

Protocol when the S4C commercial group has an investment in a production company

Background

S4C's commercial strategy allows for commercial investment in production companies through one of S4C's commercial subsidiaries. This protocol has been established to protect two main principles:

1. That S4C's commissioning decisions are taken independently of any interests the commercial group has; and
2. That investee companies should not have an unfair competitive advantage over other producers as a result of their commercial relationship with S4C.

Principles to follow

1. S4C's commissioning decisions should be taken independently of any interests held by the commercial group.

- The requirements of the public service shall take priority, and commissioning decisions should not be influenced by any commercial investment. Commissioning must be based on the needs of the public service only, rather than a need to ensure the commercial success of the production company.
- While members of the Commercial Board and S4C Management Team will receive confidential information about the production company as part of the investment and performance monitoring processes, that information should not be shared with the Commissioners that are not members of the S4C Management Team.
- No Commissioner can be a member of the board of any commercial subsidiary of S4C that invests in production companies.
- If any Commissioner feels that they are under pressure to award a commission because of a commercial investment in the company, their concern should be directed immediately to the Chair of the S4C Audit and Risk Committee or, in their absence, any other member of the committee.

2. Investee companies should not have an unfair competitive advantage over other producers as a result of the commercial relationship with S4C.

An arm's length relationship must be maintained between S4C and investee production companies.

- When commissioning, no preference should be given to investee, nor should they be discriminated against. All production companies should be treated fairly, with commissions based on considerations that are consistently applied for each company and idea, in line with the S4C Code of Practice. Special care is needed for ideas that derive from S4C or rights that are acquired centrally in order to ensure fairness in awarding the production work.
- It must be ensured that any commission awarded to an investee company, together with the fee for the content, is negotiated and agreed on arm's length terms in accordance with the S4C Code of Practice and in line with the terms agreed with other S4C providers.

- Investee companies should not have access to any commercially sensitive information from S4C that is not generally shared with the sector, e.g. about our strategy, priorities, budgets, plans or research.
- If S4C offers hospitality, it should not show any preference to representatives of investee companies over other production companies.
- If our staff are offered hospitality, the Code of Conduct in the Staff Handbook needs to be followed, but special care is needed with hospitality offered by investee companies in order to maintain an arm's length relationship with the company.
- Staff are reminded that the Code of Conduct states that no S4C staff member is allowed to have a beneficial interest in a company that has a contractual relationship with S4C or any company or business that is regularly or from time to time involved in the supply of programmes to S4C. Therefore S4C staff cannot have any beneficial interest in a production company in which we have a commercial investment.

Process to be followed when commissioning

If S4C's commercial group invests in a production company, we will inform the Commissioners and other relevant staff.

Before awarding any commission to one of those companies, the relevant Commissioner will need to submit a form to the Business Affairs Leader or, in their absence, the Head of Content Operations with detailing that the commission is being awarded in accordance with the above principles. The approval of the Business Affairs Leader or Head of Content Operations will be required by signing the form before awarding the commission.

Monitoring compliance

In order to monitor compliance with the above principles, officers will submit a report to S4C's Audit and Risk Committee once a year on how we have complied (or failed to comply) with this protocol.

Complaints

If any complaint is received alleging a failure to follow this protocol, it will be referred to the Chair of the Audit and Risk Committee for adjudication. If the complainant is not satisfied with the decision, they can make an appeal to S4C's Complaints Panel under the S4C Complaints Procedure. Appeals should be submitted within 20 working days of receiving the initial decision.

Investments in other companies

Whilst this protocol focuses on investments in production companies, it is generally expected that the same principles will be followed in relation to other companies invested in by S4C's commercial group that may supply material or services to S4C. The S4C Board will decide whether it is appropriate to modify the above principles in specific cases.

Commercial Content Fund

It is possible that S4C's commercial subsidiary, S4C Rhyngwladol Cyf will be a direct financier in individual productions that have commercial potential via the Commercial Content Fund. The financial arrangements for this Fund will be negotiated on an arm's length basis, but those arrangements are outside the scope of this protocol.