

STV Group plc

Remuneration Committee Terms of Reference Adopted by the Board on 23 August 2016

1. Membership

- 1.1. The Board shall appoint the Committee Chairman who shall be an independent non-executive director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting, provided they would qualify under these terms to be appointed to the position.
- 1.2. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chairman of the Remuneration Committee. The Committee shall be made up of at least two members who are independent non-executive directors. In addition, the Chairman of the Board may also serve as a member but shall not be Chairman of the Committee.
- 1.3. Only members of the Committee have the right to attend Committee meetings. However, other directors and individuals such as the head of human resources and external advisers may be invited to attend for all or part of any meeting as and when appropriate.
- 1.4. Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods, provided the director remains independent.

2. Secretary

- 2.1. The Company Secretary or their nominee shall act as the Secretary of the Committee. The secretary is responsible for timely circulation of the Remuneration Committee papers.

3. Quorum

- 3.1. The quorum necessary for the transaction of business shall be two. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

4. Meetings

- 4.1. The Committee shall meet at least two times a year and at such other times as the Chairman of the Committee shall require.
- 4.2. Meetings may be held by telephone and by video-conferencing.

5. Notice of Meetings

- 5.1. Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of the Chairman of the Committee or any of its members.

- 5.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

6. Minutes of Meetings

- 6.1. The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 6.2. Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board, unless a conflict of interest exists.

7. Annual General Meeting

- 7.1. The Chairman of the Committee shall attend the Annual General Meeting and be prepared to respond to any shareholder questions on the Committee's activities.

8. Duties

The Committee shall:

- 8.1. have responsibility for setting the remuneration policy of the company's Chief Executive, Chairman, executive directors and the company secretary. The remuneration of non-executive directors shall be a matter for the Chairman and the executive members of the Board. No director or senior manager shall be involved in any decisions as to their own remuneration;
- 8.2. recommend and monitor the level and structure of remuneration for senior management; and
- 8.3. in determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code and the UK Listing Authority's Listing Rules and associated guidance.

The objectives of the policy shall be:

- 8.4. to ensure that members of the executive management of the company are provided with appropriate incentives to encourage enhanced performance which is in line with the risk appetite of the company and the company's long term strategic goals;
- 8.5. to ensure that individuals are rewarded in a fair and responsible manner for their individual contributions to the success of the company without being paid more than is necessary and having regard to the views of shareholders and other stake holders; and
- 8.6. to ensure that a significant proportion of executive director remuneration is structured so as to link rewards to corporate and individual performance and is designed to promote the long-term success of the company.

The Committee shall:

- 8.7. review the ongoing appropriateness and relevance of the remuneration policy;

- 8.8. approve the design of, and determine overall targets for, any performance related pay schemes operated by the company and approve the total group annual payments made under such schemes;
- 8.9. review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors, the company secretary and other designated senior executives and the performance targets to be used;
- 8.10. determine the policy for, and scope of, pension arrangements for each executive director and other designated senior executives;
- 8.11. ensure that contractual terms on termination, and any payments made are fair to the individual and the company, to ensure that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- 8.12. within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive as appropriate, determine the total individual remuneration package of each executive director and other designated senior executives including bonuses, incentive payments and share options or other share awards;
- 8.13. recommend and monitor the level and structure of remuneration for senior management.
- 8.14. review and note annually the remuneration trends across the group taking these into account when setting remuneration for the executive directors especially with regards to salary increases;
- 8.15. oversee any major changes in employee benefits structures throughout the group;
- 8.16. determine an appropriate approval policy for expense claims of the directors;
- 8.17. be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee: and to obtain reliable, up-to-date information about remuneration in other relevant companies. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations;
- 8.18. work and liaise as necessary with all other board committees.

9. Reporting Responsibilities

- 9.1. The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3. The Committee shall produce an annual report of the company's remuneration policy and practices which will form part of the company's Annual Report and ensure each year that it is put to shareholders for approval at the AGM.
- 9.4. The Committee shall ensure that all provisions regarding disclosure of remuneration including pensions, as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and the UK Corporate Governance Code are fulfilled; and

10. Other

The Committee shall,

- 10.1. at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- 10.2. have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required.
- 10.3. be provided with appropriate and timely training, both in the form of an induction programme for new members and an ongoing basis for all members.
- 10.4. give due consideration to the guidance published by The Investment Association and the Pensions and Lifetime Saving Association.

11. Authority

- 11.1. The Committee is authorised by the Board to seek any information it may reasonably require from any employee of the company in order to perform its duties.
- 11.2. In connection with its duties the Committee is authorised by the Board to obtain, at the company's expense, any outside legal or other professional advice.