

**1. Constitution**

1.1. BBC Commercial Limited (the 'Commercial Board' and the 'Company') is a private limited company wholly-owned by the British Broadcasting Corporation. CHB was incorporated under the Companies Acts on 18th June 2002. Its constitution is set out in its Memorandum and Articles of Association.

**2. Remit**

2.1 The BBC Commercial Limited Board oversees the Corporation's commercial subsidiaries. The commercial subsidiaries are defined as BBC Studios Ltd and BBC Studioworks Limited.

**3. Membership**

3.1 The Commercial Board consists of nine directors, constituted as follows:

- Two Non-executive Directors from the BBC Board, one of whom shall be the Chair of the Commercial Board;
- Four Non-executive Directors;
- The Chief Operating Officer of BBC group;
- Chief Executive Officer of BBC Studios; and
- Chief Finance Officer of BBC Studios.

3.2 The Company Secretary attends all meetings as Secretary to the Commercial Board. Other managers or external advisers may be invited to attend all or part of any meeting. The Directors may appoint, subject to the approval of the BBC Nominations Committee, a suitable person to fill a temporary vacancy on the Board.

**4. Responsibilities of the Board and Reporting**

4.1 The Board's principal responsibilities are to:

- a) Approve a strategy and business plan for each subsidiary, in line with the BBC Group commercial strategy as set by the BBC Board, and hold the subsidiaries to account for delivering their element of the commercial strategy.
- b) Ensure appropriate strategic alignment between the activities of the commercial subsidiaries, in line with the BBC Group's commercial strategy.

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- c) Set, monitor and report on the delivery of all commercial objectives, targets and commitments established as part of the strategy and business planning process and provide a regular report for consideration by the BBC Board.
- d) Implement appropriate governance mechanisms around the BBC's commercial activities, approving:
  - (1) Statutory accounts and any formal public statements of performance;
  - (2) Appropriate dividends to be paid to its shareholder
  - (3) Any significant deals or precedential issues which may be novel or impact on BBC's reputation and or brand, and which sit within the Committee's delegated powers under the Board's financial framework.
- e) Assure compliance with regulatory and legal responsibilities, including the Ofcom trading and separation rules.
- f) Make effective use of commercial debt facility (whilst ensuring compliance with covenants).

**5. Accountabilities to the BBC Board**

- 5.1 The Commercial Board is accountable to the BBC Board for compliance obligations as set out in the BBC's General Duties in relation to its commercial activities in paragraph 18 of the Charter and the requirements of the Framework Agreement relating to commercial subsidiaries.
- 5.2 The Chairman of the Commercial Board should maintain a close working relationship with the Chairman of the BBC Fair Trading Committee, overseeing Group compliance with the Ofcom Trading and Separation rules.

**6. Frequency of meetings**

- 6.1 The Board shall meet as often as is necessary to conduct its business efficiently, but not less than four times a year.
- 6.2 Meetings of the Commercial Board may be conducted by telephone or video conference facilities.

**7. Quorum**

- 7.1 The quorum necessary for the transaction of business is three Board members, including a non-executive from the BBC Board.

## **8. Notice of meetings**

- 8.1 Meetings of the Board are convened by the Company Secretary or their nominee. Meetings may also be called at the request of two Board members or the external auditors, if they consider it necessary.
- 8.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Board and any other person required to attend no fewer than three working days prior to the date of the meeting.

## **9. Minutes of meetings**

- 9.1 The Company Secretary (or their nominee) shall minute the proceedings and resolutions of all meetings of the Board, including recording the names of those present and in attendance.
- 9.2 The Company Secretary should ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. Board members should also advise the Company Secretary of any conflicts, as they arise, outside of the meetings.
- 9.3 Minutes of the Committee meetings shall be circulated promptly to all Directors.

## **10. Directors' Duties**

- 10.1 In addition to their duties under contract with the Company, Commercial Board Directors have a range of legal duties, including the "fiduciary" duty towards the Company, fair dealing and the duty of care and skill. The Companies Act 2006 states the statutory duties of a director which include but are not limited to acting in accordance with the company's constitution, acting in good faith to promote the success of the Company as a whole and exercising independent judgement. Further information is available from the Company Secretary.

## **11. Committees**

- 11.1 The Board may delegate any of their powers to committees on duly passing a resolution formalising such a permanent or temporary committee.

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11.2 A Finance and General Purpose Committee comprising the Chair, BBC Chief Operating Officer and at least one other director (which must be a non-executive director) may be constituted to consider matters such as, but not limited to, credit management and dividend payments. This committee may be constituted on the passing of a resolution as prescribed in 11.1 above.

12.3 Other committees may be constituted by the Board from time-to-time.

12.4 The business of any committee shall be reported regularly to the Commercial Board.

### **13. Review and reporting**

13.1 The Board shall annually review its own performance and terms of reference and recommend any changes to the BBC Board for approval.

13.2 The Chair shall formally report to the BBC Board at least twice per year on all matters within the Commercial Board's duties and responsibilities. The Commercial Board shall also make whatever recommendations to the BBC Board it deems appropriate on any area within its remit where action or improvement is needed.