

RISK CATEGORY	UNACCEPTABLE TO TAKE RISKS					HIGHER WILLINGNESS TO TAKE RISKS				
	1	2	3	4	5	6	7	8	9	10
Reputation	<									>
Compliance & Regulatory	<									>
Financial		<								>
Technology	<									>
Opportunities										>
TV Market										>
Operational										>
Pensions	<									>
People & Culture	<									>

### Reputation

STV places great importance on upholding its high reputation and therefore has a low appetite for risk in conducting any activities that puts its reputation in jeopardy, could lead to undue adverse publicity or could lead to loss of confidence by the Scottish and UK political establishments or by its shareholders and stakeholders.

### Compliance & Regulatory

It is critical that STV conducts itself in a compliant manner at all times, particularly in relation to its broadcasting licences and it has no appetite for any breaches of statute or regulation.

### Financial

STV aims to maintain its long term financial viability and overall financial strength although recognises that sometimes taking a small amount of risk is necessary. However, STV is comfortable in accepting this risk provided always that the potential benefits and risks are fully understood before developments are authorised and sensible measures to mitigate risk are established.

***The above statements take priority over the statements made below***

### Technology

STV is reliant upon various forms of technology for the transmission of its programmes and the successful operation of its business and has a low appetite for risk in these areas.

### Opportunities

New opportunities, projects, collaborations, joint ventures, mergers and acquisitions are periodically considered by STV as means of growing its business and these invariably involve some element of risk. STV has a strong appetite for the development of such opportunities provided always that the potential benefits and risks are fully understood and that appropriate mitigation measures are in place.

### TV Market

Various aspects of the tv market are, to an extent, outwith the control of STV, such as advertising revenue; VoD; and pay tv but are vital to STV's success. Accordingly, STV has a relatively low appetite for activities within this area.

### Operational

STV faces various operational risks (inadequate or failed procedures, systems or policies) in the running of its business and accepts a medium level of risk around such areas provided that potential benefits and risks are fully understood and sensible measures are put in place to mitigate these.

### Pensions

There are shortfalls in STV's two defined benefit pension schemes and while the investment strategy is calculated to reduce any material market movement impacts, various measures are being taken

to reduce the deficit. STV has a low risk appetite in respect of its pension deficits.

#### People & culture

STV's directors and staff are the driving force behind its progress and achievements to date and accordingly it aims to employ the right people for the right job while developing the full potential of all staff. In this regard it considers equality, diversity, dignity and respect to be of paramount importance together with employee development and the health & safety of employees. It has a low appetite for any deviation from its standards in these areas.