

# Members' Remuneration Report

## Chair's introduction

During 2020, the Committee has concentrated on ensuring appropriate remuneration decisions were taken in conjunction with Channel 4's wider response to the Covid-19 pandemic.

Another of the Committee's priorities was staff wellbeing, with the majority of employees working from home and furlough arrangements in place for part of the year. The Committee continued its focus on pay gap reporting with the publication of the 2020 Pay Report in October.

## 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 2020. 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 2020 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 2020 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 2020, the Remuneration Committee comprised Stewart Purvis (Chair until the end of his term in September 2020 and who subsequently remained as a member of the Committee), Lord Chris Holmes (who began his term as Chair in November 2020), Fru Hazlitt (who stood in as interim Chair between these terms) and Roly Keating (who joined the Committee in November 2020). All the members of the Committee are Independent Non-Executive Members. The Chair of the Board, the Chief Executive, the Director of People, the Chief Operating Officer and the Corporation 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 2020 and 2021 to date included making an award recommendation to the Board for the Corporate Variable Pay Scheme in respect of 2020, and reviewing the structure and appropriateness of the Corporate Variable Pay and Advertising Sales Schemes for 2021:

- The variable pay award for 2020 and the details of the Corporate Variable Pay Scheme are detailed on pages 168 to 171
- In January 2020, the Committee reviewed the framework and agreed the 2020 corporate objectives for the Corporate Variable Pay Scheme to ensure performance achievement was appropriately linked to scheme rewards. These 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.
- 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. This reflected an average pay award of 1% for the Executive and Leadership teams and 2% for other staff. They also recommended an average award of 85% of the maximum opportunity under the Corporate Variable Pay Scheme for 2019.
- In April 2020, the Committee reviewed and approved proposals for temporary voluntary pay cuts of 20% for the Executive and Non-Executive Members as part of the Corporation's response to a substantial fall in revenues during the initial Covid-19 outbreak, as well as a temporary suspension of the Corporate Variable Pay Scheme for the Executive Members
- In June 2020 the Committee confirmed that previously agreed salaries would be reinstated from 1 July 2020, reflecting the improvement in the advertising market since the cuts were initially made
- In November 2020, the Committee reviewed the proposed corporate objectives for 2021, aimed at tracking delivery against the Channel's remit and levels of staff engagement, in addition to key financial and viewing measures. These objectives were approved by the Committee in January 2021.
- In January 2021, the Committee approved an average pay award of 1.5% to be made across Channel 4 effective from 1 March 2021. It was also confirmed that no repayment of salary foregone by the Members would be made for the period from April 2020 to June 2020.

- In February 2021, after careful consideration, the Committee agreed to reinstate the Corporate Variable Pay Scheme for Executive Members, and approved their 2020 variable pay as well as a 2021 pay award in line with the rest of the business

During 2020, the Committee agreed adjustments to existing Executive remuneration for Jonathan Allan in light of his new responsibilities as Chief Operating Officer from February 2020 (see page 148). In January 2021, it approved changes to remuneration for Ian Katz reflecting increased responsibilities.

The Committee also received regular updates throughout 2020 on the impact on Channel 4 employees of widespread home working and use of the furlough scheme over part of the year.

### Pay Report 2020

The 'Channel 4 Pay Report 2020' was published in October 2020, and included ethnically-diverse, LGBT+ and disability pay data within its scope as a reflection of Channel 4's commitment to inclusion and diversity. This reporting was in addition to the gender pay reporting required by the Equality Act.

The report showed a reduction in the mean gender pay gap of 1.6% year-on-year, to 21.5% in March 2020 (2019: 23.1%) – down 7.1% since Channel 4 started reporting on the gender pay gap in 2017. While this decrease indicates steps in the right direction, the main drivers of the gender pay gap remain the same: the lower half of the organisation is comprised of 65.6% women compared to 47.4% in the upper half. Channel 4 continues to target a 50:50 gender balance in the top 100 earners by 2023, and the proportion of senior women in the business has grown slightly to 44 in March 2020 (March 2019: 43).

The report also revealed a mean ethnically-diverse pay gap of 15.3% at March 2020, substantially down from 19.0% in 2019. Just as with our gender pay gap, there are two factors that drive the ethnically-diverse 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% ethnically-diverse employees across Channel 4 and in the top 100 paid. The number of ethnically-diverse employees in the top 100 earners was down slightly to 14 in March 2020 (March 2019: 15).

Channel 4 reported an LGBT+ pay gap of 10.6% at March 2020, again a substantial reduction from 17.7% in 2019. The gap remains driven, as in other diversity groups, by having fewer employees identifying as LGBT+ in the most senior roles.

Regrettably, the report showed an increase in the mean disability pay gap from 0.4% in 2019 to 12.6% in 2020. As the number of employees with disabilities is relatively small compared to the overall number of employees, the disability pay gap can be significantly affected when a small number of employees in the upper quartiles leave the business, as was the case in 2020. The median disability pay gap has, however, decreased from 7.6% in 2019 to 5.2% in 2020, suggesting that the distribution of employees with disabilities has improved.

To help drive change throughout the organisation and develop our approach to targeting these pay gaps, Channel 4 named its Chief Marketing Officer, Zaid Al-Qassab, as Executive Sponsor for Inclusion and Diversity, as well as appointing a dedicated Inclusion and Diversity Lead.

## 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 2020 and 2019 is made up as follows:

£000	Salary	Taxable benefits	Pension	Total fixed	Variable pay	Total for 2020	Salary	Taxable benefits	Pension	Total fixed	Variable pay	Total for 2019
Alex Mahon	555	2	141	698	293	991	578	2	116	696	247	943
Jonathan Allan	459	1	36	496	194	690	446	1	38	485	205	690
Ian Katz	347	1	42	390	146	536	360	1	44	405	123	528
<b>Total</b>	<b>1,361</b>	<b>4</b>	<b>219</b>	<b>1,584</b>	<b>633</b>	<b>2,217</b>	<b>1,384</b>	<b>4</b>	<b>198</b>	<b>1,586</b>	<b>575</b>	<b>2,161</b>

The figures in the table above represent the gross amounts received by Executive Members in 2020 and 2019, after taking account of salary increases during the year where applicable and salary reductions between April and June 2020 (both of which are outlined in more detail on page 167).

In 2020 and 2019, all of the Executive Members received pension benefits in the form of cash payments.

In 2019, Jonathan Allan's variable pay was split between the Advertising Sales Scheme and the Corporate Variable Pay Scheme. Following a change in role in 2020 his variable pay is no longer split between the two schemes and he participates in the Corporate Variable Pay Scheme only.

Taxable benefits includes private medical insurance for all Executive Members.

The remuneration of the Non-Executive Members for the years ending 31 December 2020 and 2019 is as follows:

£000	2020 salary and fees	2019 salary and fees
Charles Gurassa	90	95
Lord Chris Holmes	17	30
Stewart Purvis	22	22
Andrew Miller (term commenced on 1 June 2020)	14	-
Simon Bax (term concluded on 4 December 2019)	-	20
Paul Geddes	24	22
Althea Efunshile	21	22
Uzma Hasan	21	22
Fru Hazlitt	21	22
Tom Hooper	21	22
Roly Keating	21	22
<b>Total</b>	<b>272</b>	<b>299</b>

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

### 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 February 2021 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, with specific corporate objectives set in January 2021 (focused on share of commercial impacts ("SOC"), programme streaming views and continued financial sustainability) which were used as key performance measures for the scheme for the year.

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.

## Members' Remuneration Report (continued)

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 may vary from the average in certain years to reflect their individual achievement against personal performance objectives.

### Process for determining variable pay

To decide 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 it considers 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 2020

It was reported that the first gateway to the scheme – meeting the Ofcom licence requirements – had been met, despite obstacles to production posed by lockdown restrictions and the spending reductions necessitated in response to the pandemic. The Group's record financial results for the year ensured that the second gateway, of achieving the budgeted result for the year, was clearly exceeded despite the financial impact of Covid-19.

The Committee's assessment was based on a detailed review of all the information available to it, including the CEO and Executive team's 2020 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, particularly in the context of the unforeseen challenges 2020 had posed to Channel 4. 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 reflected that there had been a clearer focus than ever before on setting and communicating clear, Corporation-wide objectives for 2020, focused on three areas: Channel 4's SOCI across its portfolio, growing views on All 4, and continued financial sustainability (assessed on the Group's pre-tax result).

SOCI performance for the year was very strong, with portfolio SOCI for both 16-34-year-olds and ABC1s up year-on-year (see our Key Performance Indicators on page 135). Notably, Channel 4 saw higher year-on-year SOCI growth among our key 16-34-year-olds demographic than any other channel during 2020.

All 4 viewing outperformed our target to exceed one billion views for the first time ever in 2020, finishing the year with 1,253 million views (see our Key Performance Indicators on page 135). 16-34-year-olds account for just under half of monthly average viewers on All 4, and we now have shows where the majority of young viewing is on All 4.

Financially, the Corporation finished the year with the largest surplus in its history, putting it in a strong position to face any further volatility in 2021. These results also meant that 2020 saw a positive contribution to Channel 4's cash reserves for the first time since 2015. While the Corporation's £75 million revolving credit facility was drawn down in full in March 2020 to ensure sufficient liquidity in the business as it responded to the pandemic, none of this funding was utilised during the year. By late 2020 Channel 4 was also in a position to repay in full the payments received under the Coronavirus Job Retention Scheme earlier in the year, further underlining its financial sustainability and self-sufficiency.

The Committee acknowledged that while at the start of the year it had anticipated a third successive year of transformation within Channel 4, aimed at bringing the Corporation's operations and culture truly into line with the Channel's digital focus as well as continuing to build on its 4 All the UK programme, 2020 had brought an additional and unprecedented set of challenges to take on. Here the Committee recognised two achievements in particular:

- Channel 4's creative response to the pandemic
- Its operational response, and in particular the hard work and dedication of its staff

2020 had confronted the commissioning team with challenges on three fronts – replacing more than 800 hours of Covid-disrupted programming, responding editorially to the most dramatic international crisis of recent times, and identifying up to £150 million of cuts from the content budget if required to mitigate a substantial impact on advertising revenue. The Committee agreed that two key editorial priorities – to reflect the human impact of the pandemic on the country, and to help our audiences get through lockdown – had resulted in a creative response that had been second to none.

## Members' Remuneration Report (continued)

Channel 4 News's coverage of the pandemic saw it attract record audiences across 2020 – up 17% for individuals and up 49% for 16-34-year-olds with half a billion views of our coverage on social platforms. Most significantly, Ofcom found Channel 4 News to be the most trusted media source of information on the pandemic. Meanwhile, Channel 4's 'Stay at Home Academy' shows – from *Jamie's Keep Cooking and Carry On* (an air within days of the first lockdown being announced) to *Grayson's Art Club*, the breakthrough hit of lockdown programming – created a real audience connection during a dramatic shared experience.

The significant effort that went into keeping our major shows on air, or producing them as soon as conditions allowed, was also noted by the Committee, as was the fact that this was rewarded with record audiences for many of our biggest titles. Despite being produced in difficult circumstances and without a studio audience, *Taskmaster* made a hugely successful debut in our line-up, more than doubling its audience as it moved over from Dave and helping us to record three of the biggest young audiences across all channels in its launch week. Meanwhile, a major focus for the commissioning team through the spring and summer was how to produce *The Great British Bake Off*, and this was rewarded with the biggest audiences for the series ever, and the biggest overnight Channel 4 audience on record for the final.

The Committee considered the Corporation's 2020 performance across the range of its Statement of Media Content Policy ('SMCP') metrics (pages 83 to 119) and determined that 2020 had represented another successful year of remit delivery. The Corporation maintained its strong lead over other broadcasters across a range of the SMCP metrics, in spite of hurdles to production posed by Covid-19 and significantly lower originated content spend than in previous years – down to £370 million in 2020, compared with £492 million in 2019. As the advertising market recovered in the later part of the year, we were able to reinvest additional revenues in commissioning, ensuring cuts to the content budget were less steep than originally envisaged in our initial response to the pandemic.

Channel 4 won an impressive array of awards in 2020, across multiple genres, with more Broadcast Awards, BAFTAs, Griersons and Edinburgh International Festival Awards than any other single channel, including BAFTAs for both best drama series, *End of the F\*\*\*ing World* and best comedy series, *Stath Lets Flats*. Winning 'Best Video On Demand Service' at the Edinburgh TV Awards reflected an exceptional year for All 4. Film4 ended the year on a high with 52 nominations for the British Independent Film Awards, including a BIFA record 17 for *Saint Maud* and three of the four most highly nominated films.

The renewed focus on Channel 4's commitment to inclusion and diversity, in light of the killing of George Floyd and the subsequent wave of protests around the world, was also recognised. As well as an on-screen response including shows such as *The Talk*, *The School That Tried to End Racism*, and our strongest Black History Month yet, off screen we set out our six-point commitments to being an anti-racist organisation. The Committee noted the recent investment in Proper Content, an ethnically-diverse-led indie, as well as the launch of our ethnically-diverse-led Indie Accelerator Fund and planning underway for the ambitious Black to Front Day next autumn. The Corporation had also reaffirmed its commitment to disability talent on and off screen, signing up to The Valuable 500 and committing to CDN's Doubling Disability plan.

Lower staff turnover as a result of Covid-19 slowed progress in increasing the diversity of our employee base. Nevertheless, we remained stable in our makeup with 17% ethnically-diverse (vs a 20% target for 2023), 10% with a disability (vs a 12% target), and 8% LGBT+ (already ahead of our 6% target). Importantly, all but one of our pay gaps reduced this year, reflecting the efforts we have made to facilitate transparent pay and bonus data. Top 100 figures have remained mainly stable throughout the year – female at 45% and ethnically-diverse at 12% as at December 2020.

Continuing progress on the 4 All the UK programme was reviewed, including the formal opening of the Bristol office in Finzels Reach at the start of 2020. Work also continued on our commitment to enable the growth of small, emerging indies across the UK, with further Nations and Regions investment through our Indie Growth Fund and the announcement of the Emerging Indie Fund. 4Skills launched on the first anniversary of our move to Leeds, with the aim of bringing together external training and development and in particular supercharging efforts outside London.

In terms of operational transformation, the Committee acknowledged that work already in progress on strengthening project and investment management was quickly applied as Covid-19 hit to ensure close monitoring of the situation, set revised financial targets across the organisation and install a carefully gated approach to reinvestment as the crisis progressed. There was also a clear ambition to improve employee engagement through a more meaningful dialogue with the wider leadership team, which was only amplified by the move to home working. The frequency of leadership sessions had increased, with the topics covered becoming significantly broader, and more of the leadership team involved. Staff engagement has been further boosted with regular all-staff MS Teams sessions, weekly emails, greater use of the intranet and team meetings, with the results of this evident in recent staff surveys.

After a careful and detailed consideration, following a strong year of creative, commercial and financial performance in response to a once-in-a-generation challenge, and as a reflection of Channel 4 staff's dedication during a difficult period, the Committee recommended that it was appropriate to set the award for 2020 at the maximum opportunity under the Corporate Variable Pay Scheme.

### Advertising Sales Scheme

Staff working within advertising sales have a separate Advertising Sales Scheme, linked to advertising revenue and paid biannually based on performance. They are not eligible for the Corporate Variable Pay Scheme.

# Members' Remuneration Report (continued)

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 2020 performance:

- Alex Mahon was awarded an amount of 50% of year-end salary under the Corporate Variable Pay Scheme
- Jonathan Allan was awarded an amount of 40% of year-end salary under the Corporate Variable Pay Scheme
- Ian Katz was awarded an amount of 40% 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 2020.

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 2019 and 2020:

	CEO	All staff <sup>1</sup>
Salary and fees	-4%	+1%
Variable pay	+18%	+24%
<b>Total</b>	<b>+5%</b>	<b>+4%</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.

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.

The ratio of remuneration for the highest paid Executive member (the CEO) in comparison with the median employee is shown in Note 4 to the financial statements on page 193.

## Payment for loss of office\*

No payments were made for loss of office in 2020 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\*

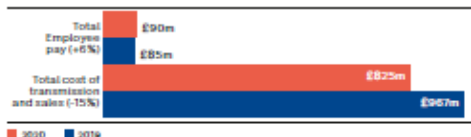
No payments to past Members were made in 2020.

## 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 cost of transmission and sales as disclosed on the face of the income statement 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 in light of its new Future4 strategy announced in late 2020. Employee pay was approximately 11% (2019: 9%) of total cost of transmission and sales, with the increase in this metric driven by non-staff cost savings as part of our response to Covid-19.

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

This report was approved by the Board on 5 May 2021 and signed on its behalf by

## Lord Chris Holmes

Chair of the Remuneration Committee  
5 May 2021

## Members' Remuneration Report (continued)

### Remuneration policy for 2021

The remuneration of Executive Members is determined by the Remuneration Committee, the membership and terms of reference of which are detailed on pages 166 to 167. 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 2021 are approved as follows: - Alex Mahon – increase from £388,135 to £394,927 with effect from 1 March 2021 - Ian Katz – increase from £365,550 to £415,550 with effect from 1 March 2021 - Jonathan Allan – increase from £486,000 to £493,290 with effect from 1 March 2021  Salaries are usually reviewed annually in the first quarter of the year.	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 2021 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 or previous defined benefit schemes.	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.	The Corporate Variable Pay Scheme will pay between 40% and 30% of total gross salary for the Executive Members.	Performance measures of the schemes are set out on pages 168 to 171.

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 2021 are expected to be: Chair – £95,000 Deputy Chair – £29,940 Committee Chairs – £25,177 Other Non-Executive Members – £22,177

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.

## Members' Remuneration Report (continued)

### 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.

### Illustration of application of remuneration policy

The graphs below represent the variations in the remuneration at different levels of performance for the 2021 remuneration policy for the Executive Members.

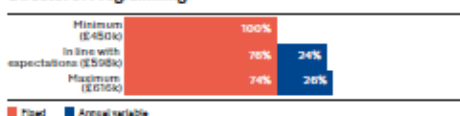
#### Chief Executive Officer



#### Chief Operating Officer



#### Director of Programming



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 166 to 173), 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.