

Channel 4 Response to Ofcom's revised Guidance for Public Service Broadcasters on Commissioning Codes of Practice

Executive Summary

As a public service broadcaster (PSB), Channel 4 was set up with a unique statutory remit to be a radical, innovative force in UK broadcasting, challenging the status quo and giving a voice to the under-represented, all at no cost to the taxpayer. Our remit depends on commissioning content from the UK's world-leading independent production sector. In the five-year period from 2019 – 2023 we invested over £2.4bn in UK independent production companies, and in 2023 we worked with 167 different companies. The impact of C4's investment is felt across the UK: since 2019, Channel 4 has invested £973m in content produced in the nations and regions.

We recognise the role that regulation has played in helping the independent production sector to achieve major growth over the last 25 years. The core principle that producers should own their intellectual property has created an entrepreneurial production sector that exports its programmes to all corners of the world. However, with nearly 50% of TV viewing in the UK now taking place online, the media landscape in the UK has changed dramatically since the current regulatory framework for terms of trade was first established. The rise of global SVoDs, and consolidation within the production sector itself, means that the negotiating strength and buying power of the PSBs are significantly less pivotal in the shape of the market than they were when the Communications Act was passed in 2003.

We therefore broadly welcome Ofcom's rationale for updating its guidance for PSBs on commissioning codes of practice. As well as the necessary changes to the guidance to reflect the Media Act, Ofcom is proposing to update the guidance to reflect the market changes that have taken place. This is the right approach: in a world where people are overwhelmed by the vast choice of content available to them, it is essential that regulation evolves with the realities of the market so that PSBs are able to strike deals that allow us to compete effectively with global streamers and social platforms. For PSBs, this means being able to retain sufficient volumes of content on our streaming services to make them attractive destinations for audiences. It also means ensuring that PSBs have flexibility to innovate in how they reach audiences with content across multiple platforms.

The current Terms of Trade between Channel 4 and Pact, agreed in 2019, delivers the flexibility we need to adapt our remit delivery as audiences continue to move online. It is essential that Ofcom's guidance on PSB commissioning codes is broad enough to encompass Channel 4's current arrangements with independent producers and allows these to evolve over time in line with the market, to ensure that we can continue to adapt as we accelerate our transition to being a truly digital-first public service streamer.

We welcome the direction of travel in Ofcom's draft guidance, and support many of the changes that Ofcom proposes. However, there are certain areas in which Ofcom's draft guidance remains too prescriptive and other areas where we would appreciate further clarity from Ofcom. We explore the following areas more fully in our response:

- **Defining primary and secondary rights:** we have some concern that Ofcom's draft guidance is too prescriptive in how primary and secondary rights must be defined in PSB codes of practice, potentially constraining PSBs' ability to innovate in how we reach audiences with our content.
- **'Matching rights' provisions:** Ofcom is correct to note the benefits of PSBs securing a consistent presence of independently produced content on their platforms, and the removal of the prohibition on 'matching rights' provisions may help with this. However, a matching right might have a range of impacts at different stages of a programme's life

cycle and we would like to fully understand the underlying intent and the likely effects of this change to the guidance before we can support it.

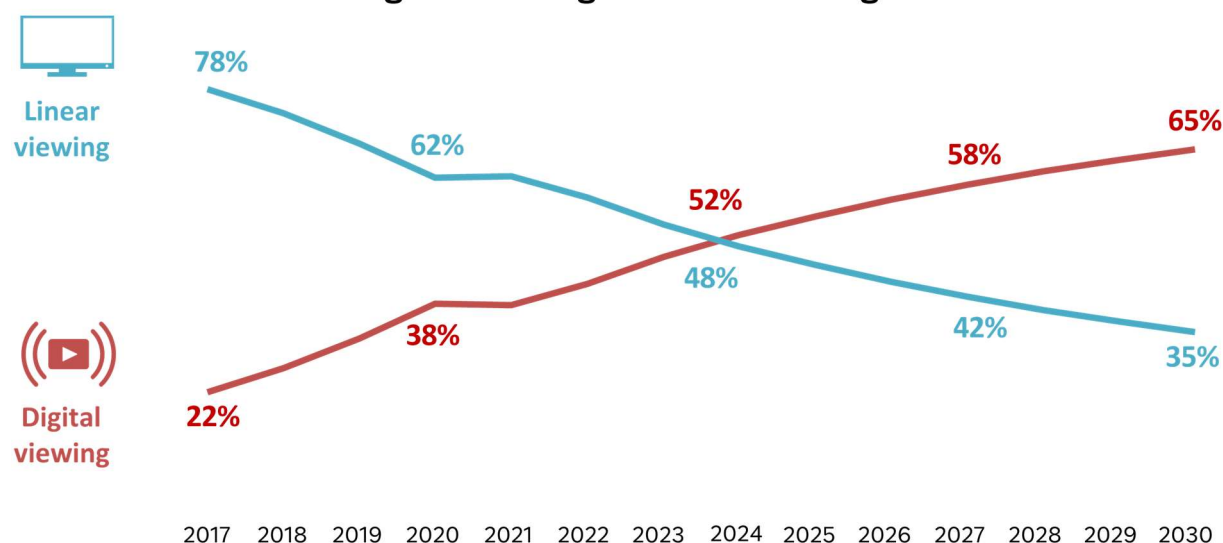
- **Other areas in which guidance remains too prescriptive:** in our response we set out a number of areas in which Ofcom's draft guidance does not appear to align fully with the approach taken in our current Terms of Trade with Pact. These areas include guidance provisions concerning how content is used across non-remit delivering services; promotional uses of programmes; licence period extensions; references to a holdback / early release policy; and rights in perpetuity.

The UK's media landscape has changed dramatically, and PSBs need flexibility to deliver their remits in innovative ways

When the current regulatory framework for PSB commissioning codes was established in the 2003 Communications Act, online TV viewing did not exist. All live TV viewing took place on broadcast TV channels. On-demand viewing consisted entirely of programmes recorded from live broadcast, or of videos and DVDs. There was very little international investment in UK TV production, and the UK PSBs were the source of around 90% of commissioning spending on independent production.¹

We are now in a very different world. After many years of growth in online viewing and structural decline in broadcast TV viewing, the switchover from linear to digital viewing has now arrived: as shown in figure 1 below, digital video viewing now accounts for around the same proportion of total video viewing in the UK as broadcast linear viewing.

Figure 1: UK long-form video viewing market



Source: C4, BARB. Linear includes live & PVR viewing; Digital includes BVoD, SVoD, AVoD

Major changes in the market have accompanied these shifts in audience habits. Global SVoD services like Netflix and Amazon Prime emerged in the 2010s and have attracted major amounts of UK viewing. Part of their attraction for audiences has been their investment in original UK content: international commissioning spend (the majority from SVoDs) accounted for 39% of independent primary commissioning revenues in the UK in 2023. Whilst PSBs continue to account for the largest share of UK commissioning spend, an increasing proportion of this is accounted for by third-party funding – growing from 9% in 2014 to 20% in 2023 (including funding from other commissioners as part of co-productions, government high-end TV tax credit, deficit financing and advances from independent producers). As Ofcom has noted in its review of PSB

¹ Oliver & Ohlbaum, 2023. [Celebrating 20 Years of Terms of Trade: a report for Pact](#), p.4.

performance over 2019-2023, greater competition and the need to grow online audiences and revenues has required PSBs to “continue innovating” in order to keep delivering their public service remits.²

Channel 4 has been at the forefront of this innovation. Our unique remit includes a particular focus on younger audiences, who are now consuming the vast majority of their video content online (nearly 70% for 16-34s, and nearly 75% for 16-24s).³ Flexibility in how we use our programmes is therefore particularly important to Channel 4. In order to obtain the VoD rights we needed, Channel 4 had to make a bold, radical deal with Pact in 2019 which involved significant sacrifices.

Channel 4’s 2019 Terms of Trade

What we traded:

- All international revenue, and all UK revenue outside the licence period, from producer exploitation. No other broadcaster has given up all non-UK value.
- We reduced our exclusivity period.
- We brought E4 into the Pact deal - an unregulated channel on which we previously had more utility, much greater control over UK rights, including exclusivity, and 50% of back end.

What we received in return:

- Greater flexibility in the UK market, allowing us to use titles across the portfolio without additional repeat fees.
- VoD rights to C4 Streaming for the term without further payment.
- The option to extend licence and exclusivity periods for up to 5 years for a set fee.
- Greater flexibility of use in the UK/Eire including across 3rd party platforms where over 500 hours of content is provided.

See Annex 1 for a more detailed overview of the agreement.

Our 2019 Terms of Trade deal has helped Channel 4 to drive forward our transformation into a digital-first public service streamer by allowing us to build a significantly larger library of VoD content, ensuring we have enough range and depth of content to appeal to different audience groups. Growing our online viewing is essential for our strategic pivot towards growing digital revenues, which is of critical importance to our future sustainability and our ability to deliver our public service remit in the long-term against a backdrop of structural decline in linear broadcast TV viewing. Between 2019 and 2023, our VoD views increased from 995 million to 1.6 billion, whilst our digital ad revenue increased from 17% of total corporation revenues to 27%.

Our Terms of Trade deal has also given us the flexibility to reach audiences across third-party platforms such as YouTube, TikTok and other social media. We are constantly experimenting and evolving our strategy for YouTube as we learn from what drives engagement with audiences and respond to shifts in how YouTube’s recommendations algorithm works. We need the ability to share content in a wide range of different formats to fully engage different audiences and different viewing behaviours on YouTube: from clips and compilations, to full episodes. Crucially our Terms of Trade give us the flexibility we need to allow this experimentation. This is proving highly successful in reaching audiences who otherwise would not engage with Channel 4 content.

² Ofcom, 2024. [Review of Public Service Media \(2019-23\)](#), p. 3.

³ Ofcom, [Communications Market Report 2024](#), interactive report accessed 07/03/2025. Actual figures are minimum 67% for 16-34s and minimum 73% for 16-24s; however, these figures are underestimates, as they do not include some viewing to SVoD/AVoD/VSP content via the TV set which cannot be definitively measured (recorded by Ofcom as “other TV set usage”).

Total time spent viewing Channel 4 content on YouTube in 2024 was up 105% compared to 2023 – whilst full episode views were up 169%.

Response to Ofcom’s proposed changes to the guidance

We welcome Ofcom’s recognition that its guidance on PSB commissioning codes must evolve not only in order to implement changes under the Media Act 2024, but also to reflect the changing audience needs and market realities that we set out above. We strongly agree with Ofcom’s statement in its consultation that it would not be appropriate for the guidance to be too prescriptive and must allow sufficient flexibility to accommodate different circumstances and the evolution of relevant markets.

However, whilst we appreciate that Ofcom has sought to introduce some additional flexibility into the guidance, we have some concerns that areas of the guidance remain too prescriptive and could unnecessarily restrict the ways in which PSBs can serve audiences. There are other areas of the guidance where we are requesting Ofcom provides additional clarity to help ensure that the scope of the guidance is clear.

We set out our views on some specific areas of the guidance below.

Overarching objectives of the guidance

Ofcom’s proposed updates to the overall objectives of the guidance are helpful and necessary and strike the right balance between supporting the strategic need for PSBs to evolve their remit delivery, whilst retaining strong protections for UK independent producers.

We particularly welcome Ofcom’s new objective 5): “facilitating the exploitation of a range of [audiovisual] AV services for the distribution of the content, with a view to meeting the needs and satisfying the interests of as many different audiences across the UK as practicable”. It is right that, in an increasingly fragmented media landscape in which the societal impact of PSB is under sustained pressure, the interests of UK audiences are the paramount factor in Ofcom’s application of the guidance.

In line with this we also welcome Ofcom’s change to objective 6), which now focuses on “supporting investment and innovation in content available to viewers, and efficient exploitation and distribution”. This helpfully reflects Channel 4’s strategic focus on growing our impact with online audiences across streaming and social platforms.

As well as bringing the guidance more into line with the strategic need for PSBs to deliver their remit more flexibly across platforms, Ofcom retains key protections for independent producers: in particular the objective of “preserving the scope for secondary exploitation by producers” and provides clear directives to PSBs on “not distorting the commissioning decision as between internal and external producers” and requiring “clarity on the commissioning process [and] allocation of rights between broadcasters and producers”. More generally, the production sector stands to benefit from the new emphasis on the importance of innovative, flexible commissioning deals: this will help to support the commercial sustainability of PSBs and help PSBs to maintain the scale of their long-term investment in UK commissions.

Primary and secondary rights

We welcome Ofcom’s proposal to qualify the prohibition on a PSB linking the acquisition of primary rights to the negotiation of secondary rights, so that it may be waived with the express consent of the independent producer. This proposal allows both PSBs and producers more scope to explore how they may mutually benefit from novel deals, whilst still retaining the ultimate right of the producer to insist on holding secondary rights as set out in the relevant PSB’s code.

However, more broadly we believe that the approach to primary and secondary rights in Ofcom’s draft guidance is not as forward-looking as it needs to be. Whilst we recognise the importance of

retaining a guiding concept of primary and secondary rights within the regulatory framework – to ensure that producers are guaranteed to benefit from their ownership of the IP – we have some concern that Ofcom’s draft guidance is too prescriptive in how these terms must be defined in PSB codes of practice.

Paragraph 2.17 states:

A PSB’s Code should contain a clear statement of the primary rights that a PSB is proposing to acquire when it commissions an independent production. The Code should set out how those packages of rights are to be used and exploited. For instance, there might be an initial window of exploitation centred on the first transmission of an independent production on the main public service channel or release on the designated on-demand player.

This could be read as requiring the PSB code to set out a specific list of the primary rights that the PSB will receive under their licence. However, this framing is potentially at odds with the Terms of Trade that Channel 4 has agreed with Pact. Unlike other PSBs’ deals, our Terms of Trade agreement does not provide a discrete definition of ‘primary rights’. Rather, in relation to programmes we have no limitations over how we can use content within our licence period other than the specific exceptions listed in our agreement (which constitute the ‘secondary rights’ relating to programmes, allocated to the producer). In other words, our deal provides a negative definition of primary rights in that they are defined by what they do not include.

The flexibility that this provides is crucial for ensuring we can continue to innovate in how we deliver our remit across platforms, allowing experimentation with different programme release strategies on different Channel 4 and third party platforms. We cannot know what the optimal content release strategy will be in three, five or ten years’ time: requiring PSBs to set out exactly what their rights will be risks deals becoming quickly obsolete and making our service less attractive to audiences than commercial rivals who are not subject to regulation.

Whilst it is clearly necessary for PSB codes to clearly set out the respective rights of PSBs and producers, we would urge Ofcom to clearly set out that it is acceptable for respective rights to be defined negatively – i.e. with reference to what is not included, as well as positively. We also request that Ofcom removes the expectation that agreements will set out “how ... packages of rights are to be used and exploited”. We are concerned that these elements of Ofcom’s draft guidance imply that rights deals must set prescriptive requirements on how programmes will be used on different services – for example, specifying the number of times a programme is shown on linear, and/or linking this to how the programme is used on streaming (e.g. whether the programme appears first on streaming or on linear). This level of inflexibility would be inconsistent with the imperative to meet evolving audience needs and to compete effectively in a changing market.

‘Matching rights’ provisions

At paragraph 2.26, Ofcom proposes to remove the prohibition on PSBs seeking to secure ‘matching rights’ provisions. This currently prevents PSBs from requiring producers to give PSBs a chance to match any offer that the producer receives from a third-party in return for specified rights.

We broadly agree with the points Ofcom makes in support of this change. Ofcom is correct to note the benefits of PSBs securing a consistent presence of independently produced content on their platforms: returning hits are crucial in maintaining long-term relationships with audiences and play a major role in sustaining commercial income which PSBs reinvest in new, commercially risky shows. In certain cases the ability to agree ‘matching rights’ provisions may help PSBs to retain the rights to commercially important shows when the rights might otherwise have been acquired by a non-PSB service.

However, given that the funding of shows and related rights deals can be extremely complex, it is not clear what the effect of simply removing the existing prohibition will be in all instances. Whilst it may be the case that some forms of ‘matching rights’ provisions are indeed likely to have few negative impacts, this is not necessarily the case in all areas and might depend on the stage of the lifecycle of a programme and its financing. A fuller understanding of the likely effects of this change is necessary before we can support this change to the guidance. We therefore call on Ofcom to consider potential impacts on financing and commissioning of shows more fully and potentially to provide more clarity and nuance in its updated guidance.

Use of programming across services

Paragraph 2.22 of the draft guidance states that, where a PSB seeks to agree arrangements with a producer for the use of PSB content on a non-PSB channel/platform (e.g. a portfolio channel), PSBs’ codes should set out “the approach to be used for such arrangements”.

This part of the guidance does not align fully with the approach taken in our current Terms of Trade with Pact. As we set out above, Channel 4’s primary rights do not include any restrictions or limitations on how we use a programme within the UK/Eire across C4 Services for the duration of our licence period. As such, we do not set out any specific ‘arrangements’ for the use of programmes on services that do not contribute to the Channel 4 PSB remit: our deal gives us the flexibility to use a programme across any service or third-party platform. In line with our comments on how the guidance treats primary and secondary rights (set out above), we would therefore urge Ofcom to ensure that its guidance is fully consistent with a flexible, cross-platform approach that enables us to continually adapt and evolve how we use our services to best meet audience needs.

Promotional uses of programmes

Paragraph 2.23 states that PSBs’ codes “should set out how the PSB approaches particular promotional uses”. Again, this provision of the guidance is too prescriptive and not in line with current practice. In a crowded media landscape, marketing and promotion of our content across platforms is essential in attracting audiences to our services. We adopt a wide range of different techniques to reach audiences, from social clips, to ‘stunt marketing’, to bonus behind-the-scenes features. These techniques are constantly evolving and we cannot envisage how our marketing and promotion activities will evolve. Therefore expecting PSBs to set out our approach to “particular promotional uses” does not provide us with sufficient flexibility. Ofcom should amend the drafting to ensure that it reflects the need for PSBs to have appropriate flexibility to market shows effectively to audiences.

Extending the licence period

Paragraph 2.32 states that “PSBs should only have one automatic right to extend the licence period”. This provision does not take into account the fact that licence periods are different lengths for all PSBs, so a single extension of one PSB licence might still result in an equivalent or shorter licence than another PSB’s original licence. Given that initial licence periods can vary, we would suggest that the guidance should require clarity from PSBs regarding the approach to licence extensions, rather than simply prescribing a solitary automatic extension.

Holdback / early release policy

Paragraph 2.34 states that “where there are categories of rights which are subject to holdback arrangements, the Code should make it clear that the PSB will put in place a formal holdback/early release policy”. This provision is not consistent with the approach taken in our current Pact Terms of Trade: we do not have an early release policy. Our deal simply sets out defined periods of exclusivity regarding content, format and when ancillary rights can be exercised. It would be disproportionate for Ofcom’s guidance to effectively mandate Channel 4 to have a formal policy for early release when this is not current commercial practice and Channel 4

reduced the duration of its exclusive period as part of its 2019 Terms of Trade deal, rather than having a longer period with an early release policy.

Rights in perpetuity and social media

Paragraph 2.35 states that PSBs must “not seek to include rights in perpetuity”. Whilst we agree with this principle, we would note that our current agreement states that our clips on social platforms will remain in perpetuity unless the producer specifically asks us to remove them. It would not be a sensible use of resources for Channel 4 to remove all promotional clips for programmes simply because a licence period has elapsed: indeed, this could be to the detriment of producers, as clips can continue to generate revenues that shared between Channel 4 and the producer.

Annex 1: C4 / Pact Deal Full Summary

1. Overview

Terms to apply to programmes commissioned from independent producers for C4/M4 and E4 television channels.

The purpose of these new terms is to allow C4 to innovate and operate in an agile way in the Territory and for the producer to innovate and operate in an agile way outside the Territory.

2. Rights

Producer to licence to C4 a set of rights in UK/Eire (the Territory) which limited to the Licence Period, and which are governed by the limitations around exploitation of the programmes or extracts, a limited exclusive period and a format holdback as set out below.

C4 has flexibility to exploit programmes and any parts of them by any means and any media as it sees fit on and off C4 platforms during the Licence Period in the Territory, subject to the limitations below.

3. Revenues/Payments

C4 retains all revenues from C4's usage in the Territory and no further payments whatsoever are payable (e.g. for VOD, repeats, on third party platforms etc.) other than as set out below. However, where C4 usage requires additional clearance payments beyond the current arrangements, these clearance payments will be paid for by C4.

The Producer retains all revenues from exploitation outside the Territory (i.e. no share of net paid to C4 and no obligation to account).

The Producer keeps all revenue from its exploitation in the Territory after the Licence Period.

The Producer shares all revenue with C4 in the Territory during the Licence Period. In respect of single and single series of programmes, C4 share of net receipts shall be 35% not 50% after the initial exclusive period (set out below).

4. Licence Period

Licence period is the period starting on the earlier of signature of the agreement or the date pre-production started and continuing until 3 years (5 years for E4) from the end of first use of the last episode of the programmes (unless a returning series where the licence period for all programmes continues until 3 years (5 years for E4) from first use of the last episode of the programmes in the final series) as extended by the exclusive option periods.

5. Limitations on C4 exploitation of the whole programme in the Territory

- (a) Channel 4 granted all rights in the programme for the Licence Period save that:
- (i) Applies to the programme only - i.e. allocation of other rights re merchandise, format use, publishing, support site rights, digital etc. - remains unchanged
 - (ii) Territory only (i.e. UK/Eire) – other than extracts which not geo blocked (see further detail on extract usage below)
 - (iii) Usage including any third party or consumer access to the whole programme is limited to the Licence Period - i.e. no permanent dto/dvd; syndication to third party platforms expires at end of Licence Period etc.
- (b) On third party platforms, C4 not to act as a distributor - i.e.
- (i) C4 cannot make available to a third party platform as an individual title, series or group of the same series for a licence fee (at any one time C4 making available a minimum of 500 hours where a licence fee is paid)
 - (ii) Programmes made available by C4 will contain Channel 4 branding and producer credits
 - (iii) C4 will not authorise a 3rd party to repurpose the programmes.
 - (iv) C4 cannot distribute programmes for a licence fee to other UK broadcasters linear scheduled services.
- (c) Where C4 continues to have rights after 5 years (or 7 years on E4) from first usage of the last episode of the programme as continuing to recommission the series, C4 to pay as a single payment 1% of the C4/M4/E4 licence fee every 2 years to continue to make available for a licence fee that series to 3rd party platforms, and/or to continue its usage of the programme on its linear scheduled services, whilst its rights continue (i.e. to the end of the licence period of the last series commissioned as extended by exclusivity options). Such payment of 1% shall grant linear exclusivity to C4 in the programme for that period.
- (d) C4 commits to a meaningful good faith review with Pact concerning the exploitation of programmes by C4 on Britbox after 3 years from first syndication of such programmes. Such review will include transparency on terms and licence fees on a macro level (rather than a per programme basis) under an NDA with Pact, with a view to enabling Pact to understand more fully C4's syndication of programmes to Britbox. C4 and Pact shall discuss in good faith the approach to syndication to Britbox following such review.

6. Extract usage

All rights grant in the programmes for the Licence Period, in respect of parts of the programmes to operate as follows:

- (i) Not geo-blocked
- (ii) Not automatically removed on expiry of the Licence Period but control can then be claimed by a producer on a programme by programme basis;
- (iii) Cannot be combined with extracts from different programme titles to create new programmes or themed content (although this does not prohibit C4 from combining extracts for publicity, promotional or internal purposes).
- (iv) Commercial clip licensing (i.e. transactional distribution of programme extracts sold for a per minute rate in other programmes, films, ads etc.) by C4 is limited to the Territory and the duration of the relevant exclusive period, reverting to producer thereafter. Revenue share of such licence fees remains at 50/50.
- (v) Monetisation outside of Territory. C4 to carry out monetisation where extracts are not geo-blocked on a 6 month trial basis from date when such monetisation occurs. Ambition to allocate revenue as per Revenue/Payments in (3) above. Full transparency on ex-Territory data to enable full review with Pact including whether certain platforms only enable monetisation globally; whether revenue can be attributed to UK/Eire and outside UK/Eire; an appropriate de minimis threshold for any reporting; resource implications in managing monetisation and means of compensation; etc.

Following such trial, in the absence of any agreement with Pact, C4 will monetise in Territory only. During the trial, in respect of You Tube, producers to be free if they so wish to notify C4 and to claim any views that outside the Territory on a programme by programme basis.

7. Exclusivity

- (a) C4 exclusivity in programmes in the Territory in all media (in entirety or any extracts and including any material created in connection with or during the production of it) to operate during the Licence Period as follows:
 - (i) Minimum 12 month period from first use of last episode of the programme (36 months for E4); for C4/M4 returning series, for each series, the later of the 12 months above and 30 days after the date of first use of last episode of the programme of the next relevant series ("the initial exclusive period").
 - (ii) The initial exclusive period is subject to and extended by the exclusive option periods, any exclusive talent arrangements or legal and compliance requirements.
 - (iii) Exclusive Option periods
 - a. C4 to have the option to extend the initial exclusive period for payment of 2% of the C4/M4/E4 licence fee for a further 2 year period (such option to be exercised a maximum of two times). Payment to be made at commencement of the relevant extension.

- b. C4 to notify producer it wants to take the 1st exclusive option period before 6 months from expiry of the initial exclusive period, (the 2 years to run from expiry of the initial exclusive period)
 - c. C4 to notify producer it wants to take the 2nd exclusive option period before 6 months from expiry of 1st exclusive option period (the 2 years to run from expiry of the 1st exclusive option period)
 - d. To the extent necessary, the Licence Period of the programmes is extended by the exclusive option periods (if taken)
 - e. Where a returning series ceases to be commissioned, the last series shall have only one exclusivity option @2% of C4/M4/E4 licence fee for 2 years.
- (b) Notwithstanding C4's exclusivity in the programmes, the producer shall be entitled to exploit the DVD and DTO rights in the whole programme in accordance with current holdbacks.
- (c) In the event that no usage of the programme (other than due to legal and compliance requirements) by C4 has occurred in the Territory by 12 months from full delivery, then for the purposes of these exclusivity provisions, C4 usage is deemed to then occur.
- (d) Outside the Territory C4 exclusivity in the programme operates as follows:
- (i) Programme is released for exploitation episodically (as opposed to from the end of a series transmission) so that each episode can be exploited outside the Territory after first usage of that episode by C4;
 - (ii) C4 usage is deemed to have occurred if it has not in fact occurred 12 months from full delivery.

8. Format Holdback

- (a) No exploitation in the Territory of the format in any form (including making of, spin offs, digital versions and extensions etc.) until expiry of the periods below, whereby producer can exploit further programmes, changed format programmes etc. subject to current requirements around key contributors, title approval, first look/no more favourable terms offered etc.

Will operate as follows:

- (i) Where C4 wishes to recommission:
 - a. C4 must serve notice within 6 months from first use of last episode of the programme;
 - b. Exclusive negotiation period of later of 12 months from first use of last episode or 3 months from receipt of full budget from producer;
 - c. Where agree terms, C4 exclusivity in format continues;
 - d. If fail to agree terms, C4's exclusive format holdback period expires 24 months from date of first use of last episode of the programme and producer can exploit the format including further programmes thereafter.
- (ii) Where C4 does not wish to recommission:

- a. Producer can exploit the format including further programmes from 12 months from first use of last episode of the programme.

- (b) C4 to have worldwide premiere of the format save that if no usage of the programme (other than due to legal and compliance requirements) by C4 has occurred in the Territory by 12 months from full delivery, then for the purposes of this format holdback provision, C4 usage is deemed to then occur.

9. Branding

Clear messaging to audiences in the Territory that C4 is the originating commissioner for lifetime of content where the producer exploits the programme, extracts, digital product and ancillary exploitation etc.

Existing C4 branding obligations continue to apply for exploitation of programmes by producer in the Territory.

Exploitation of programme by producer for lifetime of content outside Territory only required to contain existing end credits, other than where misattribution of commissioning entity occurs (e.g. an SVOD service branding a tape acquisition an "Original" etc.). In those circumstances a presentation card credit "Produced for Channel 4 Television by X producer" to be required, any logo attribution to have parity between C4 and producer.

10. Payment terms

Clarified so that C4 to make payment within 10 working days on receipt of valid invoice as now per the relevant cashflow payment schedule.

11. E4 and parity of deal terms

Same commissioning terms apply to E4 television channel commissions except for Licence Period and Initial Exclusivity Period as set out above.

Existing protections against back door commissioning remain – if an E4 commission tx's on C4 within 2 months then the Channel 4 terms apply.

12. Transition

New terms of trade to apply to programmes contracted from 1st July 2019.

Programmes contracted prior to this date to continue on existing terms. i.e.

- a. Net receipts continue to be paid by producer or C4 as applicable. (For returning series where new series under new deal and existing series under old:
 - i. net receipts to be allocated per series as now and paid or not paid accordingly;
 - ii. format revenue to be allocated to first series as now and paid accordingly, save that in the event that C4 continues to recommission a series after 1st July 2022, thereafter C4 shall no longer receive any format revenue from

exploitation outside the Territory in respect of any new (not renewal) format deals entered into after that date).

- b. C4 continues to pay a ppv rate at 2.75p until expiry of Licence Period/rights
- c. Further usage by C4 (e.g. repeats, M4 etc) requires payment.

AGREED ON 10th June 2019 BY

A handwritten signature in blue ink, appearing to read 'JMcVay', written over a horizontal dashed line.

John McVay
Chief Executive
Pact

A handwritten signature in black ink, appearing to read 'MB', written over a horizontal dashed line.

Martin Baker
Director of Commercial Affairs
Channel 4 Television Corporation