

## **STV Group plc**

### **Remuneration Committee Terms of Reference**

**Adopted by the Board on 20 August 2021**

#### **1. COMPOSITION**

##### **1.1 Membership:**

1.1.1 Members of the Committee shall be appointed by the Board.

1.1.2 The Committee shall be made up of at least two members, and all must be independent non-executive directors. In addition, the Chairman of the Board may also serve as a member, provided they were independent upon appointment, but cannot Chair the Committee. Before appointment as Chair of the Committee, the appointee should have served on a remuneration committee for at least 12 months.

1.1.3 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

1.1.4 Members of the Committee will collectively have appropriate knowledge, expertise and professional experience concerning remuneration policies and practices.

##### **1.2 Committee Chair:**

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.

##### **1.3 Secretary:**

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.

#### **2. DUTIES AND RESPONSIBILITIES**

2.1 In carrying out its responsibilities the Committee will determine and agree the framework or broad policy for the remuneration of the:

- Chairman;
- Executive Directors; and
- Senior management.

No director or senior manager shall be involved in any decisions as to their own remuneration.

2.2 in determining such policy, take into account all factors which it deems necessary to promote the long-term sustainable success of the Company and address the following:

- **clarity** – remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce;
- **simplicity** – remuneration structures should avoid complexity and their rationale and operation should be easy to understand;
- **risk** – remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated;
- **predictability** – the range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the policy;
- **proportionality** – the link between individual awards, the delivery of strategy and the long-term performance of the Company should be clear. Outcomes should not reward poor performance; and
- **alignment to culture** – incentive schemes should drive behaviours consistent with Company purpose, values and strategy.

2.3 **Non-Executives:** The remuneration of Non-Executive directors shall be a matter for the Chairman and the Executive members of the Board. Remuneration for all Non-Executive Directors will not include share options or other performance related elements;

2.4 **compliance:** review the ongoing appropriateness and relevance of the remuneration policy and ensure that all remuneration arrangements/payments comply with the policy.

2.5 **discretion:** ensure that any remuneration scheme enables the use of discretion to override formulaic outturns, and exercise independent judgement and discretion when authorising outcomes, taking into account Company and individual performance, and wider circumstances.

2.6 **targets:** 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.

2.7 **safeguards:** design and invoke any safeguards, for example clawback and malus, to ensure that any performance-related payments reflect actual achievements.

2.8 **share plans:** 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.

- 2.9 **share awards:** remuneration schemes should promote long-term shareholdings by Executive Directors that support alignment with long-term shareholder interests. Share awards granted for this purpose should be released for sale on a phased basis and be subject to a total vesting and holding period of five years or more.
- 2.10 **shareholding guidelines:** review and set appropriate shareholding guidelines for all Directors.
- 2.11 **post-employment shareholding:** review and set a formal policy for post-employment shareholding requirements encompassing both unvested and vested shares.
- 2.12 **pensions:** determine the policy for, and scope of, pension arrangements for each executive director and other designated senior executives, noting that only basic salary shall be pensionable. Pension contribution rates for executive directors, or payments in lieu, shall be aligned with those available to the workforce.
- 2.13 **termination:** 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.
- 2.14 **notice period:** ensure that notice periods are one year or less, or if it is necessary to offer a longer period to a director recruited from outside the Company, ensure that such period is reduced to one year or less after the initial period.
- 2.15 **remuneration package:** 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.
- 2.16 **remuneration trends:** 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.
- 2.17 **employee benefits:** oversee any major changes in employee benefits structures throughout the group.
- 2.18 **expense claims:** determine an appropriate approval policy for expense claims of the directors.
- 2.19 **remuneration consultants:** 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.

2.20 **workforce remuneration:** review and monitor workforce remuneration and related policies, taking these into account when setting the policy for Executive Director Remuneration and ensure effective engagement with the workforce in relation to remuneration and related policies and practices.

2.21 **Board committees:** work and liaise as necessary with all other Board committees.

### **3. MEETING ARRANGEMENTS**

#### **3.1 Attendance:**

- 3.1.1 Only members of the Committee have the right to attend meetings.
- 3.1.2 Other individuals such as the Chief Executive and the Group HR Director and external advisers may be invited to attend for all or part of any meeting as and when appropriate.
- 3.1.3 Any other member of the Board may attend all or part of a meeting with the prior approval of the Committee Chair.

#### **3.2 Meetings:**

- 3.2.1 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.
- 3.2.2 The Committee shall meet at least two times a year and at such other times as the Chairman of the Committee shall require.
- 3.2.3 Meetings may be held by telephone and by video-conferencing.
- 3.2.4 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.
- 3.2.5 Committee papers shall be forwarded to each member in sufficient time to enable full and proper consideration to be given to issues and for the Board to follow up on any recommendations as necessary.
- 3.2.6 The Secretary will minute the proceedings of each meeting, which shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board, unless it would be inappropriate to do so.

- 3.2.7 Conflicts of interest must be declared by Committee members at the beginning of meetings and the Secretary shall record any such declaration in the minutes. No Director or senior executive shall be involved in any decisions as to their own remuneration.

### **3.3 Resolutions and approvals:**

- 3.3.1 Committee resolutions shall be passed by the absolute majority of votes cast. In the event of equality of votes, the Committee Chair shall have the casting vote (except where he/she is not permitted to vote).
- 3.3.2 Approvals may be taken in written form (including email), or via telephone or video conference.
- 3.3.3 Approvals by email must be included in the minutes of the next meeting of the Committee.

### **3.4 Annual General Meeting:**

The Committee Chair shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities. In addition, the Committee Chair should seek engagement with shareholders on significant matters related to the Committee's area of responsibility.

## **4. REPORTING REQUIREMENTS**

### **4.1 To the Board:**

- 4.1.1 The Committee Chair shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 4.1.2 The Committee shall make whatever recommendations to the Board deemed appropriate on any area within its remit where action or improvement is needed.

### **4.2 Public reporting, engagement and approvals:**

The Committee shall:

- 4.2.1 On behalf of the Board, produce a Directors' Remuneration Report to be included in the Company's Annual Report for approval by Shareholders at each Annual General Meeting.
- 4.2.2 describe its work in the Company's Annual Report which will cover all areas set out in the UK Corporate Governance Code
- 4.2.3 seek Shareholder approval of any changes to the Remuneration Policy applicable to Board Directors (or any aspect of the remuneration policy that requires approval such as share schemes as applicable) and review this Policy at least every three years in accordance with regulatory requirements.

- 4.2.3 ensure that all provisions regarding disclosure of remuneration are fulfilled, having regard to the latest legislation, corporate governance best practice, the FCA Listing Rules and the UK Corporate Governance Code.
- 4.2.5 through the Chair of the Board or the Committee Chair as appropriate, the Committee should ensure that the Company maintains contact as required with its principal shareholders about remuneration and engages in appropriate discussions as necessary.

## **5. OTHER MATTERS:**

### **5.1 Evaluation:**

The Committee shall, 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.

### **5.2 Training and information:**

The Committee shall be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members and should be kept regularly informed on remuneration market trends, gender comparative remuneration.

### **5.3 Investigation:**

The Committee shall oversee any investigation of activities which are within its terms of reference.

### **5.4 Projects:**

The Committee may undertake other projects relating to its remit as appropriate or requested by the Board.

### **5.5 Access:**

The Committee shall have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required.

### **5.6 Best practice:**

The Committee will give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of Directors of listed companies and the formation and operation of share schemes including but not limited to the provisions of the UK Corporate Governance Code, the requirements of the FCA Listing, Prospectus and Disclosure Guidance and Transparency Rules as well as guidelines published by relevant institutional investors and representative bodies and any other applicable rules as appropriate.

## **6. AUTHORITY**

The Committee is authorised by the Board to:

- 6.1 seek any information it requires from any employee of the Company in order to perform its duties; and

6.2 obtain, at the Company's expense, any outside legal or other professional advice on any matters within its terms of reference.

ENDS