

Members' Remuneration Report

Chair's introduction

Channel 4's people are critical to meeting the needs of viewers and delivering on the organisation's purpose. This year, the Committee's work has focused on ensuring fair and responsible remuneration decisions for Channel 4's people to manage the impact of unprecedented challenges presented during 2022.

The Committee's oversight in ensuring Channel 4 attracts and retains high-calibre staff became more important than ever in response to the privatisation debate. As did protecting the wellbeing and morale of staff in a very uncertain period and ensuring this uncertainty did not sidetrack other ongoing priorities, including delivery of operational goals, championing of diversity and development of talent.

The wider economic context and cost of living crisis were also key considerations for the Committee in making recommendations to support staff wellbeing and ensuring people be fairly remunerated for the vital role they play in Channel 4's success.

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 2022. It discloses the remuneration policy and details for all Channel 4 people including 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 2022 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 all Channel 4 people including Executive Members, 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 2022 reflect its remuneration policy, which is designed to enable Channel 4 to attract, motivate and retain high-calibre people by offering both fixed and variable pay to reward commercial and creative success, and recognising Channel 4's position as a public service media organisation.

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 their individual remuneration, benefits or terms of employment are being discussed.

Composition of the Remuneration Committee

During 2022, the Remuneration Committee comprised Lord Chris Holmes (Chair), Sir Roly Keating, Dawn Airey and Tess Alps. 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 cont.

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 2022 and 2023 to date included making award recommendations to the Board for the Corporate Variable Pay and Advertising Sales Schemes in respect of 2022, and reviewing the structure and appropriateness of the schemes for 2023:

- The variable pay award for 2022 and the details of the Corporate Variable Pay Scheme are detailed on pages 182 to 184.
- In January 2022, the Committee considered the corporate objectives for the year, which remained in line with the prior year as previously agreed, focused on the execution of the Future4 strategy and aimed at tracking delivery against the channel's remit, in addition to key financial and viewing measures. Targets were agreed for 2022 against these objectives to provide focus for the organisation throughout the year and for evaluation in determining 2022 variable pay.
- In January 2022, the Committee agreed that given anticipated cost of living increases over the coming year a pay award of 4% would be made effective 1 March 2022, with an additional payment made to those at Manager level and below bringing this to 5%. Separately, following consideration of the record performance of the business during the previous year, the Committee recommended setting the award for 2021 at the maximum opportunity under the Corporate Variable Pay Scheme. The Committee also approved 2021 variable pay for the Executive Members recognising their performance against key measures during the year, as well as a 2022 pay award in line with the rest of the business.
- In February 2022, the Committee agreed the 2021 award to be made under the Advertising Sales Scheme, and approved targets for 2022 aimed at ensuring the scheme was suitably aligned with the Future4 strategy.
- In June 2022, the Committee revisited the corporate objectives for the year and agreed updates to support delivery by ensuring expectations remained appropriately challenging and realistic given shifts in the viewing landscape post-lockdown.

- At the June and September meetings, the Committee approved the Board's proposal for certain remuneration arrangements to ensure the retention of talent during a period of prolonged uncertainty for the organisation and its people as privatisation was debated – please refer to "Exceptional remuneration in 2022" below.
- In January 2023, after careful and considered evaluation of the continued pressures due to the cost of living, the Committee agreed that a pay award of 2% would be made effective from 1 March 2023 for all Channel 4 people including the Executive Members, who opted to decline this increase. An additional pay award was made to those at Manager level and below bringing this to 4%.
- In January 2023, the Committee also made recommendations on the appropriate opportunity for 2022 under the Corporate Variable Pay Scheme, outlined on pages 182 to 184.
- In February 2023, the Committee made recommendations on the appropriate opportunity for 2022 under the Advertising Sales Scheme.
- In February 2023, the Committee approved the proposed corporate objectives for 2023, which remain focused on delivering Future4 and underpinned by existing metrics around remit delivery and financial performance.

During 2022, the Committee made recommendations on an increase to the maximum opportunity available to Jonathan Allan and Ian Katz as Executive Board Members under the Corporate Variable Pay Scheme to 50%, to ensure fair and responsible remuneration for their continuing leadership.

Throughout the year, the Committee oversaw ongoing reviews of the design and structure of the Corporate Variable Pay Scheme with the aim of ensuring this remains appropriately aligned with the organisation's strategy in future years.

The Committee also received regular updates throughout 2022 on employee wellbeing and engagement, recognising the impact of the cost of living crisis, the privatisation process, the challenging recruitment environment and the continuing adjustment to hybrid working in the organisation.

Exceptional remuneration in 2022

During the year, the Committee considered the need for arrangements to be put in place to protect the organisation given the uncertainty of privatisation and that failure to retain employees across the business could limit the organisation's ability to deliver its operational commitments. This assessment considered external guidance on best practice. In June 2022, the Committee approved a retention payment to be communicated to staff later that month, with a payment made in June 2023. In September 2022, the Committee decided to include the Executive Board Members in the scheme, following an external benchmarking review, recommending a payment of 50% of salary. Following the year end, the Executive Members declined a 50% payment and instead opted for a reduced payment of 25% of salary in line with the arrangements for the organisation's wider senior leadership team and recognising continuing macroeconomic challenges during 2023.

Pay Report 2022

The 'Channel 4 Pay Report 2022' was published in October 2022, based on data as at March 2022, and included ethnically diverse, LGBTQ+ and disability pay data within its scope as a reflection of Channel 4's championing of inclusion and diversity. This reporting was supplementary to the gender pay reporting required by the Equality Act. The 2022 Pay Report also outlines the key actions that are being taken to further decrease pay gaps across all demographic groups, which form just a part of Channel 4's activities to ensure it is a fully inclusive organisation. The focus in 2022 included improving management procedures to drive accountability in hiring decisions, and increasing performance management and reward transparency.

Gender pay gap

Mean 2022	19.5%	19.6% 2021
Median 2022	22.4%	20.5% 2021

Channel 4 has improved the parity of its top two pay quartiles (now at an almost 50:50 split between men and women), with mean gender pay gap decreasing slightly in 2022. However, given the proportion of women in the lower two pay quartiles increasing (and more than twice as many women as men in the lower-earning quartile), the median gender pay gap has increased and remains significantly higher than management objectives. Channel 4 will continue to support the progression of women into more senior roles therefore reducing the organisation's gender pay gap.

Gender balance

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 to 49 in March 2022 (March 2021: 48), up from 34 when we first started reporting this metric in 2017.



The data presented here from the 2022 Pay Report is as at March 2022; as at December 2022, women made up 52% of this group.

LGBTQ+

Mean 2022	15.6%	14.9% 2021
Median 2022	17.8%	8.4% 2021

Channel 4 reported a mean LGBTQ+ pay gap of 15.6% at March 2022, an increase from 14.9% in 2021. This reflects a significant increase of LGBTQ+ employees in the lower and lower-middle quartiles. As LGBTQ+ staff make up a relatively small population in Channel 4's overall staff composition, changes in headcount can have a significant impact on the pay gap.

Ethnic diversity

Mean 2022	9.8%	15.3% 2021
Median 2022	11.0%	10.3% 2021

The report shows that the mean ethnically diverse pay gap has decreased significantly year-on-year, reducing the gap by around a third and resulting from an increase in the proportion of ethnically diverse employees in the upper quartile. The median pay gap has increased slightly to 11.0% (2021: 10.3%). 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. As at March 2021, the number of ethnically diverse employees in the top 100 earners remains at 17, in line with 2021, with 18% of total employees being ethnically diverse.



Disability

Mean 2022	13.8%	17.4% 2021
Median 2022	8.5%	5.4% 2021

The mean disability pay gap has decreased significantly in 2022, from 17.4% in 2021 to 13.8% in 2022. The median pay gap has increased, from 5.4% in 2021 to 8.5% in 2022.

As for LGBTQ+ pay, given the relatively small number of employees with disabilities compared to the total, the disability pay gap can be significantly affected by changes in headcount (such as opening new entry-level roles).

As at March 2022, 10% of Channel 4 employees have a disability, with a target of 12% disabled staff across the organisation by 2023.



Members' Remuneration Report cont.

Remuneration Report

The following provisions on this page are subject to audit

The remuneration of the Executive Members for the years ending 31 December 2022 and 2021 is made up as follows:

£000	Salary	Taxable benefits	Pension	Total fixed	Variable pay	Total pre-exceptional items	Exceptional items	Total for 2022	Salary	Taxable benefits	Pension	Total fixed	Variable pay	Total for 2021
Alex Mahon	615	3	123	741	594	1,335	155	1,490	593	3	124	720	476	1,196
Jonathan Allan	510	1	39	550	308	858	128	986	492	1	38	531	197	728
Ian Katz	429	1	48	478	259	737	108	845	407	1	46	454	166	620
Total	1,554	5	210	1,769	1,161	2,930	391	3,321	1,492	5	208	1,705	839	2,544

The figures in the table above represent the gross pay received by Executive Members in 2022 and 2021, in consideration of salary increases during the year where applicable and reflecting exceptional items recognised in 2022 in relation to retention arrangements put in place to protect the organisation given the uncertainty of privatisation (see page 180). These exceptional items and the alternative performance measures they relate to are further detailed on page 200.

In 2022 and 2021, all of the Executive Members received pension benefits in the form of cash payments. Taxable benefits are private medical insurance for all Executive Members.

The remuneration of the Non-Executive Members for the years ending 31 December 2022 and 2021 is as follows:

£000	2022 salary and fees	2021 salary and fees
Sir Ian Cheshire (term commenced April 2022)	69	-
Charles Gurassa (term completed January 2022)	7	95
Lord Chris Holmes	33	33
Andrew Miller	25	25
Paul Geddes	22	24
Sir Roly Keating	22	22
Dawn Airey (term commenced December 2021)	37	2
Tess Alps (term commenced December 2021)	22	2
David Kogan (term commenced December 2021)	22	2
Sarah Sands (term commenced December 2021)	22	2
Michael Lynton (term commenced April 2022)	15	-
Stewart Purvis (term completed May 2021)	-	9
Althea Efunshile (term completed December 2021)	-	22
Uzma Hasan (term completed September 2021)	-	17
Fru Hazlitt (term completed September 2021)	-	17
Tom Hooper (term completed December 2021)	-	22
Total	296	294

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 operational and people performance as part of its oversight of variable pay across the business. The Committee met in January 2023, once results for the year were available, to agree on a recommendation to the Board on variable pay.

Corporate Variable Pay Scheme outline

The Corporation's business model and strategy are set out in the Strategic Report on page 127. The Corporate Variable Pay Scheme has been designed specifically to link variable pay with the business model, with specific business objectives set in January 2022, 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.

Most Channel 4 people, including the Executive team, participate in the Corporate Variable Pay Scheme, where the amounts provided can be up to 10% of total gross salary for employees, 20% for Heads of Department and between 30% and 80% 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. If certain performance conditions are met under the variable scheme, then an additional uplift of 20% may be made to Channel 4 people judged to have achieved outstanding performance.

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 pay out across the Corporation should be for the year. The Committee produces an assessment of its evaluation which is then presented to the Board, which has the final approval of any pay out. The Committee will review the Corporate Variable Pay Scheme each year to ensure it remains appropriate.

Variable pay decision for 2022

The Committee's first point on scrutiny in agreeing its recommendation on variable pay was to confirm that the two performance considerations to the scheme had been successfully achieved. It was confirmed that the first performance consideration to the scheme – meeting the Ofcom licence requirements – had been met, with all requirements met or exceeded in 2022. In assessing the second – the organisation's performance against its budgeted financial result for the year – the Committee noted the impact of exceptional items on the 2022 financial statements, incurred due to the exceptional retention arrangements announced during the year because of the uncertainty of privatisation. The underlying performance of the business as presented in the Group's pre-tax surplus before exceptional items demonstrated that the second performance consideration had been clearly exceeded.

With these considerations achieved, the Committee moved to a detailed assessment of the Corporation's performance, recognising Channel 4's key corporate metrics and other strategic objectives, as well as a reminder of the importance of individual performance during the year. The key corporate objectives agreed in January 2022 were focused on programme streaming views, share of commercial impacts ('SOCP'), remit delivery and revenue diversification. Context was provided for the Group's performance against its KPIs and other strategic objectives through consideration of the CEO and Executive team's 2022 end-of-year report, which provides a summary of the creative, commercial, financial and operational performance outlined throughout this Annual Report. An extract of the performance metrics considered by the Remuneration Committee is set out on page 234.

The Committee considered the Corporation's 2022 position across the range of its Statement of Media Content Policy ('SMCP') metrics (pages 30 to 121) and agreed that the Channel's creative output in 2022 demonstrated another strong year of remit delivery.

It was noted that, in the Channel's 40th year, the wide array of purposeful and challenging programming seen on-screen attracted considerable critical acclaim, generated real world impact and delivered on the core purpose of representing the whole of the UK. Programming also reflected the full breadth of the nation with major new factual commissions from the Nations and Regions, and over 50% of spend and two-thirds of hours commissioned outside of London for the second year in a row. The legacy of the 2021's consequential and memorable Black to Front project continued, and the Channel's proportion of ethnically diverse presenters has never been higher (23%). Off-screen, fresh commitments had been made to increase spending with diverse-led production companies, rigorous diversity guidelines had been communicated, and a new Disability Code of Portrayal was published. The launch of Channel 4.0 would provide a voice for younger viewers as well, with the new digital brand featuring an all-star cast of digital content creators.

The Committee recognised the best awards performance since 2014, with a record 13 RTS wins and 44 BAFTA nominations, as well as Channel 4 being named Network of the Year at the SJA British Sports Journalism Awards, and Channel of the Year at the Edinburgh International Television Festival.

Linear SOCI had exceeded expectations during 2022, particularly among the key ABC1 demographic, with this strong performance achieved despite the focus on a more digitally driven commissioning approach.

It was acknowledged by the Committee that the organisation had started the year with very ambitious aims to keep pushing hard towards the 2025 targets in programme streaming. However, it was also recognised that, following a rapid shift in consumer behaviour in the first half of the year, general viewing behaviour and streaming views had reverted to pre-lockdown levels and therefore the Committee reflected that it had been appropriate to revise expectations. It was noted that adjusted targets had remained very challenging, but this approach had ensured teams remained motivated to deliver and they had managed to achieve final results ahead of revised expectations. The Committee recognised the hard work, focus and dedication that had ensured programme streaming returned to growth in the second half of 2022.

In spite of the challenges, digital advertising revenue had continued to grow year-on-year, reaching 22% of the Group's total revenues for 2022 (up from 19% in 2021). It was highlighted that performance against this metric also reflected linear revenues remaining more resilient than expected during the year.

In considering the Group's financial performance, the Committee observed that the strategic focus on diversification could also be seen in non-advertising revenues now making up 10% of total revenues, and notably the organisation hitting the Future4 target three years early. It was also noted that prudent and flexible financial management had delivered a pre-tax surplus for the third year running, even as the Group embarked on significant planned reinvestment following two years of record results and despite the increasingly adverse economic environment. Cash balances remained in excess of £250 million and the Group's balance sheet position remained very strong, underpinning future sustainability and investment.

Members' Remuneration Report cont.

The Committee reflected that these metrics represented another strong year of delivery, particularly given the very challenging context, and that this was testament to the organisation's focus on continuing to deliver its remit even amid privatisation uncertainty and in an extremely competitive environment.

The channel continued to deliver its Future4 strategy throughout 2022, responding to the ever-shifting digital landscape. Meanwhile, the vast amount of work ongoing in the background to retool the organisation was also acknowledged, including major upgrades to our playout services, the launch of a new framework around pay and career progression, and significant investment in our workspaces across the UK.

The Committee noted progress in the organisation's commitment to the Nations and Regions, with more than 400 roles now based outside of London. 2022 had been the first year of additional investment and ambition for 4Skills, in recognition that a strong pipeline of talent is critical to supporting the growth of the creative industry – particularly outside London. 23,000 people benefited from a Channel 4 training experience in 2022 alone, surpassing original targets with even greater investment planned for 2023.

It was highlighted that teams across the organisation had upheld the momentum achieved over the past few years towards the Future4 transformation, despite the pressure created by the pace of change seen during 2022, particularly combined with the uncertainty of privatisation and its impact on the organisation. The Committee recognised the hard work, commitment and dedication of the whole Channel 4 team during 2022 and expressed its appreciation.

After careful and detailed consideration, the Committee recommended that it was appropriate to set the award for 2022 at the maximum opportunity under the Corporate Variable Pay Scheme, as a reflection of another year of strong performance delivery against operational objectives and a successful focus on continued delivery of the channel's remit.

As part of target setting for the 2022 Variable Pay Scheme, the Committee also introduced a new element to the variable scheme whereby if certain performance conditions are met under the scheme, then an additional uplift of 20% may be made for the achievement of outstanding individual performance measures.

Advertising Sales Scheme

People 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.

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 outstanding 2022 performance:

- Alex Mahon was awarded an amount of 96% of year-end salary under the Corporate Variable Pay Scheme, representing a full payout of 80% of salary, upweighted by 20% for the achievement of outstanding performance.
- Jonathan Allan was awarded an amount of 60% of year-end salary under the Corporate Variable Pay Scheme, representing a full payout of 50% of salary, upweighted by 20% for the achievement of outstanding performance.
- Ian Katz was awarded an amount of 60% of year-end salary under the Corporate Variable Pay Scheme, representing a full payout of 50% of salary, upweighted by 20% for the achievement of outstanding performance.

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 19 to the financial statements.

All of the Executive Members received cash payments in lieu of pension benefits in 2022.

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

CEO remuneration table

The table on the next page shows the percentage change in remuneration of the Members and the Corporation's employees between the years 2021 and 2022. Base salary, which is reviewed annually, considers personal contribution and size of role. The Remuneration Committee determines that Executive Directors higher ratio of variable to fixed pay provides a strong link between pay and performance and that this structure has worked effectively during the prolonged period of uncertainty caused by the debate about privatisation, encouraging Executive Directors to focus on delivery of the Future4 strategy.

In the first quarter of 2022 the organisation introduced a company-wide pay framework to ensure fair and responsible remuneration and career development. As a result, and with the annual pay award, Channel 4 employees received an average pay rise of 7% which was offset by new joiners to give an overall average increase calculation of 2%. The year-on-year change for variable pay eligible employees (excluding those affiliated with the Advertising Sales Scheme) was +29% reflecting robust delivery against operational and financial performance objectives.

In the year, 20% of Channel 4 employees received an additional uplift of 20% of variable pay payable under the new element of the variable scheme following outstanding individual performance conditions being met:

	Salary and fees	Variable pay	Total
Chief Executive Officer	4%	25%	12%
Chief Operating Officer	4%	56%	18%
Chief Content Officer	5%	56%	19%
Non-Executive Directors ¹	-	N/A	-
All staff²	2%³	-30%⁴	-2%

¹ Based on fees set by Ofcom on page 186.

² All staff is based on average remuneration per full-time equivalent. This 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.

³ Staff in post throughout 2022 received an average pay rise of 7% during the year as a result of the pay award made in March 2022 and a salary rebanding exercise. This increase was offset by higher recruitment activity in more junior roles during 2022.

⁴ The Executive Members are all eligible for the Corporate Variable Pay Scheme. The overall year on year movement for staff eligible for this scheme (including the Executive Members) is +29%. The total decline across all staff shown above relates to a significant reduction in the Advertising Sales Scheme award in 2022, following an exceptionally high award in 2021 in recognition of delivery of record revenues during the year.

This disclosure is presented based on total remuneration before exceptional items as outlined on page 182, to facilitate clearer year on year comparison.

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 employees in the 25th, 50th and 75th percentiles is shown in note 4 to the financial statements on page 208.

Payment for loss of office*

No payments were made for loss of office in 2022 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*

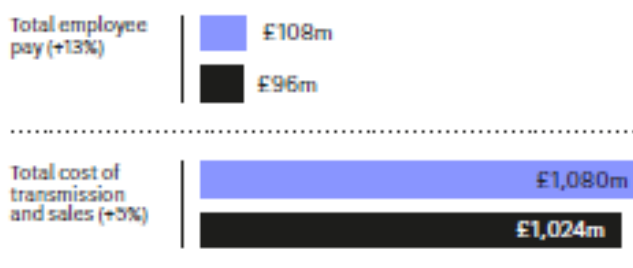
No payments to past Members were made in 2022.

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.



■ 2022 ■ 2021

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 Future4 strategy. Employee pay before exceptional items was approximately 10% (2021: 9%) of total cost of transmission and sales, with the increase in this metric driven by increased headcount across the organisation to support delivery of our strategy.

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

This report was approved by the Board on 4 May 2023 and signed on its behalf by

Lord Chris Holmes
Chair of the Remuneration Committee
4 May 2023