

ITV Services Limited

Strategic Report for the Year Ended 31 December 2019

The Directors present their Strategic Report for the year ended 31 December 2019.

Principal activity

The principal activity of ITV Services Limited ("the Company") continues to be to provide services for other companies within the ITV plc Group. It also acts as a holding company.

The Company is the sponsoring employer of ITV Pension scheme.

Fair review of the business

The results for the Company show a profit for the year of £399,000,000 (2018: £378,000,000). At the statement of financial position date the Company had net assets of £1,974,000,000 (2018: £1,308,000,000). During the year the Company received interim dividends of £415 million (2018: £415 million) from fellow group undertakings and paid a dividend of £400 million (2018: £400 million) to a fellow group undertaking.

KPI's

The Directors of the Company use the KPIs of ITV plc to manage the performance of the Company. The KPIs are included on pages 26 to 29 of ITV plc's 2019 annual report.

Principal risks and uncertainties

The key risk in the Company is the value and performance of its investments. The Directors review the performance of its investments regularly and provide for impairment where necessary.

A comprehensive strategic review of the Company's strategy, outlining the development, performance and position of the Company's business can be found in the Strategic Report of the group in the ITV plc Annual Report. The Annual Report of ITV plc is available to the public and may be obtained from www.itvplc.com or the Company Secretary, 2 Waterhouse Square, 140 Holborn, EC1N 2AE.

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Strategic Report for the Year Ended 31 December 2019

Section 172 (1) Statement - Directors Statement in performance of their duties under section 172(1)

The Directors of ITV plc are responsible for the governance and oversight over the ITV Group as a whole and have their respective duties under Section 172(1) of the Companies Act 2006 ('s172') in respect of ITV plc. As ITV Services Limited ('ITV Services') is part of the ITV Group, the Directors believe that certain matters they are responsible for under s172 in respect of the Company have been considered to an appropriate extent by the Directors of ITV plc in relation both to the ITV Group and the Company and reference to this is made below.

The Directors are all members of the ITV Management board that met regularly during the year through a mix of weekly catch-ups and ten board meetings, to consider and approve matters that relate directly to the Company and its subsidiaries. To the extent necessary for an understanding of the development, performance and position of ITV Services, an explanation of how the Directors have specifically considered the matters set out in s172 is set out below:

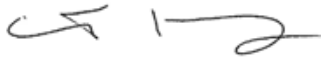
- **The long term:** The Directors are fully cognisant of the evolving competitor and viewer landscape in which the Company operates. In addition to regular board meetings, as members of the Management Board they attended two offsite strategy sessions that focussed on a refresh of the strategic direction of the Company and its subsidiaries with a view to long-term success. The acceleration of ITV's digital transformation continues to underpin the strategy, ensuring that ITV can take advantage of opportunities now and in the long-term. The output of the strategy sessions then formed the basis of the plc Board off-site discussions further described on page 63 of the ITV plc report and accounts, which does not form part of this report.
- **Employees:** The Directors know that the workforce are key to the Company's success and are dedicated to nurturing an inclusive working environment where everyone can reach their full potential and thrive. As the Company is embedded within the ITV Group governance structure, it is fully aligned with ITV on workforce engagement and through the Management board meetings the Directors are consulted on and approve HR related policies and initiatives that affect their employees and those of the Company's subsidiaries. During 2019, the Directors attended a number of roadshows as members of the Management Board, giving employees across the ITV Group the opportunity to engage with them directly. An explanation of how ITV plc have engaged and taken the workforce into consideration through its discussions and decision-making is set out on page 92 of ITV plc's 2019 annual report, which does not form part of this report. For more information on ITV's commitment to its workforce is set out on pages 50 to 51 of ITV plc's 2019 annual report, which does not form part of this report.
- **Business relationships - suppliers, customers:** The Directors are committed to fostering good working business relationships with their key stakeholders. As the core Central Services company that holds both the Broadcasting and Studios businesses of ITV plc, the Directors consider the key stakeholders to be aligned with its subsidiaries and as such these include: Programme Participants; Viewers, Customer and Subscribers; Partners (including Suppliers, Advertisers, other Broadcasters and Platform Owners), Citizens; Legislators and Regulators; and Colleagues. The Directors recognise that an understanding of the issues relating to these stakeholders is fundamental to building and maintaining the successful relationships, enabling ITV to take advantage of the strong and mutually beneficial opportunities needed to ensure the success of the Company. The Directors consider the Company to be fully aligned with ITV plc's engagement mechanisms and an explanation of how the Directors of ITV plc have had regard to the need to foster the Company's business relationships is set out on page 89 to 92 of ITV plc's 2019 annual report which does not form a part of this report.
- **Community and environment:** The Directors are constantly striving to reduce the environmental impact of the Company's activities, which is kept under regular review. In 2019, ITV relaunched its Social Purpose strategy with a new focus and goals. Through the refreshed strategy, the Directors consider that the ITV Group have given due consideration to the community, wider environmental issues and diversity and inclusion targets. Further information on ITV's Social Purpose strategy - structured around better health, diversity and inclusion, environment and giving back targets - is set out on page 62 and pages 44 to 49 of ITV plc's 2019 annual report, which does not form a part of this report.

ITV Services Limited

Strategic Report for the Year Ended 31 December 2019

• High standards of business conduct: The Directors' intention is to ensure that the Company and its subsidiaries operate in an ethical and responsible way. As a part of the ITV Group, they recognise that a healthy corporate culture is the cornerstone to ensuring high standards of business conduct and governance that also pervade business dealings with stakeholders outside of the organisation. The Directors promote these facets together with the Directors of ITV plc and details on how culture was monitored and assessed during the year is set out on page 94 ITV plc's 2019 annual report, which does not form a part of this report. ITV's commitment to high standards of business conduct is also enshrined in the Code of Conduct available on the ITV plc website. ITV's culture also pervades its business dealings with stakeholders outside of the organisation, as exemplified by its work with suppliers in relation to modern slavery and membership of the Prompt Payment Code.

Approved by the Board on 22/01/2021 and signed on its behalf by:



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Christopher Kennedy
Director