

# Members' Remuneration Report

## Chair's introduction

During 2019, the Committee has focused on ensuring fair remuneration decisions for staff in the context of challenging market conditions, economic uncertainty around Brexit and a transformational year for the organisation as the 4 All the UK programme was implemented.

In addition, the Committee increased its focus on pay gap reporting, including LGBT+ and disability metrics for the first time in its 2019 Pay Report.

## Annual statement by the Chair of the Remuneration Committee

This report sets out the activities of the Remuneration Committee for the year ended 31 December 2019. It discloses the remuneration policy and remuneration details for the Executive and Non-Executive Members of the Corporation. It has been prepared in accordance with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013. Channel 4's status as a statutory corporation without shareholders means these provisions are not all directly applicable, but the Members have decided to comply voluntarily with the provisions to the extent that they are relevant to Channel 4, in line with the Board's commitment to high standards of corporate governance.

The report is set out in three sections: the statement by the Chair of the Remuneration Committee, the annual report on remuneration, and the policy report. The annual report on remuneration provides details on remuneration relating to 2019 and other information required by the Regulations.

The Companies Act 2006 requires the auditor to report on certain parts of the Members' Remuneration Report and to state whether, in its opinion, those parts of the report have been properly prepared in accordance with the Regulations. The parts of the annual report on remuneration that are subject to audit are indicated in the Auditor's Report. The statement by the Chair of the Remuneration Committee and the policy report are not subject to audit.

The Remuneration Committee oversees all aspects of pay for the Executive Members and staff of Channel 4, reviewing proposals for the overall annual pay awards and variable pay schemes applicable to all staff, and the details of remuneration packages for the Executive team. The Committee's recommendations and decisions in 2019 reflect its remuneration policy, which is designed to enable Channel 4 to attract, motivate and retain high-calibre staff by offering both fixed and variable pay to reward commercial and creative success, while being sensitive to Channel 4's position as a public service broadcaster.

Where Executive Members or senior management are involved in advising or supporting the Remuneration Committee, care is taken to recognise and avoid conflicts of interest. No Executive Members attend meetings of the Remuneration Committee at times when any aspect of his or her individual remuneration, benefits or terms of employment are being discussed.

## Composition of the Remuneration Committee

During 2019, the Remuneration Committee comprised Stewart Purvis (Chair), Lord Chris Holmes and Fru Hazlitt. In September 2020, Fru Hazlitt took over as Chair of the Committee. All the members of the Committee are Independent Non-Executive Members. The Chair of the Board, the Chief Executive, the Chief Human Resources Officer, the Chief Operating Officer and the Board Secretary attended meetings by invitation as appropriate.

# Members' Remuneration Report (continued)

## Responsibilities of the Remuneration Committee

The Committee's principal responsibilities are:

- to recommend to the Board the level of any average annual salary increases and variable pay awards and the structure of remuneration;
- to recommend to the Board the structure of the annual Corporate Variable Pay and Advertising Sales Schemes and to review progress against the targets set for the schemes;
- to review any other aspect of HR strategy or performance as appropriate; and
- to review any other significant change in Channel 4's remuneration arrangements and policies.

The Chair of the Remuneration Committee reports to the Board on the Remuneration Committee's discussions and recommendations, and brings to the Board's attention any matters of an unusual or sensitive nature.

## Activities of the Remuneration Committee

The Committee's work in 2019 and 2020 to date included making an award recommendation to the Board for the Corporate Variable Pay Scheme in respect of 2019 and reviewing the structure and appropriateness of the Corporate Variable Pay and Advertising Sales Schemes for 2020:

- The variable pay award for 2019 and the details of the Corporate Variable Pay Scheme are detailed on pages 167 to 168.
- The Committee reviewed the framework and the 2020 corporate objectives for the Corporate Variable Pay scheme to ensure performance achievement was appropriately linked to scheme rewards.
- In January 2020, the Committee agreed the corporate objectives framework for the 2020 bonus. They will target and measure in equal weighting key corporate metrics (linear and digital viewing targets and financial performance), strategic objectives (digital transformation, inclusion and diversity and creative success), and personal objectives. A review has been undertaken of senior executive pay but in view of the impact of the Covid-19 pandemic its implementation has been deferred, with interim decisions made by the Remuneration Committee during 2020 in response to the current situation (see page 170). The Committee reserves the right to adjust quantum and target in bonus plans for 2020 given the unprecedented volatility and uncertainty caused by the outbreak.

In January 2019, the Committee agreed that an average pay award of 2% would be made to all staff effective 1 April 2019.

In February 2019, the Committee updated and approved the Remuneration Committee Terms of Reference to reflect new terms relating to the UK Corporate Governance Code.

In January 2020, after careful consideration and review, the Committee agreed that an average pay award of 1.5% would be made to all staff effective 1 March 2020. The commitment to make this payment was made in January 2020 when the decision was communicated to staff and payment was made in February 2020, at which point it was impossible to foresee the impact of the Covid-19 pandemic and take this into account in the Committee's decision. This reflects an average pay award of 1% for the Executive and Leadership teams and 2% for other staff.

Throughout 2019, the Committee agreed adjustments to existing Executive remuneration in light of increased responsibilities and agreed remuneration for new Executive positions in the year. The Committee also received regular updates throughout the year on the impact of the 4 All The UK programme on Channel 4 employees.

The Committee also revised the Channel 4 redundancy policy during the year.

## Gender and BAME Pay Report 2019

The 'Channel 4 Pay Report 2019' was published in October 2019. Following on from the 2018 report, where the Corporation chose to be more transparent and expand the scope of the report to include the publication of BAME data, in 2019 it was decided to broaden the scope further to include LGBT+ and disability pay data reflecting the importance of inclusion and diversity within Channel 4's strategy.

The report revealed a mean gender pay gap of 23.3% as at March 2019 (March 2018: 22.6%). The increase in the pay gap was due to the acquisition of The Box Plus Network Limited ('Box') in December 2018 which had a larger gender pay gap than Channel 4. On a like-for-like basis, the gender pay gap as at March 2019 would have been 21.5%. While this decrease indicates steps in the right direction, the gender pay gap continues to be driven by two key factors. Firstly, there are significantly more women than men in the lowest paid quartiles and, secondly, the majority of employees in the highest-paid quartile are male. The reduction in our like-for-like gender pay gap is the consequence of a concerted focus to increase the proportion of senior women in the organisation (43 women in the top 100 earners in 2019, up from 41 in 2018). Channel 4 is targeting a 50:50 gender balance in the top 100 earners by 2023.

The report also revealed a mean BAME pay gap of 19.0% as at March 2019 (March 2018: 19.1%); on a like-for-like basis (excluding the impact of the Box acquisition) this decreases to 17.7%. Just as with our gender pay gap, there are two factors that drive the BAME pay gap: a lower representation at senior levels and a higher representation at junior levels. By 2023, Channel 4's target is to have 20% BAME employees across Channel 4 and in the top 100 paid. The number of BAME employees in the top 100 earners increased to 15 in the year, from ten in 2018.

Channel 4 reported a LGBT+ pay gap of 17.7% at March 2019, driven as in other diversity groups by having fewer employees identifying as LGBT+ in the most senior roles. However, the report showed no disability pay gap as at March 2019 (-0.4%).

The Remuneration Committee appointed PricewaterhouseCoopers LLP in 2019 to provide assurance over the Corporation's diversity pay methodology and the disclosures in the 'Channel 4 Pay Report 2019'.

## Members' Remuneration Report (continued)

### Remuneration Report

*The following provisions on this page are subject to audit*

The remuneration of the Executive Members for the years ending 31 December 2019 and 2018 is made up as follows:

£000	Salary	Taxable benefits	Variable pay	Pension	Total for 2019	Salary	Taxable benefits	Variable pay	Pension	Total for 2018
Alex Mahon	578	2	247	116	943	564	3	256	113	936
Jonathan Allan	446	1	205	38	690	418	1	202	33	654
Ian Katz <sup>1</sup>	360	1	123	44	528	350	1	125	30	506
Dan Brooke <sup>2</sup>	-	-	-	-	-	301	1	55	47	404
<b>Total</b>	<b>1,384</b>	<b>4</b>	<b>575</b>	<b>198</b>	<b>2,161</b>	<b>1,633</b>	<b>6</b>	<b>638</b>	<b>223</b>	<b>2,500</b>

<sup>1</sup> Appointed on 8 January 2018

<sup>2</sup> Ceased to be a Member on 11 December 2018

The figures in the table above represent the gross amounts received by Executive Members in 2019 and 2018, after taking account of salary increases during the year where applicable.

In 2019 and 2018, all of the Executive Members received pension benefits in the form of cash payments.

In 2019 and 2018, Jonathan Allan's variable pay was split between the Advertising Sales Scheme and the Corporate Variable Pay Scheme.

Taxable benefits includes private medical insurance for all Executive Members.

The remuneration of the Non-Executive Members for the years ending 31 December 2019 and 2018 is as follows:

£000	2019 salary and fees	2018 salary and fees
Charles Gurassa	95	95
Lord Chris Holmes	30	26
Stewart Purvis	22	22
Simon Bax (term concluded on 4 December 2019)	20	22
Althea Efunshile	22	22
Paul Geddes	22	22
Uzma Hasan	22	22
Fru Hazlitt	22	22
Tom Hooper	22	22
Roly Keating	22	22
<b>Total</b>	<b>299</b>	<b>297</b>

No detailed disclosure has been provided for the Non-Executive Members other than that relating to their fee, as it is the only form of remuneration they receive.

# Members' Remuneration Report (continued)

## Variable pay

During the year, the Committee regularly monitored performance as part of its oversight of variable pay across the business. The Committee met in January 2020 to agree on a recommendation to the Board on variable pay once results for the year were available.

## Corporate Variable Pay Scheme outline

The Corporation's business model and strategy are set out in the Strategic Report on page 132. The Corporate Variable Pay Scheme has been designed specifically to link variable pay with the business model. Progression against corporate objectives for the year including diversity targets is also a key performance measure of the scheme.

Achievement of at least the budgeted surplus or deficit before tax for the year and Ofcom licence requirements is a condition for any element of the scheme to pay out to staff. There may be circumstances where additional strategic or content investments are made or accounting adjustments arising from one-off events occur in the year which means the budgeted surplus or deficit before tax is adjusted for the purpose of the Corporate Variable Pay Scheme award, as agreed by the Board. Where this is the case, the surplus or deficit before tax is measured against the adjusted budget so that the financial impact of such items can be considered.

Most staff and the Executive team participate in the Corporate Variable Pay Scheme, where the amounts provided can be up to 10% of total gross salary for staff, 20% for Heads of Department and between 30% and 50% for the Executive team. These percentages represent the maximum average amount that can be provided across each employee category. Actual awards for each staff member will vary from the average to reflect their individual achievement against personal performance objectives.

## Process for determining variable pay

To decide on how much variable pay should be provided each year, the Remuneration Committee reviews business performance using a monthly performance dashboard and report which tracks performance across a range of qualitative and quantitative metrics. Where relevant, performance versus competitors against the same metrics is also a key part of the Committee's deliberations. The Committee also monitors progress against the corporate objectives set for the year and considers a report written by the Chief Executive in conjunction with others in the Executive team, describing how the Corporation has performed.

The scheme is based on a mix of both qualitative and quantitative information, and a degree of judgement is required around certain creative performance measures. The weighting allocated to each corporate objective in a given year is at the discretion of the Committee.

After due consideration of performance during the year, the Remuneration Committee makes a judgement on the overall performance for the year and proposes an amount, based on what they consider the average payout across the Corporation should be for the year. The Committee produces a narrative assessment of its evaluation which is then presented to the Board, which has the final approval of any payout. The Committee will review the Corporate Variable Pay Scheme each year to ensure it remains appropriate.

## Variable pay decision for 2019

It was reported that the first gateway to the scheme – meeting the Ofcom licence requirements – had been met. The second gateway, of achieving the budgeted deficit before tax for the year, was revised, as agreed by the Board, due to adverse advertising market conditions driven by uncertainties about Brexit. Although the Corporation was able to mitigate the majority of the revenue shortfall arising from the market downturn, it was agreed to revise the financial result target in order to maintain creative and viewing performance.

The Committee undertook a detailed review of all the information available to it, including the CEO and Executive team's 2019 end of year report, the Corporation's performance across a wide range of performance metrics and the progress and achievement of the corporate objectives set for the year. An extract of the performance metrics considered by the Remuneration Committee is set out on pages 218 to 220 and includes programme quality, creative achievements, linear and digital viewing performance, commercial impact performance in key demographics and financial and commercial performance. The creative achievements and financial results are also outlined in detail throughout this Annual Report.

The Committee acknowledged that 2019 had marked a second year of major transformation in the organisation. The Committee reviewed significant operational achievements during the year, particularly with regard to the successful implementation of the 4 All The UK programme, integration of Box following the acquisition in 2018 and the new corporate strategy – focusing on digital, youth and an inclusive culture.

The first phase of the 4 All The UK programme was successfully delivered in 2019, on time and ahead of budget with three new offices opening during the year in line with a highly challenging timetable and a large number of staff now located outside of London. The Executive have used the creation of the new bases as a catalyst for strengthening our relationship with regional indies, especially small and medium sized ones.

Digital VoD views were also up 8% year on year to 995 million, offsetting the decline in linear viewing, with viewing reach also up 10%. A number of key updates were made to the All 4 product that have driven increased customer satisfaction and usage. All 4+, a subscription based ad-free version of All 4, was also successfully deployed.

A strong schedule on Channel 4 delivered Share of Commercial Impacts ('SOI') growth in our key 16-34 and ABC1 demographics, with the Corporation's strategic emphasis on supercharging youth also driving 16-34 SOI growth across the portfolio. However, overall portfolio viewing share decreased year on year from 10.2% to 9.9%, driven mainly by declines on our digital channels in a highly competitive environment.

The Committee considered the Corporation's 2019 performance across the range of its Statement of Media Content Policy ('SMCP') metrics (pages 82 to 115) and determined that 2019 had represented another successful year of remit delivery. The Corporation maintained its strong lead over other broadcasters compared to 2018 across a range of the SMCP metrics. Originated content spend increased from £489 million in 2018 to £492 million in 2019.

# Members' Remuneration Report (continued)

The Great British Bake Off continued to pull in some of the largest audiences in Channel 4's history, while Hollyoaks picked up eight awards including winning Best British Soap at The British Soap Awards for the first time in its history. Our outstanding slate of drama drove large volumes and received critical acclaim, from The Accident, Brexit: The Uncivil War, The Virtues and The End Of The F\*\*\*ing World Series 2, which became Channel 4's biggest instant box-set – the first title ever to be bigger on All 4 than linear. The Committee recognises that in the pursuit of creative innovation not all endeavours will be successful; however, overall, 2019 had been another strong year of creative performance.

Channel 4 also won 96 awards in 2019; the most in five years, and more wins than any other channel at the Broadcast Awards. 2019 was also another successful year for Film, with The Favourite winning one Oscar and seven BAFTAs.

The Committee acknowledged that commercial performance in 2019 had to be set in the context of challenging conditions in the linear advertising market, driven by Brexit uncertainty and leading to a 3% decline year on year. Despite this, overall revenues increased to £985 million driven by our acquisition and investment in Box and digital revenue growth of 18%, which was significantly ahead of target, and now forming 17% of the Corporation's revenues.

The Indie Growth Fund ('IGF') and Commercial Growth Fund ('CGF') both acquired several new investments in 2019, further strengthening our investment portfolios, while there were successful exits from both the IGF and CGF with Barcroft and Pinterest realising gains.

As well as the progress made in accelerating digital and improving appeal to young audiences, the Committee also noted the increased focus during 2019 on the strategic goal of improving Channel 4's inclusive culture. In a year of huge change, the Corporation has made positive strides to empower its employees and to be open about the impact of change.

Inclusion & Diversity measures have improved throughout the year, as referenced in the 'Channel 4 Pay Report 2019'. In particular the proportion of senior women in Channel 4's top 100 paid roles increased from 41% to 43% ahead of the 50% target by 2023. Channel 4 was also the first PSB to publish detailed pay data on four key diverse demographics – gender, BAME, disability and LGBT+ – and is one of a very small number of media companies to disclose data across all four of these groups.

After a careful and detailed consideration, following a strong year of creative and commercial performance in light of extremely challenging market conditions and the highly successful implementation of the 4 All the UK programme, the Committee recommended to pay out an average award of 85% of the maximum opportunity under the Corporate Variable Pay Scheme in 2019.

## Advertising Sales Scheme

Staff working within advertising sales have a separate Advertising Sales Scheme, linked to advertising revenue and paid bi-annually based on performance. They are not eligible for the Corporate Variable Pay Scheme, with the exception of Executive Member Jonathan Allan whose variable pay in 2019 comprised a split between the Advertising Sales Scheme and the Corporate Variable Pay Scheme.

**The following provisions on this page marked with \* are subject to audit**

## Variable pay awards to Executive Members\*

The Committee made the following awards to Executive Members in respect of 2019 performance:

- Alex Mahon was awarded an amount of 42.5% of year-end salary under the Corporate Variable Pay Scheme
- Jonathan Allan was awarded an amount of 25.5% of the portion of his year-end salary which is subject to the Corporate Variable Pay Scheme. He also received £89,142 through the Advertising Sales Scheme
- Ian Katz was awarded an amount of 34% of year-end salary under the Corporate Variable Pay Scheme

## Taxable benefits\*

Executive Members are eligible for a range of taxable benefits, which can include a pension allowance and membership of a private medical insurance scheme (which is provided to all staff). No expenses claimed by Executive Members were chargeable to UK income tax as they were incurred wholly for the purposes of the business of the Corporation.

## Pension\*

The Corporation has two pension schemes: a defined contribution scheme open to all staff, and a defined benefit scheme which is closed to new entrants and closed to future accrual from 31 December 2015. Further details relating to the defined benefit plan are provided in note 18 to the financial statements.

All of the Executive Members received cash payments in lieu of pension benefits in 2019.

Non-Executive Members are not eligible for membership of either pension scheme.

## CEO remuneration table

The table below shows the percentage change in remuneration of the CEO and the Corporation's employees as a whole between the years 2018 and 2019:

	CEO	All staff <sup>1</sup>
Salary and fees	+2%	+2%
Variable pay	-3%	-13%
<b>Total</b>	<b>+1%</b>	<b>-1%</b>

<sup>1</sup> All staff includes the CEO but excludes the costs of a small number of on-screen talent who are remunerated via Channel 4's payroll. This is consistent with the information in note 4 to the financial statements.

## Members' Remuneration Report (continued)

The decline in total remuneration of the 'All Staff' population of -1% was driven by the acquisition of Box and a lower Advertising Sales Scheme award in 2019.

The Group is not presenting a table on CEO pay in comparison to Total Shareholder Return as it is a statutory corporation without shareholders and the requirements are therefore not applicable.

### Payment for loss of office\*

No payments were made for loss of office in 2019 to Executive Members, and at the balance sheet date there were no provisions made for compensation payable for early termination of contracts or loss of office to Executive Members.

### Payment to past Members\*

Dan Brooke continued to receive salary, taxable benefits and payments in lieu of pension benefits between 11 December 2018 and the end of his notice period. He also received a variable pay award based on the achievement of performance in 2018. The amount of salary and variable pay disclosed in the single figure table on page 166 relates to his period of service as a Member to 11 December 2018.

No other payments were made to past Members in 2019.

### Members' service contracts

Members' service contracts are kept available for inspection at the Corporation's Head Office, 124 Horseferry Road, London SW1P 2TX.

### Relative importance of spend on pay

The graph below shows the actual expenditure of the Group and the change between the current and previous years.



The Members have chosen the change in total content spend and other content related costs as disclosed in note 2 to the financial statements as the comparative measure for relative spend on pay as it is considered to be the most significant indicator in understanding total Corporation expenditure year-on-year. Employee pay was approximately 12% (2018: 11%) of on-screen expenditure.

Total employee pay is detailed in note 4 to the financial statements.

This report was approved by the Board on 28 September 2020 and signed on its behalf by

### Fru Hazlitt

Chair of the Remuneration Committee  
28 September 2020

# Members' Remuneration Report (continued)

## Remuneration policy for 2020

The remuneration of Executive Members is determined by the Remuneration Committee, the membership and terms of reference of which are detailed on pages 164 to 165. In framing its remuneration policy, the Committee has given full consideration to the best practice provisions of the UK Corporate Governance Code. There have been no significant changes to the remuneration policy for 2020 except as noted below.

## Future policy table

The following table sets out the key components of the remuneration package for Executive Members:

Component	How this supports the strategic aims of the Group	How this operates	Maximum amount payable	Performance measures
Salary	Offering competitive remuneration packages helps the Corporation attract, motivate and retain a high-calibre Executive team.	Salaries are paid monthly.  The Remuneration Committee discusses the performance of each Member with the Chair of the Board and with the Chief Executive for other Executive Members.	Annual salaries for the year to 31 December 2020 are approved as follows: <ul style="list-style-type: none"> <li>- Alex Mahon – increase from £580,635 to £586,441 with effect from 1 March 2020</li> <li>- Ian Katz – increase from £362,100 to £365,550 with effect from 1 March 2020</li> <li>- Jonathan Allan – increase from £455,000 to £486,000 with effect from 1 February 2020</li> </ul> <p>In April 2020 the Group publicly announced a series of financial measures in response to the Covid-19 crisis, which included a voluntary 20% pay cut for the Executive Members. At the June 2020 Remuneration Committee it was agreed that, in light of the Group's performance through the crisis and financial outlook, as well as the Executive team's leadership in an unprecedented environment, previously agreed salaries would be reinstated with effect from July 2020.</p> <p>Salaries are usually reviewed annually in the first quarter of the year.</p>	None.
Taxable benefits		The Corporation offers a range of benefits to all staff including private medical insurance. Other benefits, such as life assurance, are available through a flexible benefits scheme.	The value of private medical insurance in 2020 is expected to range from £1,000 to £2,000 for Executive Members.	None.
Pensions		The Corporation currently offers a defined contribution pension scheme for new staff.  Certain Executive Members also receive cash payments in lieu of pension benefits.	All of the Executive Members receive cash payments in lieu of pension benefits and are not members of the defined contribution scheme.	None.
Variable pay		All of the Executive team participate in the Corporate Variable Pay Scheme. Payout is determined annually by the Remuneration Committee shortly after the financial year end based on performance and paid in March following the year end.  Following his change in role, Jonathan Allan's variable pay is no longer split between the Advertising Sales Scheme and the Corporate Variable Pay Scheme. In 2020, he will participate in the Corporate Variable Pay Scheme only.  The Remuneration Committee reserves the right to adjust the targets and quantum in 2020 given the exceptional circumstances of the Covid-19 pandemic. In April 2020 the Group publicly announced that at the request of the Executive Members, the Remuneration Committee had decided to suspend the Corporate Variable Pay Scheme with regard to the Executive Members in light of the Covid-19 crisis. The Corporate Variable Pay Scheme remains suspended for the Executive Members as at the date of this report.	In 2019, the Corporate Variable Pay Scheme paid between 40% and 50% of total gross salary for the Executive Members. The maximum amount payable for the Chief Executive remains at 50% of gross salary in 2020.	Performance measures of the schemes are set out on pages 167 to 168.

# Members' Remuneration Report (continued)

None of the components of remuneration contain any provisions for recovery of sums paid.

There are no other differences between the Corporation's policy on the remuneration of Directors and the policy on the remuneration of other employees.

The following table sets out the key components of the remuneration package for Non-Executive Members:

Component	Purpose	Operation
Fees	The Non-Executive Members constructively challenge and help develop proposals on strategy, and bring strong, independent judgement, knowledge and experience to the Board's deliberations.	Fees are set by Ofcom, paid monthly and reviewed periodically.  Annual fees for the year to 31 December 2020 were expected to be: Chair – £95,000 Deputy Chair – £29,940 Committee Chairs – £25,177 Other Non-Executive Members – £22,177  In April 2020 a voluntary 20% cut in fees for Non-Executive Members was announced as part of the Group's Covid-19 response. Their full fees were reinstated with effect from July 2020.

Non-Executive Members are appointed by Ofcom and service contracts are subject to fixed terms of a maximum of three years. Fees for Non-Executive Members do not contain any provisions for recovery of sums paid. No other components of remuneration are available for Non-Executive Members.

Non-Executive Members are entitled to reimbursement of travel and accommodation expenses incurred in connection with attending Board and other meetings in relation to fulfilling their duties.

## Remuneration policy framework

The Corporation looks to attract, retain and motivate the best people in the market. To be able to do this, it looks to offer a fair and competitive rewards package. The Committee will seek to align the remuneration package offered to new Executive Members with the policy, which will involve determining remuneration appropriate and necessary to recruit and retain the individual. A summary of the policy is set out below:

Fixed remuneration	Base salary is benchmarked against the external market and broadly aligned to market median.
Variable remuneration	Awards under the Corporate Variable Pay Scheme are limited to between 50% and 40% of base salary for the Chief Executive and other Executive Members.
Benefits	Executive Members are provided with private medical insurance, life assurance, Group income protection and health screening. All other benefits are provided on a voluntary basis.  The Corporation has a standard pension contribution scale but will consider paying a cash alternative depending on individual circumstances.  The Corporation will pay legal fees incurred by any new Executive Member in respect of their appointment.
Internal promotions	In the event that an internal candidate was promoted to the Board, legacy terms and conditions would normally be honoured, including pension entitlements.

The Committee monitors the effectiveness of Executive Member remuneration and has regard to the impact and compatibility with remuneration policies in the wider workforce. During the year the Committee is provided with information regarding pay in the wider workforce which gives additional context for the Committee to make informed decisions. The Committee determines the overall approach for salary and variable pay for the overall workforce and similar principles are applied when considering Executive Member arrangements.

## Policy on payment for loss of office

The service contracts of all the Executive Members are subject to notice periods of one year or less. The Committee's policy is to make payments in line with contractual obligations covering payment in lieu of notice including base salary and other benefits.

The Remuneration Committee will consider what compensation commitments (including pension contributions and all other elements) the Executive Members' terms of appointment would entail in the event of early termination. The aim of this is to avoid rewarding poor performance.

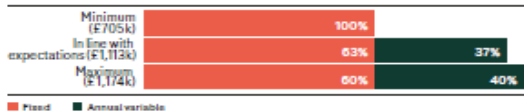


# Members' Remuneration Report (continued)

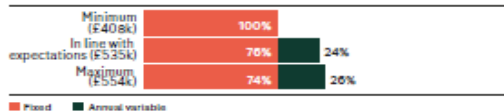
## Illustration of application of remuneration policy

The graphs below represent the variations in the remuneration at different levels of performance for the 2020 remuneration policy for the Executive Members. These reflect the standard terms of the Corporate Variable Pay Scheme, and have not been adjusted for the current suspension of the scheme as part of Channel 4's Covid-19 response.

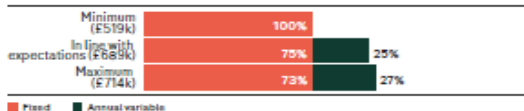
### Chief Executive Officer



### Director of Programmes



### Chief Operating Officer



The variable element of total remuneration in relation to 'in line with expectations' reflects the average award under the Corporate Variable Pay Scheme over the last five years.

## Audited information

The Members' Remuneration Report (pages 164 to 172), where indicated, has been audited by the Corporation's auditor in accordance with Schedule 8 of the Companies Act 2006 as if those requirements were to apply to the Corporation.