to receive payment in lieu of notice which may be paid monthly in respect of any unexpired portion of the notice period. Such payments will be equivalent to the monthly salary that the Executive would have received if still in employment with the Company. Executive Directors will be expected to mitigate their loss during this period.

The treatment of incentive awards would be determined by the relevant plan rules. If the individual is a 'good leaver', the treatment of awards will be as set out in the table below (which also describes the Committee's areas of discretion). The 'good leaver' circumstances are death, ill-health, injury, disability, the sale of the business or entity that employs the participant out of the Group, or for any other reason at the Committee's discretion. If the individual is not a good leaver, unvested awards will lapse in full.

Treatment of awards for a 'good leaver'

Annual bonus	The Committee has discretion to make a payment under the annual bonus in respect of the year of cessation. This would reflect performance in the year and be pro-rated to reflect the period worked in that year. The Committee retains discretion to deliver any such bonus solely in cash and to pay it at the normal date.
DBP	Unvested DBP awards will usually continue, unless the Committee determines that the award should vest as soon as reasonably practicable following the date of cessation. An award will normally vest in full but the Committee retains discretion to determine the extent to which it vests, taking account of the period of time that has elapsed since the award was granted until the date on which the participant ceases to hold office or employment with the Group.
LTIP	LTIP awards will usually continue until their normal release date, unless the Committee determines that the award should be released as soon as reasonably practicable following the date of cessation (or on such other date as determined by the Committee). The Committee will decide the extent to which an award vests in these circumstances, taking into account the extent to which any performance condition is satisfied and, unless the Committee in its discretion determines otherwise, the period of time that has elapsed since the award was granted until the date of cessation. If following cessation as a good leaver the individual agrees to start employment with another employer before the vesting date, the Committee may determine that the award will lapse.

The Committee reserves the right to make any other payments in connection with a Director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement of any claim arising in connection with the cessation of a Director's office or employment. Any such payments may include but are not limited to paying any fees for outplacement assistance and/or the Director's legal and/or professional advice fees in connection with his cessation of office or employment. Incidental expenses may also be payable where appropriate.

Treatment of awards on a change of control

DBP	An award will normally vest in full but the Committee retains discretion to determine the extent to which it vests, taking account of the period of time that has elapsed since the award was granted until the date on which the participant ceases to hold office or employment with the Group.
LTIP	Awards will vest, taking into account the extent that any performance condition has been satisfied, and, unless the Committee determines otherwise, the period of time which has elapsed between the grant date and the relevant event. Alternatively, the Committee may permit participants to exchange awards for equivalent awards which relate to shares in a different company.

Consideration of employment conditions elsewhere in the Company

In making annual pay decisions the Committee gives consideration to pay and employment conditions in the rest of the Company. The Committee is provided with data on the remuneration structure for the management board, and uses this information to work with the HR team to ensure consistency of approach throughout the Company.

To appraise itself of conditions elsewhere in the Company, the Committee invites the HR & Communications Director to present on the proposals for salary increases for the employee population generally, and on any other changes to remuneration policy within the Company.

The Committee actively considers the relationship between general changes to employees pay and conditions and any proposed changes in the remuneration packages for Executive Directors to ensure it can be sufficiently robust in its determinations in light of the position of the Company as a whole.

Although the Committee takes into account the pay and conditions of other employees, the Company did not consult with employees when developing the Policy. There are however a number of different mechanisms in place to gather feedback from employees, including on remuneration. Relevant feedback is presented to the Board to help to inform decision-making.

Consideration of shareholder views

The views of the Company's shareholders are very important and the Committee welcomes constructive feedback with respect to the remuneration policies and/or structure. In developing this Policy, the Committee Chair engaged extensively with major shareholders outlining proposals and the rationale for these. Feedback received was taken on board when finalising our arrangements.