

S.172 STAKEHOLDER STATEMENT

The Board and its individual Directors consider that, in the decisions taken during 2019, they have acted in the way most likely to promote the success of STV for the benefit of its members as a whole, having regard to the stakeholders and matters set out in S.172 of the Companies Act 2006.

Board meetings

The following offers some insight into how the Board uses its meetings as a mechanism for discharging its duties under S.172, including the breadth of matters it discussed and debated during the year and the key stakeholder groups that were central to those discussions.

Key stakeholder groups:

- shareholders
- colleagues
- customers
- suppliers
- community

Strategy and performance

Trading updates:



- regularly reviewed the trading performance of the Group and each business area noting reports from the divisional MDs
- discussed operational issues such as supplier relationships and general operations, including their impact upon colleagues
- considered wider market pressures and challenges, competitor performance and the implications of these on trading
- reviewed liquidity and discussed share trading and prominence in financial press

Strategy:



- reviewed the progress being made on the strategic plan, measuring this also on non-financial measures such as ESG
- discussed the results of a Communication Review presented by STV's financial and corporate communications advisors and agreed to hold a Capital Markets Day which shareholders attended
- agreed to acquire holdings in Primal Media Ltd and Two Cities Television Ltd
- reviewed and agreed a defence document designed to protect STV's value in the event of a takeover
- appointed new defined benefit pension consultants after a full market testing of providers
- discussed and reviewed considerable work carried out in the second half of the year in relation to the performance of the lottery

Financial updates

Budget:



- considered performance compared with last year and agreed the budget for 2019
- considered anticipated performance against the agreed budget for the coming year and colleagues perspective on this
- discussed capex requirements for the continued implementation of the strategy

Cash flow and dividend:



- reviewed cash flow, dividend cover and shareholder return, taking into consideration financial performance and bank covenants and agreed a dividend

Costs:



- reviewed cost management generally and the status of key contracts and margins
- agreed where investment would be made

Risk:



- reviewed the risk register and risk appetite which define the scope of the Board's oversight of the business and its various relationships
- agreed the process for a refresh of the risk register
- considered and discussed the internal audit reports carried out by Deloitte and ensured the recommendations were implemented

Governance and legal

Board evaluation:



- discussed the results of the externally facilitated evaluation following a report from Prism Boardroom and agreed actions on the points raised

Board succession and diversity:



- considered and reviewed the Board's composition, diversity and succession plans and agreed actions

Legal and regulatory:



- reviewed and approved the annual financial report and the full and half year results announcements
- monitored regulatory and legislative development and considered their potential implications for STV

AGM:



- reviewed specific issues raised by shareholders following voting at the AGM and agreed an action plan

Board updates

Brexit:



- reviewed and discussed a detailed paper from the CFO on downside planning

Culture and organisation:



- reviewed and discussed the responses to the annual Employee Opinion Survey and agreed an action plan with the HR Director
- approved STV's annual Gender Pay Report and reviewed progress being made towards achievement of the 2023 target to achieve gender balance across the top 25% of roles by seniority
- reviewed and discussed a Succession Planning paper assessing organisational resilience and succession strength to senior and other key operational roles
- discussed the activities being delivered to progress STV's Equality, Diversity and Inclusion Strategy
- reviewed and discussed STV's environmental activities including the introduction of electric charging spaces in the staff car park

Community:



- agreed to double the investment in the STV Growth Fund from £5 million to £10 million to make advertising on television easier for Scottish businesses
- agreed a multi-year investment in the future skills of the creative industries in Scotland through an ambitious bursary scheme, in partnership with the Royal Television Society

Engagement with stakeholders

Directors engage with stakeholders and gain an understanding of their issues through:

- the AGM when they meet informally with shareholders once the formal business has concluded
- Board meetings being held in different STV offices offering the opportunity to meet colleagues based around the business
- attendance at the Full and Half Year results presentations when they meet with brokers, shareholders and analysts
- their involvement with the STV Children's Appeal charity and at the various events held when they meet suppliers and customers
- Board reports and presentations from senior managers around the business on operational performance e.g. the strategy for STV News and on employee issues through the Employee Opinion Survey
- engagement from the Remuneration Committee Chairman on remuneration issues both before and after the AGM
- detailed discussions at each Board meeting of the relationship with ITV
- the appointment of Simon Miller as the nominated Employee Director